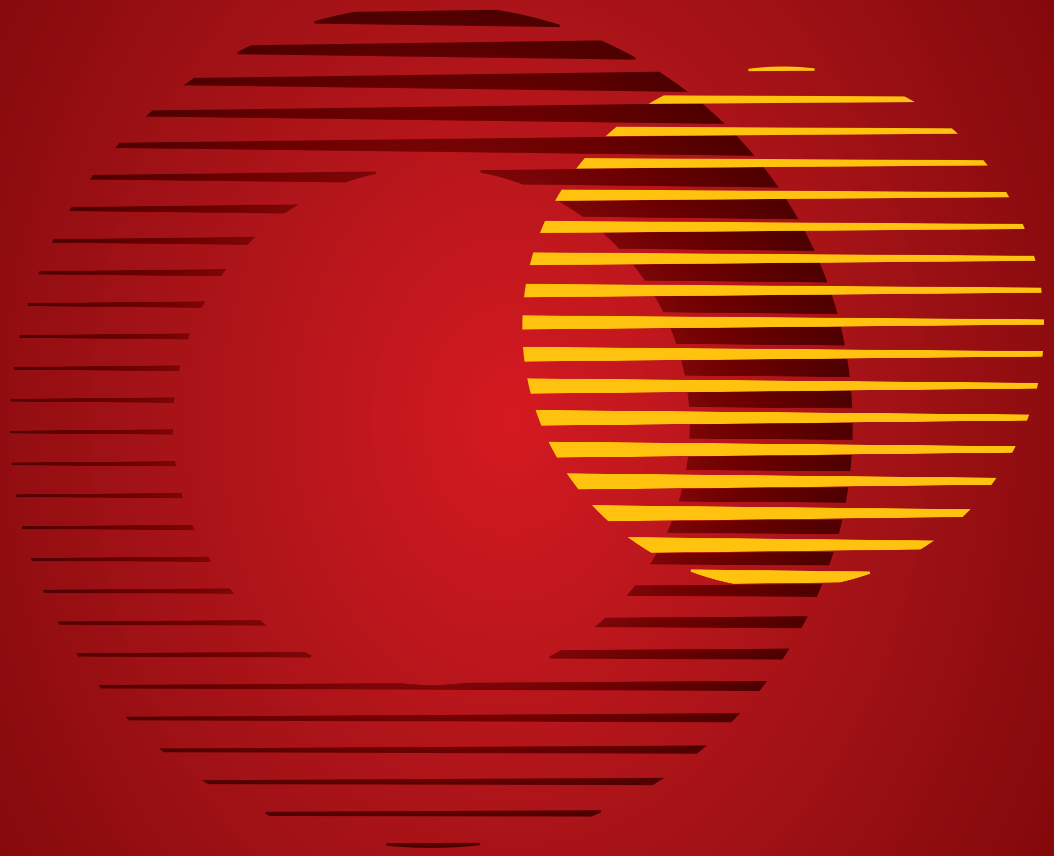
Jagatjit Industries Limited



Evolve. Innovate. Scale.

ANNUAL REPORT 2019-20

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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.

Evolve.
Innovate.
Scale.

We are India's renowned alcoholic beverage company on a missio to constantly evolve and innovate to build competitive advantages and deliver sustainable growth and scale.

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

We are an asset-light, low-working capital model that helps us scale higher and faster. We are constantly redefining ourselves to deliver world-class aged and matured alcoholic spirits, furthering India's position as a whisky hub.

We are so dedicated towards our mission that during the times of a pandemic, we immediately shifted our focus on creating a brand of hand sanitisers.

Our focus continues to be on product development, packaging, and implementation of new technology. We are so dedicated to our mission that 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. As we strive to scale, sustainability remains our key philosophy.

About Us

A 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).

Manufacturing quality

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

Sustaining 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.

Expanding reach

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

Exploring heritage

We take pride in and take advantage of our unique distinction of being one of Asia's largest integrated distillery manu -facturing potable alcohol, and producers of malt spirit.

Constant evolution

We are always redefining our methodologies & rejuvenating our brands, keeping up with our belief in embracing moder -nisation to keep abreast of changing times and trends.

Keeping promises

Our promise is to provide superior brands to our customers at affordable prices.

Living our 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.

Elaborate portfolio

Our portfolio includes 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.

Vision Statement

Iconic impactful brands that always make you feel better

Our Manufacturing Capacities

40	7.2 Million Cases Per Annum	4.2 Million Cases Per Annum	39,600 MT Per Annum	13,800 MT Per Annum	ISO 22000 : 2018
Total Liquor Brands	Indian Manufactured Foreign Liquor	Country Liquor	Malted Milk Food	Malted Extract	Food Safety Standard Certified

Our Core Values

- We take ownership for the work we do
- We work collaboratively as a team to ensure success
- We pull the Andon cord as soon as we see a problem
- We encourage creativity and out of the box thinking
- We are never too old to learn
- We do more with less
- We exhibit professionalism to our colleagues and partners
- We value merit-based growth
- We are efficient through technology
- We act with speed and agility

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

Royal Medallion

AC Royale

VODKA

Aristocrat Vodka

IICE Vodka

GIN

Aristocrat Dry Gin

SCOTCH

King Henry Damn Good Scotch

New Launches

Royal Medallion

King Henry
Damn Good Scotch

AC Royale

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 Hindustan Unilever Limited to manufacture intermediates for their products 'Boost' and 'Horlicks'.

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.

Distillery

- Engaged in producing high quality ethanol.
- Distribution across India and international markets.

Sanitizer

- Launched during the pandemic.
- Presence in US and Indian markets.

Our Performance Scorecard

(₹ in Lacs or as indicated)

Assets

	2019-20***	2018-19***	2017-18***	2016-17***	2015-16***	2014-15**	2013-14*	2012-13*	2011-12*	2010-11*
Fixed Assets (Net Block)	37,286	38,070	41,333	42,391	43,304	29,742	32,762	34,284	32,348	34,450
Investments (Current & Non Current)	1,823	3,635	3,055	3,107	3,118	1,183	1,229	1,318	298	1,203
Current and Non Current Assets	11,481	21,814	32,340	32,431	43,542	50,787	45,433	48,784	48733	40,453
Total	**50,590**	**63,519**	**76,728**	**77,929**	**89,964**	**81,712**	**79,424**	**84,386**	**81,379**	**76,106**

Liabilities

	2019-20***	2018-19***	2017-18***	2016-17***	2015-16***	2014-15**	2013-14*	2012-13*	2011-12*	2010-11*
Loans, Liabilities and Provisions (Current & Non Current)	46,555	54,319	60,556	54,225	54,565	54,888	47,559	47,705	44,894	41,955
NET WORTH	**4,035**	**9,200**	**16,172**	**23,704**	**35,399**	**26,824**	**31,865**	**36,681**	**36,485**	**34,151**

Net Worth Represented by

	2019-20***	2018-19***	2017-18***	2016-17***	2015-16***	2014-15**	2013-14*	2012-13*	2011-12*	2010-11*
Equity Share Capital	4,615	4,615	4,615	4,615	4,615	4,615	4,615	4,615	4,615	4,615
Reserves and Surplus	(580)	4,585	11,557	19,089	30,784	22,209	27,250	32,066	31,870	29,536
Total	**4,035**	**9,200**	**16,172**	**23,704**	**35,399**	**26,824**	**31,865**	**36,681**	**36,485**	**34,151**

Operating Performance

	2019-20***	2018-19***	2017-18***	2016-17***	2015-16***	2014-15**	2013-14*	2012-13*	2011-12*	2010-11*
Revenue	27,331	30,387	56,710	84,758	1,15,351	1,24,268	1,37,081	1,45,101	1,60,484	1,41,370
Gross Profit Earnings	(3,198)	(5,686)	(6,547)	(10,130)	(5,445)	(4,341)	(2,417)	2,418	5,310	6,382
Profit before Tax	(4,163)	(6,730)	(7,759)	(11,402)	(6,716)	(5,584)	(4,266)	668	2,847	3,507
Profit after Tax/Total Comprehensive Income	(5,165)	(6,627)	(7,433)	(11,695)	(6,565)	(4,365)	(4,523)	505	3,510	2,526
Earning per Share (₹)	(11.20)	(15.09)	(16.97)	(26.18)	(15.04)	(10.00)	(10.36)	1.16	8.04	5.79

Dividend

	2019-20***	2018-19***	2017-18***	2016-17***	2015-16***	2014-15**	2013-14*	2012-13*	2011-12*	2010-11*
Amount per Share (₹)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rate (%)	0	0	0	0	0	0	0	0	0	0
Book Value per Equity Share (₹)	8.74	19.93	35.04	51.36	76.70	58.12	69.05	79.48	79.06	74.00

Gross Earnings

	2019-20***	2018-19***	2017-18***	2016-17***	2015-16***	2014-15**	2013-14*	2012-13*	2011-12*	2010-11*
As a percentage of Revenue	(11.7)	(18.7)	(11.5)	(12.0)	(4.7)	(3.5)	(1.8)	1.7	3.3	4.5
As a percentage of Fixed Assets	(8.6)	(14.9)	(15.8)	(23.9)	(12.6)	(14.6)	(7.4)	7.1	16.4	18.5
As a percentage of Capital Employed	(10.3)	(13.2)	(12.5)	(18.0)	(8.1)	(7.5)	(4.1)	3.9	9.2	11.3

* based on Revised Schedule VI of the Companies Act, 1956.

** based upon Schedule III of the Companies Act, 2013.

*** based on IND AS

Corporate Information

Board of Directors

Mr. Ravi Manchanda
Managing Director

Mrs. Kiran Kapur
Non-executive Independent Director

Mrs. Anjali Varma
Non-executive Director

Ms. Sonya Jaiswal
Non-executive Independent Director

Mrs. Asha Saxena
Non-executive Independent Director

Mrs. Sushma Sagar
Non-executive Director

Auditors

M/s. Madan & Associates
Chartered Accountants
New Delhi
(Firm Registration Number 000185N)

Registered Office & Works

Jagatjit Nagar,
Dist. Kapurthala - 144 802,
Punjab

Corporate Office

4th Floor, Bhandari House,
91, Nehru Place,
New Delhi - 110 019

Listed on

BSE Limited

Main Bankers

Canara Bank
Union Bank of India
Punjab National Bank
HDFC Bank
Indusind Bank

Boards' Report

Dear members,

Your Directors have pleasure in presenting the 75th (Seventy Fifth) Annual Report on the business and operations of your Company along with the Audited Financial Statements for the Financial Year ended March 31, 2020.

FINANCIAL SUMMARY

The Board Report is prepared on the basis of standalone financial statements of the Company. The Company's financial performance for the year under review along with previous year's figures is given hereunder:

(₹ in Lacs)

	2019-20	2018-19
Profit/(Loss) for the year after charging all expenses excluding financing charges and depreciation	(1794)	1316
Deduct : Financing Charges	4211	7259
Cash Profit/(Loss)	**(6005)**	**(5943)**
Deduct: Depreciation/Amortization	965	1044
Profit/(Loss) for the year before taxation and exceptional Items	**(6970)**	**(6987)**
Exceptional Items (Income)	**2868**	**373**
Profit/(Loss) for the year before taxation and after exceptional Items	**(4102)**	**(6614)**
Tax Expenses		
- Previous Year Tax Adjustment	-	92
- Derecogition of MAT Credit	968	-
- Deferred Tax (Benefit)/Charge	(244)	(234)
Profit/(Loss) after tax from discontinuing operations	**(61)**	**(116)**
Profit/(Loss) after tax for the year	**(4887)**	**(6588)**
Other Comprehensive Income		
- Re-Measurement (Gains)/Losses on defined Benefit Plans	278	60
- Tax Impact on Re-Measurement (Gains)/Losses on defined Benefit Plans	-	(21)
Total Comprehensive Income for the period	(5165)	(6627)

STATE OF COMPANY'S AFFAIRS

During the year under review, the Gross Turnover (including income from Services & Other Sources) was ₹ 27,331 Lacs as compared to ₹ 30,387 Lacs during the previous year. The Company incurred a loss before taxation of ₹ 4,102 Lacs as compared to loss before taxation of ₹ 6,614 Lacs during the previous year.

In view to meet the requirements of hand sanitizers due to increased demand of the same on account of spread of Covid-19, the Company has introduced Hand Sanitizers and accordingly entered into arrangement(s) with various parties for manufacture/procurement of Hand Sanitizers for sales/ distribution against supply of Denatured Alcohol by the Company. The product of the Company appears to be well accepted in the market as per initial reports.

TRANSFER TO GENERAL RESERVE

In view of losses, no amount has been transferred to General Reserve.

DIVIDEND

In view of the losses incurred by the Company during the year under review, the Board of Directors of your Company do not recommend any dividend.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate and the date of this Report.

CHANGE IN THE NATURE OF BUSINESS, IF ANY

During the year under review, there was no material change in the nature of business of the Company.

SHARE CAPITAL

During the year under review, there was no change in the Authorized or Paid-up share capital of the Company.

FIXED DEPOSITS

During the year under review, the Company has not accepted any deposits, falling within the ambit of Section 73 of the Companies

Act, 2013 ("the Act") and the Companies (Acceptance of Deposits) Rules, 2014.

As on March 31, 2020, 56 persons whose Fixed Deposits/Loans with the Company amounting to ₹ 43.97 Lacs had become due for payment during the year, did not claim their Deposits/Loans. Out of these, Fixed Deposits/Loans of 6 persons amounting to ₹ 1.70 Lacs have since been paid.

During the year under review, there has been no default in repayment of deposits or interest thereon.

HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Holding Company:

M/s LPJ Holdings Private Limited holds 83.90% voting rights in the Company i.e Jagatjit Industries Limited and by virtue of such holding M/s Jagatjit Industries Limited continued to be subsidiary company of M/s LPJ Holdings Private Limited as per the provision of Section 2(87) of the Companies Act, 2013.

Subsidiary and Associate Companies:

During the year under review, M/s. JIL Trading Private Limited, M/s. L. P. Investments Limited, M/s. Sea Bird Securities Private Limited, M/s. S. R. K. Investments Private Limited and M/s. Yoofy Computech Private Limited continued to be the subsidiary companies of the Company.

During the year under review, the Company had made investment by way of subscribing 100% equity shares of newly incorporated Company M/s Natwar Liquors Private Limited, consequently, it became wholly owned subsidiary of the Company.

During the year under review, M/s. Hyderabad Distilleries & Wineries Private Limited continued to be an Associate Company of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of your Company for the Financial Year 2019-20 are prepared in compliance with the applicable provisions of the Act, Indian Accounting Standards ("Ind ASs") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ((SEBI (LODR) Regulations) which shall be placed before the members in their forthcoming Annual General Meeting (AGM).

In accordance with Section 129 (3) of the Act, a statement containing the salient features of the financial statement of subsidiary/ associate/ joint venture companies is provided as Annexure in Form AOC – 1 to the consolidated financial statements of the Company and therefore not repeated to avoid duplication.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

There was no change in the composition of the Board during the financial year 2019-20.

Retirement by Rotation

In accordance with the provisions of Section 152 of the Act and in terms of the Articles of Association of the Company, Mrs. Anjali Varma (DIN: 01250881), Non-Executive Director is liable to retire by rotation at the ensuing AGM and being eligible, offers herself for re-appointment. Your Board recommends her re-appointment.

Key Managerial Personnel

During the year under review, Mr. Ravi Manchanda, Managing Director and Mr. Anil Girotra, Chief Financial Officer, continued to be the Key Managerial Personnel of your Company.

Mr. K. K. Kohli, ceased to be Company Secretary of the Company w.e.f July 15, 2019 and the Board of Directors, upon the recommendation of the Nomination and Remuneration Committee, in its Meeting held on July 15, 2019, approved the appointment of Mr. Roopesh Kumar, as Company Secretary and Compliance Officer of the Company w.e.f. July 15, 2019.

The Board of Directors, upon the recommendation of the Nomination and Remuneration Committee, in its Meeting held on October 21, 2019, approved the appointment of Mr. Anil Vanjani, as Chief Executive Officer of the Company w.e.f. October 21, 2019.

MEETINGS OF THE BOARD AND ITS COMMITTEES

The number of meetings of the Board and various Committees thereof are set out in the Corporate Governance Report which forms part of this report. The intervening gap between the meetings was within the period prescribed under the Act and SEBI (LODR) Regulations, as applicable.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) (c) read with Section 134 (5) of the Act, the Directors state that:

(a) in the preparation of Annual Accounts for the year ended March 31, 2020, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

(b) the Directors have 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 have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors have prepared the annual accounts of the Company on a going concern basis;

(e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Details in respect of frauds reported by auditors :

There was no instance of fraud reported by the Auditors.

DECLARATION BY INDEPENDENT DIRECTORS

Your Company has received necessary declarations from each Independent Director that he/she meets the criteria of independence as laid down under the Act read with Schedule IV and Rules made thereunder, as well as SEBI (LODR) Regulations including any amendment thereof. The Board considered the independence of each of the Independent Directors in terms of above provisions and is of the view that they fulfill / meet the criteria of independence.

NOMINATION AND REMUNERATION POLICY OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

In accordance with the provisions of Section 178(1) of the Act read with Rules made thereunder and SEBI (LODR) Regulations, based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company have approved a policy on nomination and remuneration of Directors, Key Managerial Personnel and other employees including criteria for determining qualifications, positive attributes, independence of a director and other matters provided u/s 178(4). The broad parameters covered under the Policy are:

- Principle and Rationale
- Company Philosophy
- Guiding Principles
- Nomination of Directors
- Remuneration of Directors
- Evaluation of the Directors
- Nomination and Remuneration of the Key Managerial Personnel (other than Managing/ Whole-time Directors), Key-Executives and Senior Management.
- Remuneration of other employees.

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Act is given in separate Annexure to this report. The policy is also available on the website of the Company i.e. www.jagatjit.com.

The above Annexure is not being sent along with this Report to the members of the Company in line with the provisions of Section 136 of the Act. The aforesaid Annexure is available for inspection by Members at the Registered Office of the Company up to the date of the ensuing AGM during the business hours on working days, except Saturdays. Members who are interested in obtaining these particulars, may write to the Company Secretary at the Registered Office of the Company.

ANNUAL PERFORMANCE EVALUATION

Pursuant to the provisions of Section 134 (3) (p) of the Act and the rules made thereunder, the Board was required to carry out the Annual Performance Evaluation of the Board, its Committees and individual Directors. Additionally, as per provision of Regulation 17 (10) of SEBI (LODR) Regulations and Schedule IV of the Act, the performance evaluation of the independent directors was also to be done by the Board of Directors. Accordingly, the Board has carried out the annual evaluation of the Directors individually including the Independent Directors (wherein the concerned director being evaluated did not participate), Board as a whole, and following Committees of the Board of Directors:

i) Audit Committee;

ii) Nomination and Remuneration Committee;

iii) Stakeholders' Relationship Committee; and

iv) Corporate Social Responsibility Committee.

The evaluation concluded by affirming that the Board as a whole as well as all of its Members, individually and the Committees of the Board continued to display commitment to good governance, ensuring a constant improvement of processes and procedures.

It was acknowledged that every Director and the Committee of the Board contributed its best in the overall performance of the Company.

EXTRACT OF ANNUAL RETURN

In accordance with the provisions of Section 92 of the Act read with the Companies (Management and Administration) Rules, 2014, the extract of Annual Return of the Company in Form MGT-9 is available on the website of the Company at www.jagatjit.com**.**

AUDITORS AND AUDITORS' REPORT

The Members of the Company vide their resolution passed at the 72nd (Seventy Second) AGM read with their resolution passed through postal ballot on November 10, 2017 appointed M/s. Madan & Associates, Chartered Accountants (Firm Registration Number 000185N) as the Statutory Auditors of the Company who shall hold office of Statutory Auditors until the conclusion of 76th (Seventy Sixth) AGM of the Company to be held for the financial year 2020-21.

The Statutory Auditors in their report for the financial year ended March 31, 2020 have made certain qualifications/remarks which forms part of this Report alongwith Board's explanations and comments and is annexed herewith as **Annexure-1**.

Other observations of the Statutory Auditors in their Report on standalone and consolidated financial statements for the year ended March 31, 2020 are self-explanatory and therefore do not call for any further comments.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Act read with corresponding Rules framed thereunder, M/s. Saqib & Associates, Company Secretaries were appointed as the Secretarial Auditors of the Company to carry out the Secretarial Audit of secretarial and related records of the Company for the Financial Year ended March 31, 2020.

A Secretarial Audit Report submitted by the Secretarial Auditors in Form No. MR-3 forms part of this report and is annexed herewith as **Annexure-2**.

ANNUAL SECRETARIAL COMPLIANCE REPORT

A Secretarial Compliance Report for the financial year ended March 31, 2020 on compliance of all applicable SEBI Regulations and circulars/guidelines issued thereunder, as received from M/s Saqib & Associates, Secretarial Auditors, was submitted to the Bombay stock exchange.

COST AUDIT

In terms of Section 148 of the Act and the Companies (Cost

Records and Audit) Rules, 2014 and any amendment thereto, Cost Audit is not applicable to the Company.

INTERNAL FINANCIAL CONTROLS

The Company generally has in place adequate Internal Financial Controls with reference to financial statements. During the year, such controls were tested, and the Auditors reported that the Company generally has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were generally operating effectively as at March 31, 2020, except in respect of trade receivable reconciliation/ confirmation, provision for bad and doubtful debts and accounts payable reconciliation/ confirmation where controls were found to be ineffective. The Board's response with respect to the trade receivable reconciliation, provision for bad and doubtful debts and accounts payable reconciliation/ confirmation is mentioned in **Annexure – 1** to this report. Further, the Auditors have stated that in some areas the controls were effective but need to be strengthened. The Company is taking necessary steps to further strengthen the same. The report on the Internal Financial Control issued by M/s. Madan & Associates, Chartered Accountants, the Statutory Auditors of the Company in view of the provisions under the Act is annexed to the Audit Report on the Financial Statements of the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act are given in the notes to the Financial Statements.

RELATED PARTY TRANSACTIONS

All contract / arrangement / transactions entered into by the Company with Related Parties, as defined under the Act and SEBI (LODR) Regulations, during the Financial Year 2019-20 were at arm's length basis and in the ordinary course of business. As per the provisions of Section 188 of the Act, and Rules made thereunder read with Regulation 23 of SEBI (LODR) Regulations, your Company has obtained necessary approval of the Audit Committee before entering into such transactions and the same has been reviewed periodically.

Your Company has framed a Policy on Related Party Transactions in accordance with SEBI (LODR) Regulations and as per the amended provisions of the Act. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and related parties. The policy is uploaded at the website of the Company at www.jagatjit.com

During the year, the Company has not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the aforesaid Policy of the Company on Related Party Transactions.

None of the transactions with any of the related parties were in conflict with the interest of the Company. Rather, they synchronised and synergised with the Company's operations. Attention of Members is drawn to the disclosure of transactions with the related parties set out in Note No. 39 of the Standalone Financial Statements, forming part of the Annual Report.

Since all the transactions which were entered into during the Financial Year 2019-20 were on an arm's length basis and were in the ordinary course of business and there was no material related party transaction entered by the Company during the Financial Year 2019-20 as per Related Party Transactions Policy, hence no details are required to be provided in Form AOC-2 prescribed under Clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

CORPORATE SOCIAL RESPONSIBILITY [CSR]

The composition, role, functions and powers of the Corporate Social Responsibility (CSR) Committee of the Company are in accordance with the requirements of the Act. Presently, the CSR Committee comprises of Mrs. Kiran Kapur (Independent Director); Mrs. Anjali Varma (Non-Executive Director) and Mr. Ravi Manchanda (Managing Director) as Members.

The CSR Policy of the Company as approved by the CSR Committee is also available on the website of the Company at www.jagatjit.com.

During the year under review, the Company did not meet the requirement of Section 135(5) of the Act, therefore, no such activities were required to be undertaken by the Company.

RISK MANAGEMENT

The Company is aware of the risks associated with the business. It regularly analyses and takes corrective actions for managing / mitigating the same. Your Company's Risk management framework ensures compliance with the provisions of SEBI (LODR) Regulations. Your Company has institutionalized the process for identifying, minimizing and mitigating risks which is periodically reviewed. Some of the risks identified and been acted upon by your Company are: securing critical resources; ensuring sustainable plant operations; cordial relations with the workers, ensuring cost competitiveness including logistics; maintaining and enhancing customer service standards and resolving environmental and safety related issues.

The Board of Directors has adopted a formal Risk Management Policy for the Company and the same is available at the website of the Company at www.jagatjit.com. The Policy outlines the parameters of identification, assessment, monitoring and mitigation of various risks which are key to business objectives.

REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND PARTICULARS OF EMPLOYEES

The information required to be disclosed in the Board's Report pursuant to Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31, 2020 is given in a separate Annexure to this report.

The above annexure is not being sent along with this Report to the members of the Company in line with the provision of Section 136 of the Act. The aforesaid Annexure is available for inspection by Members at the Registered Office of the Company upto the date of the ensuing AGM during the business hours on working days, except Saturdays. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 forms part of this report and is annexed herewith as **Annexure-3**.

CORPORATE GOVERNANCE

Your Company upholds the standards of governance and is compliant with the Corporate Governance provisions as stipulated under SEBI (LODR) Regulations in both letter and spirit. The Company's core values of honesty and transparency have since its inception been followed in every line of decision making. Setting the tone at the top, your Directors cumulatively at the Board level, advocate good governance standards at the Company. Your Company has been built on a strong foundation of good Corporate Governance.

Parameters of Statutory compliances evidencing the standards expected from a listed entity have been duly observed and a Report on Corporate Governance as well as the Certificate from a firm of Practicing Company Secretaries confirming compliance with the requirements of Regulation 34 read with Schedule-V of the SEBI (LODR) Regulations forms part of this report and is annexed herewith as **Annexure-4 and 5** respectively.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report as stipulated under Regulation 34 read with Schedule-V of the SEBI (LODR) Regulations is presented in separate section forming part of the Annual Report.

LISTING OF SHARES OF THE COMPANY

The shares of your Company are listed on the BSE Limited. The Listing fees for the Financial Year 2020-21 has been paid to the BSE Limited.

RESEARCH AND DEVELOPMENT (R&D)

The Company takes regular steps for R&D in the manufacturing process and optimum utilization of its resources. No capital investment was made for R&D during the year under review.

CAUTIONARY STATEMENT

Statements in the Board's Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be forward looking within the meaning of applicable security laws and Regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government Regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company is committed to providing and promoting a safe and healthy work environment for all its employees. The Company has in place an Anti Sexual Harassment policy in line with the requirements of The Sexual Harassment of women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

(a) number of complaints filed during the financial year – Nil

(b) number of complaints disposed of during the financial year – Nil

(c) number of complaints pending as on end of the financial year – Nil

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transaction on these items during the year under review:-

1. Issue of equity shares with differential voting rights as to dividend, voting or otherwise.
2. The Managing Director of the Company does not receive any remuneration or commission from any of its subsidiaries.
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
4. Sweat Equity Shares.
5. Further, the Board of Directors also confirm that the Company is in the regular compliance of applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation for the sincere services rendered by employees of the Company at all levels. Your Directors also wish to place on record their appreciation for the valuable co-operation and support received from the Government of India, State Governments, the Banks / Financial Institutions and other stakeholders such as, shareholders, customers and suppliers, among others. The Directors also commend the continuing commitment and dedication of the employees at all levels, which has been critical for the Company's success. The Directors look forward to their continued support in future.

For and on behalf of the Board
For **Jagatjit Industries Limited**

Ravi Manchanda	**Sushma Sagar**
Managing Director	Director
(DIN.00152760)	(DIN. 02582144)

Date: September, 03 2020
Place: New Delhi

Annexure-1

The remarks made by the Statutory Auditors in their Independent Audit Report are as follows: -

Point No. 1

Company has a policy of providing for (a) all debts outstanding beyond 3 years or (b) where recovery is considered doubtful irrespective of the fact that legal action has been initiated or not, instead on the method prescribed under IND AS 109. Company does not have effective system of obtention of confirmations from Trade Receivables/ Payables (including confirmation of Registered MSME Suppliers) and other Advances. The financial impact of this is not ascertainable and to that extent we cannot comment upon the adequacy of provision for Expected Credit loss/doubtful debts/ advances to the suppliers. However, non-moving debts and advances to suppliers outstanding beyond 1 year are to the extent of ₹ 1564 Lakhs which is static balance for which confirmations and reconciliations are not available and have not been provided for.

Further, Trade payables, Loan & advance and trade receivable (other than above) are subject to reconciliation & confirmation. The financial impact of all this is not ascertainable and to that extent we cannot comment upon the veracity of such balances.

The Board's explanations and comments on the above are as follows:

The Company takes necessary steps for reconciliations of its accounts with trade receivables/payables and other advances in the ordinary course of business. Any differences which result out of reconciliations are resolved / adjusted in the accounts. The Company always takes necessary steps for speedy recovery of the receivables outstanding. The Management is of the view that the Trade receivables/payables and other advances as shown in the statement of accounts are debts considered good and recoverable in due course of time. The impact, if any, can be quantified only after receipt of confirmation/ reconciliation from remaining parties.

Point No. 2

The Company has written back interest payable of ₹ 216 Lakhs (provided prior to FY 2018-19) to unidentified MSME suppliers. Management is of view that these are unidentified and liability no longer required.

The Board's explanations and comments on the above are as follows:

Management is of the view that these are unidentified and liability no longer required. Further the Company has made adequate interest provision for identifiable MSME Suppliers.

Point No. 3

Physical verification of inventories: Due to Covid-19 Pandemic lockdown management could not conduct the physical verification of all inventories at reporting date. It is informed by the management that physical verification was conducted subsequently and no material discrepancy was found.

We were not able to attend the physical verification as lockdown was effective, therefore, we were unable to verify the existence/ condition of inventories of ₹ 1485 Lakhs raw material, ₹ 243 Lakhs packing materials, ₹ 501 Lakhs work-in-progress, ₹ 1441 Lakhs finished goods, ₹ 19 Lakhs stock-in-trade and ₹ 499 Lakhs stores and spares to determine the adjustments that may be required to be made in the value of inventory and consequential effect thereof on financial statement as on March 31, 2020.

The Board's explanations and comments on the above are as follows:

Due to Covid-19 Pandemic lockdown the Management could not conduct the physical verification of all inventories as at the reporting date. However on later dates physical verification was done by an independent firm of Chartered Accountants and necessary care was exercised to arrive at the realisable value of inventories. There are no material differences.

Annexure-2

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members**,**
Jagatjit Industries Limited,
Jagatjit Nagar, Dist. Kapurthala,
Punjab - 144802

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Jagatjit Industries Limited** (hereinafter called "the Company") for the audit period covering the financial year ended on 31st March, 2020 ("Audit Period"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period under consideration complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2020, according to the provisions of:

(i) The Companies Act, 2013 (the 'Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings**;**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not applicable to the Company during the Audit Period**);

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014 **(Not applicable to the Company during the Audit Period)**;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period)**;

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**;

  (h) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period)**; and

  (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof the Company has complied with the laws applicable specifically to the Company.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India (Secretarial Standards with respect to Meeting of the Board of Directors (SS-1) and General Meeting (SS-2) issued by the Institute of Company Secretaries of India.

During the audit period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above and other applicable Acts.

We further report that, based on the information provided and the representation made by the Company and also on the review of the internal compliance reports taken on record by the Board of Directors of the Company, in our opinion, adequate systems and processes exist in the Company to monitor and ensure compliance with provisions of applicable industry specific Acts, general laws like Labour laws and environmental laws etc.

During the audit period, there were no major events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

We further report that, the compliance by the Company of applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Director. There was no change in the composition of the Board during the financial year under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board as the case may be.

We further report that there are adequate systems and processes in the Company to commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For Saqib & Associates
Companies Secretaries

Sd/-
Mohd Saqib
Proprietor
ACS: 48433; CP No.: 18116
UDIN: A048433B000606925

Date: August 24, 2020
Place: New Delhi

Annexure-3

Conservation of energy, Technology Absorption and Foreign Exchange Earning and Outgo,

The information under section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2020 is given below and forms part of the Directors' report.

A. CONSERVATION OF ENERGY

i. Stepping towards company's commitment for energy conservation, various steps have been taken in this regard by adopting latest technology, up gradation of existing systems and by system modifications. The highlights of these steps are as under:

- Implementation of various recommendations made during the detailed Power and Water Kaigen to optimize the use of available energy resources.
- Installation of VFD on all ID fans of Boiler No-4.
- Installation of VFD on all Air Handling Unit at MMF Plants.
- Installation of VFD on Booster Pump at ETP.
- Utilizing LP steam instead of HP in MMF-1 & 4 mixing section.
- Waste heat recovery at Ejectors of MMF Plant No-1 &4 by installing heat exchanger.
- Replacement of faulty steam traps in oven sections to prevent excess bleeding of steam and to improve collection of steam condensate.
- Replacement of old inefficient motors with new energy efficient motors of class IE-3 in MMF Plants.
- Use of LED lights for street lighting.
- Replacement of old conventional fluorescent/GLS lights with LED fittings at residential colony.
- Use of 100 LED Lights for New Spray Dryer Plant.

ii. In line with Company's efforts towards utilizing alternative source of energy, the Company enhanced its self generation from Biomass (Rice husk,wooden chips etc.) to reduce load on state power utility which is generating power from fossil fuels (Coal).

iii. The Capital investment on energy conservation equipment is ₹ 65 Lacs.

B. TECHNOLOGY ABSORPTION.

i. The Efforts made by the Company towards technology absorption, during the year are as under :

- Installation of Automatic Bio-metric door locks at MMF Plants to restrict the entry of unauthorized persons.
- Installation of U conveyor for Boiler No- 4 Ash conveying.
- Installation of level sensor for tail tank of MMF Plant No-2&3 to control the level of the tank to avoid water wastages.
- Installation of level sensor for soaking pit of 66 KV Substation for auto drainage of raining water.
- Replacement of Roto pumps with SS hygiene twin screw pumps at MMF plants oven halls as good manufacturing practice.
- Installation of online monitoring system in distillery division as a compliance of excise department guidelines.
- Use of a control loop for controlling the level in Hopers.
- Installation of controller for the automation of turbine loading as per grid load variation.

ii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - NA

iii. The expenditure incurred on research and development.

No capital investment was made for R&D during the year under review.

C. Foreign Earnings & Outgo **(₹ In Lacs)**

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	Earnings in foreign currency	476	462
2	Expenditure in Foreign Currency	855	983

Annexure – 4

CORPORATE GOVERNANCE REPORT

In accordance with Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR) Regulations"], the report containing the details of Corporate Governance of Jagatjit Industries Limited ("the Company"/ "JIL") is as follows:

1. **Company's Philosophy on Corporate Governance**

Corporate Governance is about ensuring transparency, disclosure and reporting that conforms fully to the existing laws of the Country and to promote ethical conduct of business throughout the organization. The philosophy of the Company in relation to corporate governance is to ensure transparency in all its operations, make disclosures and enhance shareholders' value without compromising on compliance with the laws and regulations.

Your Company is committed to sound principles of Corporate Governance with respect to all its procedures, policies and practices. Under good Corporate Governance, we are committed to ensure that all functions of the Company are discharged in a professionally sound, accountable and competent manner.

