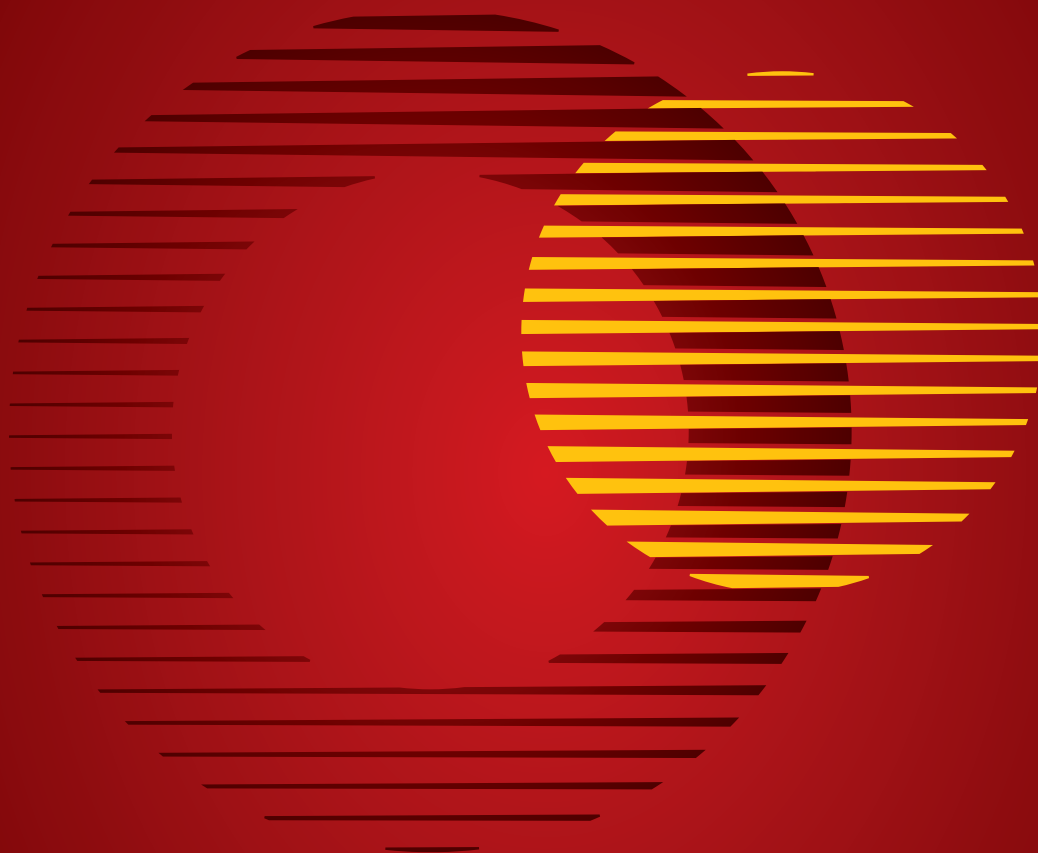


Jagatjit Industries Limited



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

ANNUAL REPORT 2018-19



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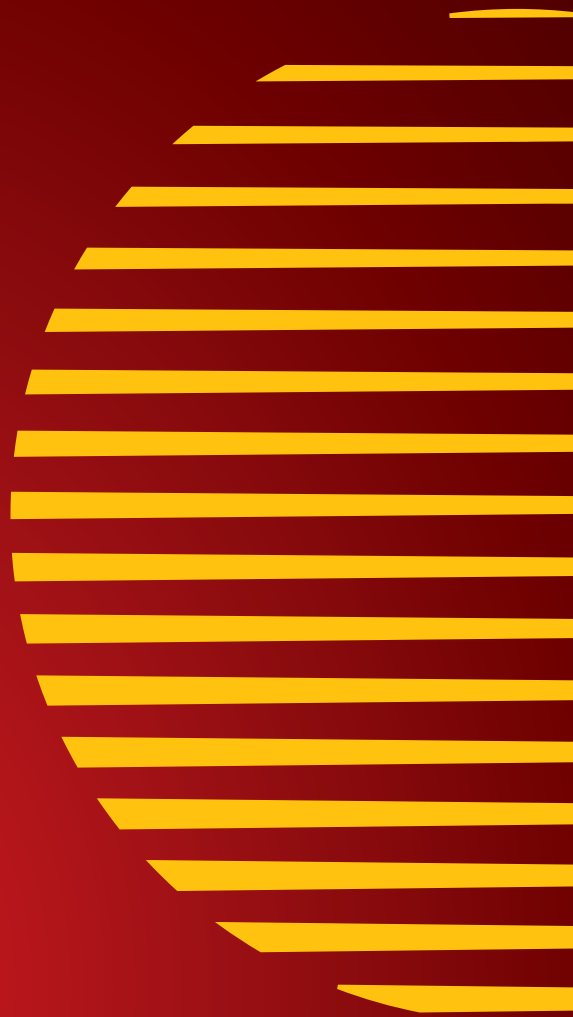
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#### Forward-looking Statement

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.



## Shaping our **Present.** Envisioning our **Future.**

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

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

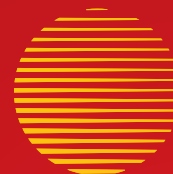
As we shape our present, we are envisioning our future too. Being at the forefront of change and innovation, our focus continues to be on product development, packaging, and implementation of new technology. We undertook a restructuring exercise to become leaner and fitter. We reduced production costs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

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

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



# About Us



## We are...

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



### We manufacture...

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



### Our manufacturing units are...

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



### We continue with our legacy...

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



### Our promise is to...

Provide superior brands to our customers at affordable prices.



### Our heritage gives us...

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



### We are driving change by...

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



### Our portfolio consists of...

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



### Our guiding philosophy...

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

## Our Manufacturing Capacities

**40**

Total Liquor  
Brands

**7.2**

Million Cases  
Per Annum

Indian  
Manufactured  
Foreign Liquor

**4.2**

Million Cases  
Per Annum

Country Liquor

**39,600**

MT Per  
Annum

Malted Milk Food

**13,800**

MT Per  
Annum

Malted Extract

**ISO**

22000 : 2018

Food Safety  
Standard  
Certified



# Our Iconic Brands

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

## WHISKY



Royal Pride  
Exquisite Whisky



AC Black Whisky



Aristocrat  
Premium Whisky



AC Neat  
Whisky



Aristocrat  
Old Reserve  
Whisky



AC Sek C  
Whisky



Aristocrat  
Whisky



Bonnie Special  
Whisky



Binnie's Fine  
Whisky

## RUM



Aristocrat  
Rum

## BRANDY



Aristocrat  
Brandy

## VODKA



Aristocrat  
Vodka



IICE  
Vodka

## GIN



Aristocrat Dry  
Gin

## SCOTCH



King Henry  
VIII

# How Our Brands Changed in the Last Year



Old Aristocrat  
Premium Whisky



New Aristocrat  
Premium Whisky



Old Royal Pride  
Whisky



New Royal Pride  
Whisky

# Our Key Verticals

## Indian Made Foreign Liquor



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

## Country Liquor



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

## Food – Malted Milk Food and Malt Extract



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

## Real Estate



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

# Our Key Strategies in Play

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



## Towards a Franchise based model

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



## Leveraging Technology

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



## Improving on Brand Offerings

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



# A Message from The Chief Restructuring Officer

## Dear Shareholders,

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



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

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

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

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

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

input materials which were also adversely impacted by price increases were Glass bottles, Pet bottles and CC boxes. All in all, margins were reduced significantly since liquor pricing is Government controlled in most states and we were not able to pass these cost escalations on to the consumers.