The Board of Directors of the Company fully supports corporate governance practices and actively participates in overseeing risks and strategic management. The organization views Corporate Governance in its widest sense almost like a trusteeship, a progressive philosophy and ideology ingrained in the corporate culture. The governance processes and systems of your Company have strengthened over a period of time resulting in constant improvisation of sustainable growth.

2. **Board of Directors**

The Board of Directors of your Company has an optimum combination of executive, non-executive and women directors with more than fifty percent of the Board of Directors comprising of non-executive directors.

The Board as on March 31, 2020 comprises of six Directors consisting of one executive and five non-executive Directors including three independent directors.

The members of the Board are drawn from various fields having considerable expertise in their respective areas. Together they bring diverse experience, varied perspectives and complementary skills and vast expertise.

All the Independent Directors have declared that they meet the criteria of 'Independence' mentioned under Regulation 16 (b) of SEBI (LODR) Regulations and Section 149 of the Companies Act, 2013 ("Act") including any amendment thereof.

The Details of Board of Directors (composition and category), attendance of each director at the meeting of the Board held during the Financial Year 2019-20 and at the last Annual General Meeting (AGM); and also their other Directorships and Committee Memberships / Chairpersonship are given below :

Name of the Director	Category	No. of Board Meetings held during the tenure	No. of Board Meetings attended	No. of other Directorships held as on March 31, 2020*	Committee Membership / Chairmanship in other Companies as on March 31, 2020	Attendance in Last AGM
Mr. Ravi Manchanda	Executive	6	6	8	-	Yes
Mrs. Kiran Kapur	Non-Executive Independent	6	4	-	-	No
Mrs. Anjali Varma	Non-Executive Non-independent	6	6	2	-	No
Ms. Sonya Jaiswal	Non-Executive Independent	6	4	1	-	Yes
Mrs. Sushma Sagar	Non-Executive Non-Independent	6	4	-	-	No
Mrs. Asha Saxena	Non-Executive Independent	6	6	1	-	No

*All other directorships are in unlisted entities.

Board Meetings:

The Board of Directors held six Board Meetings during the period under review i.e. on May 30, 2019, July 15, 2019, August 14, 2019, October 21, 2019, November 14, 2019 and February 14, 2020.

Inter-se relationship among Directors

None of the Directors has any inter-se relationship.

Details of shareholding of Non-Executive Directors

Sr. No.	Name of Director	No. of Equity shares held as on March 31, 2020
1.	Mrs. Kiran Kapur	100
2.	Mrs. Anjali Varma	100
3.	Ms. Sonya Jaiswal	3586
4.	Mrs. Asha Saxena	-
5.	Mrs. Sushma Sagar	1300

Directors' Induction and Familiarization

The provision of an appropriate induction programme for new Directors and ongoing training for existing Directors is a major contributor to the maintenance of high Corporate Governance standards of the Company. The Managing Director and the Company Secretary are jointly responsible for ensuring such induction and such training programmes are provided to the Directors on need basis. The management provides such information and training either at the meeting of Board of Directors or otherwise. The details of such familiarization programmes for Independent Directors are posted on the website and can be accessed at www.jagatjit.com.

Selection of Independent Directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field / profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of directorships and memberships held in various committees of other companies by such persons in accordance with the Company's Policy for selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation and takes appropriate decision. Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every Financial Year, gives a declaration that he / she meets the criteria of independence as provided under law.

Your Company has also issued formal appointment letters to all the Independent Directors in the manner provided under the Act. Terms and Conditions for appointment of Independent Directors are available on the website of the Company and can be accessed at www.jagatjit.com.

The Independent Directors are appointed for a period of five years which is well within the maximum tenure of Independent Directors provided under the Act and clarifications/ circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time.

Brief Profile of Director(s) being appointed at the ensuing Annual General Meeting (AGM):

Brief profile of Director being appointed at the ensuing AGM forms part of the Notice calling the 75th (Seventy Fifth) AGM and the same are not being repeated for the sake of brevity.

Skills/ Expertise/ competence of the Board of Directors including the areas as identified by the Board in the Context of the Company's Business

The Company is mainly engaged in the manufacture of Indian Made Foreign Liquor (IMFL) with the individual Members of its Board of Directors bringing in knowledge and experience from a variety of sectors, demonstrating breadth and depth of management and leadership experience in the following competence areas:

- Financial and business acumen;
- Guiding and setting the pace for Company's operations and future development by aiding implementation of best systems and processes;
- Building effective sales & marketing strategies, corporate branding and advertising functions;
- Overseeing the development and implementation of Risk Management/ GRC tools;
- Management and strategy of the Information Technology function;
- Human Resources Management

Board Evaluation

The process of Board Evaluation has been mentioned in the Board's Report and the same is not being repeated for the sake of brevity.

Internal Audits and Compliance management

Messrs Mittal Chaudhry & Co., Chartered Accountant (Registration No. 002336N) were appointed as Internal Auditors of the Company for the financial year 2018-19. The Board of Directors at their meeting held on 14th November, 2019 have re-appointed him as Internal Auditors for carrying out the internal audit for the financial year 2019-20, who will also Audit and review the internal controls and operating systems and procedures of the Company. The report on findings of Internal Auditors is submitted to the Audit Committee periodically.

Separate Meeting of the Independent Directors:

In terms of the provisions of Schedule IV of the Act read with regulation 25 of SEBI (LODR) Regulations, the Independent Directors are required to meet at least once in a year without the presence of Executive Directors and Management representatives.

During the Financial Year 2019-20 the Independent Directors met on February 20, 2020 and *inter alia* discussed:

- The performance of non-Independent Directors and the Board as a whole
- The quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to formal meetings, interactions outside the Board Meetings also take place between the Managing Director and the Independent Directors.

3. **Audit Committee**

As on March 31, 2020 the Audit Committee comprised of Mrs. Kiran Kapur, Mr. Ravi Manchanda, Ms. Sonya Jaiswal and Mrs. Asha Saxena. Ms. Sonya Jaiswal is the Chairperson of the Audit Committee.

The terms of reference of this Committee cover the matters specified for Audit Committee under Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations.

During the year under review the Audit Committee held four meetings i.e on May 30, 2019, August 14, 2019, November 14, 2019 and February 14, 2020.

Attendance record of Audit Committee members

Sr. No.	Name of Members	No. of meetings held during the Financial Year 2019-20	Meetings attended
1	Mrs. Kiran Kapur	4	3
2	Mr. Ravi Manchanda	4	4
3	Ms. Sonya Jaiswal	4	4
4	Mrs. Asha Saxena	4	4

4. **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises of Mrs. Kiran Kapur, Mrs. Anjali Varma and Ms. Sonya Jaiswal. Mrs. Kiran Kapur is the Chairperson of the Nomination and Remuneration Committee.

The functions and terms of reference of the Committee are as prescribed under Section 178 of the Act and Regulation 19 of the SEBI (LODR) Regulations. The Committee identifies the persons, who are qualified to become Directors of the Company / who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall also specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and reviews its implementation and compliance. The Committee also formulates the criteria for determining qualifications, positive attributes, independence of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

Remuneration policy of the Company is such as to retain the employees on long term basis and is comparable with other industries in the region.

During the year under review, the Nomination and Remuneration Committee held two meetings i.e. on July 15, 2019 and October 21, 2019.

Attendance record of Nomination and Remuneration Committee members

Sr. No.	Name of Members	No. of meetings held during the Financial Year 2019-20	Meetings attended
1	Mrs. Kiran Kapur	2	2
2	Mrs. Anjali Varma	2	2
3	Ms. Sonya Jaiswal	2	2

Performance evaluation criteria for Independent Directors

The Nomination and Remuneration Policy of the Company lays down the criteria for Directors'/Key Managerial Personnels' appointment and remuneration including criteria for determining qualification, positive attributes, independence of Directors, criteria for performance evaluation of Executive and Non-Executive Directors (including Independent Directors) and other matters as prescribed under the provisions of the Act and the SEBI (LODR) Regulations as well as the performance evaluation criteria for Independent Directors is determined by the Nomination and Remuneration Committee. An indicative list of factors that may be evaluated include participation and contribution by a Director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behavior and judgment.

5. **Remuneration of Directors**

Payment to Non-Executive Directors including all pecuniary relationship or transactions of Non-Executive Directors

The non-executive directors are not paid any remuneration other than sitting fees for attending Board and Committee Meetings. The details of sitting fee paid during the year are as follows:

Sl. No.	Name of the Directors	Total Sitting Fees Paid (₹)
1.	Mrs. Kiran Kapur	2,20,000
2.	Mrs. Anjali Varma	160,000
3.	Ms. Sonya Jaiswal	2,80,000
4.	Mrs. Asha Saxena	2,20,000
5.	Mrs. Sushma Sagar	80,000

There has been no pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company during the year except the sitting fees paid to them as detailed above.

Payment to Executive Director

During the period under review, Mr. Ravi Manchanda, Managing Director was paid remuneration as under :

Sr. No.	Name of the Director	Salary (₹)	*Perquisites & others (₹)	Total (₹)
1	Mr. Ravi Manchanda	21,00,000	15,36,907	36,36,907

* includes contribution to Funds and other allowances

Service contract, severance fee and notice period of the Executive Director:

The appointment of the Managing Director is governed by Resolution passed by the Shareholders of the Company, which covers the terms and conditions of such appointment, read with the service rules of the Company. No notice period or severance fee is payable to any Director.

6. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises of Mrs. Kiran Kapur, Mr. Ravi Manchanda and Ms. Sonya Jaiswal, Independent Director is the Chairperson of the Stakeholders' Relationship Committee. Company Secretary is the Compliance Officer of the Committee.

The functioning and terms of reference of the Committee are as prescribed under Section 178 of the Act and Regulation 20 of the SEBI (LODR) Regulations. The Committee focuses primarily on monitoring expeditious redressal of investors' / stakeholders' grievances and also functions in an efficient manner that all issues / concerns of the stakeholders are addressed / resolved promptly.

The Company has not received any complaint from shareholders during the Financial Year ended March 31, 2020.

No transfer was pending on March 31, 2020 for more than 15 days of its receipt.

During the year under review the Stakeholders' Relationship Committee held one meeting on February 14, 2020.

Attendance record of Stakeholders' Relationship Committee members

Sr. No.	Name of Members	No. of meetings held during the Financial Year 2019-20	Meetings attended
1.	Mrs. Kiran Kapur	1	1
2.	Mr. Ravi Manchanda	1	1
3.	Ms. Sonya Jaiswal	1	1

Prohibition of Insider Trading

With a view to regulate trading in securities by the Directors and designated employees on the basis of Unpublished Price Sensitive Information available to them by virtue of their position in the Company, the Company has adopted a Code of Conduct for Prohibition of Insider Trading as per SEBI (Prohibition of Insider Trading) Regulations, 2015. The Company has also adopted a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information for adhering to the principles of Fair Disclosure as per the SEBI (Prohibition of Insider Trading) Regulations, 2015, which is available at the website of the Company and can be accessed at www.jagatjit.com.

7. General Body Meetings

The last three AGMs of the Company were held at the Registered Office of the Company at Jagatjit Nagar, Distt. Kapurthala -144802, Punjab at the following dates and times, wherein the following special resolutions were passed:

Sr. No.	Year	Date	Day	Time	Brief Description of Special Resolutions passed
1.	2017	September 27, 2017	Wednesday	09.30 a.m.	- appointment and payment of remuneration to Ms. Roshini Sanah Jaiswal as Director of the Company - appointment and payment of remuneration to Mr. Ravi Manchanda as Managing Director of the Company
2.	2018	December 27, 2018	Thursday	09.30 a.m.	- borrowing in excess of the limit(s) specified under section 180(1)(c) of the Companies Act, 2013 - approval of limit(s) under section 180(1)(a) of the Companies Act, 2013
3.	2019	September 30, 2019	Monday	09.30 a. m.	- To re-appoint Mr. Ravi Manchanda (DIN.00152760) as Managing Director of the Company for a further period of two years. - To re-appoint Mrs. Kiran Kapur (DIN. 02491308) as an Independent Director for a further term of five years.

Extraordinary General Meeting(s)

Apart from the AGM, no other General Meeting was held during the Financial Year 2019-20.

Postal Ballot

During the year 2019-20, no resolution was passed through postal ballot.

No Resolution requiring Postal Ballot as required by the Companies (Passing of Resolution by Postal Ballot) Rules, 2011, has been placed for Shareholders' approval at this Annual General Meeting.

Further, Resolutions, if required, shall be passed by Postal Ballot as per the prescribed procedure under the Act and SEBI (LODR) Regulations.

8. Means of Communication

The Quarterly and Annual Financial Results of the Company are submitted to the Stock Exchange and are published in the newspapers as required under the SEBI (LODR) Regulations.

The results are also displayed on the website of the Company www.jagatjit.com under the heading "Investors". The same are also forwarded to the Shareholders on their request.

9. General Shareholders Information

a) Annual General Meeting

Date	:	December 31, 2020
Time	:	10:30 a.m.
Venue	:	The next Annual General Meeting shall be held as per the advisories issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India through Video Conferencing/other Audio Visual Means as per notice of AGM.
Annual Book Closure	:	Saturday, December 26, 2020 to Thursday, December 31, 2020 (both days inclusive)

b) Financial Year : April 1, 2019 to March 31, 2020

c) Financial Calendar (2020-21) (tentative)

(i)	First Quarter Results	:	Mid of September, 2020
(ii)	Second Quarter Results	:	Mid of November, 2020
(iii)	Third Quarter Results	:	Mid of February, 2021
(iv)	Annual Results for the year ending March 31, 2021	:	By May 30, 2021

d) Dividend Payment Date

The Board of Directors has not recommended any dividend for the year under review.

e) Listing on Stock Exchange

Sr. No.	Name and Address of the Stock Exchange	Stock code
1	BSE Limited, 1st Floor, New Trading Ring, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai-400 001	507155

The Annual Listing Fees for the Financial Year 2020-21 have been paid to the BSE Limited.

f) Stock Market Data for the period April 01, 2019 to March 31, 2020 at the BSE Limited

The monthly high and low share prices of the Company in Rs. and the Sensex during the last financial year at the BSE are as follows :

Month	High	Low	Sensex High	Sensex Low
April, 2019	43.30	38.00	39,487.45	38,460.25
May, 2019	42.45	37.20	40,124.96	36,956.10
June, 2019	46.30	34.10	40,312.07	38,870.96
July, 2019	37.75	28.50	40,032.41	37,128.26
August, 2019	29.05	23.05	37,807.55	36,102.35
September, 2019	33.60	23.00	39,441.12	35,987.80
October, 2019	35.85	28.80	40,392.22	37,415.83
November, 2019	34.00	26.05	41,163.79	40,014.23
December, 2019	30.70	22.50	41,809.96	40,135.37
January, 2020	30.85	24.00	42,273.87	40,476.55
February, 2020	29.65	24.75	41,709.30	38,219.97
March, 2020	29.45	18.90	39,083.17	25,638.90

g) Registrar and Transfer Agent

In line with the guidelines of the Securities and Exchange Board of India and to provide better services to its shareholders, the Company is doing all the share registry related work in-house.

h) Share Transfer System

The Securities and Exchange Board of India (SEBI) has amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandating that transfer of securities would not be processed unless the securities are held in the dematerialized form with a depository with effect from 1st April 1, 2019, other than transposition and transmission of shares.

Any investor who is desirous of transferring shares (which are held in physical form) can do so only after the shares are dematerialized.

i) Distribution of Shareholding as on March 31, 2020

Category (in ₹)	No. of Shareholders	% of Share Holders	No. of Shares held	% of Shareholding
Upto - 5000	2706	77.89	348285	0.75
5001 - 10000	309	8.89	223746	0.48
10001 - 20000	181	5.21	269898	0.58
20001 - 30000	74	2.13	186701	0.40
30001 - 40000	45	1.30	155314	0.34
40001 - 50000	35	1.01	166451	0.36
50001 - 100000	66	1.90	456432	0.99
Above - 100000	58	1.67	44341285	96.08
Total	**3474**	**100.00**	**46148112**	**100.00**

j) Shareholding pattern as on March 31, 2020

Sr. No.	Category	No. of Shares held	% of total shareholding	% of Voting Rights
1.	Promoters' Holding	1,56,45,365	33.90	92.27
2.	Mutual Funds & UTI	1300	0.00	0.00
3.	Banks, Financial Institutions, Govt. Companies	1772	0.00	0.00
4.	Private Corporate Bodies	1495646	3.24	2.19
5.	NRIs/FIIs (other than Promoters)	249984	0.54	0.36
6.	Indian Public	3544045	7.68	5.18
	Total	**2,09,38,112**	**45.37**	**100.00**
7.	GDRs (Underlying Shares)	2,52,10,000	54.63	-
	Grand Total	**4,61,48,112**	**100.00**	**100.00**

The Company does not have any share lying in the demat suspense account or unclaimed suspense account.

k) Outstanding GDRs.

The Company has issued 12,60,500 GDRs in overseas market representing 2,52,10,000 underlying equity shares. GDRs have not been converted into equity shares. GDRs do not carry voting rights.

l) Dematerialisation of Shares and Liquidity.

The shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2020, 1,67,60,673 equity shares being 36.32 % of the total paid-up Capital have been dematerialised.

m) Plants Location

The Company has following plants:

Sr. No.	Location
1.	Jagatjit Nagar, Distt. Kapurthala – 144 802, Punjab
2.	Plot No. SP 1-3, Sotanala, RIICO Industrial Area, Behror, Distt. Alwar -301 701, Rajasthan

n) Commodity price risk or foreign exchange risk and hedging risk.

The details for the same have been provided in the Notes to Financial Statements of the Company for the Financial Year 2019-20.

o) Address for Correspondence

Registered Office : Jagatjit Industries Limited
Jagatjit Nagar,
Distt. Kapurthala -144 802, Punjab
Tel: 0181- 2783112-16
Fax: 0181-2783118
E.mail: hamira@jagatjit.com

Corporate office : Jagatjit Industries Limited
4th Floor, Bhandari House,
91, Nehru Place,
New Delhi-110 019.
Tel: 011- 26432641-42
Fax: 011-26441850
E.mail: jil@jagatjit.com

Investor E-mail address : Investor@jagatjit.com

p) Credit Rating [to be added in terms of Schedule V (C) (9) (q) of LODR]

10. Other Disclosures

(i) Related Party Transactions: Please refer the Board's Report for details on Related Party Transactions and Materially Significant Related Party Transactions that may have potential conflict with the interests of Company at large, during the year ended March 31, 2020.

(ii) There has not been any non-compliance, penalty or stricture imposed on the Company by any Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

(iii) There had been delay in submission and publication of Financial Results for the quarters and years ended March 31, 2017. The BSE Limited levied a penalty which has been paid by the Company.

(iv) Whistle Blower Policy: In compliance with Section 177 of the Act and the SEBI (LODR) Regulations, the Company has formulated a Whistle Blower Policy for employees which has been uploaded on the website of the Company at www.jagatjit.com.

Under the Vigil Mechanism Policy, the protected disclosures can be made by a victim through an e-mail or a letter to the Vigilance Officer or to the Chairperson of the Audit Committee.

The Policy provides for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provides for direct access to the Vigilance Officer or the Chairperson of the Audit Committee, in exceptional cases. No personnel of the Company has been denied access to the Audit Committee. The main objective of this policy is to provide a platform to Directors and employees to raise concerns regarding any irregularity, misconduct or unethical matters / dealings within the Company which have a negative bearing on the organization either financially or otherwise.

This policy provides an additional channel to the normal management hierarchy for employees to raise concerns about any such breaches of the Company's Values or instances of Company's Code of Conduct violations. Therefore, it is in line with the Company's commitment to open communication and to highlight any such matters which may not be getting addressed in a proper manner. During the year under Report, no Complaint was received.

(v) Policy for Determination of Material Subsidiary can be accessed at www.jagatjit.com.

(vi) Policy on Related Party Transactions can be accessed at www.jagatjit.com.

(vii) The Company has followed all the mandatory requirements prescribed under SEBI (LODR) Regulations.

(viii) On the basis of written representations/ declaration received from the directors, as on March 31, 2020, M/s Saqib & Associates, Company Secretaries in practice, have issued a certificate, confirming that none of the Directors on Board of the Company has been debarred or disqualified from being appointed or continuing as Director of companies by SEBI/ MCA or any such authority.

11. Disclosure of Compliance with Corporate Governance Requirements specified in Regulation 17 to 27 and Regulation 46 of SEBI (LODR) Regulations

The Company has complied with the applicable provisions of SEBI (LODR) Regulations including Regulation 17 to 27 and Regulation 46 of SEBI (LODR) Regulations.

The Company submits a quarterly compliance report on corporate governance signed by Compliance Officer to the Stock Exchange within 15 (fifteen) days from the close of every quarter. Such quarterly compliance reports on corporate governance are also posted on the Company's website.

Compliance of the Conditions of Corporate Governance has also been audited by a firm of Practicing Company Secretaries. After being satisfied of the above compliances, they have issued a compliance certificate in this respect.

12. Code of Conduct

The Board of Directors has adopted a Code of Conduct for Directors and Senior Management of the Company. An annual affirmation of compliance with the Code of Conduct is taken from all the Directors and Senior Management members of the Company to whom the Code applies. The Code of Conduct has also been posted at the website of the Company www.jagatjit.com. Managing Director's affirmation that the Code of Conduct has been complied with by the Board of Directors and Senior Management is produced elsewhere in the report.

For and on behalf of the Board
For **Jagatjit Industries Limited**

Ravi Manchanda	**Sushma Sagar**
Managing Director	Director
(DIN.00152760)	(DIN. 02582144)

Date: September 03, 2020
Place: New Delhi

Declaration as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I, Ravi Manchanda, Managing Director hereby declare that as per the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Code of Conduct adopted by the Company for its Board and Senior Management Personnel has been duly complied by all the Board Members and Senior Management Personnel of the Company during the year under review.

Sd/-
Ravi Manchanda
Managing Director
DIN. 00152760

Date: September, 03, 2020
Place: New Delhi

Annexure – 5

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,
The Members,
JAGATJIT INDUSTRIES LIMITED
Jagatjit Nagar, Dist. Kapurthala - 144 802
Punjab

1. We have examined the compliance of conditions of Corporate Governance by JAGATJIT INDUSTRIES LIMITED ("the Company"), for the year ended on March 31, 2020, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

3. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the year ended March 31, 2020.

4. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Saqib & Associates
Company Secretaries

Sd/-
Mohd Saqib
Proprietor
ACS : 48433; CP No. 18116
UDIN: A048433B000631499

Date: August 24, 2020
Place: New Delhi

Management Discussion & Analysis

Economic Overview

The Covid-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are severely impacting economic activity. Global growth is projected at –4.9 percent in 2020, 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. The Covid-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6.5 percentage points lower than in the pre-Covid-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperilling the significant progress made in reducing extreme poverty in the world since the 1990s. *[Source: https://www.imf.org/en/Publications/WEO]*

India's GDP growth moderated to 4.8 percent in H1 of 2019-20, amidst a weak environment for global manufacturing, trade and demand. In 2019-20, fiscal deficit was budgeted at ₹ 7.04 lakh crore (3.3 percent of GDP), as compared to ₹ 6.49 lakh crore (3.4 per cent of GDP) in 2018-19. Inflation increased from 3.3 per cent in H1 of 2019-20 to 7.35 per cent in December 2019-20 due to temporary increase in food inflation. *[Source: https://www.ibef.org/economy/economic-survey-2019-20]*

In wake of Covid-19, several leading agencies have projected a sharp dip in India's GDP growth. World Bank puts India's GDP growth forecast in the range of 1.5-2.8%; IMF has projected a growth forecast of 1.9% for FY 2020 followed by a quick turnaround and growth of 7.4% in FY 2021 on a distorted base of fiscal 2020. Oxford Economics expects India's GDP for calendar year 2020 to contract by 1% followed by quick spur in 2021 of 8.9% on the contracted base.

Industry Overview

India is one of the fastest growing alcohol markets in the world. Alcohol consumption in India amounted to about 5.4 billion liters in 2016 and was estimated to reach about 6.5 billion liters by 2020. The steady increase in consuming these beverages can be attributed to multiple factors including the rising levels of disposable income and a growing urban population among others. Although the average per adult intake of alcohol was considerably low in India when compared to other countries such as the United States, heavy drinkers among young Indians were more prevalent. This provides tremendous opportunity to drive growth of alcobev industry on the back of its rising working-age population. It is expected that per capita consumption will increase with changes in life style and aspiration of the population.

Due to Covid-19 pandemic, it is difficult to provide an industry outlook, given the context that this is a constantly evolving and still unfolding situation. To comment on anything about demand normalization and revival is a little premature for the time being. That being said, the industry should be completely prepared for a remarkably challenging external environment for the foreseeable future. Once the world overcomes from the prevailing situations, future growth in the liquor industry in India will be mirrored by continued consumer trend towards premiumisation, motivated by rising affluence, globalised outlook, urbanisation, progressive lifestyles.

Business Overview

Jagatjit Industries Limited (the Company or Jagatjit) was set up in 1944 in Punjab. Its business units comprise of Indian Made Foreign Liquor (IMFL), Country Liquor (CL), Malted Milk Food (MMF) & Malt Extract (MEX), and Real Estate. The Company has a rich IMFL portfolio including Whiskies (Scotch and Blended Indian whiskys), Gin, Rum, Brandy and Vodka. In India, the Company has a strong presence in the Northern region, and also in the States of Andhra Pradesh, Telangana, Odisha and Meghalaya. Internationally, its products are available in Guinea, Ghana, Togo, Burkina Faso, Angola, Cameroon, Sierra Leone, Liberia, Ivory Coast, the UAE, Oman, Kenya and Uganda.

In view to meet the requirements of hand sanitizers due to increased demand of the same on account of spread of Covid-19, the Company has introduced Hand Sanitizers during the year 2020 and accordingly entered into arrangement(s) with various parties for manufacture/procurement of Hand Sanitizers for sales/distribution against supply of Denatured Alcohol by the Company. The product of the Company appears to be well accepted in the market as per initial reports.

Operational Overview

A) Liquor

The Company's primary focus of business is in manufacturing, distributing and selling IMFL brands with intent to provide superior brands at affordable prices. During FY 2019-20, the Company sold 2.16 million IMFL cases. The Company is also engaged in manufacturing of country liquor in Punjab, where it recorded volume of about 0.86 million cases. The Company has started focusing on production of Extra Neutral Alcohol (ENA) and it will have positive bearing on the performance of the Company in FY 2020-21.

B) Malted Milk Foods and Dairy Products

The Company has a food division with its own malt house, malt extract plant and a malted milk food manufacturing unit. The malted milk food division (MMF) has four units of tray drying and one unit of spray drying, with a total manufacturing capacity of 105 MT per day of high-quality malted milk food. Presently the Company manufactures around 32000 MT P.A. Malted Milk Food for Hindustan Unilever Limited under the Brand name of Horlicks and Boost. Capacity expansion for MMF is in process in order to increase capacity by 4.88 KT per annum by the end of current year.

The Company's modern malt house produces malt from the best barley sourced after strict inspection and quality control processes from selected farms in Punjab. This malt is utilised for its own requirements in both the divisions – malted milk food and distillery. It makes three malt grades– food, distillery and brewery grade, all of which are sold in the domestic market and also exported.

The Company also supplies its Malt Extract/Cereal Extract to Hindustan Uniliver Limited.

C) International Brand Portfolio

In the international market, Jagatjit has a full portfolio of both brown and white spirits in every price points. Jagatjit has entered into a long arrangement with a RTM partner in UAE who has a strong distribution network. Jagatjit plans to bring back the lost glory in the international market with renovated and fit for purpose packaging. The Company has not only invested in UAE market behind building the brands but also has expanded its business portfolio and brought couple of RTM partners on board in core importing countries of IMFL. The objective of the Company is to expand from current presence of 8 countries globally to at least 15 countries over the 3-5 years horizon. The objective of Jagatjit is to gain a corresponding share of volume in the Jagatjit Portfolio over the next 5 years which would be at least 25% of the domestic volume.

D) Real Estate

Jagatjit has various real estete properties. Out of these two properties, one each in Gurgaon and New Delhi, have been leased out to earn rental income. Its Gurgaon property, comprising of approximately 2,00,000 Sq. Ft., is spread over 4 acres of land. The property at Connaught Palace, New Delhi, comprises two floors of Ashoka Estate of approximately 23,000 Sq. Ft area.

Financial Review

During FY 2019-20, Jagatjit's sale of alcoholic beverages decreased by around 24% in terms of volume. Its total income (including income from services and other sources) stood at ₹ 273.31 Crores, as compared to ₹ 303.87 Crores during the previous year.

Jagatjit's beverage segment clocked gross revenue of ₹ 80.17 Crores, as compared to ₹ 87.11 Crores during the previous year. Its food segment clocked revenue of ₹ 134.20 Crores, as compared to ₹ 132.31 Crores during the previous year.

Amount (₹ Crores)

	FY 19-20	FY 18-19
Total Income	273.31	303.87
Material Consumption	91.47	88.82
Excise Duty	4.61	24.99
Staff Costs	59.94	68.60
Others	135.23	108.30
EBITDA	(17.94)	13.16
Finance Cost	42.11	72.59
Depreciation	9.65	10.44
Profit before tax and exceptional items	(69.70)	(69.87)
Exceptional items (Profit on sale of PPE)	28.68	3.73
Profit Before Tax	(41.02)	(66.14)
Tax	7.24	(1.42)
Profit After Tax from continuing operations	(48.26)	(64.72)
Total comprehensive Profit After Tax	(51.65)	(66.27)

The total raw material cost increased to ₹ 91.47 Crores, as compared to ₹ 88.82 Crores during the previous year. Excise duty decreased to ₹ 4.61 Crores, as compared to ₹ 24.99 Crores during the previous year. Employee costs decreased to ₹ 59.94 Crores, as compared to ₹ 68.60 Crores during the previous year. At EBITDA level, the Company incurred loss of ₹ 17.94 Crores, as compared to a profit of ₹ 13.16 Crores during the previous year.

Jagatjit incurred a loss before taxation of ₹ 41.02 Crores from continuing operations, as compared to loss before taxation of ₹ 66.14 Crores during the previous year. The net loss during the year was ₹ 51.65 Crores, as compared to a net loss of ₹ 66.27 Crores during the previous year.

KEY FINANCIAL RATIOS

Particulars	2019-20	2018-19	% Change	Remarks
Debtors Turnover Ratio (Days)	69	143	(52)	Due to reduction in debtors
Inventory Turnover Ratio (Days)	42	31	35	Due to increase in finished goods inventory
Interest Coverage Ratio	3.92	4.30	(9)	Due to reduction in finance cost as compared to last financial year
Current Ratio	0.45	0.65	(30)	N.A.
Debt Equity Ratio	11.54	6.06	90	Due to reduction in equity due to net losses
Operating Profit Margin %	4.8	6.8	(30)	Due to decrease in earnings before interest and tax
Net Profit Margin %	(17.9)	(21.7)	(18)	Due to reduction of net loss during the current year as compared to previous year.
Return on Net Worth#	-	-	-	N.A.

Return on Net worth has not been calculated as the Equity/ Net worth of the Company is negative.

Outlook

Jagatjit has a constant endeavour to embrace modernization and to keep up with the changing trends with technological upgradation. The Company has successfully undergone a massive restructuring, encompassing upgradation of technology and enhanced automation to increase efficiencies and revamping of culture and physical offices. Going forward, the Company will remain focused on enhancing sales, managing costs, and providing value to its customers/ stakeholders. It is committed to return to profitability by streamlining its brand portfolio, investing in higher-contribution brands, widening its geographical reach, developing export markets, cost optimisation and improving operational efficiencies.

The Company also remains committed to drive excellence in the Malted Milk Food contract manufacturing business and is working to increase throughput in this segment.

Risks & Concerns

Regulatory risk: Jagatjit operates in a sector which is highly exposed to the risk of changing regulations.

Mitigation measure: Jagatjit closely monitors the regulatory environment and prepares for any foreseeable changes. In addition, its team of expert and experienced professionals allows prompt and appropriate modification to meet the changes in regulatory framework. At all times, the Company ensures strict adherence to laws and policies.

Raw material risk: Jagatjit runs the risk of issues in availability of raw materials and fluctuation in raw material prices.

Mitigation measure: The Company's long-standing relationship with most suppliers ensures steady availability of raw materials at competitive prices. It is also striving to reduce costs by value engineering in dry and wet goods and by using standardized packaging material in the popular and medium segments.

Innovation risk: Innovation is ensuring sustainable growth in a market where there are restrictions on advertisement of alcohol.

Mitigation measure: The Company is always looking to innovate and renovate to provide high quality products to its customers at affordable rates.

Economic risk: The performance of the Company is dependent on robust consumption, led by rising income levels. This in turn is dependent on robust economic growth and cost of inputs and labour & basis of disposal of income.

Mitigation measure: The Indian economy is one of the fastest growing economies in the world. The Company believes that Covid-19 pandemic is a temporary phase for the business and after the lock down is over, we shall return to normalcy soon. The Company is focused on driving agility and responsiveness across the value chain. Furthermore, the Company is working on how systems and processes need to change post Covid-19 in order to retain its market share. It is poised for sustainable growth in the coming years. Jagatjit has strong presence in several international markets. An exposure to international markets reduces dependence on India's economic growth. However current economic slowdown due to Covid-19 could be a dampener in the mitigation.

Internal Controls

Jagatjit's policies, guidelines and procedures are designed keeping in mind the nature, size and complexity of its business operations. The Company maintains a proper and adequate system of internal controls which provides for automatic checks and balances. Its resilience and focus is driven to a large extent by its strong internal control systems for financial reporting, supported by a strong set of Management Information Systems.

Jagatjit's internal audits and those by professional firms closely oversee the business operations and ensure strict adherence to policies, safeguarding of its assets, and the timely preparation of reliable financial documents and reports. Any deviations are prompted to the management. Timely and adequate measures are undertaken to ensure undisrupted functioning of the business. The Company has invested in implementing an Oracle EBS to further strengthen controls, processes and aid business decision-making.

Human Resources

Our Company firmly believes that its human resources are key enablers for the growth of the Company and therefore an important asset. Hence, the success of the company is closely aligned with the goals of the human resources of the Company. Taking this into account, our Company continued to invest in developing its human capital and establishing its brand on the market to attract and retain the best talent. Jagatjit boasts of well-defined HR policies which ensure alignment of personal goals with professional growth. Its human capital stands at around 1582 employees, including permanent factory workmen. Employee relations during the period under review continued to be healthy, cordial and harmonious at all levels and the Company is committed to maintaining good relations with the employees

Cautionary statement

Statements in the Management Discussion and Analysis, describing the Company's objective, projections, estimates and expectations may be forward-looking statements. Actual results may differ materially from those expressed or implied due to various risks and uncertainties. Important factors that could make a difference to the Company's operations include economic and political conditions in India and other countries in which the Company may operate, volatility in interest rates, changes in government regulations and policies, tax laws, statutes and other incidental factors. The Company does not undertake to update these statements

Standalone Financial Statements

Consolidated Financial Statements

Independent Auditor's Report

To the Members of Jagatjit Industries Limited

Report on the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of Jagatjit Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except the effects of matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 as amended("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss including other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for qualified opinion

(i) In the opinion of the management, Trade Receivable and Loans & Advances have a value on realization in the ordinary course of business, at least equal to the carrying amount in the books.

Company has a policy of providing for (a) all debts outstanding beyond 3 years or (b) where recovery is considered doubtful irrespective of the fact that legal action has been initiated or not, instead on the method prescribed under IND AS 109. Company does not have effective system of obtention of confirmations from Trade Receivables/ Payables (including confirmation of Registered MSME Suppliers) and other Advances. The financial impact of this is not ascertainable and to that extent we cannot comment upon the adequacy of provision for Expected Credit loss/ doubtful debts/advances to the suppliers. However, non-moving debts and advances to suppliers outstanding beyond 1 year are to the extent of ₹ 1564 Lakhs which is static balance for which confirmations and reconciliations are not available and have not been provided for.

Further, Trade payables, Loan & advance and trade receivable (other than above) are subject to reconciliation & confirmation. The financial impact of all this is not ascertainable and to that extent we cannot comment upon the veracity of such balances.

(ii) The Company has written back interest payable of ₹ 216 Lakhs (provided prior to FY 2018-19) to unidentified MSME suppliers. Management is of view that these are unidentified and a liability no longer required.

(iii) Physical verification of inventories: Due to Covid-19 Pandemic lockdown management could not conduct the physical verification of all inventories at reporting date. It is informed by the management that physical verification was conducted subsequently and no material discrepancy was found.

We were not able to attend the physical verification as lockdown was effective, therefore, we were unable to verify the existence/condition of inventories of ₹ 1485 Lakhs raw material, ₹ 243 Lakhs packing materials, ₹ 501 Lakhs work-in-progress, ₹ 1441 Lakhs finished goods, ₹ 19 Lakhs stock-in-trade and ₹ 499 Lakhs stores and spares to determine the adjustments that may be required to be made in the value of inventory and consequential effect thereof on financial statement as on March 31, 2020.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the standalone financial statements.

Emphasis of Matter

(i) We draw attention to Note No. 4(vii) regarding fair value of investment properties, Note No. 5(iii) regarding provision for investment in Subsidiary, Note No. 6(i)&(iii) regarding loan to employees & provision for loan to ex-employee, Note No. 6(ii) regarding provision of loan to Subsidiary, Note No 8(iv) regarding provision for advances to others, Note No 9(ii) regarding non-moving inventories, Note No 11(i) regarding unidentified bank balances written off, Note 14(i) regarding amount receivable from group company, Note No 15 regarding assets held for sale, Note No 18(iv) regarding classification of loan, Note No 18(v) regarding non stipulation of terms and conditions of loan, Note No. 22(ii) regarding provision of service tax, Note No. 23(i)&(ii) regarding provision of interest on outstanding amount of MSME suppliers and classification of outstanding of MSME supplier as other than MSME, Note No 24(iii) regarding adjustment of advances, Note No 24(iv) regarding amount payable to ex-employee, Note No.25(i) regarding advance from customers, Note No 25(ii)(b) regarding adjustment of service tax payable, Note No 26(iii) regarding income from franchisee business, Note No 27(iii) regarding other income, Note No. 32(i) regarding interest paid on account of full & final settlement, Note No 45(iii) regarding outbreak of COVID-19 and Note No. 45(iv) regarding internal audit issues.

(ii) Company has taken loan of ₹ 4020 Lakhs (₹ 3672 Lakhs taken during the year) from its Associate Company and vide its Board Resolution dated 14.02.2020, loan amount of ₹ 4000 Lakhs have been written back as not payable on confirmation of associate company and treated as income. This has resulted in reduction of loss of the year by ₹ 4000 Lakhs.

(iii) **<u>Going Concern:</u>**

Without qualifying our opinion, we draw attention to Note 2.1 (iii) in the financial statements which indicates that the Company has been suffering losses for the last seven years and the net working capital of the company is negative. During the year March 31, 2020 Company suffered net loss of ₹ 5165 Lakhs. These conditions along with other matters as set forth in Note 2.1 (iii), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Company has disclosed the mitigating factors vide the said Note and we have relied upon the same.

(iv) The Internal Audit system of the company needs to be substantially strengthened in scope, coverage and compliance in respect of Hamira Plant and Head Office operations.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. In addition to the matter described in the basis of qualified opinion section we have determined the matters described below to be the Key Audit Matter to be communicated in our report. For each matter mentioned below, our description of how our audit addressed the matter is provided in that context.

The Key Audit Matter	How the matter was addressed in our audit
(a) Litigation Matters: The company operates in various states within India, exposing it to a variety of different Central and State Laws, regulations and interpretations thereof. In this regulatory environment, there is an inherent risk of litigation and claims. Consequently, provisions and contingent liability disclosures may arise from direct and indirect tax proceeding, legal proceedings including regulatory and other government / department proceedings, as well as investigations by authorities and commercial claims. At March 31, 2020, the Company's contingent liabilities for legal matters were ₹ 1921 Lakhs (refer Note 37 to the standalone financial statement) and provision for service tax aggregated 353 Lakhs (refer Note 22(A)). The most significant contingent liability pertains to service tax of ₹ 389 Lakhs and sales tax of ₹ 1296 Lakhs. Management applies significant judgment in estimating the likelihood of the future outcome in each case when considering whether, and how much, to provide or in determining the required disclosure for the potential exposure of each matter. This is due to the highly complex nature and magnitude of the legal matters involved along with the fact that resolution of tax and legal proceedings may span over multiple years, and may involve protracted negotiation or litigation. These estimates could change substantially overtime as new facts emerge as each legal case progresses. Given the inherent complexity and magnitude of potential exposures across the Company and the judgment necessary to estimate the amount of provisions required or to determine required disclosures, this is a key audit matter.	Reviewing the outstanding litigations against the Company for consistency with the previous years. Enquire and obtain explanations for movement during the year. Discussing the status of significant known actual and potential litigations with the Company's in-house officials and other senior management personnel who have knowledge of these matters and assessing their responses. Reading the latest correspondence between the Company and the various tax/legal authorities and review of correspondence with/legal opinions obtained by the management, from external legal advisors, where applicable, for significant matters and considering the same in evaluating the appropriateness of the Company's provisions or disclosures on such matters. Examining the Company's legal expenses and reading the minutes of the board meetings, in order to ensure that all cases have been identified. With respect to tax matters, involving our tax specialists, and discussing with the Company's tax officers, their views and strategies on significant cases, as well as the related technical grounds relating to their conclusions based on applicable tax laws. Assessing the decisions and rationale for provisions held or for decisions not to record provisions or make disclosures. For those matters where management concluded that no provisions should be recorded, considered the adequacy and completeness of the Company's disclosures.

The Key Audit Matter	How the matter was addressed in our audit
(b) Loan to employees: Company has given loan of ₹ 474 Lakhs to its senior employees in earlier years. Stipulation of repayment is not laid out. Management has represented that the amount will be recovered during the course of time without specifying the time frame.	Our procedures included: We have perused the detail and have verified the repayments made by employers during the year. We have verified balance confirmation. We have advised the company to specify the time frame for recovery of the same. We have disclosed the issue in the emphasis of matter paragraph.
(c) Revenue recognition from sale of products: Revenue from sale of products is recognized when control of products has transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of products. Revenue from the sale of products is measured at the fair value of the consideration received and receivable, net of returns and allowances, discounts and incentives. Significant judgment is required in estimating accruals relating to allowances, discounts and incentives recognized in relation to sales made during the year.	Our audit procedures included, amongst others, assessing the Company's revenue recognition accounting policy, including those relating to allowances, discounts, and incentives. We understood, evaluated and tested the operating effectiveness of internal controls over recognition of revenue, discounts, and incentives. We performed test of details, on a sample basis, and inspected the underlying documents relating to sales and accrual of discounts and incentives. We tested sales transactions near year end date as well as credit notes issued after the year end date. We discussed and evaluated management assessment of estimates relating to allowances, discounts and incentives. We assessed the disclosures in the standalone financial statements in respect of revenue.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, a material uncertainty exists relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. We draw attention on emphasis of matter paragraph (stated above) in our audit report explaining indicator of existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and mitigation factors given by the management in Note No 2.1(iii) of the financial statements.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A"**, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. With respect to matter to be included in the Auditor's report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the managerial remuneration for the year ended March 31, 2020 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.

3. As required by Section 143 (3) of the Act, we report that:

(a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) the balance sheet, the statement of profit and loss including other comprehensive income, statement of changes in equity and the statement of cash flow dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) on the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements;

ii. the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there has not been delay in transferring amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

for **Madan & Associates**
Chartered Accountants
Firm's registration number: 000185N

M. K. Madan
Proprietor
Membership number: 082214

Place: New Delhi
Date: 03.09.2020
UDIN: 20082214AAAACF7989

ANNEXURE–'A'TO THE INDEPENDENT AUDITOR'S REPORT

Statement of the matters specified in paragraph 3 and 4 of the Companies (Auditor's report) Order, 2016 ('the Order')

The Annexure referred to in Independent Auditors' Report to the members of the **Jagatjit Industries Limited ("the company")** on the standalone financial statements for the year ended March 31, 2020, we report that:

(i) In respect of fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a programme of annual verification of fixed assets which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. It is informed by the management, as per the said programme, physical verification was scheduled at the year end *but due to Covid-19 Pandemic lockdown management could not conduct the same. Therefore, we are unable to comment on the existence of fixed assets.*

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company and certificate provided by the Company, the title deeds of immovable properties are held in the name of the Company except in respect of Immovable properties situated at 4th and 5th Floor, Bhandari House, Nehru Place, New Delhi, 9th & 10th Floor, Ashoka Estate, Barakhamba Road, New Delhi, 7th Floor, Shanti Niketan Building, Camac Street, Kolkata 700017 and 4th Floor, Embassy Centre, Nariman Point, Mumbai. It is certified by the management that the company is in possession of these properties.

Title deeds in respect of Immovable Properties as mentioned in Note No. 18 are held by the lenders as Equitable Mortgage against the borrowing. Confirmations from the bank are not received.

Company has provided photocopies of the title deeds/ lease deeds in respect of Leasehold Land situated at Sahibabad (U.P.) as the originals are held by Uttar Pradesh State Industrial Development Corporation (UPSIDC).

(ii) In respect of inventories: *Due to Covid-19 Pandemic lockdown management could not conduct the physical verification of all inventories at reporting date. It is informed by the management that physical verification was conducted subsequently and no material discrepancy was found. We were not able to attend the physical verification as lockdown was effective, therefore, we were unable to verify the existence/condition of inventories and accordingly we have qualified the report regarding this (refer basis for qualified opinion).*

(iii) (a) According to Information and explanation given to us, the Company has granted loan to its subsidiaries in earlier years. No loan was granted to any entity covered in the register maintained u/s 189 of the Companies Act, 2013 during the current year.

(b) In respect of above loans, the Company has received ₹ 1988 Lakhs from one of the subsidiaries and made provision of ₹ 185 Lakhs during the year in respect of another subsidiary due to erosion of its net worth.

(iv) (a) In our opinion and according to the information and explanations given to us, the Company has not given any loans and made any investment within the meaning of section 185 & 186 of the Act. Thus, paragraph 3(iii) of the Order is not applicable to the Company.

(b) Company has represented before us that provision of section 185/186 are not applicable for advances given prior to Companies Act 2013 and are still outstanding.

(v) According to the information and explanation given to us, the company has not accepted any deposits during the year except advance *of ₹ 857 Lakhs from a customer which is adjustable in 60 equal installments of ₹ 15 Lakhs each w.e.f. July 2020. The company has adjusted the amount of current outstanding of ₹ 642 Lakhs and shown ₹ 215 Lakhs as advance from customer. Management is of the view that the same is not a deposit within the meaning of Section 2(31) read with Acceptance of Deposit rules 2014.*

In respect of amounts accepted in earlier years our observations are as under:

(a) A*dvance from customers of ₹ 422 Lakhs outstanding for more than 365 days. The Company is of the view that the amount is not deposit from customers but needs to be adjusted against debit balance of receivables. Pending reconciliation, amount is shown as advance from customers.*

(b) *Similarly company had received amount of ₹ 700 Lakhs in earlier years which is claimed as exempted deposit. Company has informed us that it will re-examine the entire issue and take Legal opinion on the same.*

Pending reconciliation and legal opinion, we are unable to comment upon these deposits. Company is of the view that provision of Section 74(1)(b) of the Act are complied with in pursuance of Rule 19 of the Acceptance of Deposits Rules, 2014. It is also confirmed by the company that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vi) According to the information and explanations given to us and certified by the management, provision of Section 148(1) of the Companies Act, 2013 for maintenance of Cost records are not applicable as products manufactured by the company as specified in Table A/Table B under rule 3 of Companies (Cost Records & Audit Rules), 2014 represent by-product and no cost is incurred for the same.

(vii) In respect of statutory dues:

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has generally been regular in depositing undisputed statutory dues, including provident Fund, Employees State insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of the aforesaid statutory dues in arrears as at 31.03.2020 for a period of more than six months from the date they became payable.

(b) (i) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess which have not been deposited as at 31.03.2020 on account of any dispute except as follows:

Sr. No.	Name of Statute	Nature of Dues	Amount (₹)	Period for which the amount relates	Forum where dispute is pending.
SERVICE TAX					
1	The Finance Act, 1994	Wrong availment of Service Tax Cenvat Credit	53,82,166	October 2003 to September 2007	CESTAT, Chandigarh
2	The Finance Act, 1994	Penalty in the above matter	53,82,166	October 2003 to September 2007	CESTAT, Chandigarh
3	The Finance Act, 1994	Wrong availment of Service Tax Cenvat Credit	69,70,632	October 2007 to March 2008	CESTAT, Chandigarh
4	The Finance Act, 1994	Penalty in the above matter	69,70,632	October 2007 to March 2008	CESTAT, Chandigarh
5	The Finance Act, 1994	Demand and Penalty towards Management maintenance and Repair Services	17,97,534	June, 2005	CESTAT, Chandigarh
6	The Finance Act, 1994	Demand and Penalty towards conversion charge for SMP & Ghee under category of Supply of Tangible Goods	62,21,720	May 2008 to April 2010	CESTAT, Chandigarh
7	The Finance Act, 1994	Penalty in the above matter	62,21,720	May 2008 to April 2010	CESTAT, Chandigarh
SALES TAX					
8	Sales Tax under Telangana VAT Act	Demand and Penalty on account of VAT on Royalty Income	1,03,00,000	2012-13 to November 2014	Appellate Deputy Commissioner, Hyderabad
9	Sales Tax under Punjab VAT Act & Central Sales Tax Act	Demand and Penalty on account of disallowance of VAT input credit on Rice Husk	2,19,67,703	2010-11	Deputy Excise and Taxation Commissioner (Appeals), Jalandhar
10	Sales Tax under Haryana VAT Act	Demand and Penalty on account of disallowance of VAT input credit on Rice Husk	39,69,900	2011-12	Joint Excise & Taxation Commissioner (A), Rohtak
11	Sales Tax under Jharkhand VAT Act	Demand in respect to VAT assessment	20,32,974	2013-14	Commissioner (Appeals), Ranchi
12	Sales Tax under Punjab VAT Act & Central Sales Tax Act	Disallowance of ITC on purchase of Rice Flour	1,07,54,088	2011-13	VAT Appellate Tribunal
13	Rajasthan VAT Act.	Demand in respect of VAT	3,79,205	2015-16 & 2016-17	VAT Commissioner, Rajasthan
14	Jharkhand VAT Act	Demand in respect of VAT	3,97,965	2014-15	Commissioner (Appeals), Ranchi
15	Rajasthan VAT Act.	Demand in respect of VAT	7,96,76,109		VAT Commissioner, Rajasthan

(ii) Company made provision for service tax of ₹ 353 Lakhs demanded by Orissa State Beverages Corporation Ltd. against their liability to service tax in earlier year. The matter is pending before Service Tax Tribunal Orissa.

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government during the year.

(ix) In our opinion and according to the information and explanation given to us, the term loans have been applied by the company during the year for the purposes for which they were obtained.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of Legal opinion (regarding maintenance charges of ₹ 215 Lakhs paid to Corporate Facility Management) [refer Note No. 39B(iv)(b)] obtained by the company in earlier years and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Ind AS.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **Madan & Associates**
Chartered Accountants
Firm's registration number: 000185N

M. K. Madan
Proprietor
Membership number: 082214

Place: New Delhi
Date: 03.09.2020
UDIN: 20082214AAAACF7989

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF JAGATJIT INDUSTRIES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls with reference to standalone financial statements of **Jagatjit Industries Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, as prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

A company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

In our opinion, the Company generally has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls over financial reporting were generally operating effectively as at March 31, 2020, *except in respect of trade receivable reconciliation/confirmation, provision for bad and doubtful debts and accounts payable reconciliation/confirmation where controls were found to be ineffective and in respect of various areas namely updating of status of contingent liabilities, Rolling Cash Plan (HO), recovery of loan & advances from employees/suppliers, Full & Final settlement of employees, Revenue recognition of royalty income from franchise operation, revenue recognition of third party supply agreement and operating assessment of control regarding updating the Secretarial Department in respect of borrowings from Group entities where controls were effective but need to be strengthened,* based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

for **Madan & Associates**
Chartered Accountants
Firm's registration number: 000185N

M. K. Madan
Proprietor
Membership number: 082214

Place: New Delhi
Date: 03.09.2020
UDIN: 20082214AAAACF7989

Balance Sheet
as at March 31, 2020

(₹ in Lakhs)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
1 Non-current assets			
a) Property, plant and equipment	3A	37,268	38,046
b) Other intangible assets	3B	-	2
c) Capital work-in-progress	3C	18	22
d) Right-of-use assets	3D	20	-
e) Investment properties	4	1,790	1,837
f) Financial assets			
i) Investments	5	33	1,798
ii) Loans	6	476	1,988
iii) Other financial assets	7	1,213	1,513
g) Other non-current assets	8	445	1,167
Total non-current assets		**41,263**	**46,373**
2 Current assets			
a) Inventories	9	4,189	3,942
b) Financial assets			
i) Trade receivables	10	2,861	6,581
ii) Cash and cash equivalents	11	1,097	950
iii) Loans	12	57	894
iv) Other financial assets	13	76	395
c) Other current assets	14	1,009	2,446
d) Assets classified as held for sale	15	38	1,938
Total current assets		**9,327**	**17,146**
TOTAL- ASSETS		**50,590**	**63,519**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	4,615	4,615
Other equity	17	(580)	4,585
Total equity		**4,035**	**9,200**
LIABILITIES			
1 Non-current liabilities			
a) Financial liabilities			
i) Borrowings	18A	19,919	20,432
ii) Other financial liabilities	19	3,348	3,647
iii) Lease liability	20	3	-
b) Other long term liabilities	21	324	434
c) Provisions	22A	2,378	2,245
d) Deferred tax liabilities		-	244
Total non-current liabilities		**25,972**	**27,002**
2 Current liabilities			
a) Financial liabilities			
i) Borrowings	18B	214	1
ii) Trade payables	23	6,763	7,357
iii) Other financial liabilities	24	5,872	11,259
iv) Lease liability	20	19	-
b) Other current liabilities	25	7,270	8,276
c) Provisions	22B	445	424
Total Current liabilities		**20,583**	**27,317**
Total liabilities		**46,555**	**54,319**
Total equity and liabilities		**50,590**	**63,519**
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date
For Madan & Associates
Chartered Accountants
FRN: 000185N

M. K. Madan
Proprietor
Membership No.: 082214

Place : New Delhi
Date : September 03, 2020
UDIN: 20082214AAAACF7989

For and on behalf of the Board of Directors of
JAGATJIT INDUSTRIES LIMITED

Ravi Manchanda
Managing Director
DIN: 00152760

Sushma Sagar
Director
DIN : 02582144

Anil Vanjani
Chief Executive Officer

Anil Girotra
Chief Financial Officer

Roopesh Kumar
Company Secretary

Statement of Profit and Loss

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars		Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
1	**Income**			
	a) Revenue from operations	26	22,528	24,925
	b) Other income	27	4,803	5,462
	Total income		**27,331**	**30,387**
2	**Expenses**			
	a) Cost of material consumed	28	8,872	6,993
	b) Purchases of Stock-in-trade	29	618	478
	c) Changes in inventories of finished goods, work in progress and stock in trade	30	(343)	1,411
	d) Excise duty		461	2,499
	e) Employee benefit expenses	31	5,994	6,860
	f) Finance cost	32	4,211	7,259
	g) Depreciation and amortisation expenses	33	965	1,044
	h) Other expenses	34	13,523	10,830
	Total expenses		**34,301**	**37,374**
3	**Profit/(loss) before tax**		**(6,970)**	**(6,987)**
4	**Exceptional items (Income)**	35	2,868	373
5	**Profit / (Loss) before tax and after exceptional items**		**(4,102)**	**(6,614)**
6	**Tax expense:**			
	Income tax adjustment related to earlier years		-	92
	Derecognition of MAT credit		968	-
	Deferred tax (credit)/ charge		(244)	(234)
	Total tax expenses		**724**	**(142)**
7	**Profit / (Loss) for the period from continuing operations**		**(4,826)**	**(6,472)**
8	**Profit / (Loss) for the period from discontinuing operations**	41	**(61)**	**(116)**
	Tax expenses from discontinuing operations		-	-
9	**Profit / (Loss) for the period**		**(4,887)**	**(6,588)**
10	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	Re-measurement (gains)/losses on defined benefit plans		278	60
	Tax impact on re-measurement (gain)/ loss on defined benefit plans		-	(21)
	Total Other Comprehensive Income		**278**	**39**
11	**Total Comprehensive Income for the period (9 - 10)**		**(5,165)**	**(6,627)**
	(Comprising Profit / (Loss) and Other Comprehensive Income for the period)			
12	**Earnings per share for continuing operations (in ₹):**			
	Basic & Diluted	36	(11.06)	(14.83)
	Earnings per share for discontinued operations (in ₹):			
	Basic & Diluted	36	(0.14)	(0.26)
	Earnings per share (for continuing and discontinued operations) (in ₹):			
	Basic & Diluted	36	(11.20)	(15.09)
Summary of significant accounting policies		2		
The accompanying notes are an integral part of the financial statements.				

As per our report of even date
For Madan & Associates
Chartered Accountants
FRN: 000185N

M. K. Madan
Proprietor
Membership No.: 082214

Place : New Delhi
Date : September 03, 2020
UDIN: 20082214AAAACF7989

For and on behalf of the Board of Directors of
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DIN : 02582144

Anil Vanjani
Chief Executive Officer

Anil Girotra
Chief Financial Officer

Roopesh Kumar
Company Secretary

Standalone Cash Flow Statement

for the year ended March 31, 2020

(₹ in Lakhs)

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A.	**Cash flow from operating activities:**		
	Net loss for the year before tax	(4,163)	(6,730)
	Adjustments for:		
	Rent from investment properties	(2,048)	(2,000)
	Fair valuation of investments	13	(600)
	Depreciation	965	1,044
	Interest expense	4,211	7,259
	Interest income	(122)	(221)
	Profit on sale of properties, plant and equipment (net)	(111)	(361)
	Provision for investments	1,020	-
	Provision for loans to subsidiary	185	-
	Bad debts/advances/stock written off	933	192
	Provision for doubtful debts and advances	2,976	1,484
	Provision for obsolete/damaged inventory	146	155
	Profit on sale of investment	-	(650)
	Liability no longer required written back towards loans	(4,000)	-
	Liability no longer required written back	(1,572)	(1,132)
	Provision for Gratuity & Leave Encashment & others	154	24
	Operating profit before working capital changes	**(1,413)**	**(1,536)**
	Changes in working capital		
	Trade receivables	1,390	4,148
	Loans, other financial assets and other assets	1,145	2,839
	Inventories	(378)	1,752
	Trade payables	(594)	(3,149)
	Financial liabilities, other liabilities and provisions	1,483	1,023
	Cash generated from operations	**1,633**	**5,077**
	Taxes (Paid)/ Received (Net of TDS)	-	-
	Net Cash flow/(used) from operating activities (A)	**1,633**	**5,077**
B.	**Cash flow from investing activities:**		
	Purchase of property, plant and equipment including capital work-in-progress and capital	(152)	(158)
	Advances against assets held for sale	100	3,927
	Proceeds from sale of property, plant and equipment	176	421
	Purchase of investments property	-	(9)
	Sale of investments	745	713
	Refund from subsidiaries	1,802	1,182
	Interest received (Revenue)	136	309
	Income from investment properties	2,048	2,000
	Release/(Addition) of cash (from)/for restrictive use	254	(725)
	Net Cash inflow from investing activities (B)	**5,109**	**7,660**

Standalone Cash Flow Statement (Contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
C. Cash flow from financing activities:		
Net Loans (repaid) / taken	(6,283)	(5,648)
Lease liability payments	(32)	-
Loans written back	4,000	-
Interest paid	(4,280)	(7,335)
Net cash used in financing activities (C)	**(6,595)**	**(12,983)**
Net increase/ (decrease) in cash & cash equivalents (A + B + C)	**147**	**(246)**
Cash and cash equivalents at the beginning of the year	950	1,196
Cash and cash equivalents at the end of the year	**1,097**	**950**
Cash & cash equivalents comprises of		
Cash, cheques & drafts (in hand) and remittances in transit	26	13
Balance with scheduled banks	1,071	937
	1,097	**950**

(i) The aforesaid Cash Flow Statement has been prepared under the "Indirect Method" and in accordance with Ind AS -7 on Cash Flow Statements.

(ii) Figures in brackets indicate cash outgo.

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For Madan & Associates
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FRN: 000185N

M. K. Madan
Proprietor
Membership No.: 082214

Place : New Delhi
Date : September 03, 2020
UDIN: 20082214AAAACF7989

For and on behalf of the Board of Directors of
JAGATJIT INDUSTRIES LIMITED

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Chief Executive Officer

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Chief Financial Officer

Roopesh Kumar
Company Secretary

Statement of Changes in Equity

for the year ended March 31, 2020

A. Equity share capital:

Issued, subscribed and fully paid up (Share of ₹ 10 each)	No. of shares	Amount in ₹
At April 01, 2018	46,148,112	461,481,120
Increase/(decrease) during the year	-	-
At March 31, 2019	46,148,112	461,481,120
Increase/(decrease) during the year	-	-
At March 31, 2020	**46,148,112**	**461,481,120**

B. Other equity

(₹ in Lakhs)

Particulars	Reserve & Surplus				Other Comprehensive Income	Total
	General Reserve	Capital Redemption	Securities Premium	Retained Earnings	Remeasurement of defined benefit obligations	
Balance as at March 31, 2018	**2,016**	**580**	**3,697**	**5,557**	**(293)**	**11,557**
Revaluation adjusted				**(345)**		(345)
Profit/(loss) for the year	-		-	(6,588)	-	(6,588)
Other comprehensive income for the year	-		-	-	(39)	(39)
Balance as at March 31, 2019	**2,016**	**580**	**3,697**	**(1,376)**	**(332)**	**4,585**
Adjustment for Lease liability				**-**		-
Profit/(loss) for the year				**(4,887)**		(4,887)
Other comprehensive income for the year					**(278)**	(278)
Balance as at March 31, 2020	**2,016**	**580**	**3,697**	**(6,263)**	**(610)**	**(580)**

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For Madan & Associates
Chartered Accountants
FRN: 000185N

M. K. Madan
Proprietor
Membership No.: 082214

Place : New Delhi
Date : September 03, 2020
UDIN: 20082214AAAACF7989

For and on behalf of the Board of Directors of
JAGATJIT INDUSTRIES LIMITED

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Company Secretary

Notes on Financial Statements

for the year ended March 31, 2020

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. Corporate information

Jagatjit Industries Limited ("the Company") is a Public Limited Company domiciled in India and incorporated under the provisions of the Indian Companies Act, 1913. The registered office of the Company is located at Jagatjit Nagar, Distt. Kapurthala, Punjab 144802, India. Its shares are listed on the BSE Limited. The Company is primarily engaged in the manufacture and sale of Liquor products and job work for food products. The Company has manufacturing plants at Kapurthala (Punjab), and Behror (Rajasthan).

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and compliance with Ind AS:

(i) The Company prepared its financial statements in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read together with Rule 4A of the Companies (Indian Accounting Standards) Rules, 2015 as amended, to the extent applicable, and the presentation requirements of Division II of Schedule III to the Companies Act, 2013.

(ii) Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(iii) The Accounts have been prepared on Going Concern Basis. The Company has been suffering losses for the last seven years and the net working capital of the Company is negative. During the year March 31, 2020, Company suffered net loss of ₹ 5,165 Lakhs. In the opinion of Management, the Company has sufficient resources to survive and curb the losses incurred and there is no intention of management to liquidate the entity. The Company has undertaken following steps in order to curtail the losses and to make the working capital positive :-

(a) The Company has restarted its business of distillery during the last quarter of 2019-20 and positive results are expected to contribute to the growth of the company during next financial year.

(b) The Company had initiated the process of monetizing its surplus immovable property at Sahibabad (UP) and Sikanderabad (UP) to repay debts / reduce finance cost and enhance its working capital. During the year, company has sold Sikandrabad Unit for ₹ 1900 Lakhs. Company has also received an amount of ₹ 4,627 Lakhs as advance for sale of Sahibabad Unit till March 31, 2020, and the company expects to receive the balance consideration of ₹ 1900 Lakhs from sales of its Sahibabad Unit and it will help in improving the Cash Flow position of the company in next financial year. In the year ended March 31, 2020, total debts (other than group entity) has been reduced by ₹ 6267 Lakhs as compared to March 31, 2019. Finance cost for the year ended March 31, 2020 has been reduced to ₹ 4211 Lakhs as compared to ₹ 7259 Lakhs for the previous year.

(c) Promoters / Promoters' Companies have provided its security of personal / its assets to secure term loan. Promoters have infused ₹ 4000 Lakhs in the form of the interest free loan through associate company and have obtained the waiver of the loan.

(d) The Company has put in place a time bound plan for reduction of overheads and non-essential expenditures resulting in reduction of employee benefit expenses by ₹ 866 Lakhs, rent by ₹ 72 Lakhs, travelling expenses by ₹ 91 Lakhs and legal expenses by ₹ 304 Lakhs as compared to previous year.

(e) The company has ventured into new business of hand sanitizers and accordingly entered into arrangements with various parties for manufacture/ procurement of hand sanitizers for sales & distribution. The product of the company appears to be well accepted in the market as per initial reports. This will have positive impact on the financial performance of the company in the coming year.

Company is of the view that in terms of various steps undertaken, full effect of the same will be further visible by end of the next year and will help in curtailing/reducing losses.

As per the assessment of the management, the going concern assumption is not affected and no material uncertainty exists in this regard in view of the above mentioned factors.

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

The Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities, including derivative financial instruments which have been measured at fair value as described below and defined benefit plans which have been measured at actuarial valuation as required by relevant Ind AS.

2.2 Current versus non-current classification:

All Assets and Liabilities have been classified as current or non-current considering the operating cycle of 12 months.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

2.3 Fair value measurement:

Fair value is the price that would be received to sell assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for measurement and / or disclosed in these financial statement is determined on such basis.

All Assets and Liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, which are described as follows; Level I - III

Level I input

Level I input are quoted price in active market for identical assets or liabilities that the entity can access at the measurement date, a quoted price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exception. If an entity holds a position in a single assets or liabilities and the assets or liabilities is traded in an active market, the fair value of assets or liabilities held by the entity, even if the market normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level II input

Level II inputs are those inputs other than quoted market prices included within Level I that are observable for the assets or liabilities either directly or indirectly.

Level II inputs include:

- Quoted price for similar assets or liabilities in active market.
- Quoted price for identical or similar assets or liabilities in market that are not active.
- Input other than quoted prices that are observable for the assets or liabilities.
- Interest rate and yield curve observable at commonly quoted interval.
- Implied volatilise.
- Credit spreads.
- Inputs that are derived principally or from corroborated market data co-relation or other means ('market corroborated inputs').

Level III input

Level III inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 Functional and presentation currency:

These Ind AS Financial Statements are prepared in "Indian Rupee" which is the Company's functional currency. All financial information presented in Rupees has been rounded to the nearest Lakhs.

2.5 Property, plant and equipment:

(i) **Property, plant and equipment**

The Company applied Ind AS 16 with retrospective effect for all of its properties, plants and equipments as at the transition date, viz., April 01, 2016. On April 01, 2016 the Company carried out fresh revaluation of Land owned by the Company as PPE. The revaluation was done by an independent valuer on fair market value basis. Consequently, the revaluation reserve amounting to ₹ 26,779 Lakhs was transferred to retained earnings.

Company has been granted leasehold lands for the period of 99 years and accordingly, the same is treated as finance lease. This is treated as part of properties plant and equipment due to duration of lease period and availability of transfer of leasehold rights. In absence of absolute certainity regarding vesting of

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

ownership with the Company at the determination of lease, depreciation is being charged on the revalued figure of Land on straight line basis over the period of lease.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, attributable borrowing cost and any other directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the present value of the expected cost for the decommissioning and removing of an asset and restoring the site after its use, if the recognition criteria for a provision are met.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the Statements of Profit and Loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if considered appropriate.

When an item of property, plant and equipment is scrapped or otherwise disposed off, the cost and related deprecation are removed from the books of account and resultant profit or loss, if any, is reflected in Statement of Profit and Loss.

(ii) **Capital work in progress**

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised when the asset is available for use but incapable of operating at normal levels until the period of commissioning has been completed. Cost includes financing cost relating to borrowed funds attributable to construction.

(iii) **Depreciation**

The Company depreciates property, plant and equipment over the useful life as prescribed in schedule II of the Companies Act, 2013 on the straight-line method from the date the assets are ready for intended use. Assets in the course of construction and freehold land are not depreciated. In respect of following assets, different useful life is taken than those prescribed in schedule II:

Particulars	Depreciation
Boiler No-5	Over its useful life as technically assessed (35 Years)
Turbine 7MW	Over its useful life as technically assessed (35 Years)
Evaporator Spent Wash	Over its useful life as technically assessed (35 Years)
MMF Plant (III shift)	Over its useful life as technically assessed (15 Years)

Leasehold land is amortised on straight line basis over the period of lease. Leasehold Improvements are amortised on straight line basis over the useful life of the asset and the remaining period of lease.

2.6 Intangible Assets:

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either definite or indefinite. Currently, Company does not have any intangible assets with indefinite useful life. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication to the same effect. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Generally intangible assets are amortised @ 10% per annum on SLM basis.

2.7 Impairment of Assets:

At the end of each reporting period, the Company assesses whether there is any indication that an asset or a group of assets (cash generating unit) may be impaired. If any such indication exists, the recoverable amount of the asset or cash generating unit is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of the cash generating unit to which

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

the asset belong, recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing the value in use, the estimated future cash flow is discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flow have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss recognized.

2.8 Cash and Cash equivalent:

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

2.9 Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

(i) **Initial recognition and measurement:**

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets or issue of financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of Profit and Loss.

(ii) **Subsequent measurement of financial assets**:

For purposes of subsequent measurement, financial assets are classified in four categories and measured as under:

(a) Debt instruments at amortized cost.