In our malted milk food business, there was a similar fait accompli. We saw cost increases due to increase in minimum selling price (MSP) on grains (barley / wheat / millets), rice husk etc. Once again we were unable to pass on the increase to our customers.

**Interest Rate Increase:** Last year in an effort to reduce the interest rate burden on the Company, we moved our debt from KKR to Indiabulls. This measure was intended to increase our working capital giving us resources for marketing and capex. The IL&FS crisis severely dampened these plans. We were subjected to increases in interest rates to a level which was even higher than KKR. The time, effort and monies that were invested in moving from one lender to another to accrue benefit was all dissipated.

**Working Capital / Capex:** The expected relief on working capital resources did not come. Working Capital was stretched and restricted making it difficult to invest in necessary capex to further automate for higher efficiencies. The limitations of working capital also prevented us from investing significantly on marketing efforts to support our existing brands and delayed new brand launches in the premium segment.

**Managing Franchisees:** Though the Jagatjit team has had to acquire new skill sets to develop and manage new partners, they have done so fairly and seamlessly, interrupted only by the occasional hiccup. Yes, it has taken a little longer than initially anticipated, but some of these partnerships have already flourished while others are yet to show potential. The learning here is that though we have been absent from some markets for close to a year, we still had partners/supporters wanting to take our brands on franchise basis, reinforcing the power of our brands "equity" which still remains very strong.

**Brand Portfolio Mix:** The heritage and legacy of Jagatjit has always been mass brands where the basic tenet is high volume and low margins. In an industry where we do not control our selling prices and are

subject to various cost escalations, these margins get completely eroded. One of our strategic initiatives as part of our long-term growth, is to move towards premiumisation so as to try to hedge ourselves from such situations. With this endeavour, we have re-launched Royal Pride Whisky in the segment of Blenders Pride and we are about to re-launch King Henry VIII Scotch Whisky in the segment of Teacher's and 100 Pipers. We are also launching a premium brandy by the end of the year.

**Labour:** We are still striving to optimise our workforce. Increase in wages has once again impacted our costs adversely.

### OUR FINANCIAL PERFORMANCE

Given a tough operating environment and the challenges we faced as cited above, our total revenue for the year stood at ₹ 30,387 Lacs, compared to ₹ 56,710 Lacs in the previous year. Our net loss stood at ₹ 6,627 Lacs, as compared to a net loss of ₹ 7,433 Lacs in the previous year.

### DISRUPTIVE TECHNOLOGY

Jagatjit has always been on the forefront of change and innovation. In keeping with that ethos and with a view to our future, we have invested with Lost Spirits Technologies, USA, a company that has developed technology to accelerate the ageing process of Spirits.

Our objective is to use this technology to reduce the dependence on imports and the prohibitive costs associated with barrel aging. This is a significant strategy for our future to remain sustainable, designed to strengthen the Company, and create long-term value for our shareholders and stakeholders across the value chain. With this technology, we will strive towards world-class aged and matured alcoholic spirits which will be "Made in India" not just for Jagatjit products but to offer this benefit to the whole industry. This in turn will open up yet another powerful revenue stream for Jagatjit. We are hoping to set up this facility at Hamira in the coming year.

### MOVING AHEAD

We, at Jagatjit remain resilient. Our focus on innovation and renovation across brands is delivering results. We have been able to successfully attract consumers through new variants with attractive packaging. We are also premiumising our product portfolio and launching new brands in the Whisky and Brandy categories.

In the past, we remained absent in three of the largest alcoholic beverage markets in the country, i.e. Uttar Pradesh, Karnataka and Maharashtra. This year we will enter Maharashtra. The contract is already being tied up and we are hopeful of our entry in Uttar Pradesh as well.

As stated earlier, we are solidifying our brands with a value-driven approach to strengthen the business. We are ensuring that our product mix becomes better and our focus is on the higher margins in the premium category. We remain committed to serve the consumers' growing appetite for premium products across spirit categories at affordable prices. Our Lost Spirits investment may also help in this direction in future.

In the Food Business, we are confident that the GSK Consumer Healthcare Limited and Hindustan Uniliver Limited merger will increase the overall health food portfolio volumes and therefore the supply of malted milk food intermediates to GSK will rise. For this purpose, we are planning to enhance capacity in order to cater to the increased demand.

As I look ahead, I am quite positive and optimistic towards the changes that are underway. We have been proactive and strategic in the steps we have taken and all steps are in the right direction. Moreover, my confidence in our iconic brand Aristocrat Premium Whisky remains undeterred. Legacy brands in a number of consumer-facing industries have become successful post upgrades in their offering.

I believe that Aristocrat Premium Whisky will lead Jagatjit Industries back to a prominent position. Along with Aristocrat Premium, our other portfolio changes will ensure a profitable, promising & healthy future for Jagatjit.

I would like to express gratitude to our stakeholders, customers, vendors and employees for their continued support for creating long-term value and shaping the performance of the Company.

We strongly believe that the best is yet to come!

With Best Wishes,

**Roshini Sanah Jaiswal**  
Chief Restructuring Officer

# Our Leadership

## Our Visionaries



### Late Mr. L.P. Jaiswal

A self-made man and a first-generation entrepreneur, he belonged to a select group of industrialists from Northern India like Mr. H.P. Nanda, Bhai Mohan Singh and Karamchand Thapar from the pre-Independence era. Maharaja of Kapurthala HRH Jagatjit Singh was a noble patron of the Company. Having high regards for the Maharaja, Mr. L.P. Jaiswal named the Company Jagatjit Industries Limited.



### Roshini Sanah Jaiswal

A third-generation promoter and the Company's current managing promoter and Chief Restructuring Officer, she is the grand-daughter of Late Mr. L.P. Jaiswal taking over the reins of the Company since 2015. A Political Science and Economics graduate from New York University, she has over 11 years of experience and expertise in the food and beverage industry. She possesses innate understanding of the liquor industry, having grown up in a family committed to the business for more than seven decades. Prior to this, she found and ran her own entrepreneurial venture.