(b) Debt instruments at Fair Value Through Other Comprehensive Income (FVTOCI).

(c) Debt instruments, derivatives and equity instruments at Fair Value Through Profit or Loss (FVTPL).

(d) Equity instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI).

(a) A 'debt instrument' is measured at the amortized cost, if both the following conditions are met:

(i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

(ii) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

(b) A 'debt instrument' is classified as FVTOCI, if both of the following criteria are met:

(i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and

(ii) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI. However, the Company recognizes interest income, impairment

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

losses and foreign exchange gain or loss in the profit or loss. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

(c) FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss.

(d) All equity investments in scope of Ind AS 109 are measured at fair value. Equity Instruments which are held for trading are classified as at FVTPL. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss.

Investment in subsidiaries and associate:

Investments in subsidiaries and associate are carried at cost less provision for impairment, if any.

(iii) Derecognition of financial assets:

The Company derecognizes a financial asset when and only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in Other Comprehensive Income and accumulated in equity is recognized in the Statement of Profit and Loss if such gain or loss would have otherwise been recognized in the Statement of Profit and Loss on disposal of that financial asset.

(iv) Impairment of financial assets:

The Company applies the expected credit loss model for recognizing impairment loss on financial assets. The Company follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

(v) Subsequent measurement of financial liabilities:

All the financial liabilities are subsequently measured at amortized cost using the effective interest rate method or at fair value through profit and loss. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

(vi) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such on exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

2.10 Inventories

Inventories are valued at the lower of cost and net realisable value except scrap and by-products which are valued at net realisable value. Costs comprises as follow:

(i) Raw materials, Packing Materials, Store and Spares: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

(ii) Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis. In pursuance of IND AS-2 indirect production overheads (estimated by the Management) are allocated for ascertainment of cost of finished goods and work in progress.

(iii) Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(iv) Obsolete inventories are identified and written down to net realisable value. Slow moving and defective inventories are identified and provision for the same is made. Inventories are valued on lower of cost or net realizable value.

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for the year ended March 31, 2020

2.11 Retirement Benefits

Company follows IND AS-19 as detailed below: -

(a) Short-term benefits are recognized as expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

(b) Company provides bonus to eligible employees as per the Bonus Act,1965 and accordingly liability is provided on actual cost at the end of the year.

(c) Provident Fund: The eligible employees of the Company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both employees and the Company make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension Scheme.

(d) The Company has an obligation towards gratuity a defined benefit retirement plan covering all employees. The plan provides for a lumpsum payment to employees at retirement/determination of service on the basis of 15 days terminal salary for each completed year of service subject to maximum amount of ₹ 20 Lacs.

Company's liability towards gratuity and compensated absences is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognized in Other Comprehensive Income (OCI) in the period in which they occur. Remeasurement recognized in the Other Comprehensive Income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset.

Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

2.12 Revenue Recognition

Revenue is recognized as per Ind AS 115 "Revenue from contract with customers". Revenue from contract with customers is recognized when control of promised goods and services are transferred to customers at an amount that reflects the consideration which the company expects to receive in exchange for those goods.

(a) Sale of goods and rendering of services: Revenue from sale of goods and rendering of services including export benefits thereon are recognized at the point in time when control of goods or services is transferred to the customer which is usually on dispatch / delivery of goods or services, based on contracts with the customers.

(b) Sales include goods sold by contract manufacturers unit (CMU) on behalf of the Company, since risk and reward belong to the Company in accordance with the terms of the relevant contract manufacturing agreements, the related cost of sales is also recognized by the Company, as and when incurred by the CMU.

(c) Sales through State Corporation: Revenue is recognized at the time of dispatch/delivery to the Corporation as significant risk & rewards associated with ownership are transferred to the Corporation along with the transfer of the property in goods. The Company has complete physical control over the goods and the liquor manufacturer does not have any right to take back or have lien on such goods.

(d) Interest Income is recorded on time proportion basis using the effective rate of Interest (EIR).

(e) Rent: Rental Income is accounted on accrual basis.

(f) Interest on Income Tax refunds, Insurance claims, Export benefits and other refunds are accounted for as and when amounts receivable can be reasonably determined as being acceptable to authorities.

(g) Royalty income is accounted on an accrual basis in accordance with terms specified in the relevant agreements.

(h) Income from franchisees business: Company has entered into supply agreement with few parties. Under the agreement, parties manufacture at their own cost under supervision of the company and sell the same to retailers (Licensees) on behalf of the company. Revenue is recognised net of cost of goods sold.

2.13 Manufacturing policy

The main raw material of the Company is ENA, which is used to produce Indian Made Foreign Liquor (IMFL) and Country Liquor (CL). Manufacturing policy of the Indian alcoholic spirit

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

market is highly regulated by the States who control the alcoholic beverage industry. The Indian liquor industry has been experiencing challenges such as state policies with respect to import & export from one state to the other, production constraints with respect to the pack sizes and type of packaging, price control and increasing state levies & duties.

2.14 Taxation:

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in Other Comprehensive Income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except when it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in Other Comprehensive Income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

GST paid on acquisition of assets or on incurring expenses:

Expenses and assets are recognised net of the amount of GST paid, except:

When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of tax included, the net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

2.15 Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.16 Foreign Currency Transactions:

Foreign Currency Transactions involving export sales are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the customs rate on the date of dispatch of goods. The difference between the rates recorded and the rates on the date of actual realization is transferred to difference in exchange fluctuation account. At the year end, the balances are converted at the year end rate and difference if any between the book balance and converted amount are transferred to the exchange

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

fluctuation account. The premium or discount arising at the inception of a forward exchange contract is amortized as expenses / income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward contract is recognized as income / expenses for the period. Non-monetary items that are measured in historical cost in a foreign currency are not retranslated.

2.17 Provisions:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of the provisions to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.18 Earning Per Share:

The Company presents basic and diluted Earning Per Share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit and loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

2.19 Segment Reporting:

(a) Segment assets and liabilities:

All Segment assets and liabilities are directly attributable to the segment. Segment assets include all operating assets used by the segment and consist principally of PPE, inventories, trade receivable, financial assets and operating cash and bank balances. Segment assets and liabilities do not include inter-corporate deposits, share capital, reserves and surplus, borrowings, and income tax (both current and deferred).

(b) Segment revenue and expenses:

Segment revenue and expenses are directly attributable to segment. It does not include interest income on inter-corporate deposits, interest expense and income tax.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue/expenses/assets/liabilities".

2.20 Cash Flow Statement:

Cash flows are reported using indirect method as set out in Ind AS -7 "Statement of Cash Flows", whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.21 Leases:

The Company as a lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(a) the contract involves the use of an identified asset.

(b) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(c) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) renewable every year and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Transition

Effective April 1, 2019, the Company adopted Ind AS 116, “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Accordingly comparatives for the year ended March, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the ROU asset at its carrying amount. The Financial effect has been disclosed in Note No 45(ii).

2.22 Contingent liabilities:

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. The Company does not recognize a contingent liability but discloses its existence in the standalone Ind AS financial statements.

2.23 Use of estimates and judgements:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which it is known/materialised.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

(i) Property, plant and equipments

(ii) Retirement and other employee benefits

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for the year ended March 31, 2020

3A. PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars		Land Free Hold	Land Lease Hold	Building	Furniture & Fixtures	Plant & Machinery	Other Equipment	Vehicles	Total
(I)	**Cost/deemed cost**								
	As at March 31, 2018	**23,789**	**3,133**	**6,180**	**239**	**9,054**	**190**	**448**	**43,033**
	Additions	-	-	86	26	24	18		154
	Disposals	-	-	-	-	(32)	(2)	(60)	(94)
	Transferred to Investment property					(224)			(224)
	Assets classified as held for sale		(2,282)	(9)		(34)	(3)		(2,328)
	As at March 31, 2019	**23,789**	**851**	**6,257**	**265**	**8,788**	**203**	**388**	**40,541**
	Additions			**15**		**47**	**6**	**104**	**172**
	Disposals			**(50)**		**(19)**		**(157)**	**(226)**
	As at March 31, 2020	**23,789**	**851**	**6,222**	**265**	**8,816**	**209**	**335**	**40,487**
(II)	**Accumulated depreciation**								
	As at March 31, 2018		**88**	**535**	**55**	**781**	**61**	**217**	**1,737**
	Charge for the year		27	261	33	566	34	72	993
	Disposals					(6)	(1)	(34)	(41)
	Transferred to Investment property					(111)			(111)
	Assets classified as held for sale		(82)				(1)		(83)
	As at March 31, 2019	-	**33**	**796**	**88**	**1,230**	**93**	**255**	**2,495**
	Charge for the year		10	268	26	522	33	24	883
	Disposals			(2)		(19)		(138)	(159)
	As at March 31, 2020	**-**	**43**	**1,062**	**114**	**1,733**	**126**	**141**	**3,219**
(III)	**Net block**								
	As at March 31, 2019	**23,789**	**818**	**5,461**	**177**	**7,558**	**110**	**133**	**38,046**
	As at March 31, 2020	**23,789**	**808**	**5,160**	**151**	**7,083**	**83**	**194**	**37,268**

3B. OTHER INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars		Patent Trade Mark
(I)	**Cost/deemed cost**	
	As at March 31, 2019	10
	As at March 31, 2020	**10**
(II)	**Accumulated depreciation**	
	As at March 31, 2018	**6**
	Amortization for the year	2
	As at March 31, 2019	**8**
	Amortization for the year	**2**
	As at March 31, 2020	**10**
(III)	**Net block**	
	As at March 31, 2019	**2**
	As at March 31, 2020	**-**

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

3C. CAPITAL WORK IN PROGRESS

(₹ in Lakhs)

Particulars	Patent Trade Mark
As at March 31, 2019	22
As at March 31, 2020 *(refer footnote (iv))*	18

3D. RIGHT-OF-USE ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	-	-
Recognised on account of adoption of Ind AS 116 (in respect of building)	53	-
Addition during the year	-	-
Deletion during the year	-	-
Amortisation expenses during the year	33	-
	20	

Footnote(s) :-

(i) For details of Property, plant and equipment charged as security of borrowings refer Note 18.

(ii) Land at various locations have been revalued as on April 01, 2016 by an independent approved valuer on a fair market value basis.

(iii) Estimated amount of capital contracts remaining to be executed is Nil (Previous year : ₹ 12 Lakhs)

(iv) Disposal of building represent reimbursement of renovation expenses on let out property to related party which was capitalised in earlier year.

(v) Some portion of Hamira building has been let out on temporary basis. In absence of specific cost of let out portion, the same has not been transferred to investment property.

(vi) For leasehold land refer note 2.5 regarding Significant Accounting Policy.

4. INVESTMENT PROPERTIES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Gross carrying amount at beginning of the year	2,640	2,407
Tranferred from property, plant and equipment	-	224
Additions during the year	-	9
Gross carrying amount at end of the year	**2,640**	**2,640**
Accumulated depreciation at beginning of the year	803	643
Tranferred from property, plant and equipment	-	111
Depreciation charged during the year	47	49
Accumulated depreciation at end of the year	**850**	**803**
Net carrying amount	1,790	1,837

Footnote(s):

(i) Investment in properties comprises land & building (including allied plant & machinery).

(ii) **Amounts recognised in profit and loss for investment properties**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rental income (including reimbursement of maintenance expenses)	2,560	2,455
Direct operating expenses from property that generated rental income	512	455
Profit from investment properties before depreciation	**2,048**	**2,000**
Depreciation for the year	47	49
Profit from investment properties	**2,001**	**1,951**

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

(iii) Contingent rents recognised as income - Nil.

(iv) Company has entered upon lease agreements on different dates for a period of maximum 3 years with varying rents with passage of time. The lease(s) can be terminated at the option of lessor/lessee with notice period of three months.

(v) **Fair value**

Particulars	As at March 31, 2020	As at March 31, 2019
Investment properties	21,464	21,464

(vi) **Estimation of fair value**

The company obtained independent valuations for its investment properties on April 01, 2016. The best evidence of fair value is current prices in an active market for similar properties.

All resulting fair value estimates for investment properties are included in level 2. Company is of view that there is no significant change in fair value as on March 31, 2020 and hence no valuation is done at year end.

(vii) For details of investment property charged as security of borrowings refer note 18 (i).

5. NON-CURRENT INVESTMENTS

(₹ in Lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
(A)	**Equity instruments (fully paid-up)**		
(i)	**Quoted**		
	Milkfood Ltd.		
	1,350 (Previous year: 1,350) Shares of ₹ 10 Each fully paid	5	4
	Punjab National Bank		
	4,965 (Previous year: 4,965) shares of ₹ 2 each fully paid	2	5
(ii)	**Unquoted**		
	In subsidiary companies		
	S.R.K. Investments Pvt. Ltd.	1	1
	10,000 (Previous year: 10,000) Shares of ₹ 10 each fully paid		
	Sea Bird Securities Pvt. Ltd.	1	1
	8,000 (Previous Year: 8,000) Shares of ₹ 10 each fully paid		
	JIL Trading Pvt. Ltd.	1	1
	10,000 (Previous year: 10,000) Shares of ₹ 10 each fully paid		
	L.P. Investments Ltd. *(refer footnote (iii))*	1,020	1,020
	10,201,717 (Previous year: 10,201,717) shares of ₹ 10 each fully paid		
	Yoofy Computech Pvt. Ltd.	1	1
	9,999 (Previous year: 9,999) Shares of ₹ 10 each fully paid		
	Natwar Liquors Private Limited	1	-
	10,000 Shares aquired during the year		
(iii)	**Unquoted**		
	In associates		
	Hyderabad Distilleries & Wineries Pvt. Ltd.		
	1,650 (Previous year: 1,650) shares of ₹ 100 each fully paid	2	2
(iv)	**Unquoted**		
	In others		
	Mohan Meakin Ltd. *(refer footnote (ii))*		
	Nil (Previous year: 131,961) shares of ₹ 5 each fully paid.	-	627
	Chic Interiors Pvt. Ltd.		
	1,752 (Previous year: 1,752) shares of ₹ 10 each fully paid	0	0

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars		As at March 31, 2020	As at March 31, 2019
(B)	**Investment in preference shares (fully paid-up)**		
(i)	Qube Corporation Pvt. Ltd. *(refer footnote (ii))*	18	135
	1,80,000 (Previous year: 13,50,000) Cumulative Redeemable preference shares of ₹ 10 each)		
(C)	**Investment in government securities**		
	6 year National Saving Certificates (lodged with Govt. authorities)	1	1
	TOTAL	**1,053**	**1,798**
	Less: Provisions for diminution in the value of investments in L.P. Investment Ltd. *(refer footnote (iii))*	1,020	
		33	**1,798**

Footnote(s):

(i)	Cost of investment		
	Mohan Meakin Ltd.	-	39
	Milkfood Ltd.	1	1
	Punjab National Bank	4	4

(ii) Company has sold 1,31,961 shares of Mohan Meakin Ltd. @ ₹ 475/- during the year in the off market as these shares are not traded on any stock exchange and sold 11.70 Lakhs preference shares of Qube Corporation Pvt. Ltd. for ₹ 117 Lakhs (at par) to group entities.

(iii) During the year ended March 31, 2020, provision for diminution in carrying value of investment in LP Investment Ltd. (Subsidiary Company) of ₹ 1020 Lakhs have been made to recognise a permanent decline in assets of Hyderabad Distilleries and Winneries Pvt. Ltd. (HDWPL) in which said subsidiary held the investments.

6. LOANS

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good :		
Loan to subsidiary company	2	1,988
Loan to employees *(refer note 39, and footnote (i))*	474	-
Unsecured-Considered Doubtful :		
Loan to subsidiary company (*refer note 39, and footnote (ii))*	185	-
Loan others *(refer footnote(iii))*	315	-
Loan to employee	-	10
Less: Provision for doubtful advances	(500)	(10)
Total	**476**	**1,988**

Footnote(s):

(i) Represent recoverable from the senior employees. In absence of stipulations of recovery, the amount is treated as non-current assets and thus Ind AS 109 is not applicable. It was treated as current asset in the previous year under Note No 12.

(ii) During the year, provision of ₹ 185 Lakhs has been made against loan given to L P Investment Ltd. (subsidiary company) due to erosion of net worth of said company. It was considered as good in the previous year.

(iii) Represent loan to ex-senior employee of the company. The amount has been provided as a matter of abundant caution. Company is making efforts to recover the loan. It was treated as current asset in the previous year under Note No 12.

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

7. OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured considered good :		
Security deposits	363	409
Fixed deposits with bank *(refer footnote-(i))*	741	1,104
Margin money accounts *(refer footnote(ii))*	109	-
Unsecured considered doubtful :		
Security deposits	51	-
Others	65	1
Less: Provision for doubtful deposit and others	(116)	(1)
Total	**1,213**	**1,513**

Footnote(s) :

(i) Includes fixed deposit of Nil (Previous Year : ₹ 381 Lakhs) pledged with IFCI, ₹ 686 Lakhs (Previous year : ₹ 636 Lakhs) with Indusind Bank for security against interest payment (Also refer note no 18(i)), ₹ 43 Lakhs (Previous Year : ₹ 54 Lakhs) pledged with Govt. Authority as security and ₹ 6 Lakhs pending reconciliation.

(ii) Towards bank guarantee against statutory obligations.

8. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital advances	-	16
MAT credit *(refer footnote (i))*	-	968
Balance with revenue authorities *(refer footnote (ii))*	78	67
Advances to suppliers *(refer footnote (iii))*	350	-
Prepaid expenses	18	110
Others	0	6
Unsecured - considered doubtful		
Advances to suppliers	1,584	1,485
Others *(refer footnote (iv))*	226	66
Less: Provision for doubtful advances	(1,811)	(1,551)
Total	**445**	**1,167**

Footnote(s):

(i) In absence of convincing evidence of future taxable profit, MAT credit has been written off.

(ii) Deposit with authorities as a precondition for filing appeal against various demands raised.

(iii) It was treated as current asset in the previous year under Note 14.

(iv) Includes ₹ 37 Lakhs (given in earlier years and provided for) from director of company. It also includes interest free advance of ₹ 170 Lakhs (Previous Year : ₹ 270 Lakhs treated as current) given in the earlier years. The amount has been provided as a matter of abundant caution. Company is making efforts to recover the said advance.

Notes on Financial Statements (Contd.)
for the year ended March 31, 2020

9. INVENTORIES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials [includes in transit of ₹ 504 Lakhs (Previous Year : ₹ 757 Lakhs)]	1,485	1,358
Packaging materials [includes in transit of ₹ Nil (Previous Year : 2 Lakhs)]	243	412
Work-in-Progress	502	436
Finished Goods	1,441	1,158
Stock-in-Trade	19	24
Store and Spares	499	554
Total	**4,189**	**3,942**

Footnote(s):

(i) Raw materials and packaging materials are net of provision for obsolete inventory of ₹ 389 Lakhs (Previous Year : ₹ 527 Lakhs).

(ii) Non-moving stock of ₹ 67 Lakhs (Raw Material of ₹ 24 Lakhs, WIP of ₹ 9 Lakhs and Finished goods of ₹ 34 Lakhs) (Previous Year : Nil) against which no provision has been made. Management is of view that these stock will be utilised / disposed off in the financial year 2020-21. Adjustment, if any, shall be made in the subsequent year.

10. TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	2,861	6,581
Doubtful	6,202	4,589
	9,063	**11,170**
Less: Allowance for doubtful debts	6,202	4,589
	2,861	**6,581**
Current	**2,861**	**6,581**
Non-current	**-**	**-**

Footnote(s):

(i) No debts are due from directors or other officers of the Company either severally or jointly with any other person. Also, no debts are due from firms or private companies, in which any director is a partner or a director or a member.

(ii) Net of ₹ 31 Lakhs of service tax. *(refer Note No 25(ii)(b))*

11. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	26	13
Bank balance on current accounts *(refer footnote (i))*	1071	937
Total	**1,097**	**950**

Footnote(s):

(i) During the year unidentified non-operative bank balance of ₹ 2 Lakhs has been written off.

12. CURRENT LOANS

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Loan & advances to employees *Refer Note 6(i) and Note 6(iii)*	57	894
Total	**57**	**894**

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

13. OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed deposits with bank	-	19
Security deposit	7	73
Margin money accounts *(refer footnote(i))*	7	45
Interest receivable	1	105
Others	61	153
Total	**76**	**395**

Footnote(s):

(i) Towards bank guarantee against statutory obligation.

14. OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance with excise/revenue authorities	40	77
Advance tax	275	163
Income tax refund	344	491
Advances to suppliers	114	1,481
Prepaid expenses	232	196
Others *(refer footnote(i))*	4	38
Total	**1,009**	**2,446**

Footnote(s):

(i) Current year figure represent receivable from a group entity and is static for more than 3 years. Management is of the view that the amount will be recovered or adjusted in FY 2020-21.

15. ASSETS CLASSIFIED AS HELD FOR SALE

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed Assets held for sale	38	1,938
(Valued at the lower of the estimated net realisable value & carrying amount)		
Total	**38**	**1,938**

Footnote(s):

(i) (a) Consequent upon receipt of approval from Lessor (UPSIDC) company has recorded sale of Sikandrabad unit (comprising of leasehod land, building and machinery) for ₹ 1900 Lakhs in books of account. There is no impact on the profit/(loss) of the Company as carrying value of the assets (restated on NRV in previous year) equals the sale consideration.

(b) In the financial year 2016-17, assets of Glass division were treated as held for sale due to discontinuity of operations of Glass unit at Sahibabad and accordingly these were valued at lower of estimated net realisable value and carrying amount. During the earlier year, company had entered upon an agreement to develop and sell a part parcel of leasehold land subject to approval of statutory/ Local Authorties for disposal of same. The Company has received a sum of ₹ 4627 Lakhs (Previous Year : 4527 Lakhs) towards part performance of agreement. However pending receipt of formal approval from the lessor i.e. statutory authority for the transfer of lease hold rights in favour of propsed buyer, the same is treated as advance against assets held for sale (refer note 25). Management is hopeful for obtaining formal approval of the same, within 12 months of the reporting date.

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

16. SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
75,000,000 (March 31, 2019: 75,000,000) equity shares of ₹ 10/- each	7,500	7,500
Issued, subscribed and fully paid up		
46,148,112 (March 31, 2019: 46,148,112) equity shares of ₹ 10/- each	4,615	4,615
	4,615	**4,615**

Footnote(s):

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares	Numbers	Amounts (₹)
Issued, subscribed and fully paid up		
As at April 1, 2018	46,148,112	461,481,120
Increase/(Decrease) during the year	-	-
As at March 31, 2019	**46,148,112**	**461,481,120**
Increase/(Decrease) during the year	-	-
As at March 31, 2020	**46,148,112**	**461,481,120**

(ii) Terms/ rights attached to equity shares

(a) 18,438,112 shares referred to as equity shares are having face value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share and dividend, if declared.

(b) 25,210,000 underlying Equity Shares of ₹ 10/- each fully paid up ranking pari-passu with existing shares were issued in the name of the Depository, The Bank of New York, representing the Global Depository Receipts (GDR) issue. GDRs do not carry any voting rights until they are converted into equity shares.

(c) 2,500,000 Equity Shares of ₹ 10/- each held by LPJ Holdings Pvt. Ltd., fully paid up at a premium of ₹ 20/- per share, as a special series with differential rights to dividend and voting, were issued during the financial year 2004-05. These shares have no right to the dividend and each share carry twenty voting rights as compared to one voting right per existing equity share and were under the lock-in-period of three years from the date of allotment.

(d) The holders of all the above Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in event of liquidation of the Company.

(iii) Details of shareholders holding more than 5% Equity Shares in the Company:

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	Numbers	Percentage	Numbers	Percentage
(a) The Bank of New York (the Depository) (footnote (ii) b)	25,210,000	54.63	25,210,000	54.63
(b) LPJ Holdings Pvt. Ltd. [footnote (ii)(a)]	7,418,648	16.08	7,418,648	16.08
(c) LPJ Holdings Pvt. Ltd. [footnote (ii)(c)]	2,500,000	5.42	2,500,000	5.42

17. OTHER EQUITY

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Capital redemption reserve	580	**580**
(b) Securities premium reserve	3,697	**3,697**
(c) General reserve	2,016	**2,016**
(d) Retained earning *(refer footnote (iv))*	(6,263)	**(1,376)**
(e) Other Comprehensive Income	(610)	**(332)**
Balance as at the end of reporting period	**(580)**	**4,585**

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

Footnote(s):

(i) **Capital Redemption Reserve:**

Capital Redemption Reserve was created pursuant to redemption of preferance shares issued in earlier years. The Capital Redemption Reserve amount may be applied by the company, in paying up unissued share of the Company to be issued to shareholders of the Company as fully paid bonus shares.

(ii) **Securities Premium Reserve**

Where the Company issues shares at premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium account". The Company may issue fully paid-up bonus shares to its members out of balance lying in the Securites Premium Account and the Company can also use this reserve for buy-back of shares.

(iii) **General Reserve**

General reserve is created out of profit earned by the company by way of transfer from surplus in the statement of profit & loss. The Company can use this reserve for payment for dividend and issue of fully paid up shares.

(iv) Includes revaluation reserve of ₹ 24,523 Lakhs (Previous Year ₹ 26,323 Lakhs) related to land situated at Hamira and Behror.

(v) The aggregation/disaggregation of changes in each type of reserve, retained earnings and other comprehensive income are disclosed in Statement of Changes in Equity.

18. BORROWINGS

(A) Non current borrowings

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
From banks		
Term loan *(refer footnote (i)(iv))*	19,441	19,586
From others		
Car loans *(refer footnote (iii))*	67	-
Unsecured		
Term Loans *(refer footnote (ii)(iv))*	411	
Inter corporate loan from related party	-	846
Total	**19,919**	**20,432**

(B) Current borrowings

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Working capital loans from banks	-	1
Unsecured		
Inter corporate loan from related party *(refer note no. (v))*	214	-
Total	**214**	**1**

Footnote(s):

Nature of Security	Terms of Repayment
(i) Rupee loan from Indusind Bank amounting to ₹ 19,552 Lakhs (Previous Year : ₹ 19,586 Lakhs) net of processing fee of ₹ 374 Lakhs (Previous Year : ₹ 404 Lakhs) is secured against :- (a) Office space at 9th and 10th floor, Ashoka Estate, 24 Barakhamba Road, New Delhi (b) Land & Building at Plot No 78, Sector 18, Institutional Area, Gurgaon, Haryana.	Repayable by Dec-2033. Rate of Interest is 11.75%

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

Nature of Security	Terms of Repayment
(c) Lien on fixed deposit of ₹ 686 Lakhs on exclusive basis. (Refer note 7(i)) ₹ 136. Lakhs (Previous Year Nil) treated as current maturities of long term borrowings (refer note no. 24)	
(ii) Rupee loan from NBFC amounting to ₹ 1,116 Lakhs (Previous Year : ₹ 5,592 Lakhs). The facility was secured by collaterals provided by promoters and other third parties. ₹ 705 Lakhs (Previous Year ₹ 5592 Lakhs) treated as current maturities of long term borrowings (refer note no. 24)	Repayable by Sep 2021. Rate of Interest is 20.70%
(iii) Car Loans of ₹ 88 Lakhs (Previous Year : ₹ 13 Lakhs) are secured by hypothecation of the related cars. ₹ 21 Lakhs (Previous Year : ₹ 13 Lakhs) treated as current maturities of long term borrowings (refer note no. 24)	Repayable by Mar-2025. Rate of interest 8.25% to 8.75% p.a.

(iv) Loan from NBFC (Other than car loan) and Indusind Bank are under moratorium till August 2020 due to Covid-19 pandemic. Company is expecting its revised repayment schedule from the said institutions and pending the same the classification of loan in current and non-current is made on the basis of existing repayment schedule.

(v) Includes loan of ₹ 20 Lakhs from associate company for which terms & conditions have not been stipulated and therefore it is treated as repayable on demand. Provision of interest, if any, will be made on finalisation of the terms. *(Also refer note no 35 & 39)*

19. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	3,348	3,647
Total	**3,348**	**3,647**

Footnote(s):

(i) Addition/ Deduction represents the securtiy deposit received/ Paid during the year (Net of the fair value adjustments as per IND AS 109) from the franchise partners/ contact manufacturers.

20. LEASE LIABILITY

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease liabilities (ROU)	22	-
(refer Note No 45(ii) & 2.21)		
Total	**22**	**-**
Current	19	-
Non-current	3	-

21. OTHER LONG TERM LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance rental income *(refer footnote (i))*	324	434
Total	**324**	**434**

Footnote(s):

(i) Represent difference in fair value and carrying value of security deposit received.

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

22. PROVISIONS

(A) Non current

(₹ in Lakhs)

Particulars		As at March 31, 2020	As at March 31, 2019
(a)	Provision for employee benefits *(refer footnote(i))*		
	- Gratuity	1,878	1,649
	- Compensated absences	78	171
(b)	Provisions for litigations *(refer footnote (ii))*		
	- Service tax/ Sales tax	422	425
Total		**2,378**	**2,245**

(B) Current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits *(refer footnote (i))*		
- Gratuity	323	266
- Compensated absences	122	158
Total	**445**	**424**

Footnote(s):

(i) Gratuity and compensated absences have been determined by actuary in terms of Ind AS 19 and accordingly provided. *(for detail refer note 38).*

(ii) Includes provision of service tax of ₹ 353 Lakhs (Previous Year : ₹ 353 Lakhs) demanded by Orissa State Beverages Corporation against their liability to Service Tax. The matter is subjudice and adjustment will be made in the year of final decision.

23. TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of Micro and Small Enterprises *(refer footnote (i))*	32	8
Total outstanding dues of creditors other than Micro & Small Enterprises *(refer footnote (ii), (iv))*	6,731	7,349
Total	**6,763**	**7,357**

Footnote(s):

(i) (a) This information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. Company has provided interest on the balance outstanding of MSME parties in respect of supplies subsequent to the date of registration under MSMED Act. 2006.

(ii) Includes the amount of ₹ 184 Lakhs being balance of the MSME party prior to the date of its registration under the MSMED Act 2006.

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

(iii)	Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	As at March 31, 2020	As at March 31, 2019
	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year		
	- Principal Amount Unpaid	32	8
	- Interest due	3	1
	The amount of interest paid by the buyer in term of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to suppliers beyond the appointed day during the year		
	- Payment made beyond the Appointed date	-	12
	- Interest paid beyond the Appointed date	-	-
	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	3	1
	The amount of interest accrued and remaining unpaid at the end of the year *(refer note 24(ii).*	4	217

(iv) Includes ₹ 38 Lakhs (Previous Year : ₹ 99 Lakhs) representing stale cheques issued in earlier years pending reconciliation. The amount will be adjusted subsequently after reconciliation.

24. OTHER CURRENT FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current maturities of long-term borrowings *(refer note 18)*	837	6,806
Unclaimed matured deposits *(refer footnote (i))*	44	59
Interest accrued but not due	87	150
Interest accrued and due *(refer footnote (ii))*	13	235
Security deposits	3,304	2,437
Employee benefits payable *(refer footnote (iv))*	941	819
Expenses payable *(refer footnote (iii))*	491	591
Other liabilities	155	162
Total	**5,872**	**11,259**

Footnote(s):

(i) Unclaimed Deposits are not required to be transferred to the Investor Education and Protection Fund (IEPF) in terms of section 125 of the Companies Act, 2013, as these deposits are unclaimed for less than 7 years from the date of their maturity.

(ii) Includes ₹ 4 Lakhs (Previous Year : 217 Lakhs) payable to MSME suppliers. During the year, interest of ₹ 216 Lakhs (provided prior to FY 2018-19) payable to unidentified MSME suppliers no longer required have been written back.

(iii) (a) The provision for bills payable with respect to legal and professional expenses of ₹ 53 Lakhs have been adjusted against the advances given in earlier years pending receipt of bills.

(b) Includes ₹ 71 Lakhs (Previous Year : 71 Lakhs) on account of cash discount payable for earlier years subject to confirmation and reconciliation of account with Orissa State Beverges Corporation Ltd.

(iv) Includes ₹ 226 Lakhs (Previous Year : ₹ 159 Lakhs) payable to ex-employees on account of full and final settlement which are outstandng for more than one year. Management will review the balances in the financial year 2020-21 and pass the necessary entry if any on completion of the review.

Notes on Financial Statements (Contd.)
for the year ended March 31, 2020

25. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advances from customers *(refer footnote (i))*	1,063	475
Advances received against assets held for sale *(refer note 15(i)(b))*	4,627	6,427
Statutory dues *(refer footnote (ii))*	1,288	1,052
Other liabilities *(refer footnote (iii))*	292	322
Total	**7,270**	**8,276**

Footnote(s):

(i) Includes ₹ 542 Lakhs (including ₹ 422 Lakhs outstanding more than 365 days) received from customers pending reconciliation. It also includes a sum of ₹ 857 Lakhs received from a customer which is adjustable in 60 equal installments of ₹ 15 Lakhs each w.e.f. July 2020 and being shown as net of receivable of ₹ 215 Lakhs against supplies to the said customer. The Company is of the view that the same is not a deposit within the meaning of Sec 2(31) read with Acceptance of Deposit rules 2014.

(ii) (a) Includes provision of custom duty of ₹ 303 Lakhs (Previous Year : ₹ 453 Lakhs) in respect of goods in transit and provision of excise duty of ₹ 265 Lakhs (Previous Year : ₹ 69 Lakhs) in respect of closing stock of finished goods.

(b) Service tax payable of ₹ 54 Lakhs (representing difference on provision made in respect of royalty income on accrual basis and the payment made on the actual receipt as certified by the management) included in the previous year figures has been adjusted by recognition of income of ₹ 23 Lakhs and the balance amount has been adjusted from the parties account.

(iii) Represent difference in fair value and carrying value of security deposit received.

26. REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Sale of products (gross of excise duty) *(refer note (i))*	12,683	13,904
(b) Sale of services (Job work)	8,610	8,516
(c) Other operating revenues *(refer note (ii))*	872	2,252
(d) Revenue from franchisee business (refer note (iii))	363	253
Total revenue from operations	**22,528**	**24,925**

Footnote(s):

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) **Sale of products comprises**		
(a) Manufactured goods		
Malt & malt extract	3,208	3,137
Processed milk	1,158	1,110
Liquor	7,035	8,602
Other	648	566
	12,049	**13,415**
(b) Traded goods		
Petroleum and its products	631	479
Others	3	10
	634	**489**
	12,683	**13,904**

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
(ii)	**Other operating revenues comprises**		
	Royalty (current year income is net of reversal of income of ₹ 119 Lakhs related to previous year)	420	1,414
	Duty drawbacks	17	41
	Scrap sales	121	138
	Bottling charges income	-	244
	Miscellaneous income	314	415
		872	**2,252**
(iii)	**Income from Franchisee business *(refer note no 2.12(h))***		
	The Company has supply agreement with the Franchisee parties. Under the agreement, Franchisee manufacture the goods and sell the same to retailers . The Revenue for the same is recognised net of cost of goods sold. The revenue and cost of goods sold as detailed hereunder are certified by the management.		
	Sales from franchisee business	13,201	**6,405**
	Less : Cost of goods sold	12,838	**6,152**
	Net Revenue	**363**	**253**

27. OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income *(refer footnote (i))*	122	222
Rental maintenance income	441	417
Rent others	12	21
Rent from investment properties	2,118	2,038
Gain on financial instruments at fair value through profit or loss	473	980
Insurance claims	9	2
Liabilities/provisions no longer required written back *(refer footnote (ii))*	1,572	1,132
Misc Income *(refer footnote (iii))*	56	-
Profit on sale of Investments	-	650
Total	**4,803**	**5,462**

Footnote(s):

(i) Includes interest of ₹ 34 Lakhs (Previous Year : Nil) on income tax refund.

(ii) Includes reversal of interest payable of ₹ 216 Lakhs (Previous Year : Nil) to MSME Supplier *(refer note no 24(ii))*.

(iii) Includes ₹ 55 Lakhs (Previous Year : Nil) written back on account of diiferences arising due to reconciliation of trade payable / receivable balances. The amount of ₹ 55 Lakhs includes statutory liabilities of ₹ 40 Lakhs which in the opinion of the Management are not payable.

28. COST OF MATERIAL CONSUMED

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening stock	2,297	2,899
Add: Purchases of raw and packaging materials	8,693	6,391
	10,990	9,290
Less : Closing stock	2,118	2,297
Total	**8,872**	**6,993**

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

29. PURCHASES OF STOCK-IN-TRADE

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Petroleum and its products	613	452
Others	5	26
Total	**618**	**478**

30. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the beginning of the year:		
Work-in-progress	436	578
Finished goods	1,161	2,413
Stock-in-trade	21	38
	1,618	**3,029**
Inventories at the end of the year:		
Work-in-progress	501	436
Finished goods	1,441	1,161
Stock-in-trade	19	21
	1,961	**1,618**
Decrease/(Increase)	**(343)**	**1,411**

31. EMPLOYEE BENEFIT EXPENSES

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	4,972	5,819
Gratuity & compensation for Leave	447	423
Contribution to provident, family pension fund	328	336
Contribution to employees' state insurance	113	134
Staff welfare expenses	134	148
Total	**5,994**	**6,860**

32. FINANCE COST

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expenses on		
Borrowings	3,085	5,511
Security Deposit received *(refer footnote (i))*	657	264
Lease liabilities (ROU)	4	-
Other	258	258
Other borrowing cost *(refer footnote (ii))*	207	1,226
Total	**4,211**	**7,259**

Footnote(s):

(i) Includes ₹ 410 Lakhs (Previous Year : Nil) on account of interest paid on security deposit (received in earlier years) at the time of full and final settlement with parties.

(ii) Includes ₹ 82 Lakhs (Previous Year : ₹ 507 Lakhs) towards prepayment of loan.

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

33. DEPRECIATION AND AMORTISATION EXPENSES

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of property, plant & equipment	883	993
Depreciation of investment property	47	49
Amortisation of intangible assets	2	2
Amortisation of right-of-use assets	33	-
Total	**965**	**1,044**

34. OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Manufacturing expenses:		
Consumption of Stores and Spare parts	280	308
Power and Fuel	3,104	3,263
Repairs - Buildings	65	92
Plant and machinery	233	220
Excise Duty *(refer footnote (i))*	196	(424)
Other expenses	980	1,001
Administrative & Selling expenses:		
Rent *(refer note 45(iii))*	36	108
Rates & Taxes	651	719
Insurance	129	162
Travelling expenses	235	326
Repairs to building	22	22
Other repairs & maintenance	265	224
Bad debts, advances and stock written off	933	192
Provision for doubtful debts and advances	2,976	1,484
Provision for inventory for obsolete stock	146	155
Reimbursement of expenses to directors	2	2
Directors' fee	10	9
Security Expenses	261	195
Forwarding charges	88	119
Advertisement, publicity and sales promotion	1,137	668
Auditor's remuneration *(refer footnote (ii))*	28	46
Legal & professional expenses	477	583
Fair value loss on financial instruments	486	380
Miscellaneous expenses *(refer footnote (iii))*	783	976
Total	**13,523**	**10,830**

Footnote(s):

(i) Represents the difference between excise duty on valuation of opening and closing inventory of finished goods.

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

(ii) **Payment to auditor**

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
As auditor		
For Audit	20	20
For Tax Audit	4	4
For Limited Review	2	2
For Tax representation	-	19
Out of Pocket Expenses	2	1
	28	**46**

(iii) Miscellaneous Expenses include :

(a) tax paid on perquisite of senior employee ₹ 24 Lakhs (Previous Year : ₹ 29 Lakhs).

(b) ₹ 84 Lakhs on account of reversal of income of bottling charges related to previous year on full and final settlement,

(c) Demmurage charges of ₹ 90 Lakhs (Previous Year : NIL) and

(d) Advance written off of ₹ 30 Lakhs (Previous Year : NIL) on account of non fulfillment of contractual obligations in respect of new products.

35. EXCEPTIONAL ITEMS (INCOME)

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Loan no longer required *(refer footnote (i))*	4,000	-
Profit on sale of property, plant and equipment	111	373
Provision for diminution in value of investment *(refer note (5)(iii))*	(1,020)	-
Provision for doubtful loan *(refer note (6)(ii))*	(185)	-
Prior period items *(refer footnote (ii))*	(38)	
Total	**2,868**	**373**

Footnote(s):

(i) Represent write back of loan from associate company as not payable as confirmed by the associate company.

(ii) In view of the non materiality of the amount of the prior period items having regard to the scale of operations of the entity, there is no need to restate the corresponding comparitive figures.

36. EARNINGS PER SHARE (EPS)

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Profit/(Loss) attributable to shareholders (₹ in Lakhs)		
From continuing operations	(4,826)	(6,472)
From discontinued operations	(61)	(116)
Total	(4,887)	(6,588)
Weighted average number of equity shares in issue (Nos)	43,648,112*	43,648,112*
Basic / Diluted earnings per share of ₹ 10 each (₹)		
From continuing operations	(11.06)	(14.83)
From discontinued operations	(0.14)	(0.26)
Total basic and diluted earnings per share	(11.20)	(15.09)

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

Footnote(s):

(i) The Company does not have any outstanding dilutive potential equity shares. Consequently the basic and diluted earning per share of the Company remain the same.

* The preferential allotment of 2,500,000 equity shares, having no right to dividend has not been considered in the above computation of EPS (Refer footnote 16 (ii)c)).

37. CONTINGENT LIABILITIES:

(₹ in Lakhs)

		As at March 31, 2020	As at March 31, 2019
(a)	Claim against the company not acknowledged as debt :		
	Service tax *(footnote (i))*	389	389
	Sales tax / VAT *(footnote (ii))*	1,296	562
	Employee state insurance/others *(footnote (iii))*	214	175
	Others *(footnote (iv))*	22	22
	Total	**1,921**	**1,148**

Footnote(s) :

(i) Service tax

(a) Demand of service tax and penalty in respect of wrong availment of service tax Cenvat Credit ₹ 247 Lakhs (Previous year ₹ 247 Lakhs). Against this, the company has made an application under SABKA VISHWAS (LEGACY DISPUTE RESOLUTION) SCHEME, 2019 and response of competent authority is awaited.

(b) Demand of service tax “under service of supply of tangible goods” ₹ 124 Lakhs (Previous year ₹ 124 Lakhs).

(c) Demand of service tax and penalty “under management, maintenance and repair services” ₹ 18 Lakhs (Previous year ₹ 18 Lakhs).

(ii) Sales tax / VAT

(a) Demand of sales tax under Central Sales Tax Act on account of incomplete/non submission of sales tax forms ₹ 4 Lakhs (Previous Year : ₹ 45 Lakhs)

(b) Demand of sales tax & penalty under Telangana VAT Act on account of VAT on royalty ₹ 103 Lakhs (Previous year ₹ 103 Lakhs).

(c) Demand of sales Tax & penalty under Punjab VAT Act on account of input VAT credit denied on rice husk ₹ 220 Lakhs (Previous year ₹ 220 Lakhs).

(d) Demand of sales tax under Haryana VAT Act on account of disallowance of credit of excess VAT deposited due to rate difference ₹ 40 Lakhs (Previous year ₹ 40 Lakhs.)

(e) Demand of sales tax under Ranchi VAT Act Assessment for FY 2013-14 ₹ 20 Lakhs (Previous year ₹ 20 Lakhs)

(f) Demand for disallowance of ITC on purchase of rice flour ₹ 108 Lakhs (Previous year ₹ 108 Lakhs)

(g) Demand of sales tax under Ranchi VAT Act Assessment for FY 2014-15 ₹ 4 Lakhs (Previous year : 4 Lakhs)

(h) Demand of sales tax under Andhra Pradesh VAT Act Assessment for FY 2012-13 ₹ Nil (Previous year ₹ 22 Lakhs).

(i) During the year company has received a demand notice of ₹ 2042 Lakhs (due to non credit of deposited challans) from Commercial taxes department,Rajasthan. Company has submitted challans of ₹ 2042 Lakhs and other required documents. However department has not given credit of ₹ 797 Lakhs. Management is hopeful that entire demand will be cancelled shortly.

(iii) Employee state insurance/employee related

(a) Claim in respect of case filed by ESI Corporation ₹ 6 Lakhs (Previous year ₹ 6 Lakhs)

(b) Employees related claims ₹ 208 Lakhs (Previous year ₹ 169 Lakhs)

(iv) Others

(a) Claim by Punjab Government in respect of amount paid to Mahalaxmi Sugar Mills pending before the ‘The Court of Civil Judge (Senior Division), Kapurthala’ ₹ 22 Lakhs (Previous year ₹ 22 Lakhs).

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

(b) There are certain claims against the Company relating to usage of trade mark etc., which have not been acknowledged as debts. The quantum and outcome of such claims is not ascertainable at this stage.

(v) Certain matters relating to various assessment years of Income Tax are pending at the various levels of tax authorities and High Court. The financial impact, if any, on the outcome of these matters is not determinable at this stage.

(vi) The Company is contesting these demands (stated in footnote (i) to (v)) and the management, based on advise of its advisors, believes that its position will likely be upheld in the appellate process. No expense has been accrued in the standalone financial statements for these demands raised. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations. The Company does not expect any reimbursements in respect of the above contingent liabilities.

(vii) In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management reasonably does not expect that these legal actions, when ultimately concluded and determined, will have material effect on the Company's results of operations or financial condition.

38. EMPLOYEE BENEFITS

The Company has classified various employee benefits as under:

(A) Defined contribution plans

During the year, the Company has recognised the following amounts in the statement of profit and loss:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Employers' contribution to provident fund	328	336
(ii) Employers' contribution to employees' state insurance	113	134

Included in 'Contribution to Provident, Family Pension and 'Employees' State Insurance (Refer Note 30)

(B) Defined benefit plans

The Company operates two defined benefit plans i.e., gratuity and compensated absence for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service.

The following table summarises the components of net benefit expenses and the provision status for respective plans:

		Year ended March 31, 2020		Year ended March 31, 2019	
		Compensated absence	Gratuity	Compensated absence	Gratuity
(i)	**Assumptions**				
(a)	Discount rate	6.74%	6.74%	7.60%	7.60%
(b)	Rate of increase in compensation levels	10%	10%	5%	5%
(c)	Rate of return of plan assets	N.A.	N.A.	N.A.	N.A.
(d)	Expected average remaining working lives of employees (in years)	12.55	15.04	12.90	12.90
(ii)	**Change in the Present Value of Obligation**				(₹ in Lakhs)
(a)	Present value of obligation as at biginning of the year*	329	1,915	451	1,769
(b)	Interest cost	24	136	32	122
(c)	Current/Past service cost	37	127	71	334
(d)	Benefit paid	(35)	(255)	(88)	(370)
(e)	Actuarial (gain)/loss on obligations	(155)	278	(137)	60
(f)	Present value of obligation as at end of the year	200	2,201	329	1915

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

			Year ended March 31, 2020		Year ended March 31, 2019	
			Compensated absence	Gratuity	Compensated absence	Gratuity
(iii)	**Amount recognised in the Balance Sheet**					
	(a)	Present value of obligation as at end of the year	200	2,201	329	1,915
	(b)	Fair Value of Plan Assets as at the year end	-	-	-	-
	(c)	(Asset) / Liability recognised in the Balance Sheet	200	2,201	329	1,915
	Net liabilities recognised in the Balance Sheet accounted for as below:					
	Provision non current (Refer Note 22 A)		78	1,878	171	1,649
	Provision current (Refer Note 22 B)		122	323	158	266
(iv)	**Expenses recognised in the Statement of Profit and Loss**					
	(a)	**Under Profit & Loss**				
		Current/Past service cost	37	127	71	334
		Interest cost	24	136	32	123
		Acturial (gain)/loss on obligations	(155)	-	(137)	-
			(94)	**263**	**(34)**	**457**
	(b)	**Remeasurement-other comprehensive Income (OCI)**	-	278	-	60
	(c)	**Total Expenses recognised in the Statement of Profit and Loss**	**(94)**	**541**	**(34)**	**517**

(v) **Sensitivity analysis:**

(₹ in Lakhs)

	For the year ended March 31, 2020			
	Compensated absence		Gratuity	
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	(4)	5	(101)	111
Salary increase rate	4	(4)	110	(102)
Employee attrition rate	0	(0)	3	(3)

	For the year ended March 31, 2019			
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	(11)	12	(88)	98
Salary increase rate	13	(11)	99	(91)
Employee turnover	2	(3)	12	(14)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable change in key assumptions occurring at the end of the reporting period.

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

39. RELATED PARTY DISCLOSURES

In accordance with the requirements of "IND-AS 24" on the Related Party Disclosures, the transactions and Related Parties with whom transactions have taken place during the year are as follows:

(A) Detail of related parties with whom the Company had transaction during the year.

Description of relationship	Names of related parties
Subsidiary Companies	JIL Trading Pvt. Ltd. S.R.K. Investments Pvt. Ltd Sea Bird Securities Pvt. Ltd. Natwar Liquors Pvt. Ltd. L.P. Investments Ltd. Yoofy Computech Pvt. Ltd
Associates	Hyderabad Distilleries & Wineries Pvt. Ltd.
Key Management Personnel and their relatives:	Mr. Ravi Manchanda (Managing Director) Mr. Anil Vanjani (CEO w.e.f. 21.10.2019) Mr. Anil Girotra (CFO) Mr. Kewal Krishan Kohli (Sr. Vice President & Company Secretary retired w.e.f. 15.07.2019) Mr Roopesh Kumar (Company Secretary w.e.f. 15.07.19) Mr. Karamjit Singh Jaiswal Ms. Roshni Sanah Jaiswal
Director	Mrs. Kiran Indra Kapur Mrs. Anjali Varma Ms. Sonya Jaiswal Mrs. Sushma Sagar Mrs. Asha Saxena
Enterprises over which Major shareholders, Key Management Personnel and their relatives have significant influence / control :	Milkfood Ltd. Fast Buck Investments & Trading Pvt. Ltd. Corporate Facility Management Galaxy Pet Packaging Pvt. Ltd. Quick Return Investments Company Ltd. Double Durable Investments Ltd. Devyani Construction Pvt. Ltd.

(B) Details of transactions carried out with the related parties in the ordinary course of business:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Subsidiary Companies		
JIL Trading Pvt. Ltd.		
Expenses of JIL Incurred by JIL Trading Pvt Ltd	10	12
Advance Given	9	-
Expenses incurred on behalf of JIL Trading Pvt Ltd	2	-
Payment agst Old Outstanding	4	-
S.R.K. Investments Pvt. Ltd.		
Refund of advance	1,803	1,175
Reimbursement of payments made on behalf of company	-	1
(ii) Associates		
Hyderabad Distilleries & Wineries Pvt. Ltd.		
Payments made on behalf of Associate	7	70

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars			For the year ended March 31, 2020	For the year ended March 31, 2019
		Repayment of loan by Associate on behalf of company	3,071	-
		Loan taken	601	957
		Repayment of loan to HDWPL	492	375
		Loan written back *(refer Note No. 35(i))*	4,000	113
		Interest received (net of TDS)	-	30
		Other receivable amount received	-	565
(iii)	**Key Management Personnel, director and their relatives:**			
	(a)	Mr. Ravi Manchanda		
		Managerial remuneration	36	38
		Refund of advance	13	2
	(b)	Mr Anil Vanjani		
		Managerial remuneration	61	-
		Advance given	1	-
	(c)	Mr. Anil Girotra		
		Managerial remuneration	128	136
		Refund of advance	12	12
	(d)	Mr. Kewal Krishan Kohli		
		Managerial remuneration	25	32
		Refund of advance	-	1
	(e)	Ms. Roshni Sanah Jaiswal		
		Managerial remuneration	98	122
		Advance given	25	94
		Refund of advance	4	174
		Interest receivable on advance	18	18
		Payment on behalf of Company	53	7
	(f)	Mr. Karamjit Singh Jaiswal		
		Remuneration	60	194
		Refund of advance	1	40
	(g)	Mr. Roopesh Kumar		
		Managerial remuneration	17	-
	(h)	Mrs Kiran Indira Kapur		
		Sitting fee paid	2	2
	(i)	Mrs Anjali Varma		
		Sitting fee paid	2	1
	(j)	Ms Sonya Jaiswal		
		Sitting fee paid	3	3
	(k)	Mrs Sushma Sagar		
		Sitting fee paid	1	1
	(l)	Mrs Asha Saxena		
		Sitting fee paid	2	2
(iv)	**Enterprises over which Major shareholders, Key Management Personnel and their relatives have significant influence / control :**			
	(a)	Milkfood Ltd.		
		Reimbursement of payments made on behalf of company	16	12
		Advance recd agst building renovation & rent	100	-

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
	Rental income	41	22
	Decapitalisation of building rennovation amount capitalised in earlier year (including GST)	59	-
	Interest paid	-	4
	Purchase/services received	12	69
	Loan & advance received	-	55
	Refund of loan & advance	-	48
(b)	Corporate Facilities Management		
	Maintenance charges paid	215	197
(c)	Galaxy Pet Packaging Pvt. Ltd.		
	Loan taken	6	-
	Sale of investment in Pref. Share *(refer Note No 5(ii))*	18	-
	Interest paid	1	-
(d)	Quick Return Investment Company Ltd.		
	Loan taken	182	-
	Repayment of loan	14	
	Sale of investment in Pref. Share *(refer Note No 5(ii))*	81	-
	Interest paid	15	-
(e)	Double Durable Investments Ltd.		
	Loan taken	8	-
	Repayment of loan	2	-
	Sale of investment in Pref. Share *(refer Note No 5(ii))*	18	-
	Interest paid	1	-
(f)	Devayani Construction Pvt. Ltd.		
	Loan taken	500	-
	Repayment of loan	500	-
	Interest paid	26	-

(C) Outstanding balance as at end of the year

(₹ in Lakhs)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
(i)	**Subsidiary Companies**		
	(a) JIL Trading Pvt. Ltd.		
	Receivable/(Payable)	1	(4)
	(b) S.R.K. Investments Pvt. Ltd		
	Receivable	(0)	1,803
	(c) L.P. Investments Ltd.		
	Receivable *(refer footnote (iii))*	185	185
(ii)	**Associates**		
	Hyderabad Distilleries & Wineries Pvt. Ltd.		
	Inter corporate loan	(20)	(847)
(iii)	**Key Management Personnel and their relatives:**		
	Mr. Ravi Manchanda		
	Receivable	26	40

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Mr. Anil Vanjani		
Receivable	1	-
Mr. Anil Girotra		
Receivable	239	251
Mr. Karamjit Singh Jaiswal/Mrs. Shakun Jaiswal		
Receivable/(Payable)	(20)	1
Ms. Roshni Sanah Jaiswal		
Receivable	213	227
(iv) Enterprises over which major Shareholders, Key Management Personnel and their relatives have significant influence / Control		
Milkfood Ltd.		
Receivable/(Payable)	(35)	(44)
Fast Buck Investments & Trading Pvt. Ltd.		
Receivable/(Payable)	(8)	(8)
Galaxy Pet Packaging Pvt. Ltd.		
Receivable/(Payable)	(6)	-
Quick Return Investments Company Ltd.		
Receivable/(Payable)	(181)	-
Double Durable Investments Ltd.		
Receivable/(Payable)	(7)	-
Devyani Construction Pvt. Ltd.		
Receivable/(Payable)	(23)	-

Footnote(s) :

(i) Related parties have been identified by the management.

(ii) Key Management Personnel remuneration does not include provision for gratuity and compensated absences which is determind for the Company as whole.

(iii) The company has made provision against loan of ₹ 185 Lakhs given to L P Investment Ltd. and investment of ₹ 1020 Lakhs in Equity Share of L P Investment Ltd. *(refer Note No 5(iii), Note No 6(ii) & Note No 8(iv)).*

(iv) Remuneration paid to KMP excludes expenses incurred in the course of performance of duty.

40. SEGMENT INFORMATION

The company's operating segments are identified on the basis of those components of the group that are evaluated regularly by the Chief Executive Officer (the 'Chief Operating Decision Maker' as defined in Ind As 108 -'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems. The Company's business segments are as under:

Beverages: Segment includes manufacturing and supply of Bottled Indian Made Foreign Liquor, Country Liquor, Industrial Alcohol and licensing use of its IMFL brands.

Food: Segment includes manufacturing and supplies of food products and providing services for manufacture of food products.

Others: Segment includes sale of Petroleum products.

The accounting policies adopted for segment reporting are in line with the accounting polcy of the Company with following additional policies for segment reporting.

(a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as 'Unallocable'.

(b) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that can not be allocated to a segment on reasonable basis have been disclosed as 'Unallocable'.

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

(A) Primary segment information

(₹ in Lakhs)

	Beverages		Food		Others		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
(i) **Segment revenue**								
Sales, services and other income	8,477	11,210	13,420	13,231	631	484	22,528	24,925
Less : Excise duty	(461)	(2,499)					(461)	(2,499)
Inter segment sales	—	—	—	—	—	—	—	—
Unallocated income	—	—	—	—	—	—	—	—
Total revenue	**8,016**	**8,711**	**13,420**	**13,231**	**631**	**484**	**22,067**	**22,426**
(ii) **Segment results**								
Segment results	(4,429)	(856)	1,394	961	(5)	(7)	(3,040)	98
Unallocated expenditure								
Other Unallocable Expenditure net of Unallocable Income							(281)	(174)
Finance cost							4,211	7,259
Profit/(Loss) before exceptional items							**(6,970)**	**(6,987)**
Exceptional items							2,868	373
Profit/ (Loss) before tax (from continous operations)							(4,102)	(6,614)
Profit/(Loss) from discountining operations							(61)	(116)
Profit/(Loss) before Tax							**(4,163)**	**(6,730)**
Less: Tax expense:							724	(142)
Profit/ (Loss) after tax							**(4,887)**	**(6,588)**
(iii) **Segment assets and liabilities**								
Segment assets *(refer footnote (i) below))*	13,717	19,220	6,711	8,078	—	—	20,428	27,298
Unallocated assets							30,162	36,221
Total assets							**50,590**	**63,519**
Segment liabilities	12,380	13,411	4,714	4,019	—	—	17,094	17,430
Unallocated liabilities							29,461	36,889
Total liabilities							**46,555**	**54,319**
(iv) **Other information**								
Capital expenditure	63	29	7	—	—	—	70	29
Unallocated capital expenditure							98	114
Total capital expenditure							**168**	**143**
Depreciation	341	352	494	505	—	—	835	857
Unallocated depreciation							130	187
Total							**965**	**1,044**
Non - cash expenditure	4,055	1,830	—	—	—		4,055	1,830
Other than depreciation							—	—
Unallocable non cash expenditure							—	—
Total							**4,055**	**1,830**

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

(B) Secondary segment information

(₹ in Lakhs)

		2019-20	2018-19
(i)	**Segment revenue**		
	Within India	21,591	21,964
	Outside India	476	462
	Total	**22,067**	**22,426**
(ii)	**Other information**		
	Carrying amount of segment assets by location of assets		
	Within India	50,590	63,519
	Outside India	-	-
	Addition to fixed assets/capital work- in- progress		
		168	143

Footnote(s) :

(i) Segment assets include capital work- in- progress aggregating to ₹ 18 Lakhs (Previous Year : ₹ 22 Lakhs). While most assets are directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis.

(ii) Capital expenditure pertains to additions made to fixed assets/ capital work-in-progress (including capital advances) during the year.

(iii) Unallocated assets includes land, administration building and cash & bank balances etc.

(iv) Unallocated liabilities include interest bearing liabilities and tax provisions and deferred tax liability.

(v) Non cash items includes bad debts, advances and stocks written off, provision for doubtful debts & advances and fixed assets written off.

(vi) Food Segment represents revenue from one customer.

41. The company has discontinued its operation for Packaging Division with effect from April 1, 2014 and Sikandrabad Unit with effect from Sep 30, 2018. During the year Sikandrabad Unit has been sold out. The disclosures as required under Indian Accounting Standard - 105 are given below.

(₹ in Lakhs)

		For the year ended March 31, 2020	For the year ended March 31, 2019
(A)	**Revenue**		
	Miscellaneous Income	4	21
	Interest Income	1	1
	Liabilities/provisions no longer required written back	84	7
	Total revenue	**89**	**29**
(B)	**Expenses**		
	Employee benefits expenses		
	Salaries, Wages, Bonus and Gratuity	7	14
	Other expenses		
	Power and fuel	-	1
	Rates & taxes	13	22
	Insurance	-	1
	Travelling expenses	0	1
	Other repairs & maintenance	1	6
	Bad Debts, Advances and Stock written off	81	
	Provision for Doubtful Debts and advances	20	
	Security Expenses	5	
	Loss on sale of fixed assets		4

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Legal & professional expenses	2	2
Miscellaneous expenses	21	94
Total expenses	**150**	**145**
Profit/(Loss) for the year (A - B)	**(61)**	**(116)**
Less: Tax expense	**-**	**-**
Profit/(Loss) after tax for the year	**(61)**	**(116)**
Total Assets	**46**	**2,163**
Total Liabilities	**4,655**	**6,557**
Cash Flow from discontinuing operations included in above		
- Operating activities	**(105)**	**(3,935)**
- Investing activities	**100**	**3,929**
- Financing activities	**-**	**-**

42. FAIR VALUE

Fair value measurement:

(i) All the financial assets and financial liabilities of the company are carried at amortised cost except investment. Investment in subsidiaries are carried at cost and other investments are carried at fair value.

(ii) The management assessed that the carrying values of trade and other receivables, deposit, cash and short term deposits, other assets, borrowings, trade and other payables reasonably approximate their fair values because these instruments have short-term maturities.

43. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The primary objective of the Company's capital management is to ensure that it maintains a good credit rating and capital ratios in order to support its business and maximise shareholder value.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The Company includes within net debt, all non-current and current borrowings reduced by cash and cash equivalents and other bank balances.

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Non-current borrowings	19,919	20,432
Current maturities of non-current borrowings	981	7,250
Current borrowings	214	1
Less: Cash and cash equivalents	1,097	950
Less: Other bank balances	7	64
Net debt	**20,010**	**26,669**
Equity share capital	4,615	4,615
Other equity	(580)	4,585
Total capital	**4,035**	**9,200**
Gearing ratio	**496%**	**290%**

Company aims to ensure that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements.There have been no breaches in the financial covenants of any interest-bearing borrowings in the current year.

During the year ended March 31, 2020, and the year ended March 31, 2019, the Company dispossed off/ in the process of disposing its surplus immovable assets and has infused the fund through associate company to reduce the borrowings and fund operational losses.

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise borrowings, trade and other payables for running the business of the Company.The Company's principal financial assets include investments, trade and other receivables, cash and cash equivalents, bank balances and security deposits that are out of regular business operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks.

(a) **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument that will fluctuate be-cause of changes in market prices. Market risk comprises three types of risk i.e. interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings, trade payables.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's borrowings with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Lakhs)

	March 31, 2020		March 31, 2019	
	1% increase	*1% decrease*	*1% increase*	*1% decrease*
Impact on profit before tax	(257)	257	(344)	344

ii. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. There does not seem to be any significant risk as transaction in foreign currency are very few.

As there is no significant foreign currency risk, sensitivity analysis showing impact on profit is not calculated.

iii. Commodity price risk

The Company is affected by the price volatility of certain commodities. The company's long standing relationships with most suppliers ensure steady availability of raw materials at competitive prices.

(b) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments if a counterparty default on its obligations. The Company's exposure to credit risk arises majorly from loan, advances, trade and other receivables. Other financial assets like security deposits and bank deposits are mostly with government authorities and nationalised banks and hence, the Company does not expect any credit risk with respect to these financial assets. With respect to trade receivables, some portion includes dues from state government corporations, risk is limited and considered insignificant by the management. In respect of sale made to other than state government corporation, Company provides expected credit loss on the basis of ageing of trade receivable instead of method of ECL as prescribed in Ind AS 109. Company is exposed to risk of debts, loan and loans of ₹ 1564 Lakh outstanding over a period of one year. Further with regard to advance to subsidiaries & associates, company expects non recovery of ₹ 185 Lakh due to erosion of the net worth of the subsidiary company.

(c) **Liquidity risk**

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The table below summarises the maturity profile of the Company's financial liabilities:

Notes on Financial Statements (Contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

	Maturities				Total
	Upto 1 year	1-2 years	2-3 years	Above 3 years	
31-Mar-20					
Non-current borrowings	-	604	314	19,001	19,919
Non-current other financial liabilities		660	2,688	-	3,348
Current borrowings	214	-	-	-	214
Trade payables	6,763	-	-	-	6,763
Lease Liabilities	19	3	-	-	22
Other financial liabilities	5,872	-	-	-	5,872
Total	**12,868**	**1,267**	**3,002**	**19,001**	**36,138**
31-Mar-19					
Non-current borrowings	-	196	177	20,059	20,432
Non-current other financial liabilities		1,534	641	1,472	3,647
Current borrowings	1	-	-	-	1
Trade payables	7,357	-	-	-	7,357
Other financial liabilities	11,259	-	-	-	11,259
Total	**18,617**	**1,730**	**818**	**21,531**	**42,696**

45. OTHER INFORMATION

(i) In absence of convincing evidence of future taxable profit, the Company has not recognised deferred tax asset during the year.

(ii) With Effect From April 1, 2019, the Company adopted Ind AS 116 “Leases”, applied to all lease contracts existing as on April 1, 2019 using the modified method. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 53 Lakhs and a corresponding lease liability of ₹ 53 Lakhs. The effect of this adoption has increased losses by ₹ 1 Lakh and reduction of EPS by INR 0.0023 per share. The Ind AS 116 has not been applied to short-term leases of all assets that have a lease term of 12 months or less and the lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

(iii) The outbreak of Covid-19 pandemic is causing significant disturbance and slowdown of economic activities globally. With various restrictions imposed and the lockdown announced from March 24, 2020, all the operations and the manufacturing operations came to stand still during the rest of March 2020. This impacted the performance marginally of the company adversely for the Financial Year ended March 31, 2020. With the relaxations granted by the Government of State of Punjab, the operations of the distillery and food division were resumed from April 11, 2020. Further, in view to meet the requirement of the hand santizers due to the increased demand of the same on account of the spread of COVID-19, the Company has launched hand sanitizers and accordingly entered into arrangements with various parties for manufacture/ procurement of hand santizers for sales & distribution against the supply of the Denatured Alcohol by the Company. The product of the Company appears to be well accepted in the market as per initial reports. The Company is facing issues in servicing its financial obligations due to the impact of COVID-19. Loan from NBFC and Bank and the repayment of installments of same are under moratorium till August 2020 due to Covid-19 pandemic. The Company is expecting its revised repayment schedule from the said institutions. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of the assets, however the management will continue to closely monitor any material changes to future economic conditions. Given the uncertainities, the final impact on Company’s assets in future may differ from that estimated as at the date of approval of these financial results.

(iv) Internal audit report for the half year ending March 31, 2020 has been received on August 20, 2020. Internal auditor inter alia has raised certain issues regarding availment of GST input credit in respect of certain matters, payment of GST under the reverse charge mechanism, Providing of documentary support in respect of the some of the sales promotion and marketing expenses, non collection of TCS on the sale of the vehicle, Application of Sec 2(31) of Companies Act read with Acceptance of Deposits Rules 2014 regarding certain deposits and advances from customers, Accounting of MGQ income, Non booking of interest income on the late receipt of Royalty income, etc,. Management is of the view that it has rightfully claimed the input credits and fully complied with the provisions of the GST Act in other areas. However management will take further view in respect of all these matters including taking of the legal opinion and will obtain the compliance certificate from the internal auditor by the end of September 2020.

(v) Previous year figures have been reclassified/regrouped wherever necessary to this year’s classification.

Independent Auditor's Report

To the Members of Jagatjit Industries Limited

Report on the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of **Jagatjit Industries Limited** (hereinafter referred to as the "Holding Company"), and its subsidiaries (Holding Company and its subsidiary together referred to as "the Group") and its associate company, which comprise the consolidated balance sheet as at March 31, 2020, the consolidated statement of profit and loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year ended on that date and notes to the consolidated financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries and associate company as were audited by the other auditors and except the effects of matter described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2020, its loss including other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for qualified opinion

(i) *In the opinion of the management, Trade Receivable and Loans & Advances have a value on realization in the ordinary course of business, at least equal to the carrying amount in the books.*

The Group has a policy of providing for (a) all debts outstanding beyond 3 years or (b) where recovery is considered doubtful irrespective of the fact that legal action has been initiated or not, instead on the method prescribed under IND AS 109. The Group does not have effective system of obtention of confirmations from Trade Receivables/ Payables (including confirmation of Registered MSME Suppliers) and other Advances. The financial impact of this is not ascertainable and to that extent we cannot comment upon the adequacy of provision for Expected Credit loss/doubtful debts/advances to the suppliers. However, non-moving debts and advances to suppliers outstanding beyond 1 year are to the extent of ₹ 1564 Lakhs which is static balance for which confirmations and reconciliations are not available and have not been provided for.

Further, Trade payables, Loan & advance and trade receivable (other than above) are subject to reconciliation & confirmation. The financial impact of all this is not ascertainable and to that extent we can not comment upon the veracity of such balances.

(ii) *The Group has written back interest payable of ₹ 216 Lakhs (provided prior to FY 2018-19) to unidentified MSME suppliers. Management is of view that these are unidentified and a liability no longer required.*

(iii) *Physical verification of inventories: Due to Covid-19 Pandemic lockdown management could not conduct the physical verification of all inventories at reporting date. It is informed by the management that physical verification was conducted subsequently and no material discrepancy was found.*

We were not able to attend the physical verification as lockdown was effective, therefore, we are unable to verify the existence/condition of inventories of ₹ 1485 Lakhs raw material, ₹ 243 Lakhs packing materials, ₹ 501 Lakhs work-in-progress, ₹ 1441 Lakhs finished goods, ₹ 19 Lakhs stock-in-trade and ₹ 499 Lakhs stores and spares to determine the adjustments that may be required to be made in the value of inventory and consequential effect thereof on the consolidated financial statement as on March 31, 2020.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements.