She is deeply committed to the welfare and health of the Company and has joined with the intent of turning around its operations and revive profitability. She has been instrumental in finalising various funding deals, for which she even mortgaged personal assets, resulting in significant improvement in reducing finance costs. This is also a strong indication of her belief in the business model and the future of the Company.

## Key Executives



**Deepankar Barat**  
President



**Ravi Manchanda**  
Managing Director



**Anant S. Iyer**  
Chief Operating Officer



**Anil Girotra**  
Chief Financial Officer



**Chandan Kashikar**  
Chief People Officer



**Devender Gulia**  
Director - Sales



**Santhosh Nair**  
Director - Supply Chain

# Our Performance Scorecard

(₹ in Lacs or as indicated)

## Assets

	2018-19***	2017-18***	2016-17***	2015-16***	2014-15**	2013-14*	2012-13*	2011-12*	2010-11*	2009-10
Fixed Assets (Net Block)	38,070	41,333	42,391	43,304	29,742	32,762	34,284	32,348	34,450	37,137
Investments (Current & Non Current)	3,635	3,055	3,107	3,118	1,183	1,229	1,318	298	1,203	1,201
Current and Non Current Assets	23,223	32,340	32,431	43,542	50,787	45,433	48,784	48,733	40,453	31,969
<b>Total</b>	<b>64,928</b>	<b>76,728</b>	<b>77,929</b>	<b>89,964</b>	<b>81,712</b>	<b>79,424</b>	<b>84,386</b>	<b>81,379</b>	<b>76,106</b>	<b>70,307</b>

## Liabilities

	2018-19***	2017-18***	2016-17***	2015-16***	2014-15**	2013-14*	2012-13*	2011-12*	2010-11*	2009-10
Loans, Liabilities and Provisions (Current & Non Current)	55,728	60,556	54,225	54,565	54,888	47,559	47,705	44,894	41,955	37,958
<b>Net Worth</b>	<b>9,200</b>	<b>16,172</b>	<b>23,704</b>	<b>35,399</b>	<b>26,824</b>	<b>31,865</b>	<b>36,681</b>	<b>36,485</b>	<b>34,151</b>	<b>32,349</b>

## Net Worth Represented by

	2018-19***	2017-18***	2016-17***	2015-16***	2014-15**	2013-14*	2012-13*	2011-12*	2010-11*	2009-10
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	4,585	11,557	19,089	30,784	22,209	27,250	32,066	31,870	29,536	27,734
<b>Total</b>	<b>9,200</b>	<b>16,172</b>	<b>23,704</b>	<b>35,399</b>	<b>26,824</b>	<b>31,865</b>	<b>36,681</b>	<b>36,485</b>	<b>34,151</b>	<b>32,349</b>

## Operating Performance

	2018-19***	2017-18***	2016-17***	2015-16***	2014-15**	2013-14*	2012-13*	2011-12*	2010-11*	2009-10
Revenue	30,387	56,710	84,758	1,15,351	1,24,268	1,37,081	1,45,101	1,60,484	1,41,370	94,297
Gross Profit Earnings	(5,686)	(6,547)	(10,130)	(5,445)	(4,341)	(2,417)	2,418	5,310	6,382	2,397
Profit before Tax	(6,730)	(7,759)	(11,402)	(6,716)	(5,584)	(4,266)	668	2,847	3,507	463
Profit after Tax	(6,627)	(7,433)	(11,695)	(6,565)	(4,365)	(4,523)	505	3,510	2,526	646
Earnings Per Share (₹)	(15.09)	(16.97)	(26.18)	(15.04)	(10.00)	(10.36)	1.16	8.04	5.79	1.48

## Dividend

	2018-19***	2017-18***	2016-17***	2015-16***	2014-15**	2013-14*	2012-13*	2011-12*	2010-11*	2009-10
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 (₹)	19.93	35.04	51.36	76.70	58.12	69.05	79.48	79.06	74.00	70.10

## Gross Earnings

	2018-19***	2017-18***	2016-17***	2015-16***	2014-15**	2013-14*	2012-13*	2011-12*	2010-11*	2009-10
As a percentage of Revenue	(18.7)	(11.5)	(12.0)	(4.7)	(3.5)	(1.8)	1.7	3.3	4.5	2.5
As a percentage of Fixed Assets	(14.9)	(15.8)	(23.9)	(12.6)	(14.6)	(7.4)	7.1	16.4	18.5	6.5
As a percentage of Capital Employed	(13.2)	(12.5)	(18.0)	(8.1)	(7.5)	(4.1)	3.9	9.2	11.3	4.8

\* 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

4<sup>th</sup> 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

# Boards' Report

Dear members,

Your Directors have pleasure in presenting the 74<sup>th</sup> [Seventy Fourth] Annual Report on the business and operations of your Company along with the Audited Financial Statements for the Financial Year ended March 31, 2019.

## 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)	
	2018-19	2017-18
Profit/(Loss) for the year after charging all expenses excluding financing charges and depreciation	1316	(642)
Deduct : Financing Charges	7259	5,509
<b>Cash Profit/(Loss)</b>	<b>(5943)</b>	<b>(6,151)</b>
Deduct: Depreciation/Amortisation	1044	1,212
<b>Profit/(Loss) for the year before taxation and exceptional Items</b>	<b>(6987)</b>	<b>(7,363)</b>
<b>Exceptional Items (profit on sale of PPE)</b>	<b>373</b>	<b>-</b>
<b>Profit/(Loss) for the year before taxation and after exceptional Items</b>	<b>(6614)</b>	<b>(7363)</b>
<b><u>Tax Expenses</u></b>		
Current Tax		
- MAT Credit Reversal	-	-
- Previous Year Tax Adjustment	92	5
- Deferred Tax (Benefit)/Charge	(234)	(357)
- Profit/(Loss) after tax from discontinuing operations	(116)	(396)
<b>Profit/(Loss) after tax for the year</b>	<b>(6588)</b>	<b>(7,407)</b>
<b>Other Comprehensive Income</b>		
- Re-Measurement (Gains)/Losses on defined Benefit Plans	60	39
- Tax Impact on Re-Measurement (Gains)/Losses on defined Benefit Plans	(21)	(13)
<b>Total Comprehensive Income for the period</b>	<b>(6627)</b>	<b>(7,433)</b>

## STATE OF COMPANY'S AFFAIRS

During the year under review, the Gross Turnover (including income from Services & Other Sources) was ₹ 30,387 Lacs as compared to ₹ 56,710 Lacs during the previous year. The Company incurred a loss before taxation of ₹ 6,614 Lacs as compared to loss before taxation of ₹ 7,363 Lacs during the previous year.