Emphasis of matter:

- We draw attention to Note No. 4(vii) regarding fair value of investment properties, Note No. 6(i)&(ii) regarding loan to employees & provision for loan to ex-employee, Note No 8(iv) regarding provision for advances to others, Note No 9(ii) regarding non-moving inventories, Note No 11(i) regarding unidentified bank balances written off, Note 14(i) regarding amount receivable from a group company, Note No 15 regarding assets held for sale, Note No 18(iv) regarding classification of loan, Note No 18(v) regarding non stipulation of terms and conditions of loan, Note No. 22(ii) regarding provision of service tax, Note No. 23(i)&(ii) regarding provision of interest on outstanding amount of MSME suppliers and classification of outstanding of MSME supplier as other than

MSME, Note No 24(iii) regarding adjustment of advances, Note No 24(iv) regarding amount payable to ex-employees, Note No.25(i) regarding advance from customers, Note No 25(ii)(b) regarding adjustment of service tax payable, Note No 26(iii) regarding income from franchisee business, Note No 27(iii) regarding other income, Note No. 32(i) regarding interest paid on account of full & final settlement, Note No 35(ii) regarding impairment of Goodwill, Note No 35(iv) regarding advance written off, Note No 45(iii) regarding outbreak of COVID-19and Note No. 45(iv) regarding internal audit issues.

- The Group has taken loan of ₹ 6999 Lakhs from its Associate Company (₹ 5478 Lakhs taken during the year) and vide Board Resolution(s) dated 14.02.2020/20.02.2020 of respective group companies loan amount of ₹ 6979 Lakhs have been written back (Note 35(i)) as not payable on confirmation of associate company and treated as income. This has resulted in reduction of loss of the year by ₹ 6979 Lakhs.

- **Going Concern:**

  Without qualifying our opinion, we draw attention to Note 2.1 (iii) in the consolidated financial statements which indicates that the Holding Company has been suffering losses for the last seven years and the net working capital is negative. During the year March 31, 2020 the Holding Company suffered net loss of ₹ 5165 Lakhs. These conditions along with other matters as set forth in Note 2.1 (iii), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. The management has disclosed the mitigating factors vide the said Note and we have relied upon the same.

- The Internal Audit system of the Holding Company needs to be substantially strengthened in scope, coverage and compliance in respect of Hamira Plant and Head Office operations.

Our opinion is not qualified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, we do not provide a separate opinion on these matters. In addition to the matter described in the basis of qualified opinion section we have determined the matters described below to be the Key Audit Matter to be communicated in our report. For each matter mentioned below, our description of how our audit addressed the matter is provided in that context.

The Key Audit Matter	How the matter was addressed in our audit
(a) Litigation Matters: The Group operates in various states within India, exposing it to a variety of different Central and State Laws, regulations and interpretations thereof. In this regulatory environment, there is an inherent risk of litigation and claims. Consequently, provisions and contingent liability disclosures may arise from direct and indirect tax proceeding, legal proceedings including regulatory and other government / department proceedings, as well as investigations by authorities and commercial claims. At March 31, 2020, the Group's contingent liabilities for legal matters were ₹ 1921 Lakhs (refer Note 37 to the consolidated financial statement) and provision for service tax aggregating to 353 Lakhs (refer Note 22(A)). The most significant contingent liability pertains to service tax of ₹ 389 Lakhs and sales tax of ₹ 1296 Lakhs. Management applies significant judgment in estimating the likelihood of the future outcome in each case when considering whether, and how much, to provide or in determining the required disclosure for the potential exposure of each matter. This is due to the highly complex nature and magnitude of the legal matters involved along with the fact that resolution of tax and legal proceedings may span over multiple years, and may involve protracted negotiation or litigation. These estimates could change substantially overtime as new facts emerge as each legal case progresses. Given the inherent complexity and magnitude of potential exposures across the Group and the judgment necessary to estimate the amount of provisions required or to determine required disclosures, this is a key audit matter.	Reviewing the outstanding litigations against the Group for consistency with the previous years. Enquire and obtain explanations for movement during the year. Discussing the status of significant known actual and potential litigations with the Group's in-house officials and other senior management personnel who have knowledge of these matters and assessing their responses. Reading the latest correspondence between the Group and the various tax/legal authorities and review of correspondence with/legal opinions obtained by the management, from external legal advisors, where applicable, for significant matters and considering the same in evaluating the appropriateness of the Group's provisions or disclosures on such matters. Examining the Group's legal expenses and reading the minutes of the board meetings, in order to ensure that all cases have been identified. With respect to tax matters, involving our tax specialists, and discussing with the Group's tax officers, their views and strategies on significant cases, as well as the related technical grounds relating to their conclusions based on applicable tax laws. Assessing the decisions and rationale for provisions held or for decisions not to record provisions or make disclosures. For those matters where management concluded that no provisions should be recorded, considered the adequacy and completeness of the Group's disclosures.

The Key Audit Matter	How the matter was addressed in our audit
(b) Loan to employees: Group has given loan of ₹ 474 Lakhs to its senior employees in earlier years. Stipulation of repayment is not laid out. Management has represented that the amount will be recovered during the course of time without specifying the time frame.	Our procedures included: We have perused the detail and have verified the repayments made by employers during the year. We have verified balance confirmation. We have advised the company to specify the time frame for recovery of the same. We have disclosed the issue in the emphasis of matter paragraph.
(c) Revenue recognition from sale of products: Revenue from sale of products is recognized when control of products has transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of products. Revenue from the sale of products is measured at the fair value of the consideration received and receivable, net of returns and allowances, discounts and incentives. Significant judgment is required in estimating provisions relating to allowances, discounts and incentives recognized in relation to sales made during the year.	Our audit procedures included, amongst others, assessing the Group's revenue recognition accounting policy, including those relating to allowances, discounts, and incentives. We understood, evaluated and tested the operating effectiveness of internal controls over recognition of revenue, discounts, and incentives. We performed test of details, on a sample basis, and inspected the underlying documents relating to sales and provisions of discounts and incentives. We tested sales transactions near year end date as well as credit notes issued after the year end date. We discussed and evaluated management assessment of estimates relating to allowances, discounts and incentives. We assessed the disclosures in the consolidated financial statements in respect of revenue.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with the Indian Accounting Standard (Ind AS)specified under 133 of the Act and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, respective management and Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i)of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, a material uncertainty exists relating to events or conditions that may cast significant doubt on the Holding Company's ability to continue as a going concern. We draw attention on emphasis of matter paragraph (stated above) in our audit report explaining indicator of existence of material uncertainty that may cast significant doubt on the Holding Company's ability to continue as a going concern and mitigation factors given by the management in Note No 2.1(iii) of the consolidated financial statements.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of Holding company included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the 'Other Matters' paragraph of this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in Other Matters paragraph is sufficient and appropriate to provide a basis for qualified audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company included in consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets of ₹ 97 Lakhs as at March 31, 2020, total revenues of ₹ Nil, total net loss of ₹ 5 Lakhs, total comprehensive loss of ₹ 5 Lakhs for the year ended March 31, 2020 and net cash inflows amounting to ₹ 1 Lakh for the year ended on that date, as considered in the Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Holding Company's management and our opinion on the Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the audit reports of other auditors.

The Consolidated Financial Statements also include the Group's share of net profit (including other comprehensive income) of ₹ 477 Lakhs for the year ended March 31, 2020 as considered in the Statements, in respect of an associate company, whose financial statements have been audited by other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements as mentioned below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Holding Company's Management.

Report on Other Legal and Regulatory Requirements

1. With respect to matter to be included in the Auditor's report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies and associate company incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company, its subsidiaries and associate company incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V of the Act; and

2. As required by Section 143 (3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and associate as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

(a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of aforesaid consolidated financial statements;

(b) in our opinion proper books of account as required by law relating to preparation of aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) the consolidated balance sheet, the consolidated statement of profit and loss including other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements

(d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the holding Company and the report of the statutory auditor of its subsidiaries incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in **"Annexure A"**; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and associate, as noted in the 'Other Matters' paragraph:

i. the Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements;

ii. the Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there has been no delay in transferring amounts which were required to be transferred, to the Investor Education and Protection Fund by the Group.

for **Madan & Associates**
Chartered Accountants
Firm's registration number: 000185N

M. K. Madan
Proprietor
Membership number: 082214

Place: New Delhi
Date: 03.09.2020
UDIN: 20082214AAAACG6832

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JAGATJIT INDUSTRIES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the consolidated financial statements of Jagatjit Industries Limited (hereinafter referred to as "the Holding Company") its subsidiaries (the Holding and its subsidiaries together referred as 'the Group") and its associate as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary companies, and associate company, which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiaries and associate, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountant of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies and associate company incorporated in India in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to consolidated financial statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanation given to us and based on our audit and based on the audit report of other auditors of subsidiaries companies and associate company, in our opinion the Holding Company and such companies incorporated in India which are its subsidiary companies and associate company have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at March 31, 2020, *except in respect of trade receivable reconciliation/confirmation, provision for bad and doubtful debts and accounts payable reconciliation/confirmation where controls were found to be ineffective and in respect of various areas namely updating of status of contingent liabilities, Rolling Cash Plan (HO), recovery of loan & advances from employees/suppliers, Full & Final settlement of employees, Revenue recognition of royalty income from franchise operation, revenue recognition of third party supply agreement and operating assessment of control regarding updating the Secretarial Department in respect of borrowings from Group entities where controls were effective but need to be strengthened,* based on the internal control with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to six subsidiary companies and an associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

for **Madan & Associates**
Chartered Accountants
Firm's registration number: 000185N

M. K. Madan
Proprietor
Membership number: 082214

Place: New Delhi
Date: 03.09.2020
UDIN: 20082214AAAACG6832

Consolidated Balance Sheet

as at March 31, 2020

(₹ in Lakhs)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
1 Non-current assets			
a) Property, plant and equipment	3A	37,268	38,046
b) Other intangible assets	3B	-	1,251
c) Capital work-in-progress	3C	18	22
d) Right-of-use assets	3D	20	-
e) Investment properties	4	1,790	1,837
f) Financial assets			
i) Investments	5	585	854
ii) Loans	6	484	10
iii) Other financial assets	7	1,214	1,513
g) Other non-current assets	8	447	4,149
Total non-current assets		**41,826**	**47,682**
2 Current assets			
a) Inventories	9	4,189	3,942
b) Financial assets			
i) Trade receivables	10	2,861	6,581
ii) Cash and cash equivalents	11	1,100	951
iii) Loans	12	57	894
iv) Other financial assets	13	76	395
c) Other current assets	14	1,009	2,446
d) Assets classified as held for sale	15	38	1,938
Total current assets		**9,330**	**17,147**
TOTAL- ASSETS		**51,156**	**64,829**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	4,615	4,615
Other equity	17	(109)	4,628
Non Controlling Interest		(4)	(4)
Total equity		**4,502**	**9,239**
LIABILITIES			
1 Non-current liabilities			
a) Financial liabilities			
i) Borrowings	18A	20,006	21,690
ii) Other financial liabilities	19	3,348	3,647
iii) Lease liability	20	3	-
b) Other long term liabilities	21	323	434
c) Provisions	22A	2,378	2,245
d) Deferred tax liabilities		-	244
Total non-current liabilities		**26,058**	**28,260**
2 Current liabilities			
a) Financial liabilities			
i) Borrowings	18B	217	1
ii) Trade payables	23	6,771	7,357
iii) Other financial liabilities	24	5,872	11,259
iv) Lease liability	20	19	-
b) Other current liabilities	25	7,271	8,289
c) Provisions	22B	446	424
Total Current liabilities		**20,596**	**27,330**
Total liabilities		**46,654**	**55,590**
Total equity and liabilities		**51,156**	**64,829**
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date
For Madan & Associates
Chartered Accountants
FRN: 000185N

M. K. Madan
Proprietor
Membership No.: 082214

Place : New Delhi
Date : September 03, 2020
UDIN: 20082214AAAACG6832

For and on behalf of the Board of Directors of
JAGATJIT INDUSTRIES LIMITED

Ravi Manchanda
Managing Director
DIN: 00152760

Sushma Sagar
Director
DIN : 02582144

Anil Vanjani
Chief Executive Officer

Anil Girotra
Chief Financial Officer

Roopesh Kumar
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2020

(₹ in Lakhs)

	Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
1	**Income**			
	a) Revenue from operations	26	22,528	24,925
	b) Other income	27	4,803	5,462
	Total income		**27,331**	**30,387**
2	**Expenses**			
	a) Cost of material consumed	28	8,872	6,993
	b) Purchases of Stock-in-trade	29	618	478
	c) Changes in inventories of finished goods, work in progress and stock in trade	30	(343)	1,411
	d) Excise duty		461	2,499
	e) Employee benefit expenses	31	5,994	6,860
	f) Finance cost	32	4,211	7,259
	g) Depreciation and amortisation expenses	33	965	1,044
	h) Other expenses	34	13,526	10,835
	Total expenses		**34,304**	**37,379**
3	**Profit/(loss) before tax**		**(6,973)**	**(6,992)**
4	**Exceptional items (Income)**	35	2,833	373
5	**Profit / (Loss) before tax and after exceptional items**		**(4,140)**	**(6,619)**
6	**Tax expense:**			
	Current Tax		1	-
	MAT Credit for the year		(1)	-
	Income tax adjustment related to earlier years		-	92
	Derecognition of MAT credit		979	-
	Deferred tax (credit)/ charge		(244)	(234)
	Total tax expenses		**735**	**(142)**
7	**Profit / (Loss) for the period from continuing operations**		**(4,875)**	**(6,477)**
	Less : Non Controlling Interest		-	-
	Add : Share of Net Profit/(Loss) of Associates		**477**	**-**
8	**Profit / (Loss) after Tax and after share of Associates & Non controlling interest for the period from continuing operations**		**(4,398)**	**(6,477)**
9	**Profit / (Loss) for the period from discontinuing operations**	41	**(61)**	**(116)**
10	**Profit / (Loss) for the period**		**(4,459)**	**(6,593)**
11	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	Re-measurement (gains)/losses on defined benefit plans		278	60
	Tax impact on re-measurement (gain)/ loss on defined benefit plans		-	(21)
	Total Other Comprehensive Income		**278**	**39**
12	**Total Comprehensive Income for the period (10 - 11)(Comprising Profit (Loss) and Other Comprehensive Income for the period)**		**(4,737)**	**(6,632)**
13	**Earnings per share for continuing operations (in ₹):**			
	Basic & Diluted	36	(10.08)	(14.84)
	Earnings per share for discontinued operations (in ₹):			
	Basic & Diluted	36	(0.14)	(0.26)
	Earnings per share (for continuing and discontinued operations) (in ₹):			
	Basic & Diluted	36	(10.22)	(15.10)
	Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For Madan & Associates
Chartered Accountants
FRN: 000185N

M. K. Madan
Proprietor
Membership No.: 082214

Place : New Delhi
Date : September 03, 2020
UDIN: 20082214AAAACG6832

For and on behalf of the Board of Directors of
JAGATJIT INDUSTRIES LIMITED

Ravi Manchanda
Managing Director
DIN: 00152760

Sushma Sagar
Director
DIN : 02582144

Anil Vanjani
Chief Executive Officer

Anil Girotra
Chief Financial Officer

Roopesh Kumar
Company Secretary

Consolidated Cash Flow Statement

for the year ended March 31, 2020

(₹ in Lakhs)

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A.	**Cash flow from operating activities:**		
	Net loss for the year before tax	(4,201)	(6,735)
	Adjustments for:		
	Rent from investment properties	(2,048)	(2,000)
	Fair valuation of investments	13	(600)
	Depreciation	965	1,044
	Interest expense	4,211	7,259
	Interest income	(122)	(221)
	Impairment of Goodwill	1,249	-
	Profit on sale of properties, plant and equipment (net)	(111)	(361)
	Bad debts/advances/stock written off	933	192
	Capital Advances write off	2,971	-
	Provision for doubtful debts and advances	2,976	1,484
	Provision for obsolete/damaged inventory	146	155
	Profit on sale of investment	-	(650)
	Liability no longer required written back towards loans	(6,979)	
	Liability no longer required written back	(1,572)	(1,132)
	Provision for Gratuity & Leave Encashment & others	154	24
	Operating profit before working capital changes	**(1,415)**	**(1,541)**
	Changes in working capital		
	Trade receivables	1,390	4,148
	Loans, other financial assets and other assets	1,149	2,833
	Inventories	(378)	1,752
	Trade payables	(598)	(3,149)
	Financial liabilities, other liabilities and provisions	1,482	1,039
	Cash generated from operations	**1,630**	**5,082**
	Taxes (Paid)/ Received (Net of TDS)	-	-
	Net Cash flow/(used) from operating activities (A)	**1,630**	**5,082**
B.	**Cash flow from investing activities:**		
	Purchase of property, plant and equipment including capital work-in-progress and capital advances	(152)	(158)
	Advances against assets held for sale	100	3,927
	Proceeds from sale of property, plant and equipment	176	421
	Purchase of investments property	-	(9)
	Security deposit with NSDL	(1)	
	Sale of investments	746	713
	Interest received (Revenue)	136	309
	Income from investment properties	2,048	2,000
	Release/(Addition) of cash (from)/for restrictive use	254	(725)
	Net Cash inflow from investing activities (B)	**3,307**	**6,478**

Consolidated Cash Flow Statement

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
C. Cash flow from financing activities:		
Net Loans (repaid) / taken	(7,447)	(4,473)
Lease liability payments	(32)	-
Loans written back	6,971	-
Interest paid	(4,280)	(7,335)
Net cash used in financing activities (C)	**(4,788)**	**(11,808)**
Net increase/ (decrease) in cash & cash equivalents (A + B + C)	**149**	**(248)**
Cash and cash equivalents at the beginning of the year	951	1,199
Cash and cash equivalents at the end of the year	**1,100**	**951**
Cash & cash equivalents comprises of		
Cash, cheques & drafts (in hand) and remittances in transit	26	14
Balance with scheduled banks	1,074	937
	1,100	**951**

(i) The aforesaid Cash Flow Statement has been prepared under the "Indirect Method" and in accordance with Ind AS -7 on Cash Flow Statements.

(ii) Figures in brackets indicate cash outgo.

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For Madan & Associates
Chartered Accountants
FRN: 000185N

M. K. Madan
Proprietor
Membership No.: 082214

For and on behalf of the Board of Directors of
JAGATJIT INDUSTRIES LIMITED

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Chief Executive Officer

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Chief Financial Officer

Roopesh Kumar
Company Secretary

Place : New Delhi
Date : September 03, 2020
UDIN: 20082214AAAACG6832

Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

A. Equity share capital:

Issued, subscribed and fully paid up (Share of ₹ 10 each)	No. of shares	Amount in ₹
At April 01, 2018	46,148,112	461,481,120
Increase/(decrease) during the year	-	-
At March 31, 2019	46,148,112	461,481,120
Increase/(decrease) during the year	-	-
At March 31, 2020	**46,148,112**	**461,481,120**

B. Other equity

(₹ in Lakhs)

Particulars	Reserve & Surplus				Other Comprehensive Income	Total
	General Reserve	Capital Redemption	Securities Premium	Retained Earnings	Remeasurement of defined benefit obligations	
Balance as at March 31, 2018	**2,136**	**580**	**3,697**	**5,485**	**(293)**	**11,605**
Revaluation adjusted				**(345)**		(345)
Profit/(loss) for the year	-		-	(6,593)	-	(6,593)
Other comprehensive income for the year	-		-	-	(39)	(39)
Balance as at March 31, 2019	**2,136**	**580**	**3,697**	**(1,453)**	**(332)**	**4,628**
Adjustment for Lease liability				**-**		-
Profit/(loss) for the year				**(4,459)**		(4,459)
Other comprehensive income for the year					**(278)**	(278)
Balance as at March 31, 2020	**2,136**	**580**	**3,697**	**(5,912)**	**(610)**	**(109)**

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For Madan & Associates
Chartered Accountants
FRN: 000185N

M. K. Madan
Proprietor
Membership No.: 082214

Place : New Delhi
Date : September 03, 2020
UDIN: 20082214AAAACG6832

For and on behalf of the Board of Directors of
JAGATJIT INDUSTRIES LIMITED

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DIN: 00152760

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Roopesh Kumar
Company Secretary

Notes on Consolidated Financial Statements

for the year ended March 31, 2020

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. Corporate information

Jagatjit Industries Limited ("the Company") is a Public Limited Company domiciled in India and incorporated under the provisions of the Indian Companies Act, 1913. The registered office of the Company is located at Jagatjit Nagar, Distt. Kapurthala 144802, Punjab, India. Its shares are listed on the BSE Limited. The Company is primarily engaged in the manufacture and sale of Liquor products and job work for food products. The Company has manufacturing plants at Kapurthala (Punjab), and Behror (Rajasthan). The company has six subsidiaries and one associate which are domiciled in India and incorporated under the provisions of the Indian Companies Act, 1956. The company and its subsidiaries together referred as "the Group". The activities of subsidiary companies are not significant. The expression company used in succeeding paragraph means Jagatjit Industries Limited (Holding Company).

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 (A) Basis of preparation and compliance with Ind AS:

(i) The Group prepared its financial statements in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read together with Rule 4A of the Companies (Indian Accounting Standards) Rules, 2015 as amended, to the extent applicable, and the presentation requirements of Division II of Schedule III to the Companies Act, 2013.

(ii) The Accounts have been prepared on Going Concern Basis. The Company has been suffering losses for the last seven years and the net working capital of the Company is negative. During the year March 31, 2020, Company suffered net loss of ₹ 5,165 Lakhs. In the opinion of Management, the Company has sufficient resources to survive and curb the losses incurred and there is no intention of management to liquidate the entity. The Company has undertaken following steps in order to curtail the losses and to make the working capital positive:-

(a) The Company has restarted its business of distillery during the last quarter of 2019-20 and positive results are expected to contribute to the growth of the company during next financial year.

(b) The Company had initiated the process of monetizing its surplus immovable property at Sahibabad (UP) and Sikanderabad (UP) to repay debts / reduce finance cost and enhance its working capital. During the year, company has sold Sikandrabad Unit for ₹ 1900 Lakhs. Company has also received an amount of ₹ 4,627 Lakhs as advance for sale of Sahibabad Unit till March 31, 2020, and the company expects to receive the balance consideration of ₹ 1900 Lakhs from sales of its Sahibabad Unit and it will help in improving the Cash Flow position of the company in next financial year. In the year ended March 31, 2020, total debts (other than group entity) has been reduced by ₹ 6267 Lakhs as compared to March 31, 2019. Finance cost for the year ended March 31, 2020 has been reduced to ₹ 4211 Lakhs as compared to ₹ 7259 Lakhs for the previous year.

(c) Promoters / Promoters' Companies have provided its security of personal / its assets to secure term loan. Promoters have infused ₹ 4000 Lakhs in the form of the interest free loan through associate company and have obtained the waiver of the loan.

(d) The Company has put in place a time bound plan for reduction of overheads and non-essential expenditures resulting in reduction of employee benefit expenses by ₹ 866 Lakhs, rent by ₹ 72 Lakhs, travelling expenses by ₹ 91 Lakhs and legal expenses by ₹ 304 Lakhs as compared to previous year.

(e) The company has ventured into new business of hand sanitizers and accordingly entered into arrangements with various parties for manufacture/ procurement of hand sanitizers for sales & distribution. The product of the company appears to be well accepted in the market as per initial reports. This will have positive impact on the financial performance of the company in the coming year.

Management is of the view that in terms of various steps undertaken, full effect of the same will be further visible by end of the next year and will help in curtailing/reducing losses.

As per the assessment of the management, the

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

going concern assumption is not affected and no material uncertainty exists in this regard in view of the above mentioned factors.

The Consolidated Ind AS Financial Statements of the Group have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities, including derivative financial instruments which have been measured at fair value as described below and defined benefit plans which have been measured at actuarial valuation as required by relevant Ind AS.

(iii) Transactions in currencies other than the Group's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(B) Basis of Consolidation

The Consolidated Financial Statements comprises the financial statement of the Company, its six subsidiaries and one associate as disclosed in Note No 45(v). The Financial Statements of the subsidiaries and associates used in the consolidation are drawn up to the same reporting date as that of the parent company i.e. year ended March 31, 2020.

(C) Principles of Consolidation

(i) The Financial Statements of the company and its subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenditure after eliminating intra group balances and intra group transactions.

(ii) The Financial Statements of the company, its subsidiaries and associates have been consolidated using uniform accounting policies for like transactions and other events.

(iii) The Consolidated Financial Statements include the share of profit/loss of the associate company (to the extent of value of investment) which has been accounted for using equity method as per Indian Accounting Standard 110 - Consolidated Financial Statements. Accordingly, the share of profit/loss from the associate company has been added/ deducted to the cost of Investments.

(iv) Goodwill represents the difference between the company's share in net worth and cost of acquisition of subsidiary at each stage of acquisition of investment. Goodwill arising on consolidation is not amortized but is tested for impairment on annual basis.

(v) Non-controlling interest in the net assets of the consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit/loss for the year of the subsidiaries attributable to non-controlling interest is identified and adjusted against the profit/loss after tax of the Group in order to arrive at the income attributable to shareholders of the Company.

2.2 Current versus non-current classification:

All Assets and Liabilities have been classified as current or non-current considering the operating cycle of 12 months.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

2.3 Fair value measurement:

Fair value is the price that would be received to sell assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for measurement and / or disclosed in these financial statement is determined on such basis.

All Assets and Liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, which are described as follows; Level I - III

Level I input

Level I input are quoted price in active market for identical assets or liabilities that the entity can access at the measurement date, a quoted price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exception. If an entity holds a position in a single assets or liabilities and the assets or liabilities is traded in an active market, the fair value of assets or liabilities held by the entity, even if the market normal daily trading volume is not

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level II input

Level II inputs are those inputs other than quoted market prices included within Level I that are observable for the assets or liabilities either directly or indirectly.

Level II inputs include:

- Quoted price for similar assets or liabilities in active market.
- Quoted price for identical or similar assets or liabilities in market that are not active.
- Input other than quoted prices that are observable for the assets or liabilities.
- Interest rate and yield curve observable at commonly quoted interval.
- Implied volatilise.
- Credit spreads.
- Inputs that are derived principally or from corroborated market data co-relation or other means ('market corroborated inputs').

Level III input

Level III inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 Functional and presentation currency:

These Ind AS Financial Statements are prepared in "Indian Rupee" which is the Group's functional currency. All financial information presented in Rupees has been rounded to the nearest Lakhs.

2.5 Property, plant and equipment:

(i) **Property, plant and equipment**

The Group applied Ind AS 16 with retrospective effect for all of its properties, plants and equipments as at the transition date, viz., April 01, 2016. On April 01, 2016 the Group carried out fresh revaluation of Land owned by the Group as PPE. The revaluation was done by an independent valuer on fair market value basis. Consequently, the revaluation reserve amounting to ₹ 26,779 lacs has been transferred to retained earnings.

The Group has been granted leasehold lands for the period of 99 years and accordingly, the same is treated as finance lease. This is treated as part of properties plant and equipment due to duration of lease period and availability of transfer of leasehold rights. In absence of absolute certainity regarding vesting of ownership with the Group at the determination of lease, depreciation is being charged on the revalued figure of Land on straight line basis over the period of lease.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, attributable borrowing cost and any other directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the present value of the expected cost for the decommissioning and removing of an asset and restoring the site after its use, if the recognition criteria for a provision are met.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the Statements of Profit and Loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if considered appropriate.

When an item of property, plant and equipment is scrapped or otherwise disposed off, the cost and related deprecation are removed from the books of

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

account and resultant profit or loss, if any, is reflected in Statement of Profit and Loss.

(ii) **Capital work in progress**

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised when the asset is available for use but incapable of operating at normal levels until the period of commissioning has been completed. Cost includes financing cost relating to borrowed funds attributable to construction.

(iii) **Depreciation**

The Group depreciates property, plant and equipment over the useful life as prescribed in schedule II of the Companies Act, 2013 on the straight-line method from the date the assets are ready for intended use. Assets in the course of construction and freehold land are not depreciated. In respect of following assets of the Group, different useful life is taken than those prescribed in schedule II:

Particulars	Depreciation
Boiler No-5	Over its useful life as technically assessed (35 Years)
Turbine 7MW	Over its useful life as technically assessed (35 Years)
Evaporator Spent Wash	Over its useful life as technically assessed (35 Years)
MMF Plant (III shift)	Over its useful life as technically assessed (15 Years)

Leasehold land is amortised on straight line basis over the period of lease. Leasehold Improvements are amortised on straight line basis over the useful life of the asset and the remaining period of lease.

2.6 Intangible Assets:

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either definite or indefinite. Currently Group does not have any intangible assets with indefinite useful life. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication to the same effect. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Generally intangible assets are amortised @ 10% per annum as SLM basis.

2.7 Impairment of Assets:

At the end of each reporting period, the Group assesses whether there is any indication that an asset or a group of assets (cash generating unit) may be impaired. If any such indication exists, the recoverable amount of the asset or cash generating unit is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of the cash generating unit to which the asset belong recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing the value in use, the estimated future cash flow is discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flow have not been adjusted.

If the recoverable amount of an assets (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the assets (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss recognized immediately in the Statement of Profit and Loss.

2.8 Cash and Cash equivalent:

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

2.9 Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when a Group becomes a party to the contractual provisions of the instruments.

(i) **Initial recognition and measurement:**

Financial assets and financial liabilities are recognized

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

when a Group becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets or issue of financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of Profit and Loss.

(ii) **Subsequent measurement of financial assets**:

For purposes of subsequent measurement, financial assets are classified in four categories and measured as under:

(a) Debt instruments at amortized cost.

(b) Debt instruments at Fair Value Through Other Comprehensive Income (FVTOCI).

(c) Debt instruments, derivatives and equity instruments at Fair Value Through Profit or Loss (FVTPL).

(d) Equity instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI).

(a) A 'debt instrument' is measured at the amortized cost, if both the following conditions are met:

(i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

(ii) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

(b) A 'debt instrument' is classified as FVTOCI, if both of the following criteria are met:

(i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and

(ii) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI. However, the Group recognizes interest income, impairment losses and foreign exchange gain or loss in the profit or loss. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

(c) FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss.

(d) All equity investments in scope of Ind AS 109 are measured at fair value. Equity Instruments which are held for trading are classified as at FVTPL. If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss.

(iii) Derecognition of financial assets:

The Group derecognizes a financial asset when and only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in Other Comprehensive Income and accumulated in equity is recognized in the Statement of Profit and Loss if such gain or loss would have otherwise been recognized in the Statement of Profit and Loss on disposal of that financial asset.

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

(iv) Impairment of financial assets:

The Group applies the expected credit loss model for recognizing impairment loss on financial assets. The Group follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

(v) Subsequent measurement of financial liabilities:

All the financial liabilities are subsequently measured at amortized cost using the effective interest rate method or at fair value through profit and loss. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

(vi) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such on exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

2.10 Inventories

Inventories are valued at the lower of cost and net realisable value except scrap and by-products which are valued at net realisable value. Costs comprises as follow:

(i) Raw materials, Packing Materials, Store and Spares: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

(ii) Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis. In pursuance of IND AS-2 indirect production overheads (estimated by the Management) have been allocated for ascertainment of cost of finished goods.

(iii) Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(iv) Obsolete inventories are identified and written down to net realisable value. Slow moving and defective inventories are identified and provision for the same is made. Inventories are valued on lower of cost or net realizable value.

2.11 Retirement Benefits

Group follows IND AS-19 as detailed below: -

(a) Short-term benefits are recognized as expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

(b) Group provides bonus to eligible employees as per the Bonus Act, 2015 and accordingly liability is provided on actual cost at the end of the year.

(c) Provident Fund: The eligible employees of the Group are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both employees and the Group make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension Scheme.

(d) The Group has an obligation towards gratuity a defined benefit retirement plan covering all employees. The plan provides for a lumpsum payment to employees at retirement/determination of service on the basis of 15 days terminal salary for each completed year of service subject to maximum amount of Rs. 20 Lacs.

Group's liability towards gratuity and compensated absences is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognized in Other Comprehensive Income (OCI) in the period in which they occur. Remeasurement recognized in the Other Comprehensive Income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset.

Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost as well as gains and losses on curtailments and settlements);

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

- Net interest expense or income; and
- Remeasurement

2.12 Revenue Recognition

Revenue is recognized as per Ind AS 115 "Revenue from contract with customers". Revenue from contract with customers is recognized when control of promised goods and services are transferred to customers at an amount that reflects the consideration which the Group expects to receive in exchange for those goods.

(a) Sale of goods and rendering of services: Revenue from sale of goods and rendering of services including export benefits thereon are recognized at the point in time when control of goods or services is transferred to the customer which is usually on dispatched / delivery of goods or services, based on contracts with the customers.

(b) Sales include goods sold by contract manufacturers (CMU) on behalf of the Group, since risk and reward belong to the Group in accordance with the terms of the relevant contract manufacturing agreements. The related cost of sales is also recognized by the Group, as and when incurred by the CMU.

(c) Sales through State Corporation: Revenue is recognized at the time of dispatch/delivery to the Corporation as significant risk & rewards associated with ownership are transferred to the Corporation along with the transfer of the property in goods. The Group has complete physical control over the goods and the liquor manufacturer does not have any right to take back or have lien on such goods.

(d) Interest Income is recorded on time proportion basis using the effective rate of Interest (EIR).

(e) Rent: Rental Income is accounted on accrual basis.

(f) Interest on Income Tax refunds, Insurance claims, Export benefits and other refunds are accounted for as and when amounts receivable can be reasonably determined as being acceptable to authorities.

(g) Royalty income is accounted on an accrual basis in accordance with terms specified in the relevant agreements.

(h) Income from franchisees business: The Group has entered into supply agreement with few parties. Under the agreement, parties manufacture at their own cost under supervision of the Group and sell the same to retailers (Licensees) on behalf of the Group. Revenue is recognised net of cost of goods sold.

2.13 Manufacturing policy

The main raw material of the Group is ENA, which is used to produce Indian Made Foreign Liquor (IMFL) and Country Liquor (CL). Manufacturing policy of the Indian alcoholic spirit market is highly regulated by the States who control the alcoholic beverage industry. The Indian liquor industry has been experiencing challenges such as state policies with respect to import & export from one state to the other, production constraints with respect to the pack sizes and type of packaging, price control and increasing state levies & duties.

2.14 Taxation:

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in Other Comprehensive Income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except when it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in Other Comprehensive Income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

GST paid on acquisition of assets or on incurring expenses:

Expenses and assets are recognised net of the amount of GST paid, except:

When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of tax included, the net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Group.

2.15 Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.16 Foreign Currency Transactions:

Foreign Currency Transactions involving export sales are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the customs rate on the date of dispatch of goods. The difference between the rates recorded and the rates on the date of actual realization is transferred to difference in exchange fluctuation account. At the year end, the balances are converted at the year end rate and difference if any between the book balance and converted amount are transferred to the exchange fluctuation account. The premium or discount arising at the inception of a forward exchange contract is amortized as expenses / income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward contract is recognized as income / expenses for the period. Non-monetary items that are measured in historical cost in a foreign currency are not retranslated.