The Company continues to make efforts by monetising the surplus assets of the Company in order to meet its fund requirements, to dilute its high interest rate loans and to meet its working capital requirements.

## 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 change in the nature of business of the Company.

## SHARE CAPITAL

During the year under review, there was no change in the Authorised 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, 2019, 92 persons whose Fixed Deposits/Loans with the Company amounting to ₹ 59.19 Lacs had become due for payment during the year, did not claim their Deposits/Loans. Out of these, Fixed Deposits/Loans of 12 persons amounting to ₹4.15 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 has become 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, 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 2018-19 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 FY 2018-19.

### **Re-appointment**

Mrs. Kiran Kapur (DIN. 02491308) was appointed as an Independent Director of the Company in the Annual General

Meeting held on September 30, 2014, to hold office for a term of five years up to the conclusion of the ensuing AGM of the Company. The Board is of the opinion that it would be in the interest of the Company to continue to avail services of Mrs. Kiran Kapur as Director of the Company.

Based on the recommendations of the Nomination and Remuneration Committee, the Board has proposed to re-appoint Mrs. Kiran Kapur as an Independent Director at the ensuing AGM, for second term of five years with effect from the conclusion of 74<sup>th</sup> AGM until the conclusion of 79<sup>th</sup> AGM to be held in the calendar year 2024.

### **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. Sushma Sagar (DIN: 02582144), 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, Mr. Anil Girotra, Chief Financial Officer and Mr. K. K. Kohli, Company Secretary and Compliance Officer continued to be the Key Managerial Personnel of your Company in accordance with the provisions of Section 2 (51) and Section 203 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## **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, 2019, 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](http://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 forms part of this Report and is annexed herewith as **Annexure-1**.

#### **AUDITORS AND AUDITORS' REPORT**

The Members of the Company vide their resolution passed at the 72<sup>nd</sup> (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 76<sup>th</sup> (Seventy Sixth) AGM of the Company to be held for the FY 2020-21.

The Statutory Auditors in their report for the financial year ended March 31, 2019 have made certain qualifications/remarks which forms part of this Report alongwith Board's explanations and comments and is annexed herewith as **Annexure-2**.

Other observations of the Statutory Auditors in their Report on standalone and consolidated financial statements for the year ended March 31, 2019 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, 2019.

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-3**.

## ANNUAL SECRETARIAL COMPLIANCE REPORT

A Secretarial Compliance Report for the financial year ended March 31, 2019 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, 2019, 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 - 2 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 2018-19 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](http://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. 38 of the Standalone Financial Statements, forming part of the Annual Report.

Since all the transactions which were entered into during the Financial Year 2018-19 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 2018-19 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](http://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 institutionalised the process for identifying, minimising 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](http://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, 2019 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-4**.

## 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-5 and 6** 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 2019-20 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 utilisation of its resources. During the year under review the Company has incurred ₹ 1 crore towards Research and Development.



## 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**

Date: August 14, 2019	<b>Ravi Manchanda</b> Managing Director (DIN.00152760)	<b>Kiran Kapur</b> Director (DIN. 02491308)
Place: New Delhi		

## Annexure - 1

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

**As on March 31, 2019**

*[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
[Management and Administration] Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN:	L15520PB1944PLC001970
ii)	Registration Date:	August 9, 1944
iii)	Name of the Company :	<b>Jagatjit Industries Limited</b>
iv)	Category / Sub Category of the Company:	Public Company / Limited by shares
v)	Address of the Registered Office and Contact details :	Jagatjit Nagar, Dist. Kapurthala, Punjab-144802, Tel. [0181] 2783112 Fax: [0181] 2783118
vi)	Whether listed company Yes / No :	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any :	Shares registry work is done in-house.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Malted Food	10794	43.54
2	Alcoholic Beverages	1101	36.89

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares/ Voting Rights * Held	Applicable Section
1	LPJ Holdings Private Limited 4th Floor, Bhandari House, 91, Nehru Place, New Delhi-110019	U74899DL1944PTC010910	Holding	83.90%	2(46)
2	JIL Trading Private Limited 4th Floor, Bhandari House, 91, Nehru Place, New Delhi-110019	U51109DL2010PTC207648	Subsidiary	100.00%	2(87)
3	L. P. Investments Limited Jagatjit Nagar, Dist. Kapurthala, Punjab-144802	U65921PB1974PLC003526	Subsidiary	98.26%	2(87)
4	Sea Bird Securities Private Limited Jagatjit Nagar, Dist. Kapurthala, Punjab-144802	U65993PB2006PTC030689	Subsidiary	80.00%	2(87)
5	S. R. K. Investments Private Limited 5th Floor, Bhandari House, 91, Nehru Place, New Delhi-110019	U65999DL2009PTC191718	Subsidiary	100.00%	2(87)
6	Yoofy Computech Private Limited (Formerly Known as JILI Hotels & Resorts Private Limited) 4th Floor, Bhandari House, 91, Nehru Place, New Delhi-110019	U74110DL2017PTC317426	Subsidiary	99.99%	2(87)
7	Hyderabad Distilleries & Wineries Private Limited 4th Floor, Bhandari House, 91, Nehru Place, New Delhi-110019	U15511DL1969PTC260186	Associate	32.88%	2(6)



#### IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(1) Indian									
a) Individual/ HUF	606,696	100	606,796	1.31	606,696	100	606,796	1.31	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	11,534,769	2,500,000	14,034,769	30.41	11,534,769	2,500,000	14,034,769	30.41	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub - total (A) (1) :-	12,141,465	2,500,100	14,641,565	31.72	12,141,465	2,500,100	14,641,565	31.72	-
(1) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	1,003,800	1,003,800	2.18	-	1,003,800	1,003,800	2.18	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub - total (A) (2) :-	-	1,003,800	1,003,800	2.18	-	1,003,800	1,003,800	2.18	-
Total shareholding of Promoter (A) = (A) (1) + (A) (2)	12,141,465	3,503,900	15,645,365	33.90	12,141,465	3,503,900	15,645,365	33.90	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	400	700	1,100	-	600	700	1,300	-	-
b) Banks / FI	1,272	900	2,172	-	15,338	500	15,838	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	200	200	-	-	200	200	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	1,672	1,800	3,472	0.01	15,938	1,400	17,338	0.01	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1,566,586	3,777	1,570,363	3.40	1,529,982	3,777	1,533,759	3.32	(0.08)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lac	1,144,997	485,796	1,630,793	3.53	1,249,732	423,192	1,672,924	3.63	(0.36)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lac	1,648,256	222,610	1,870,866	4.05	1,626,503	225,683	1,852,186	4.01	0.22
c) Others (NRIs)	84,404	132,849	217,253	0.47	83,691	132,849	216,540	0.47	(0.01)
Sub-total (B)(2):-	4,444,243	845,032	5,289,275	11.46	4,489,908	785,501	5,275,409	11.46	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	4,445,915	846,832	5,292,747	11.47	4,505,846	786,901	5,292,747	11.47	-
C. Shares held by Custodian for GDRs & ADRs	-	25,210,000	25,210,000	54.63	-	25,210,000	25,210,000	54.63	-
Grand Total (A+B+C)	16,587,380	29,560,732	46,148,112	100.00	16,647,311	29,500,801	46,148,112	100.00	-

**(ii) Shareholding of Promoters**

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	LPJ Holdings (P) Ltd.	7,418,648	16.08	-	7,418,648	16.08	-	-
2	LPJ Holdings (P) Ltd. (Special Series Shares)	2,500,000	5.42	-	2,500,000	5.42	-	-
3	Mr. Karamjit S. Jaiswal	531,780	1.15	-	531,780	1.15	-	-
4	Mr. Karamjit S. Jaiswal jointly with Mr. L.P. Jaiswal	100	0.00	-	100	0.00	-	-
5	K. S. J. Finance & Holdings (P) Ltd.	1,192,256	2.58	-	1,192,256	2.58	-	-
6	R. J. Shareholdings (P) Ltd.	576,000	1.25	-	576,000	1.25	-	-
7	S J Finance and Holdings (P) Ltd.	1,130,304	2.45	-	1,130,304	2.45	-	-
8	Quick Return Investment Company Ltd.	114,904	0.25	-	114,904	0.25	-	-
9	Double Durable Investments Ltd.	111,657	0.24	-	111,657	0.24	-	-
10	Fast Buck Investments & Trading (P) Ltd.	988,900	2.14	-	988,900	2.14	-	-
11	Snowwhite Holdings (P) Ltd.	2,100	0.00	-	2,100	0.00	-	-
12	Mrs. Surjit Jaiswal	74,816	0.16	-	74,816	0.16	-	-
13	Mrs. Shakun Jaiswal	100	0.00	-	100	0.00	-	-
14	Orissa Holdings Ltd. (OCB)	1,003,800	2.18	-	1,003,800	2.18	-	-
	<b>Total</b>	<b>15,645,365</b>	<b>33.90</b>	<b>-</b>	<b>15,645,365</b>	<b>33.90</b>	<b>-</b>	<b>-</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change) - No change.**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	15,645,365	33.90	15,645,365	33.90
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	-	-	-	-
	At the end of the year	15,645,365	33.90	15,645,365	33.90



**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Particulars		Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)		At the end of the year (or on the date of separation, if separated during the year)	Cumulative Shareholding during the year	
Sl. No.	Name	No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Uma Pal	0	0.00	15.11.2018	110	593,303	110	0.00
				07.12.2018	11		121	0.00
				15.12.2018	4		125	0.00
				21.12.2018	502,183		502,308	1.09
				31.12.2018	2		502,310	1.09
				10.01.2019	1,000		503,310	1.09
				22.01.2019	1,120		504,430	1.09
				31.01.2019	900		505,330	1.10
				11.02.2019	80,890		586,220	1.27
				21.02.2019	1,500		587,720	1.27
				28.02.2019	700		588,420	1.28
				07.03.2019	970		589,390	1.28
				14.03.2019	3,300		592,690	1.28
				22.03.2019	213		592,903	1.28
				30.03.2019	400		593,303	1.29
2	Oliver Investments (P) Ltd.	457,628	0.99	-	-	457,628	457,628	0.99
3	Dipender Bhardwaj Educare (P) Ltd.	421,537	0.91	-	-	421,537	421,537	0.91
4	Alaska Holdings (P) Ltd.	392,128	0.85	-	-	392,128	392,128	0.85
5	Surender Kumar Gupta	248,198	0.54	13.04.2018	(2,613)	240,645	245,585	0.53
				20.04.2018	(500)		245,085	0.53
				27.04.2018	(1,025)		244,060	0.53
				04.05.2018	(1,000)		243,060	0.53
				11.05.2018	(3,013)		240,047	0.52
				03.08.2018	(2)		240,045	0.52
				08.03.2019	200		240,245	0.52
				22.03.2019	400		240,645	0.52
6	R N Rubesh	217,135	0.47	-	-	217,135	217,135	0.47
7	Kailash Kumari Aggarwal	133,006	0.29	-	-	133,006	133,006	0.29
8	Vibgyor Investors and Developers (P) Ltd.	100,000	0.22	-	-	100,000	100,000	0.22
9	Harshvardhan Mansukhlal Vora	99,304	0.22	27.04.2018	(1,000)	98,304	98,304	0.21
10	Shiv Lal Verma	81,632	0.18	-	-	81,632	81,632	0.18

- Notes :**
1. Shareholding of members under multiple folios have been clubbed, wherever information is available.
  2. The reason of all increase/decrease in the shareholding of the shareholders is due to the transfer [+/-] of the shares.

**(v) Shareholding of Directors and Key Managerial Personnel:**

Particulars			Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	At the end of the year	Cumulative Shareholding during the year	
Sl. No.	Name	Director /KMP	No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company
1	Mrs. Kiran Kapur	Director	100	0.00	-	100	100	-
2	Mrs. Anjali Varma	Director	100	0.00	-	100	100	-
3	Ms. Sonya Jaiswal	Director	3,586	0.01	-	3,586	3,586	0.01
4	Mr. Ravi Manchanda	MD	100	0.00	-	100	100	-
5	Mrs. Asha Saxena	Director	-	-	-	-	-	-
6	Mrs. Sushma Sagar	Director	1300	0.00	-	1,300	1,300	-
7	Mr. Anil Girotra	CFO	140	0.00	-	140	140	-
8	Mr. K. K. Kohli	CS	140	0.00	-	140	140	-

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3,23,04,83,889	-	3,70,75,000	3,26,75,58,889
ii) Interest due but not paid	88,32,592	-	16,57,829	1,04,90,421
iii) Interest accrued but not due	3,14,24,824	-	41,27,283	3,55,52,107
<b>Total (i+ii+iii)</b>	<b>3,27,07,41,305</b>	<b>-</b>	<b>4,28,60,112</b>	<b>3,31,36,01,417</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	1,95,99,32,564	75,92,00,018	-	2,71,91,32,582
* Reduction	3,11,04,10,696	11,53,32,410	3,55,72,649	3,26,13,15,756
<b>Net Change</b>	<b>(1,15,04,78,132)</b>	<b>64,38,67,608</b>	<b>(3,55,72,649)</b>	<b>(54,21,83,174)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,08,00,05,756	64,38,67,608	59,19,000	2,72,97,92,364
ii) Interest due but not paid	2,20,92,048	-	13,68,463	2,34,60,511
iii) Interest accrued but not due	78,36,285	72,34,650		1,50,70,935
<b>Total (i+ii+iii)</b>	<b>2,10,99,34,089</b>	<b>65,11,02,258</b>	<b>72,87,463</b>	<b>2,76,83,23,810</b>



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)			
Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager Mr. Ravi Manchanda (MD)	Total
	Gross salary		
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2,261,550	2,261,550
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	1,547,786	1,547,786
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
5	Others, please specify	-	-
	<b>Total (A)</b>	<b>3,809,336</b>	<b>3,809,336</b>
	Ceiling as per the Act	As per Part II of Schedule V of the Companies Act, 2013.	