2.17 Provisions:

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of the provisions to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.18 Earning Per Share:

The Company presents basic and diluted Earning Per Share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit and loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

2.19 Segment Reporting:

(a) Segment assets and liabilities:

All Segment assets and liabilities are directly attributable to the segment. Segment assets include all operating assets used by the segment and consist principally of PPE, inventories, trade receivable, financial assets and operating cash and bank balances. Segment assets and liabilities do not include inter-corporate deposits, share capital, reserves and surplus, borrowings, and income tax (both current and deferred).

(b) Segment revenue and expenses:

Segment revenue and expenses are directly

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

attributable to segment. It does not include interest income on inter-corporate deposits, interest expense and income tax.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue/expenses/assets/liabilities".

2.20 Cash Flow Statement:

Cash flows are reported using indirect method as set out in Ind AS -7 "Statement of Cash Flows", whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information

2.21 Leases:

The Group as a lessee

The Group's lease asset classes primarily consist of leases for buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the assesses whether:

(a) the contract involves the use of an identified asset.

(b) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and

(c) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) renewable every year and low value leases. For these short-term and low-value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Group changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Transition

Effective April 1, 2019, the Group adopted Ind AS 116, "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Accordingly comparatives for the year ended March, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the ROU asset at its carrying amount. The Financial effect has been disclosed in Note No 45(ii).

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for the year ended March 31, 2020

2.22 Contingent liabilities:

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. The Group does not recognize a contingent liability but discloses its existence in the consolidated Ind AS financial statements.

2.23 Use of estimates and judgments:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which it is known/materialised.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

(i) Property, plant and equipments

(ii) Intangible assets

(iii) Taxes on income

(iv) Retirement and other employee benefits

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

3A. PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars		Land Free Hold	Land Lease Hold	Building	Furniture & Fixtures	Plant & Machinery	Other Equipment	Vehicles	Total
(I)	**Cost/deemed cost**								
	As at March 31, 2018	**23,789**	**3,133**	**6,180**	**239**	**9,054**	**190**	**448**	**43,033**
	Additions	-	-	86	26	24	18		154
	Disposals	-	-	-	-	(32)	(2)	(60)	(94)
	Transferred to Investment property					(224)			(224)
	Assets classified as held for sale		(2,282)	(9)		(34)	(3)		(2,328)
	As at March 31, 2019	**23,789**	**851**	**6,257**	**265**	**8,788**	**203**	**388**	**40,541**
	Additions			**15**		**47**	**6**	**104**	**172**
	Disposals			**(50)**		**(19)**		**(157)**	**(226)**
	As at March 31, 2020	**23,789**	**851**	**6,222**	**265**	**8,816**	**209**	**335**	**40,487**
(II)	**Accumulated depreciation**								
	As at March 31, 2018		**88**	**535**	**55**	**781**	**61**	**217**	**1,737**
	Charge for the year		27	261	33	566	34	72	993
	Disposals					(6)	(1)	(34)	(41)
	Transferred to Investment property					(111)			(111)
	Assets classified as held for sale		(82)				(1)		(83)
	As at March 31, 2019	-	**33**	**796**	**88**	**1,230**	**93**	**255**	**2,495**
	Charge for the year		10	268	26	522	33	24	883
	Disposals			(2)		(19)		(138)	(159)
	As at March 31, 2020	**-**	**43**	**1,062**	**114**	**1,733**	**126**	**141**	**3,219**
(III)	**Net block**								
	As at March 31, 2019	**23,789**	**818**	**5,461**	**177**	**7,558**	**110**	**133**	**38,046**
	As at March 31, 2020	**23,789**	**808**	**5,160**	**151**	**7,083**	**83**	**194**	**37,268**

3B. OTHER INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars		Patent Trade Mark	Goodwill	Total
(I)	**Cost/deemed cost**			
	As at March 31, 2019	10	1,249	**1,259**
	As at March 31, 2020	10	1,249	**1,259**
(II)	**Accumulated depreciation**			
	As at March 31, 2018	6		**6**
	Amortization for the year	2		**2**
	As at March 31, 2019	8		**8**
	Amortization for the year	2	1,249	**1,251**
	As at March 31, 2020	10		**10**
(III)	**Net block**			
	As at March 31, 2019	**2**	**1,249**	**1,251**
	As at March 31, 2020	**-**	**-**	**-**

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

3C. CAPITAL WORK IN PROGRESS

(₹ in Lakhs)

Particulars	
As at March 31, 2019	22
As at March 31, 2020 *(refer footnote (iv))*	18

3D. RIGHT-OF-USE ASSETS

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	-	-
Recognised on account of adoption of Ind AS 116 (in respect of building)	53	-
Addition during the year	-	-
Deletion during the year	-	-
Amortisation expenses during the year	33	-
	20	

Footnote(s) :-

(i) For details of Property, plant and equipment charged as security of borrowings refer Note 18.

(ii) Land at various locations have been revalued as on April 01, 2016 by an independent approved valuer on a fair market value basis.

(iii) Estimated amount of capital contracts remaining to be executed is Nil (Previous year : ₹ 12 Lakhs)

(iv) Disposal of building represent reimbursement of renovation expenses on let out property to related party which was capitalised in earlier year.

(v) Some portion of Hamira building has been let out on temporary basis. In absence of specific cost of let out portion, the same has not been transferred to investment property.

(vi) For leasehold land refer note 2.5 regarding Significant Accounting Policy.

4. INVESTMENT PROPERTIES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Gross carrying amount at beginning of the year	2,640	2,407
Tranferred from property, plant and equipment	-	224
Additions during the year	-	9
Gross carrying amount at end of the year	**2,640**	**2,640**
Accumulated depreciation at beginning of the year	803	643
Tranferred from property, plant and equipment	-	111
Depreciation charged during the year	47	49
Accumulated depreciation at end of the year	**850**	**803**
Net carrying amount	1,790	1,837

Footnote(s):

(i) Investment in properties comprises land & building (including allied plant & machinery).

(ii) **Amounts recognised in profit and loss for investment properties**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rental income (including reimbursement of maintenance expenses)	2,560	2,455
Direct operating expenses from property that generated rental income	512	455
Profit from investment properties before depreciation	**2,048**	**2,000**
Depreciation for the year	47	49
Profit from investment properties	**2,001**	**1,951**

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

(iii) Contingent rents recognised as income - Nil.

(iv) Company has entered upon lease agreements on different dates for a period of maximum 3 years with varying rents with passage of time. The lease(s) can be terminated at the option of lessor/lessee with notice period of three months.

(v) **Fair value**

Particulars	As at March 31, 2020	As at March 31, 2019
Investment properties	21,464	21,464

(vi) **Estimation of fair value**

The company obtained independent valuations for its investment properties on April 01, 2016. The best evidence of fair value is current prices in an active market for similar properties.

All resulting fair value estimates for investment properties are included in level 2. Management is of view that there is no significant change in fair value as on March 31, 2020 and hence no valuation is done at year end.

(vii) For details of investment property charged as security of borrowings refer note 18 (i).

5. NON-CURRENT INVESTMENTS

(₹ in Lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
(A)	**Equity instruments (fully paid-up)**		
(i)	**Quoted**		
	Milkfood Limited		
	1,350 Shares (March 31, 2019 : 1350) of ₹ 10 each fully paid	5	4
	Punjab National Bank		
	4,965 Shares (March 31, 2019 : 4965) of ₹ 2 each fully paid	2	5
	GlaxoSmithKline Consumer Healthcare Limited		
	4 Shares (March 31, 2019 : 4) of ₹ 10 each fully paid	0	0
	Indage Vintners Limited		
	100 Shares (March 31, 2019 : 100) of ₹ 10 each fully paid	0	0
	McDowell Holdings Limited		
	6 Shares (March 31, 2019 : 6) of ₹ 10 each fully paid	0	0
	Nestle India Limited		
	4 Shares (March 31, 2019 : 4) of ₹ 10 each fully paid	0	0
	Radico Khaitan Limited		
	10 Shares (March 31, 2019 : 10) of ₹ 2 each fully paid	0	0
	Shreno Limited		
	12 Shares (March 31, 2019 : 12) of ₹ 100 each fully paid	0	0
	Anheuser Busch India Indev Limited (SABMiller India Limited)		
	103 Shares (March 31, 2019 : 103) of ₹ 10 each fully paid	0	0
	Taurus The Starshare		
	2500 Shares (March 31, 2019 : 2500) of ₹ 10 each	1	1
	United Breweries Limited		
	5 Shares (March 31, 2019 : 5) of ₹ 1 each fully paid	0	0
	United Breweries (Holdings) Limited		
	3 Shares (March 31, 2019 : 3) of ₹ 10 each fully paid	0	0
	United Spirits Limited		
	8 Shares (March 31, 2019 : 8) of ₹ 10 each fully paid	0	0

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars		As at March 31, 2020	As at March 31, 2019
(ii)	**Unquoted**		
	In associates		
	Hyderabad Distilleries and Wineries Pvt Ltd	3	3
	3150 Shares (March 31, 2019 : 3150) of ₹ 100 each fully paid up		
	Add : Group Share of Profit/(Loss) upto March 31,2019	(3)	(3)
	Add : Group Share of Profit/(Loss) upto March 31,2020	477	-
	In others		
	Mohan Meakin		
	100 (March 31, 2019 : 132061) shares of ₹ 5 each fully paid	0	627
	Janta Co-operative Sugar Mills Ltd.		
	50 Shares (March 31, 2019 : 50) of ₹ 100 each fully paid	0	0
	Panipat Co-operative Sugar Mills Ltd.		
	2 Shares (March 31, 2019 : 2) of ₹ 100 each fully paid	0	0
	Traders Bank Limited		
	1 Share (March 31, 2019 : 1) of ₹ 4 each fully paid	0	0
	LPJ Holdings Pvt. Limited.		
	600 Shares (March 31, 2019 : 600) of ₹ 10 each fully paid	81	81
(B)	**Investment in Preference Shares (fully paid-up)**		
	Qube Corporation Pvt. Ltd.		
	1,80,000 (March 31, 2019 : 13,50,000) Cumulative Redeemable Preference Shares of ₹ 10 each.	18	135
(C)	**Investment in government securities**		
	Quoted		
	6 year National Saving Certificates (lodged with Government Authorities)	1	1
	TOTAL	585	854

Footnote(s):

(i)	Cost of investment		
	Mohan Meakin Ltd.	0	39
	Milkfood Ltd.	1	1
	Punjab National Bank	4	4

(ii) The Group has sold 1,31,961 shares of Mohan Meakin Ltd. @ ₹ 475/- during the year in the off market as these shares are not traded on any stock exchange and sold 11.70 Lakhs preference shares of Qube Corporation Pvt. Ltd. for ₹ 117 Lakhs (at par) to group entities.

6. LOANS

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good :		
Loan	10	10
Loan to employees *(refer note 39, and footnote (i))*	474	-
Unsecured-Considered Doubtful :		
Loan others *(refer footnote(ii))*	315	-
Loan to employee	-	10
Less: Provision for doubtful advances	(315)	(10)
Total	**484**	**10**

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

Footnote(s):

(i) Represent recoverable from the senior employees. In absence of stipulations of recovery, the amount is treated as non-current assets and thus Ind AS 109 is not applicable. It was treated as current asset in the previous year under Note No 12.

(ii) Represent loan to ex-senior employee of the Group. The amount has been provided as a matter of abundant caution. Group is making efforts to recover the loan. It was treated as current asset in the previous year under Note No 12.

7. OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured considered good :		
Security deposits	364	409
Fixed deposits with bank *(refer footnote-(i))*	741	1,104
Margin money accounts *(refer footnote(ii))*	109	-
Unsecured considered doubtful :		
Security deposits	51	-
Others	65	1
Less: Provision for doubtful deposit and others	(116)	(1)
Total	**1,214**	**1,513**

Footnote(s) :

(i) Includes fixed deposit of Nil (Previous Year : ₹ 381 Lakhs) pledged with IFCI, ₹ 686 Lakhs (Previous year : ₹ 636 Lakhs) with Indusind Bank for security against interest payment (Also refer note no 18(i)), ₹ 43 Lakhs (Previous Year : ₹ 54 Lakhs) pledged with Govt. Authority as security and ₹ 6 Lakhs pending reconciliation.

(ii) Towards bank guarantee against statutory obligations.

8. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital advances	-	2,987
MAT credit *(refer footnote (i))*	1	979
Balance with revenue authorities *(refer footnote (ii))*	78	67
Advances to suppliers *(refer footnote (iii))*	350	-
Prepaid expenses	18	110
Others	1	6
Unsecured - considered doubtful		
Advances to suppliers	1,584	1,485
Others *(refer footnote (iv))*	226	66
Less: Provision for doubtful advances	(1,811)	(1,551)
Total	**447**	**4,149**

Footnote(s):

(i) In absence of convincing evidence of future taxable profit, MAT credit of ₹ 979 Lakhs has been written off.

(ii) Deposit with authorities as a precondition for filing appeal against various demands raised.

(iii) It was treated as current asset in the previous year under Note 14.

(iv) Includes ₹ 37 Lakhs (given in earlier years and provided for) from director of the Group. It also includes interest free advance of ₹ 170 Lakhs (Previous Year : ₹ 270 Lakhs treated as current) given in the earlier years. The amount has been provided as a matter of abundant caution. The Group is making efforts to recover the said advance.

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

9. INVENTORIES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials [includes in transit of ₹ 504 Lakhs (Previous Year : ₹ 757 Lakhs)]	1,485	1,358
Packaging materials [includes in transit of ₹ Nil (Previous Year : 2 Lakhs)]	243	412
Work-in-Progress	502	436
Finished Goods	1,441	1,158
Stock-in-Trade	19	24
Store and Spares	499	554
Total	**4,189**	**3,942**

Footnote(s):

(i) Raw materials and packaging materials are net of provision for obsolete inventory of ₹ 389 Lakhs (Previous Year : ₹ 527 Lakhs).

(ii) Non-moving stock of ₹ 67 Lakhs (Raw Material of ₹ 24 Lakhs, WIP of ₹ 9 Lakhs and Finished goods of ₹ 34 Lakhs) (Previous Year : Nil) against which no provision has been made. Management is of view that these stock will be utilised / disposed off in the financial year 2020-21. Adjustment, if any, shall be made in the subsequent year.

10. TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	2,861	6,581
Doubtful	6,202	4,588
	9,063	**11,169**
Less: Allowance for doubtful debts	6,202	4,588
	2,861	**6,581**
Current	**2,861**	**6,581**
Non-current	**-**	**-**

Footnote(s):

(i) No debts are due from directors or other officers of the Group either severally or jointly with any other person. Also, no debts are due from firms or private companies, in which any director is a partner or a director or a member.

(ii) Net of ₹ 31 Lakhs of service tax. *(refer Note No 25(ii)(b))*

11. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	26	14
Bank balance on current accounts *(refer footnote (i))*	1074	937
Total	**1100**	**951**

Footnote(s):

(i) During the year unidentified non-operative bank balance of ₹ 2 Lakhs has been written off.

12. CURRENT LOANS

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Loan & advances to employees *Refer Note 6(i) and Note 6(ii)*	57	894
Total	**57**	**894**

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

13. OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed deposits with bank	-	19
Security deposit	7	73
Margin money accounts *(refer footnote(i))*	7	45
Interest receivable	1	105
Others	61	153
Total	**76**	**395**

Footnote(s):

(i) Towards bank guarantee against statutory obligation.

14. OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance with excise/revenue authorities	40	77
Advance tax	275	163
Income tax refund	344	491
Advances to suppliers	114	1,481
Prepaid expenses	232	196
Others *(refer footnote(i))*	4	38
Total	**1,009**	**2,446**

Footnote(s):

(i) Current year figure represent receivable from a group entity and is static for more than 3 years. Management is of the view that the amount will be recovered or adjusted in FY 2020-21.

15. ASSETS CLASSIFIED AS HELD FOR SALE

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed Assets held for sale	38	1,938
(Valued at the lower of the estimated net realisable value & carrying amount)		
Total	**38**	**1,938**

Footnote(s):

(i) (a) Consequent upon receipt of approval from Lessor (UPSIDC) the Group has recorded sale of Sikandrabad unit (comprising of leasehold land, building and machinery) for ₹ 1900 Lakhs in books of account. There is no impact on the profit/(loss) of the Group as carrying value of the assets (restated on NRV in previous year) equals the sale consideration.

(b) In the financial year 2016-17, assets of Glass division were treated as held for sale due to discontinuity of operations of Glass unit at Sahibabad and accordingly these were valued at lower of estimated net realisable value and carrying amount. During the earlier year, the Group had entered upon an agreement to develop and sell a part parcel of leasehold land subject to approval of statutory/ Local Authorties for disposal of same. The Group has received a sum of ₹ 4627 Lakhs (Previous Year : 4527 Lakhs) towards part performance of agreement. However pending receipt of formal approval from the lessor i.e. statutory authority for the transfer of lease hold rights in favour of propsed buyer, the same is treated as advance against assets held for sale (refer note 25). Management is hopeful for obtaining formal approval of the same, within 12 months of the reporting date.

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

16. SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
75,000,000 (March 31, 2019: 75,000,000) equity shares of ₹ 10/- each	7,500	7,500
Issued, subscribed and fully paid up		
46,148,112 (March 31, 2019: 46,148,112) equity shares of ₹ 10/- each	4,615	4,615
	4,615	**4,615**

Footnote(s):

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares	Numbers	Amounts (₹)
Issued, subscribed and fully paid up		
As at April 1, 2018	46,148,112	461,481,120
Increase/(Decrease) during the year	-	-
As at March 31, 2019	**46,148,112**	**461,481,120**
Increase/(Decrease) during the year	-	-
As at March 31, 2020	**46,148,112**	**461,481,120**

(ii) Terms/ rights attached to equity shares

(a) 18,438,112 shares referred to as equity shares are having face value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share and dividend, if declared.

(b) 25,210,000 underlying Equity Shares of ₹ 10/- each fully paid up ranking pari-passu with existing shares were issued in the name of the Depository, The Bank of New York, representing the Global Depository Receipts (GDR) issue. GDRs do not carry any voting rights until they are converted into equity shares.

(c) 2,500,000 Equity Shares of ₹ 10/- each held by LPJ Holdings Pvt. Ltd., fully paid up at a premium of ₹ 20/- per share, as a special series with differential rights to dividend and voting, were issued during the financial year 2004-05. These shares have no right to the dividend and each share carry twenty voting rights as compared to one voting right per existing equity share and were under the lock-in-period of three years from the date of allotment.

(d) The holders of all the above Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in event of liquidation of the Company.

(iii) Details of shareholders holding more than 5% Equity Shares in the Company:

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	Numbers	Percentage	Numbers	Percentage
(a) The Bank of New York (the Depository) (footnote (ii) b)	25,210,000	54.63	25,210,000	54.63
(b) LPJ Holdings Pvt. Ltd. [footnote (ii)(a)]	7,418,648	16.08	7,418,648	16.08
(c) LPJ Holdings Pvt. Ltd. [footnote (ii)(c)]	2,500,000	5.42	2,500,000	5.42

17. OTHER EQUITY

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Capital redemption reserve	580	**580**
(b) Securities premium reserve	3,697	**3,697**
(c) General reserve	2,136	**2,136**
(d) Retained earning *(refer footnote (iv))*	(5,912)	**(1,453)**
(e) Other Comprehensive Income	(610)	**(332)**
Balance as at the end of reporting period	**(109)**	**4,628**

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

Footnote(s):

(i) **Capital Redemption Reserve:**

Capital Redemption Reserve was created pursuant to redemption of preferance shares issued in earlier years. The Capital Redemption Reserve amount may be applied by the company, in paying up unissued share of the Company to be issued to shareholders of the Company as fully paid bonus shares.

(ii) **Securities Premium Reserve**

Where the Company issues shares at premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium account". The Company may issue fully paid-up bonus shares to its members out of balance lying in the Securites Premium Account and the Company can also use this reserve for buy-back of shares.

(iii) **General Reserve**

General reserve is created out of profit earned by the company by way of transfer from surplus in the statement of profit & loss. The Company can use this reserve for payment for dividend and issue of fully paid up shares.

(iv) Includes revaluation reserve of ₹ 24,523 Lakhs (Previous Year ₹ 26,323 Lakhs) related to land situated at Hamira and Behror.

(v) The aggregation/ disaggregation of changes in each type of reserve, retained earnings and other comprehensive income are disclosed in Statement of Changes in Equity.

18. BORROWINGS

(A) Non current borrowings

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
From banks		
Term loan *(refer footnote (i)(iv))*	19,441	19,586
From others		
Car loans *(refer footnote (iii))*	67	-
Unsecured		
Term Loans *(refer footnote (ii)(iv))*	411	-
Inter corporate loan from related party	86	2,103
From Directors	1	1
Total	**20,006**	**21,690**

(B) Current borrowings

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Working capital loans from banks	-	1
Unsecured		
Inter corporate loan from related party *(refer note no. (v))*	217	-
Total	**217**	**1**

Footnote(s):

Nature of Security	Terms of Repayment
(i) Rupee loan from Indusind Bank amounting to ₹ 19,552 Lakhs (Previous Year : ₹ 19,586 Lakhs) net of processing fee of ₹ 374 Lakhs (Previous Year : ₹ 404 Lakhs) is secured against :- (a) Office space at 9th and 10th floor, Ashoka Estate, 24 Barakhamba Road, New Delhi (b) Land & Building at Plot No 78, Sector 18, Institutional Area, Gurgaon, Haryana.	Repayable by Dec-2033. Rate of Interest is 11.75%

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

Nature of Security		Terms of Repayment
	(c) Lien on fixed deposit of ₹ 686 Lakhs on exclusive basis. (Refer note 7(i)) ₹ 136. Lakhs (Previous Year Nil) treated as current maturities of long term borrowings (refer note no. 24)	
(ii)	Rupee loan from NBFC amounting to ₹ 1,116 Lakhs (Previous Year : ₹ 5,592 Lakhs). The facility was secured by collaterals provided by promoters and other third parties. ₹ 705 Lakhs (Previous Year ₹ 5592 Lakhs) treated as current maturities of long term borrowings (refer note no. 24)	Repayable by Sep 2021. Rate of Interest is 20.70%
(iii)	Car Loans of ₹ 88 Lakhs (Previous Year : ₹ 13 Lakhs) are secured by hypothecation of the related cars. ₹ 21 Lakhs (Previous Year : ₹ 13 Lakhs) treated as current maturities of long term borrowings (refer note no. 24)	Repayable by Mar-2025. Rate of interest 8.25% to 8.75% p.a.

(iv) Loan from NBFC (Other than car loan) and Indusind Bank are under moratorium till August 2020 due to Covid-19 pandemic. The Group is expecting its revised repayment schedule from the said institutions and pending the same for classification of loan in current and non-current is made on the basis of existing repayment schedule.

(v) Includes loan of ₹ 23 Lakhs from associate company for which terms & conditions have not been stipulated and therefore it is treated as repayable on demand. Provision of interest, if any, will be made on finalisation of the terms. *(Also refer note no 35 & 39)*

19. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	3,348	3,647
Total	**3,348**	**3,647**

Footnote(s):

(i) Addition/ deduction represents the securtiy deposit received / paid during the year (Net of the fair value adjustments as per IND AS 109) from the franchise partners/ contact manufacturers.

20. LEASE LIABILITY

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease liabilities (ROU)	22	
(refer Note No 45(ii) & 2.21)		
Total	**22**	**-**
Current	19	
Non-current	3	

21. OTHER LONG TERM LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance rental income *(refer footnote (i))*	323	434
Total	**323**	**434**

Footnote(s):

(i) Represent difference in fair value and carrying value of security deposit received.

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

22. PROVISIONS

(A) Non current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Provision for employee benefits *(refer footnote(i))*		
- Gratuity	1,878	1,649
- Compensated absences	78	171
(b) Provisions for litigations *(refer footnote (ii))*		
- Service tax/ Sales tax	422	425
Total	**2378**	**2245**

(B) Current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits *(refer footnote (i))*		
- Gratuity	323	266
- Compensated absences	122	158
- Provision for Income tax	1	-
Total	**446**	**424**

Footnote(s):

(i) Gratuity and compensated absences have been determined by actuary in terms of Ind AS 19 and accordingly provided. *(for detail refer note 38).*

(ii) Includes provision of service tax of ₹ 353 Lakhs (Previous Year : ₹ 353 Lakhs) demanded by Orissa State Beverages Corporation against their liability to Service Tax. The matter is subjudice and adjustment will be made in the year of final decision.

23. TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of Micro and Small Enterprises *(refer footnote (i))*	32	8
Total outstanding dues of creditors other than Micro & Small Enterprises *(refer footnote (ii), (iv))*	6,739	7,349
Total	**6,771**	**7,357**

Footnote(s):

(i) This information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Group. This has been relied upon by the auditors. The Group has provided interest on the balance outstanding of MSME parties in respect of supplies subsequent to the date of registration under MSMED Act. 2006.

(ii) Includes the amount of ₹ 184 Lakhs being balance of the MSME party prior to the date of its registration under the MSMED Act 2006.

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

(iii)

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	As at March 31, 2020	As at March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year		
- Principal Amount Unpaid	32	8
- Interest due	3	1
The amount of interest paid by the buyer in term of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to suppliers beyond the appointed day during the year		
- Payment made beyond the Appointed date	-	12
- Interest paid beyond the Appointed date	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	3	1
The amount of interest accrued and remaining unpaid at the end of the year *(refer note 24(ii).*	4	217

(iv) Includes ₹ 38 Lakhs (Previous Year : ₹ 99 Lakhs) representing stale cheques issued in earlier years pending reconciliation. The amount will be adjusted subsequently after reconciliation.

24. OTHER CURRENT FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current maturities of long-term borrowings *(refer note 18)*	837	6,806
Unclaimed matured deposits *(refer footnote (i))*	44	59
Interest accrued but not due	87	150
Interest accrued and due *(refer footnote (ii))*	13	235
Security deposits	3,304	2,437
Employee benefits payable *(refer footnote (iv))*	941	819
Expenses payable *(refer footnote (iii))*	491	591
Other liabilities	155	162
Total	**5,872**	**11,259**

Footnote(s):

(i) Unclaimed Deposits are not required to be transferred to the Investor Education and Protection Fund (IEPF) in terms of section 125 of the Companies Act, 2013, as these deposits are unclaimed for less than 7 years from the date of their maturity.

(ii) Includes ₹ 4 Lakhs (Previous Year : 217 Lakhs) payable to MSME suppliers. During the year, interest of ₹ 216 Lakhs (provided prior to FY 2018-19) payable to unidentified MSME suppliers no longer required have been written back.

(iii) (a) The provision for bills payable with respect to legal and professional expenses of ₹ 53 Lakhs have been adjusted against the advances given in earlier years pending receipt of bills.

(b) Includes ₹ 71 Lakhs (Previous Year : 71 Lakhs) on account of cash discount payable for earlier years subject to confirmation and reconciliation of account with Orissa State Beverges Corporation Ltd.

(iv) Includes ₹ 226 Lakhs (Previous Year : ₹ 159 Lakhs) payable to ex-employees on account of full and final settlement which are outstanding for more than one year. Management will review the balances in the financial year 2020-21 and pass the necessary entry if any on completion of the review.

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

25. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advances from customers *(refer footnote (i))*	1,063	475
Advances received against assets held for sale *(refer note 15(i)(b))*	4,627	6,427
Statutory dues *(refer footnote (ii))*	1,289	1,054
Other liabilities *(refer footnote (iii))*	292	333
Total	**7,271**	**8,289**

Footnote(s):

(i) Includes ₹ 542 Lakhs (including ₹ 422 Lakhs outstanding more than 365 days) received from customers pending reconciliation. It also includes a sum of ₹ 857 Lakhs received from a customer which is adjustable in 60 equal installments of ₹ 15 Lakhs each w.e.f. July 2020 and being shown as net of receivable of ₹ 215 Lakhs against supplies to the said customer. The Management is of the view that the same is not a deposit within the meaning of Sec 2(31) read with Acceptance of Deposit rules 2014.

(ii) (a) Includes provision of custom duty of ₹ 303 Lakhs (Previous Year : ₹ 453 Lakhs) in respect of goods in transit and provision of excise duty of ₹ 265 Lakhs (Previous Year : ₹ 69 Lakhs) in respect of closing stock of finished goods.

(b) Service tax payable of ₹ 54 Lakhs (representing difference on provision made in respect of royalty income on accrual basis and the payment made on the actual receipt as certified by the management) included in the previous year figures has been adjusted by recognition of income of ₹ 23 Lakhs and the balance amount has been adjusted from the parties account.

(iii) Represent difference in fair value and carrying value of security deposit received.

26. REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Sale of products (gross of excise duty) *(refer note (i))*	12,683	13,904
(b) Sale of services (Job work)	8,610	8,516
(c) Other operating revenues *(refer note (ii))*	872	2,252
(d) Revenue from franchisee business (refer note (iii))	363	253
Total revenue from operations	**22,528**	**24,925**

Footnote(s):

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) **Sale of products comprises**		
(a) Manufactured goods		
Malt & malt extract	3,208	3,137
Processed milk	1,158	1,110
Liquor	7,035	8,602
Other	648	566
	12,049	**13,415**
(b) Traded goods		
Petroleum and its products	631	479
Others	2	10
	633	**489**
	12,682	**13,904**

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
(ii)	**Other operating revenues comprises**		
	Royalty (current year income is net of reversal of income of ₹ 119 Lakhs related to previous year)	420	1,414
	Duty drawbacks	17	41
	Scrap sales	121	138
	Bottling charges income	-	244
	Miscellaneous income	314	415
		872	**2,252**
(iii)	**Income from Franchisee business *(refer note no 2.12(h))***		
	The Group has supply agreement with the Franchisee parties. Under the agreement, Franchisee manufacture the goods and sell the same to retailers. The Revenue for the same is recognised net of cost of goods sold. The revenue and cost of goods sold as detailed hereunder are certified by the management.		
	Sales from franchisee business	13,201	6,405
	Less : Cost of goods sold	12,838	6,152
	Net Revenue	**363**	**253**

27. OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income *(refer footnote (i))*	122	222
Rental maintenance income	441	417
Rent others	12	21
Rent from investment properties	2,118	2,038
Gain on financial instruments at fair value through profit or loss	473	980
Insurance claims	9	2
Liabilities/provisions no longer required written back *(refer footnote (ii))*	1,572	1,132
Misc Income *(refer footnote (iii))*	56	-
Profit on sale of Investments	-	650
Total	**4,803**	**5,462**

Footnote(s):

(i) Includes interest of ₹ 34 Lakhs (Previous Year : Nil) on income tax refund.

(ii) Includes reversal of interest payable of ₹ 216 Lakhs (Previous Year : Nil) to MSME Supplier *(refer note no 24(ii))*.

(iii) Includes ₹ 55 Lakhs (Previous Year : Nil) written back on account of diiferences arising due to reconciliation of trade payable / receivable balances. The amount of ₹ 55 Lakhs includes statutory liabilities of ₹ 40 Lakhs which in the opinion of the Management are not payable.

28. COST OF MATERIAL CONSUMED

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening stock	2,297	2,899
Add: Purchases of raw and packaging materials	8,693	6,391
	10,989	9,290
Less : Closing stock	2,118	2,297
Total	**8,872**	**6,993**

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

29. PURCHASES OF STOCK-IN-TRADE

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Petroleum and its products	613	452
Others	5	26
Total	**618**	**478**

30. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the beginning of the year:		
Work-in-progress	436	578
Finished goods	1,161	2,413
Stock-in-trade	21	38
	1,618	**3,029**
Inventories at the end of the year:		
Work-in-progress	501	436
Finished goods	1,441	1,161
Stock-in-trade	19	21
	1,961	**1,618**
Decrease/(Increase)	**(343)**	**1,411**

31. EMPLOYEE BENEFIT EXPENSES

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	4,972	5,819
Gratuity & compensation for Leave	447	423
Contribution to provident, family pension fund	328	336
Contribution to employees' state insurance	113	134
Staff welfare expenses	134	148
Total	**5,994**	**6,860**

32. FINANCE COST

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expenses on		
Borrowings	3,085	5,511
Security Deposit received *(refer footnote (i))*	657	264
Lease liabilities (ROU)	4	-
Other	258	258
Other borrowing cost *(refer footnote (ii))*	207	1,226
Total	**4,211**	**7,259**

Footnote(s):

(i) Includes ₹ 410 Lakhs (Previous Year : Nil) on account of interest paid on security deposit (received in earlier years) at the time of full and final settlement with parties.

(ii) Includes ₹ 82 Lakhs (Previous Year : ₹ 507 Lakhs) towards prepayment of loan.

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

33. DEPRECIATION AND AMORTISATION EXPENSES

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of property, plant & equipment	883	993
Depreciation of investment property	47	49
Amortisation of intangible assets	2	2
Amortisation of right-of-use assets	33	-
Total	**965**	**1,044**

34. OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Manufacturing expenses:		
Consumption of Stores and Spare parts	280	308
Power and Fuel	3,104	3,263
Repairs - Buildings	65	92
Plant and machinery	233	220
Excise Duty *(refer footnote (i))*	196	(424)
Other expenses	980	1,001
Administrative & Selling expenses:		
Rent *(refer Note 45(ii))*	36	108
Rates & Taxes	652	719
Insurance	129	162
Travelling expenses	235	326
Repairs to building	22	22
Other repairs & maintenance	265	224
Bad debts, advances and stock written off	933	192
Provision for doubtful debts and advances	2,976	1,484
Provision for inventory for obsolete stock	146	155
Reimbursement of expenses to directors	2	2
Directors' fee	10	9
Security Expenses	261	195
Forwarding charges	88	119
Advertisement, publicity and sales promotion	1,137	668
Auditor's remuneration *(refer footnote (ii))*	29	46
Legal & professional expenses	478	583
Fair value loss on financial instruments	486	380
Miscellaneous expenses *(refer footnote (iii))*	783	981
Total	**13,526**	**10,835**

Footnote(s):

(i) Represents the difference between excise duty on valuation of opening and closing inventory of finished goods.

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

(ii) **Payment to auditor**

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
As auditor		
For Audit	21	20
For Tax Audit	4	4
For Limited Review	2	2
For Tax representation	-	19
Out of Pocket Expenses	2	1
	29	**46**

(iii) Miscellaneous Expenses include :

(a) tax paid on perquisite of senior employee ₹ 24 Lakhs (Previous Year : ₹ 29 Lakhs).

(b) ₹ 84 Lakhs on account of reversal of income of bottling charges related to previous year on full and final settlement,

(c) Demmurage charges of ₹ 90 Lakhs (Previous Year : NIL) and

(d) Advance written off of ₹ 30 Lakhs (Previuos Year : NIL) on account of non fulfillment of contractual obligations in respect of new products.

35. EXCEPTIONAL ITEMS

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Loan no longer required *(refer footnote (i))*	6,979	-
Profit on sale of property, plant and equipment	111	373
Capital advances written off (refer footnote (iv))	(2,970)	-
Impairment of Goodwill *(refer footnote (ii))*	(1,249)	-
Prior period items *(refer footnote (iii))*	(38)	
Total	**2,833**	**373**

Footnote(s):

(i) Represent write back of loan from associate company as not payable as confirmed by the associate company.

(ii) Goodwill created on account of consolidation of Subsidiary (LP Investments Ltd.) in earlier years has been impaired during the year due to permanent decline in the assets of Hyderabad Distilleries & Wineries Pvt. Ltd. in which subsidiary held its investment.