### B. Remuneration to other directors (sitting fee) :

(Amount in ₹)							
Sl. No.	Particulars of Remuneration	Name of Directors					Total
		Mrs. Kiran Kapur	Mrs. Anjali Varma	Ms. Sonya Jaiswal	Mrs. Sushma Sagar	Mrs. Asha Saxena	
1	Independent Directors						
	Fee for attending Board / Committee meetings	180,000	140,000	280,000	100,000.00	160,000.00	860,000
	Commission						-
	Others, please specify						-
	<b>Total (1)</b>	<b>180,000</b>	<b>140,000</b>	<b>280,000</b>	<b>100,000</b>	<b>160,000.00</b>	<b>860,000</b>
2	Other Non-Executive Directors						
	Fee for attending Board / Committee meetings				-		-
	Commission						-
	Others, please specify						-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>180,000</b>	<b>140,000</b>	<b>280,000</b>	<b>100,000.00</b>	<b>160,000.00</b>	<b>860,000</b>
	Total Managerial Remuneration**						
	Overall Ceiling as per the Act	₹ 1 Lacs for each Director as sitting fee for attending each meeting of the Board or its Committee.					

\*\* Total Managerial Remuneration to MD (being the total of A).

**C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTG**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Anil Girotra, Chief Financial Officer	Mr. K. K. Kohli, Company Secretary	Total
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	7,440,000	964,212	8,404,212
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	6,196,486	2,257,774	8,454,260
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>13,636,486</b>	<b>3,221,986</b>	<b>16,858,472</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment					
Compounding					

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

**Ravi Manchanda**  
Managing Director  
(DIN.00152760)

**Kiran Kapur**  
Director  
(DIN. 02491308)

Date: August 14, 2019  
Place: New Delhi



## Annexure - 2

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

### Point No.1

In the opinion of the management, Trade Receivable and Loans and Advances have a value on realisation in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.

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 the method prescribed under Ind AS 109. The company does not have effective system of obtention of confirmation from Trade Receivable, Trade payable and other Advances. The financial impact of these are not ascertainable and to that extent we cannot comment upon the adequacy of provision for doubtful debts and advance. However non - moving debts outstanding beyond 1 year are to the extent of ₹ 1,135 Lacs which is static balance and for which confirmations and reconciliations are not available and have not been provided for. The system of obtaining confirmations and reconciliation need to be strengthened.

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 the extent we do not have any information in respect 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 outstandings. 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.

### Point No.2

In the books of accounts of the Company, an amount of ₹ 1,803 Lacs is outstanding as on March 31, 2019 (₹ 2,970 Lacs as on March 31, 2018) being an advance to its wholly owned subsidiary M/s S.R.K. Investments Pvt. Ltd. since 2010-11. Subsequent to March 31, 2019, the Company has further received a sum of ₹ 300 Lacs. Similarly an advance of ₹ 185 Lacs has been

outstanding (more than 10 years) in the name of L P Investment Ltd (Subsidiary Company) and investment of ₹ 1,020 Lacs (since 2012-13) is made in the same subsidiary since making total exposure of ₹ 1,205 Lacs.

The Company's management, based on internal assessments and evaluations, have represented that the balance outstanding advance and investment are recoverable and realisable and that no accrual for diminution of advances/investment is necessary as at balance sheet date. The company has received confirmation from the aforementioned subsidiaries on March 31, 2019.

The Company has not created a provision against the advances/investment in its books of accounts. In our opinion, there is significant uncertainty and doubt about the recovery/ realisability of the advance/investment, as considerable period of time has elapsed from grant of advances/investment and therefore, a provision for doubtful advance/investment should have been accounted for in the financial statements for the year ended March 31, 2019.

Consequently, the loss for the year ended March 31, 2019 is understated and Reserves and Surplus (other equity) as at March 31, 2019 are overstated to the extent of ₹ 3,843 Lacs.

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

During the Financial Year 2010-11, the Company advanced an amount of ₹ 2,977 Lacs to its wholly owned subsidiary company M/s S.R.K. Investments Private Limited (SRK) for purchase of an apartment in Mumbai. Out of the sum of ₹ 1,167 Lacs has since been received by the Company upto March 31, 2019 and a sum of ₹ 300 Lacs has been received subsequent to March 31, 2019 aggregating to a total receipt of ₹ 1,467 Lacs till date.

Further, the Management is of the view that based upon the internal assessment and evaluation, the balance outstanding and investments of S.R.K. Investment Private Limited and L P Investments Limited are recoverable and realisable and that no accrual for diminution of advances/investment is necessary as at the balance sheet date. The management is confident that it will recover the outstanding amount shortly. The company has received confirmation from the aforementioned subsidiaries on March 31, 2019.

For and on behalf of the Board  
For Jagatjit Industries Limited

Ravi Manchanda  
Managing Director  
(DIN.00152760)

Kiran Kapur  
Director  
(DIN. 02491308)

Date: August 14, 2019

Place: New Delhi

## Annexure - 3

**Form No. MR-3**  
**Secretarial Audit Report**  
**For The Financial Year Ended March 31, 2019**  
*[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 March 31, 2019 ("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 authorised 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 March 31, 2019, 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

**Mohd Saqib**

Proprietor

Date: August 12, 2019

Place: New Delhi

ACS : 48433; CP No.: 18116

## Annexure-4

### 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, 2019 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 steam and power energy audit of Hamira unit by M/s Inventum Power Pvt. Ltd.-Delhi to optimise the use of available energy resources .
- Installation of VFD on all AHU's in MMF section.
- Installation of VFD on all Hanger conveyors.
- Installation of VFD on MMF-4 mix storage tank-01 no.
- Reduced one motor from each scrapping machine in MMF-4.
- Utilising LP steam instead of HP in MMF-2&3 mixing section.
- Waste heat recovery at Ejectors of MMF Plant No-2 &3 by installing heat exchanger.
- Replacement of steam traps in steam distribution networks 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 and in guest houses.
- Replacement of old conventional fluorescent/GLS lights with LED fittings at residential colony.
- Use of 100 LED Lights for distillery expansion project.

ii. In line with Company's efforts towards utilising 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 ₹ 60 Lacs.

#### B. TECHNOLOGY ABSORPTION.

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

- Installation of Auto Labeling Machine in CL Bottling for 375 ml pet bottles thereby replacing the manual labeling leading to manpower saving and quality improvement.
- Installation of Auto Rotary Rinsers (03 no's) in CL Bottling, thereby replacing manual Rinsing of bottles and for manpower saving and quality improvement.
- Installation of Auto Cap feeder on Sealing machines thereby ensuring productivity and manpower savings in CL Bottling.
- Modification of Inspection Light for productivity and quality improvement in CL Bottling.
- Modification of Filling machines in IMFL & CL Bottling for better productivity & prevention of blend loss during filling operation.
- Installation of door limit switches to control the switching of air curtains in N-Mex plant.
- Implemented latest LED trend in lighting used LED lights for Street lights.
- Used remote controlled (through Mobile phones) starters for submersible pumps.
- Vibro sifters installed in all MMF plants for proper sieving of finished product before commercial release.
- Bigger size Turbo installed in MMF-1 for improving BFC trend.
- Installed orifice on vacuum pump for evaporator in all MMF plants for achieving higher vacuum build up time.

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. The company has incurred an expenditure of ₹ 1.00 Crore towards Research and Development

#### C. FOREIGN EARNINGS & OUTGO (₹ IN LACS)

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018
1	Earnings in foreign currency	462	488
2	Expenditure in Foreign Currency	983	1102



## Annexure – 5

### 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 organisation. 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 organisation 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, 2019 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 2018-19 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, 2019 *	Committee Membership / Chairmanship in other Companies as on March 31, 2019	Attendance in Last AGM
Mr. Ravi Manchanda	Executive	6	5	7	-	Yes
Mrs. Kiran Kapur	Non-Executive Independent	6	3	-	-	No
Mrs. Anjali Varma	Non-Executive Non-independent	6	5	2	-	No
Ms. Sonya Jaiswal	Non-Executive Independent	6	6	1	-	Yes
Mrs. Sushma Sagar	Non-Executive Non-Independent	6	5	-	-	No
Mrs. Asha Saxena	Non-Executive Independent	6	5	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, 2018, August 13, 2018, September 20, 2018, November 14, 2018, December 31, 2018 and February 14, 2019.

### 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, 2019
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 Familiarisation

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 familiarisation programmes for Independent Directors are posted on the website and can be accessed from the link <http://jagatjit.com/pdf/Familiarisation%20Programme%202018-19.pdf>

### 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 through the link:

<http://jagatjit.com/pdf/Terms%20and%20conditions%20of%20the%20appointment%20of%20Independent%20Directors.pdf>

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 74<sup>th</sup> (Seventy Fourth) 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

M/s Lalit Kumar & Co., Chartered Accountants, New Delhi were appointed as Internal Auditors of the Company for the years 2017-18, 2018-19, 2019-2020. However, M/s Lalit Kumar & Co., vide their letter dated October 25, 2018 expressed their desire to disassociate themselves from the internal auditorship of the Company.

Messrs Mittal Chaudhry & Co., Chartered Accountants, New Delhi, expressed their desire to be appointed as Internal Auditors of the Company. At the recommendations of the Audit Committee,



the Board in its meeting held on November 14, 2018 appointed Messrs Mittal Chaudhry & Co., Chartered Accountants, New Delhi as the internal auditors of the Company for carrying out the internal audit for the FY 2018-19, 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 2018-19 the Independent Directors met on September 30, 2018 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, 2019 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. Mrs. Asha Saxena has been appointed as member of the Committee w.e.f. August 1, 2018.

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 five meetings i.e. on May 30, 2018, August 13, 2018, September 20, 2018, November 14, 2018 and February 14, 2019.

#### Attendance record of Audit Committee members

Sr. No.	Name of Members	No. of meetings held during the Financial Year 2018-19	Meetings attended
1	Mrs. Kiran Kapur	5	3
2	Mr. Ravi Manchanda	5	4
3	Ms. Sonya Jaiswal	5	5
4	Mrs. Asha Saxena	4	3

### 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 1, 2018 and October 1, 2018.

#### Attendance record of Nomination and Remuneration Committee members

Sr. No.	Name of Members	No. of meetings held during the Financial Year 2018-19	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:

Sr. No.	Name of the Directors	Total Sitting Fees Paid (₹)
1	Mrs. Kiran Kapur	1,80,000
2	Mrs. Anjali Varma	1,40,000
3	Ms. Sonya Jaiswal	2,80,000
4	Mrs. Asha Saxena	1,60,000
5	Mrs. Sushma Sagar	1,00,000

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	22,61,550	15,47,786	38,09,336

\* 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 separate Service Contract is entered into by the Company with its Managing Director. 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. Mrs. Kiran Kapur, 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, 2019.

No transfer was pending on March 31, 2019 for more than 15 days of its receipt.

During the year under review the Stakeholders' Relationship Committee held one meeting on February 14, 2019.

### Attendance record of Stakeholders' Relationship Committee members

Sr. No.	Name of Members	No. of meetings held during the Financial Year 2018-19	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 through the link:

[http://jagatjit.com/pdf/Code%20for%20fair%20disclosure%20under%20SEBI%20\(Insider%20Trading\).pdf](http://jagatjit.com/pdf/Code%20for%20fair%20disclosure%20under%20SEBI%20(Insider%20Trading).pdf)

## 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	2016	November 30, 2016	Wednesday	09.30 a.m.	- further issue and allotment of shares
2	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
3	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

### Extraordinary General Meeting(s)

Apart from the AGM, no other General Meeting was held during the Financial Year 2018-19.

### Postal Ballot

During the year 2018-19, 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](http://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 : September 30, 2019

Time : 09.30 a. m.

Venue : Jagatjit Nagar, Distt.  
Kapurthala-144802, Punjab

Annual Book Closure : Monday, September 23, 2019 to  
Monday, September 30, 2019  
[both days inclusive]

### b) Financial Year

April 1, 2018 to March 31, 2019

### c) Financial Calendar (2019-20) (tentative)

- (i) First Quarter Results : Mid of August, 2019
- (ii) Second Quarter Results : Mid of November, 2019
- (iii) Third Quarter Results : Mid of February, 2020
- (iv) Annual Results for the year  
ending March 31, 2020 : By May 30, 2020

### 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 2019-20 have been paid to the BSE Limited.

### f) Stock Market Data for the period April 01, 2018 to March 31, 2019 at the BSE Limited

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

Month	High	Low	Sensex High	Sensex Low
April, 2018	112.70	94.00	35213.30	32972.56
May, 2018	114.95	79.90	35993.53	34302.89
June, 2018	76.10	63.25	35877.41	34784.68
July, 2018	67.25	58.75	37644.59	35106.57
August, 2018	65.80	53.60	38989.65	37128.99
September, 2018	64.35	53.25	38934.35	35985.63
October, 2018	61.40	48.25	36616.64	33291.58
November, 2018	48.50	37.80	36389.22	34303.38
December, 2018	48.55	42.80	36554.99	34426.29
January, 2019	50.00	42.00	36701.03	35375.51
February, 2019	54.70	40.05	37172.18	35287.16
March, 2019	48.35	38.10	38748.54	35926.94

**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**

Share Transfer work of physical segment is attended to by the Company within the prescribed time period under law and the SEBI (LODR) Regulations. All share transfers are approved by a Committee constituted by the Board of Directors, which meets periodically.