(iii) In view of the non materiality of the amount of the prior period items having regard to the scale of operations of the Group entity, there is no need to restate the corresponding comparitive figures.

(iv) One of the group companies had given capital advance of ₹ 2970 Lakhs in earlier years to M/S Orbit Corporation Ltd. for purchase of Flat at city of Mumbai under unsigned agreement for sale. The group company filed suit for recovery of the said capital advance in the High Court of Judicature at Bombay on June 12, 2018. The petition of Promoters of Orbit Corporation Ltd. to declare them insolvent has been accepted by the Court and liquidation proceedings with regard to realisation of assets are in progress .Considering the remote possibility of recovery of advance, the group company vide Board Resolution dated March 12, 2020 has written off the amount of advance in the books of account.

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

36. EARNINGS PER SHARE (EPS)

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Profit/(Loss) attributable to shareholders (₹ in Lakhs)		
From continuing operations	(4,398)	(6,477)
From discontinued operations	(61)	(116)
Total	(4,459)	(6,593)
Weighted average number of equity shares in issue (Nos)	43,648,112*	43,648,112*
Basic / Diluted earnings per share of ₹ 10 each (₹)		
From continuing operations	(10.08)	(14.84)
From discontinued operations	(0.14)	(0.26)
Total basic and diluted earnings per share	(10.22)	(15.10)

Footnote(s):

(i) The Group does not have any outstanding dilutive potential equity shares. Consequently the basic and diluted earning per share of the Group remain the same.

* The preferential allotment of 2,500,000 equity shares, having no right to dividend has not been considered in the above computation of EPS (Refer footnote 16 (ii)c)).

37. CONTINGENT LIABILITIES:

(₹ in Lakhs)

		As at March 31, 2020	As at March 31, 2019
(a)	Claim against the company not acknowledged as debt :		
	Service tax *(footnote (i))*	389	389
	Sales tax /VAT *(footnote (ii))*	1,296	562
	Employee state insurance/others *(footnote (iii))*	214	175
	Others *(footnote (iv))*	22	22
	Total	**1,921**	**1,148**

Footnote(s) :

(i) Service tax

(a) Demand of service tax and penalty in respect of wrong availment of service tax Cenvat Credit ₹ 247 Lakhs (Previous year ₹ 247 Lakhs). Against this, the Group has made an application under SABKA VISHWAS (LEGACY DISPUTE RESOLUTION) SCHEME, 2019 and response of competent authority is awaited.

(b) Demand of service tax "under service of supply of tangible goods" ₹ 124 Lakhs (Previous year ₹ 124 Lakhs).

(c) Demand of service tax and penalty "under management, maintenance and repair services" ₹ 18 Lakhs (Previous year ₹ 18 Lakhs).

(ii) Sales tax / VAT

(a) Demand of sales tax under Central Sales Tax Act on account of incomplete/non submission of sales tax forms ₹ 4 Lakhs (Previous Year : ₹ 45 Lakhs)

(b) Demand of sales tax & penalty under Telangana VAT Act on account of VAT on royalty ₹ 103 Lakhs (Previous year ₹ 103 Lakhs).

(c) Demand of sales Tax & penalty under Punjab VAT Act on account of input VAT credit denied on rice husk ₹ 220 Lakhs (Previous year ₹ 220 Lakhs).

(d) Demand of sales tax under Haryana VAT Act on account of disallowance of credit of excess VAT deposited due to rate difference ₹ 40 Lakhs (Previous year ₹ 40 Lakhs.)

(e) Demand of sales tax under Ranchi VAT Act Assessment for FY 2013-14 ₹ 20 Lakhs (Previous year ₹ 20 Lakhs)

(f) Demand for disallowance of ITC on purchase of rice flour ₹ 108 Lakhs (Previous year ₹ 108 Lakhs)

(g) Demand of sales tax under Ranchi VAT Act Assessment for FY 2014-15 ₹ 4 Lakhs (Previous year : 4 Lakhs)

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

(h) Demand of sales tax under Andhra Pradesh VAT Act Assessment for FY 2012-13 ₹ Nil (Previous year ₹ 22 Lakhs).

(i) During the year Group has received a demand notice of ₹ 2042 Lakhs (due to non credit of deposited challans) from Commercial taxes department, Rajasthan. The Group has submitted challans of ₹ 2042 Lakhs and other required documents. However department has not given credit of ₹ 797 Lakhs. Management is hopeful that entire demand will be cancelled shortly.

(iii) Employee state insurance/employee related

(a) Claim in respect of case filed by ESI Corporation ₹ 6 Lakhs (Previous year ₹ 6 Lakhs)

(b) Employees related claims ₹ 208 Lakhs (Previous year ₹ 169 Lakhs)

(iv) Others

(a) Claim by Punjab Government in respect of amount paid to Mahalaxmi Sugar Mills pending before the 'The Court of Civil Judge (Senior Division), Kapurthala' ₹ 22 Lakhs (Previous year ₹ 22 Lakhs).

(b) There are certain claims against the Company relating to usage of trade mark etc., which have not been acknowledged as debts. The quantum and outcome of such claims is not ascertainable at this stage.

(v) Certain matters relating to various assessment years of Income Tax are pending at the various levels of tax authorities and High Court. The financial impact, if any, on the outcome of these matters is not determinable at this stage.

(vi) The Group is contesting these demands (stated in footnote (i) to (v)) and the management, based on advise of its advisors, believes that its position will likely be upheld in the appellate process. No expense has been accrued in the consolidated financial statements for these demands raised. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Group's financial position and results of operations. The Group does not expect any reimbursements in respect of the above contingent liabilities.

(vii) In addition, the Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group's management reasonably does not expect that these legal actions, when ultimately concluded and determined, will have material effect on the Group's results of operations or financial condition.

38. EMPLOYEE BENEFITS

The Group has classified various employee benefits as under:

(A) Defined contribution plans

During the year, the Group has recognised the following amounts in the statement of profit and loss:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Employers' contribution to provident fund	328	336
(ii) Employers' contribution to employees' state insurance	113	134

Included in 'Contribution to Provident, Family Pension and 'Employees' State Insurance (Refer Note 30)

(B) Defined benefit plans

The Group operates two defined benefit plans i.e., gratuity and compensated absence for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service.

The following table summarises the components of net benefit expenses and the provision status for respective plans:

(₹ in Lakhs)

	Year ended March 31, 2020		Year ended March 31, 2019	
	Compensated absence	Gratuity	Compensated absence	Gratuity
(i) Assumptions				
(a) Discount rate	6.74%	6.74%	7.60%	7.60%
(b) Rate of increase in compensation levels	10%	10%	5%	5%
(c) Rate of return of plan assets	N.A.	N.A.	N.A.	N.A.
(d) Expected average remaining working lives of employees (in years)	12.55	15.04	12.90	12.90

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

		Year ended March 31, 2020		Year ended March 31, 2019	
		Compensated absence	Gratuity	Compensated absence	Gratuity
(ii)	**Change in the Present Value of Obligation**				
	(a) Present value of obligation as at beginning of the year	329	1,915	451	1769
	(b) Interest cost	24	136	32	123
	(c) Current/Past service cost	37	127	71	334
	(d) Benefit paid	(35)	(255)	(88)	(370)
	(e) Actuarial (gain)/loss on obligations	(155)	278	(137)	60
	(f) Present value of obligation as at end of the year	200	2,201	329	1915
(iii)	**Amount recognised in the Balance Sheet**				
	(a) Present value of obligation as at end of the year	200	2,201	329	1,915
	(b) Fair Value of Plan Assets as at the year end	-	-	-	-
	(c) (Asset) / Liability recognised in the Balance Sheet	200	2,201	329	1,915
	Net liabilities recognised in the Balance Sheet accounted for as below:				
	Provision non current (Refer Note 22 A)	78	1,878	171	1,649
	Provision current (Refer Note 22 B)	122	323	158	266
(iv)	**Expenses recognised in the Statement of Profit and Loss**				
	(a) Under Profit & Loss				
	Current/Past service cost	37	127	71	334
	Interest cost	24	136	32	123
	Acturial (gain)/loss on obligations	(155)	-	(137)	-
		(94)	**263**	**(34)**	**457**
	(b) Remeasurement-other comprehensive Income (OCI)	-	278	-	60
	(c) Total Expenses recognised in the Statement of Profit and Loss	**(94)**	**541**	**(34)**	**517**

(v) **Sensitivity analysis:**

(₹ in Lakhs)

	For the year ended March 31, 2020			
	Compensated absence		Gratuity	
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	(4)	5	(101)	111
Salary increase rate	4	(4)	110	(102)
Employee attrition rate	0	(0)	3	(3)

(₹ in Lakhs)

	For the year ended March 31, 2019			
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	(11)	12	(88)	98
Salary increase rate	13	(11)	99	(91)
Employee turnover	2	(3)	12	(14)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable change in key assumptions occurring at the end of the reporting period.

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

39. RELATED PARTY DISCLOSURES

In accordance with the requirements of "IND-AS 24" on the Related Party Disclosures, the transactions and Related Parties with whom transactions have taken place during the year are as follows:

(A) Detail of related parties with whom the Company had transaction during the year.

Description of relationship	Names of related parties
Associates	Hyderabad Distilleries & Wineries Pvt. Ltd.
Key Management Personnel and their relatives:	Mr. Ravi Manchanda (Managing Director) Mr. Anil Vanjani (CEO w.e.f. 21.10.2019) Mr. Anil Girotra (CFO) Mr. Kewal Krishan Kohli (Sr. Vice President & Company Secretary retired w.e.f. 15.07.2019) Mr Roopesh Kumar (Company Secretary w.e.f. 15.07.19) Mr. Karamjit Singh Jaiswal Ms. Roshni Sanah Jaiswal
Director	Mrs. Kiran Indra Kapur Mrs. Anjali Varma Ms. Sonya Jaiswal Mrs. Sushma Sagar Mrs. Asha Saxena
Enterprises over which Major shareholders, Key Management Personnel and their relatives have significant influence / control :	Milkfood Ltd. Fast Buck Investments & Trading Pvt. Ltd. Corporate Facility Management Galaxy Pet Packaging Pvt. Ltd. Quick Return Investments Company Ltd. Double Durable Investments Ltd. Devyani Construction Pvt. Ltd. Blue Skies Investments Private Limited Palm Beach Investments Private Limited Snowhite Holdings Private Limited Ashwan Buildcon Limited Hybrid Holdings Pvt. Ltd

(B) Details of transactions carried out with the related parties in the ordinary course of business:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Associates		
Hyderabad Distilleries & Wineries Pvt. Ltd.		
Payments made on behalf of Associate	7	70
Repayment of loan by Associate on behalf of company	3,071	-
Loan taken	2,408	957
Repayment of loan	492	375
Loan written back *(refer Note No. 35(i))*	6,979	113
Interest received (net of TDS)	-	30
Other receivable amount received	-	565
(ii) Key Management Personnel, director and their relatives:		
(a) Mr. Ravi Manchanda		
Managerial remuneration	36	38
Refund of advance	13	2

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars			For the year ended March 31, 2020	For the year ended March 31, 2019
	(b)	Mr Anil Vanjani		
		Managerial remuneration	61	-
		Advance given	1	-
	(c)	Mr. Anil Girotra		
		Managerial remuneration	128	136
		Refund of advance	12	12
	(d)	Mr. Kewal Krishan Kohli		
		Managerial remuneration	25	32
		Refund of advance	-	1
	(e)	Ms. Roshni Sanah Jaiswal		
		Managerial remuneration	98	122
		Advance given	25	94
		Refund of advance	4	174
		Interest receivable on advance	18	18
		Payment on behalf of Company	53	7
	(f)	Mr. Karamjit Singh Jaiswal		
		Remuneration	60	194
		Refund of advance	1	40
	(g)	Mr. Roopesh Kumar		
		Managerial remuneration	17	-
	(h)	Mrs Kiran Indira Kapur		
		Sitting fee paid	2	2
	(i)	Mrs Anjali Varma		
		Sitting fee paid	2	1
	(j)	Ms Sonya Jaiswal		
		Sitting fee paid	3	3
	(k)	Mrs Sushma Sagar		
		Sitting fee paid	1	1
	(l)	Mrs Asha Saxena		
		Sitting fee paid	2	2
(iii)	**Enterprises over which Major shareholders, Key Management Personnel and their relatives have significant influence / control :**			
	(a)	Milkfood Ltd.		
		Reimbursement of payments made on behalf of company	16	12
		Advance recd agst building renovation & rent	100	-
		Rental income	41	22
		Decapitalisation of building rennovation amount capitalised in earlier year (including GST)	59	-
		Interest paid	-	4
		Purchase/services received	12	69
		Loan & advance received	-	55
		Refund of loan & advance	-	48
	(b)	Corporate Facilities Management		
		Maintenance charges paid	215	197

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(c) Galaxy Pet Packaging Pvt. Ltd.		
Loan taken	6	-
Sale of investment in Pref. Share *(refer Note No 5(ii))*	18	-
Interest paid	1	-
(d) Quick Return Investment Company Ltd.		
Loan taken	182	-
Repayment of loan	14	
Sale of investment in Pref. Share *(refer Note No 5(ii))*	81	-
Interest paid	15	-
(e) Double Durable Investments Ltd.		
Loan taken	8	-
Repayment of loan	2	-
Sale of investment in Pref. Share *(refer Note No 5(ii))*	18	-
Interest paid	1	-
(f) Devayani Construction Pvt. Ltd.		
Loan taken	500	-
Repayment of loan	500	-
Interest paid	26	-

(C) Outstanding balance as at end of the year

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Associates		
Hyderabad Distilleries & Wineries Pvt. Ltd.		
Inter corporate loan	(104)	(847)
(ii) Key Management Personnel and their relatives:		
Mr. Ravi Manchanda		
Receivable	26	40
Mr. Anil Vanjani		
Receivable	1	-
Mr. Anil Girotra		
Receivable	239	251
Mr. Karamjit Singh Jaiswal/Mrs. Shakun Jaiswal		
Receivable/(Payable)	(20)	1
Ms. Roshni Sanah Jaiswal		
Receivable	213	227
(iii) Enterprises over which major Shareholders, Key Management Personnel and their relatives have significant influence / Control		
Milkfood Ltd.		
Receivable/(Payable)	(35)	(44)
Fast Buck Investments & Trading Pvt. Ltd.		
Receivable/(Payable)	(8)	(8)
Galaxy Pet Packaging Pvt. Ltd.		
Receivable/(Payable)	(6)	-

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Quick Return Investments Company Ltd.		
Receivable/(Payable)	(181)	-
Double Durable Investments Ltd.		
Receivable/(Payable)	(7)	-
Devyani Construction Pvt. Ltd.		
Receivable/(Payable)	(23)	-
Blue Skies Investments Private Limited		
Receivable/(Payable)	2	2
Palm Beach Investments Private Limited		
Receivable/(Payable)	3	3
Snowhite Holdings Private Limited		
Receivable/(Payable)	1	1
Hybrid Holdings Private Limited		
Receivable/(Payable)	(2)	(2)
Ashwan Buildcon Limited		
Receivable/(Payable)	(0)	(0)

Footnote(s) :

(i) Related parties have been identified by the management.

(ii) Key Management Personnel remuneration does not include provision for gratuity and compensated absences which is determind for the Company as whole.

(iii) No amounts have been witten off / provided for or written back during the year in respect of amounts receivable from or payable to related parties except disclosed in Note 8(iv).

(iv) Remuneration paid to KMP excludes expenses incurred in the course of performance of duty.

40. SEGMENT INFORMATION

The Group's operating segments are identified on the basis of those components of the group that are evaluated regularly by the Chief Executive Officer (the 'Chief Operating Decision Maker' as defined in Ind As 108 -'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems. The Group's business segments are as under:

Beverages: Segment includes manufacturing and supply of Bottled Indian Made Foreign Liquor, Country Liquor, Industrial Alcohol and licensing use of its IMFL brands.

Food: Segment includes manufacturing and supplies of food products and providing services for manufacture of food products.

Others: Segment includes sale of Petroleum products.

The accounting policies adopted for segment reporting are in line with the accounting polcy of the Group with following additional policies for segment reporting.

(a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as 'Unallocable'.

(b) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that can not be allocated to a segment on reasonable basis have been disclosed as 'Unallocable'.

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for the year ended March 31, 2020

(A) Primary segment information

(₹ in Lakhs)

		Beverages		Food		Others		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
(i)	**Segment revenue**								
	Sales, services and other income	8,477	11,210	13,420	13,231	631	484	22,528	24,925
	Less : Excise duty	(461)	(2,499)					(461)	(2,499)
	Inter segment sales	—	—	—	—	—	—	—	—
	Unallocated income	—	—	—	—	—	—	—	—
	Total revenue	**8,016**	**8,711**	**13,420**	**13,231**	**631**	**484**	**22,067**	**22,426**
(ii)	**Segment results**								
	Segment results	(4,429)	(856)	1,394	961	(5)	(7)	(3,040)	98
	Unallocated expenditure								
	Other Unallocable Expenditure net of Unallocable Income							(278)	(169)
	Finance cost							4,211	7,259
	Profit/(Loss) before exceptional items							**(6,973)**	**(6,992)**
	Exceptional items							2,833	373
	Add : Share of Net Profit/(Loss) of Asscociates							477	
	Profit/ (Loss) before tax (from continous operations)							(3,663)	(6,619)
	Profit/(Loss) from discountining operations							(61)	(116)
	Profit/(Loss) before Tax							**(3,724)**	**(6,735)**
	Less: Tax expense:							735	(142)
	Profit/ (Loss) after tax							**(4,459)**	**(6,593)**
(iii)	**Segment assets and liabilities**								
	Segment assets *(refer footnote (i) below))*	13,717	19,220	6,711	8,078	-	-	20,428	27,298
	Unallocated assets							30,728	37,532
	Total assets							**51,156**	**64,830**
	Segment liabilities	12,380	13,411	4,714	4,019	-	-	17,094	17,430
	Unallocated liabilities							29,560	38,161
	Total liabilities							**46,654**	**55,591**
(iv)	**Other information**								
	Capital expenditure	63	29	7	-	-	-	70	29
	Unallocated capital expenditure							98	114
	Total capital expenditure							**168**	**143**
	Depreciation	341	352	494	505	-	-	835	857
	Unallocated depreciation							130	187
	Total							**965**	**1,044**
	Non - cash expenditure	4,055	1,830	-	-	-		4,055	1,830
	Other than depreciation							-	-
	Unallocable non cash expenditure							-	-
	Total							**4,055**	**1,830**

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

(B) Secondary segment information

(₹ in Lakhs)

		2019-20	2018-19
(i)	**Segment revenue**		
	Within India	21,591	21,964
	Outside India	476	462
	Total	**22,067**	**22,426**
(ii)	**Other information**		
	Carrying amount of segment assets by location of assets		
	Within India	51,156	64,830
	Outside India	-	-
	Addition to fixed assets/capital work- in- progress	168	143

Footnote(s) :

(i) Segment assets include capital work- in- progress aggregating to ₹ 18 Lakhs (Previous Year : ₹ 22 Lakhs). While most assets are directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis.

(ii) Capital expenditure pertains to additions made to fixed assets/ capital work-in-progress (including capital advances) during the year.

(iii) Unallocated assets includes land, administration building and cash & bank balances etc.

(iv) Unallocated liabilities include interest bearing liabilities, tax provisions and deferred tax liability.

(v) Non cash items include bad debts, advances and stocks written off, provision for doubtful debts & advances and fixed assets written off.

(vi) Food Segment represents revenue from one customer.

41. The Group has discontinued its operation for Packaging Division with effect from April 1, 2014 and Sikandrabad Unit with effect from Sep 30, 2018. During the year Sikandrabad Unit has been sold out.The disclosures as required under Indian Accounting Standard - 105 are given below.

(₹ in Lakhs)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue		
Miscellaneous Income	4	21
Interest Income	1	1
Liabilities/provisions no longer required written back	84	7
Total revenue	**89**	**29**
Expenses		
Employee benefits expenses		
Salaries, Wages, Bonus and Gratuity	7	14
Other expenses		
Power and fuel	-	1
Rates & taxes	13	22
Insurance	-	1
Travelling expenses	0	1
Other repairs & maintenance	1	6
Bad Debts, Advances and Stock written off	81	
Provision for Doubtful Debts and advances	20	
Security Expenses	5	
Loss on sale of fixed assets		4

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Legal & professional expenses	2	2
Miscellaneous expenses	21	94
Total expenses	**150**	**145**
Profit/(Loss) for the year	**(61)**	**(116)**
Less: Tax expense	**-**	**-**
Profit/(Loss) after tax for the year	**(61)**	**(116)**
Total Assets	**46**	**2,163**
Total Liabilities	**4,655**	**6,557**
Cash Flow from discontinuing operations included in above		
- **Operating activities**	**(105)**	**(3,935)**
- **Investing activities**	**100**	**3,929**
- **Financing activities**	**-**	**-**

42. FAIR VALUE

Fair value measurement:

(i) All the financial assets and financial liabilities of the company are carried at amortised cost except investment. Investment in subsidiaries are carried at cost and other investments are carried at fair value.

(ii) The management assessed that the carrying values of trade and other receivables, deposit, cash and short term deposits, other assets, borrowings, trade and other payables reasonably approximate their fair values because these instruments have short-term maturities.

43. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The primary objective of the Group's capital management is to ensure that it maintains a good credit rating and capital ratios in order to support its business and maximise shareholder value.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, all non-current and current borrowings reduced by cash and cash equivalents and other bank balances.

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Non-current borrowings	20,006	21,690
Current maturities of non-current borrowings	981	7,250
Current borrowings	217	1
Less: Cash and cash equivalents	1,100	951
Less: Other bank balances	7	64
Net debt	**20,097**	**27,926**
Equity share capital	4,615	4,615
Other equity	(108)	4,624
Total capital	**4,507**	**9,239**
Gearing ratio	**446%**	**302%**

Group aims to ensure that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements.There have been no breaches in the financial covenants of any interest-bearing borrowings in the current year.

During the year ended March 31, 2020, and the year ended March 31, 2019, the Group disposed off/ in the process of disposing its surplus immovable assets and has infused the fund through associate company to reduce the borrowings and fund operational losses.

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise borrowings, trade and other payables for running the business of the group. The Group's principal financial assets include investments, trade and other receivables, cash and cash equivalents, bank balances and security deposits that are out of regular business operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks.

(a) **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument that will fluctuate be-cause of changes in market prices. Market risk comprises three types of risk i.e. interest rate risk, currency risk and other price risk, such as commodity risk. Financial Instruments affected by market risk include borrowings, trade payables.

i. ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's borrowings with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	March 31, 2020		March 31, 2019	
	1% increase	*1% decrease*	*1% increase*	*1% decrease*
Impact on profit before tax	(257)	257	(344)	344

ii. ***Foreign currency risk***

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. There does not seem to be any significant risk as transaction in foreign currency are very few.

As there is no significant foreign currency risk, sensitivity analysis showing impact on profit is not calculated.

iii. ***Commodity price risk***

The Group is affected by the price volatility of certain commodities. The Group's long standing relationships with most suppliers ensure steady availability of raw materials at competitive prices. The Group is also trying to reduce cost by value engineering in dry and wet goods and using standardized packing material popular and medium segment.

(b) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments if a counterparty default on its obligations. The Group's exposure to credit risk arises majorly from loan, advances, trade and other receivables. Other financial assets like security deposits and bank deposits are mostly with government authorities and nationalised banks and hence, the Group does not expect any credit risk with respect to these financial assets. With respect to trade receivables, some portion includes dues from state government corporations, risk is limited and considered insignificant by the management. In respect of sale made to other than state government corporation, Group provides expected credit loss on the basis of ageing of trade receivable instead of method of ECL as prescribed in Ind AS 109. The Group is exposed to risk of debts, loan and loans of ₹ 1564 Lakh outstanding over a period of one year.

(c) **Liquidity risk**

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The table below summarises the maturity profile of the Group's financial liabilities:

Notes on Consolidated Financial Statements (Contd.)
for the year ended March 31, 2020

(₹ in Lakhs)

	Maturities				Total
	Upto 1 year	1-2 years	2-3 years	Above 3 years	
March 31, 2020					
Non-current borrowings	–	691	314	19,001	20,006
Non-current other financial liabilities		660	2,688	0	3,348
Current borrowings	217	–	–	–	217
Trade payables	6,770	–	–	–	6,770
Lease Liabilities	19	3	–	–	22
Other financial liabilities	5,872	–	–	–	5,872
Total	**12,878**	**1354**	**3,002**	**19,001**	**36,235**
March 31, 2019					
Non-current borrowings	–	196	177	20,058	20,432
Non-current other financial liabilities		1,534	641	1,472	3,647
Current borrowings	1	–	–	–	1
Trade payables	7,357	–	–	–	7,357
Other financial liabilities	11,259	–	–	–	11,259
Total	**18,617**	**1,730**	**818**	**21,530**	**42,696**

45. OTHER INFORMATION

(i) In absence of convincing evidence of future taxable profit, the Group has not recognised deferred tax asset during the year.

(ii) With Effect From April 1, 2019, the Group adopted Ind AS 116 "Leases", applied to all lease contracts existing as on April 1, 2019 using the modified method. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 53 Lakhs and a corresponding lease liability of ₹ 53 Lakhs. The effect of this adoption has increased losses by ₹ 1 Lakh and reduction of EPS by INR 0.0023 per share. The Ind AS 116 has not been applied to short-term leases of all assets that have a lease term of 12 months or less and the lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

(iii) The outbreak of Covid-19 pandemic is causing significant disturbance and slowdown of economic activities globally. With various restrictions imposed and the lockdown announced from March 24, 2020, all the operations and the manufacturing operations came to stand still during the rest of March 2020. This impacted the performance marginally of the Group adversely for the Financial Year ended March 31, 2020. With the relaxations granted by the Government of State of Punjab, the operations of the distillery and food division were resumed from April 11, 2020. Further, in view to meet the requirement of the hand santizers due to the increased demand of the same on account of the spread of COVID-19, the Group has launched hand sanitizers and accordingly entered into arrangements with various parties for manufacture/ procurement of hand santizers for sales & distribution against the supply of the Denatured Alcohol by the Group. The product of the Group appears to be well accepted in the market as per initial reports. The Group is facing issues in servicing its financial obligations due to the impact of COVID-19. Loan from NBFC and Bank and the repayment of installments of same are under moratorium till August 2020 due to Covid-19 pandemic. The Group is expecting its revised repayment schedule from the said institutions. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of the assets, however the management will continue to closely monitor any material changes to future economic conditions. Given the uncertainities, the final impact on Group's assets in future may differ from that estimated as at the date of approval of these financial results.

(iv) Internal audit report for the half year ending 31.03.2020 has been received on 20.08.2020. Internal auditor inter alia has raised certain issues regarding availment of GST input credit in respect of certain matters, payment of GST under the reverse charge mechanism, Providing of documentary support in respect of the some of the sales promotion and marketing expenses, non collection of TCS on the sale of the vehicle, Application of Sec 2(31) of Companies Act read with Acceptance of Deposits Rules 2014 regarding certain deposits and advances from customers, Accounting of MGQ income, Non booking of interest income on the late receipt of Royalty income, etc,. Management is of the view that it has rightfully claimed the input credits and fully complied with the provisions of the GST Act in other areas. However management will take further view in respect of all these matters including taking of the legal opinion and will obtain the compliance certificate from the internal auditor by the end of September 2020.

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

(v) **Enterprises consolidated as subsidiary in accordance with Indian Accounting Standrad 110 - Consolidated Financial Statements.**

Name of the Subsidiary Company	Country of incorporation	As on March 31, 2020	As on March 31, 2019
JIL Trading Pvt. Ltd	India	100%	100%
S.R.K. Investments Pvt. Ltd.	India	100%	100%
Sea Bird Securities Pvt. Ltd.	India	80%	80%
L.P. Investments Ltd.	India	98.26%	98.26%
Yoofy Computech Pvt Ltd	India	99.99%	99.99%
Natwar Liquors Pvt Ltd	India	100.00%	-

(vi) Significant Enterprises consolidated as Associates in accordance with Indian Accounting Standard 28 - Investment in Associates and Joint Ventures

Name of the Associates	Country of incorporation	As on March 31, 2020	As on March 31, 2019
Hyderabad Distilleries & Wineries Pvt. Ltd	India	33.16%*	33.16%*

*held through subsidiary

These investments have been accounted for using the equity method whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets.

(vii) Additional information as required by Schedule III to the Companies Act , 2013, of enterprises consolidated as Subsidiary/ Associates:

Summary of Net Assets, Share in consolidated profit and share in Other Comprehensive income

	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount (₹ in Lakhs)	As a % of consolidated net loss	Amount (₹ in Lakhs)	As a % of consolidated other comprehensive Income	Amount (₹ in Lakhs)	As a % of consolidated total comprehensive income	Amount (₹ in Lakhs)
31-Mar-20								
Parent :								
Jagatjit Industries Ltd	100.08	4,035	(99.72)	(4,887)	100	(278)	(99.73)	(5,165)
Subsidiary :								
JIL Trading Pvt Ltd	(0.19)	(8)	(0.00)	(0)			(0.00)	(0)
S.R.K. Investments Pvt Ltd	(0.07)	(3)	(0.01)	9			(0.01)	9
Sea Bird Securities Pvt Ltd	(0.05)	(2)	(0.00)	(0)			(0.00)	(0)
L.P. Investments Ltd	(4.24)	(171)	(0.24)	(12)			(0.23)	(12)
Natwar Liquors Pvt Ltd	0.01	1	(0.02)	(1)			(0.02)	(1)
Yoofy Computech Pvt Ltd	0.00	-	(0.01)	(1)			(0.01)	(1)
Sub Total	**95.54**	**3,852**	**(100.00)**	**(4,892)**	**100**	**(278)**	**(100.00)**	**(5,170)**
Inter-Company Elimination & Consolidation Adjustments	4.46	180					-	1,205
	100.00	**4,032**						**(3,965)**
Impairment of Goodwill (on account of consolidation)								(1,249)
Non-controlling interest in subsidiary		(4)						
Share of profit/(loss) in Associate (Net off reversal of loss of ₹ 3 lacs related to earlier period)		474						477
Total		**4,502**						**(4,737)**

Notes on Consolidated Financial Statements (Contd.)

for the year ended March 31, 2020

(₹ in Lakhs)

	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount (₹ in Lakhs)	As a % of consolidated net loss	Amount (₹ in Lakhs)	As a % of consolidated other comprehensive Income	Amount (₹ in Lakhs)	As a % of consolidated total comprehensive income	Amount (₹ in Lakhs)
31-Mar-19								
Parent :								
Jagatjit Industries Ltd	99.63	9,201	(99.99)	(6,588)	100	(39)	(99.99)	(6,627)
Subsidiary :								
JIL Trading Pvt Ltd	(0.07)	(8)	(0.00)	(0)			(0.00)	(0)
S.R.K. Investments Pvt Ltd	(0.09)	(10)	(0.01)	(4)			(0.01)	(4)
Sea Bird Securities Pvt Ltd	(0.02)	(2)	(0.00)	(0)			(0.00)	(0)
L.P. Investments Ltd	9.61	1,085	(0.00)	(1)			(0.00)	(1)
Yoofy Computech Pvt Ltd	0.00	-	(0.00)	(0)			(0.01)	(0)
Sub Total	**109.06**	**10,266**	**(100.00)**	**(6,593)**	**100**	**(39)**	**(100.00)**	**(6,632)**
Inter-Company Elimination & Consolidation Adjustments	(9.06)	(1,023)					-	-
	100.00	**9,243**						
Non-controlling interest in subsidiary		**(4)**						
Share of profit/(loss) in Associate								-
Total		**9,239**						**(6,632)**

(viii) Previous year figures have been reclassified/regrouped wherever necessary to this year's classification.

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(All amount in Lacs unless otherwise stated)

Sl. No.	Particulars	Details	Details	Details	Details	Details	Details
1	**Name of the subsidiary**	**JIL Trading Private Limited**	**L.P. Investments Limited**	**Sea Bird Securities Private Limited**	**S. R. K. Investments Private Limited**	**Yoofy Computech Private Limited (Formerly Known as JILI Hotels & Resorts Private Limited)**	**Natwar Liquors Private Limited (Incorporated on 6th February, 2020)**
2	Reporting period	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020
3	Share Capital	1.00	1038.25	1.00	1.00	1.00	1.00
4	Reserves & Surplus	(9.44)	(1213.39)	(3.86)	(4.16)	(0.96)	(0.30)
5	Total Assets	0.22	13.07	81.00	1.76	0.09	0.82
6	Total Liabilities	0.22	13.07	81.00	1.76	0.09	0.82
7	Investments	-	1.83	81.00	-	-	-
8	Turnover	-	0.02	-	-	-	-
9	Profit Before Taxation	(0.24)	(1.27)	(0.23)	7.53	(0.24)	(0.30)
10	Provision for Taxation	-	-	-	-	-	-
11	Profit After Taxation	(0.24)	(1.27)	(0.23)	7.53	(0.24)	(0.30)
12	Proposed Dividend	-	-	-	-	-	-
13	% of shareholding	100.00	98.26	80.00	100.00	99.99	100.00

Notes :

1. Names of subsidiaries which are yet to commence operations - Nil
2. Name of subsidiary which has been liquidated or sold during the year - Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(All amount in Lacs unless otherwise stated)

Sl. No.	Name of associate	Hyderabad Distilleries and Wineries Private Limited
1.	Latest audited Balance Sheet Date	31st March, 2020
2.	Shares of Associate held by the Company at the year end :	
	(i) Number of Shares	3124*
	(ii) Amount of Investment	3.12*
	(iii) Extent of holding %	32.88*
3.	Description of how there is significant influence	*
4.	Reason why the associate is not consolidated	Consolidated
5.	Net worth attributable to shareholding as per latest audited Balance Sheet	473.81
6.	Profit / Loss for the year	
	i. Considered in Consolidation	477
	ii. Not considered in Consolidation	1242

* The Company holds 1,650 equity shares of ₹ 100 each aggregating to ₹ 1,65,000. M/s L. P. Investments Limited, (a subsidiary Company in which Jagatjit Industries Limited holds 98.26% of capital) is holding 1,500 equity shares of ₹ 100 each aggregating to ₹ 1,50,000 (the indirect holding of the Company amounts to 1,474 equity shares). Taken together, direct and indirect holding of the Company aggregates to 3,124 equity shares of ₹ 100/- each amounting to ₹ 3,12,400 which is 32.88% of the Share Capital of M/s Hyderabad Distilleries and Wineries Private Limited.

Notes :

1. Names of associates or joint ventures which are yet to commence operations – Nil
2. Names of associates or joint ventures which have been liquidated or ceased during the year – Nil

For and on behalf of the Board of Directors of
JAGATJIT INDUSTRIES LIMITED

	Roopesh Kumar	**Anil Vanjani**	**Anil Girotra**	**Ravi Manchanda**	**Sushma Sagar**
Place: New Delhi	Company Secretary	Chief Executive Officer	Chief Financial Officer	Managing Director	Director
Date: September 3, 2020				DIN: 00152760	DIN: 02582144


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