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 dematerialised form with a depository with effect from April 1, 2019, other than transposition and transmission of shares.

Any investor who is desirous of transferring shares (which are held in physical form) after April 1, 2019 can do so only after the shares are dematerialised.

**i) Distribution of Shareholding as on March 31, 2019**

Category (in ₹)	No. of Shareholders	% of Share Holders	No. of Shares held	% of Share holding
Upto - 5000	2680	77.64	346361	0.75
5001 - 10000	313	9.07	225115	0.49
10001 - 20000	180	5.21	269757	0.59
20001 - 30000	75	2.17	188906	0.41
30001 - 40000	47	1.36	163809	0.35
40001 - 50000	33	0.96	156092	0.34
50001 - 100000	67	1.94	467379	1.01
Above - 100000	57	1.65	44330693	96.06
<b>Total</b>	<b>3452</b>	<b>100.00</b>	<b>46148112</b>	<b>100.00</b>



## j) Shareholding pattern as on March 31, 2019

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	15838	0.03	0.02
4	Private Corporate Bodies	1533759	3.32	2.24
5	NRIs/FIIs (other than Promoters)	216740	0.47	0.32
6	Indian Public	3525110	7.64	5.15
	<b>Total</b>	<b>2,09,38,112</b>	<b>45.37</b>	<b>100.00</b>
7	GDRs (Underlying Shares)	2,52,10,000	54.63	-
	<b>Grand Total</b>	<b>4,61,48,112</b>	<b>100.00</b>	<b>100.00</b>

The Company does not have any shares lying in the demat suspense account/unclaimed suspense account

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](mailto:jil@jagatjit.com)

Investor E. mail address: [Investor@jagatjit.com](mailto:Investor@jagatjit.com)

## 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, 2019, 1,66,47,311 equity shares being 36.07 % 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 2018-19.

## 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](mailto:hamira@jagatjit.com)

## 10. Other Disclosures

- 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, 2019.
- 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.
- There had been delay in submission and publication of Financial Results for the quarters and years ended on March 31, 2016 and March 31, 2017 and for the quarters ended on June 30, 2016 and December 31, 2016. The BSE Limited levied a penalty which has been paid by the Company.
- 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](http://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 victimisation 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 organisation 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 <http://jagatjit.com/pdf/Policy%20on%20Material%20subsidiaries.pdf>
- (vi) Policy on Related Party Transactions can be accessed at <http://jagatjit.com/pdf/Related%20Party%20Transaction.pdf>
- (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, 2019, 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](http://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**

Date: August 14, 2019  
Place: New Delhi

<b>Ravi Manchanda</b> Managing Director (DIN.00152760)	<b>Kiran Kapur</b> Director (DIN. 02491308)
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## 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.

Date: August 14, 2019

**Ravi Manchanda**  
Managing Director  
DIN. 00152760



## Annexure – 6

### CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,  
The Members,  
JAGATJIT INDUSTRIES LIMITED

1. We have examined the compliance of conditions of Corporate Governance by JAGATJIT INDUSTRIES LIMITED ("the Company"), for the year ended on March 31, 2019, 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, 2019.
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

Date: August 14, 2019

Place: New Delhi

# Management Discussion & Analysis

## Economic Overview

Despite global challenges, India's GDP growth accelerated to 6.8% in 2019, from 6.7% in the previous year, as per the estimates of the Central Statistics Office. This has been the result of various initiatives and reforms, some of which include the introduction of GST, Make in India, Skill India, Digital India, steps towards resolution of bank non-performing assets, recapitalisation of banks and FDI liberalisation. [Source: [www.mospi.gov.in](http://www.mospi.gov.in)]

The country is set to become the fifth-largest economy in 2019, overtaking UK, IHS Markit stated in its report, and is poised to surpass Japanese GDP to be the world's third-largest economy and the second position in the Asia-Pacific region by 2025 [Source: IHS Markit]. The key goal of the Finance Ministry, under the new Government, is to transform India from a US\$ 3 trillion economy in 2019 to US\$ 5 trillion by 2025, lifting the nation into the ranks of the world's upper middle-class countries. Despite the wide range of economic challenges facing the nation, the economic outlook appears positive, with GDP growth forecast to average around 7% per year over the FY 2019-23 period.

## Rising Consumption Market

As the size of its consumer market continues to grow at a rapid pace, India will play an increasingly important role as one of the Asia-Pacific region's major economic growth engines, helping to drive Asian regional trade and investment flows. According to Boston and Consultancy Group (BCG), the domestic consumption in India has increased 3.5 times from ₹ 31 trillion to ₹ 110 trillion over the last decade ending 2018, driven by households that earn between ₹ 5 Lacs to ₹ 20 Lacs per annum. BCG estimates consumption in India to further rise and touch ₹ 335 trillion by 2028, exhibiting a CAGR of 13.2%, from its 2018 - level. India's contribution to global consumption is expected to double to 5.8% by 2020 [Source: IBEF]. Initiatives like GST and an increasing emphasis on transparency will provide a huge fillip to the organised retail segment.

## Industry Overview

The Indian liquor industry is one of the most vibrant in the world. The array of liquor sold in India is dazzling and demand for the same is growing among affluent Indians. India is one of the top markets for higher consumption and growing at a healthy rate. Liquor sales grew in double digits in 2018, the most since 2012, after two consecutive years of decline, as the impact of highway ban faded and companies brought changes in distribution strategy in some states. [Source: <https://economictimes.indiatimes.com/industry/cons-products/liquor/impact-of-highway-ban-fades-as-liquor-sales-grow/articleshow/67860721.cms>]

India is one of the largest markets for spirits globally. Its spirits sector, which includes whisky, brandy, rum and vodka, is estimated to expand 25% to ₹ 2.92 trillion by 2022, according to Euromonitor International. The country is among the world's most attractive alcohol markets and should increase its share of global consumption from high single-digit to low-teen growth, according to a report from brokerage house Nirmal Bang.

Sales volume of IMFL rose 10% to 359 million cases in 2018. Demand for all the key segments like whisky, brandy, rum and vodka rose in 2018. It may be recalled that the year of 2017 was the worst year for the liquor industry as sales volume fell 3% to 328 million cases. Nearly one-third of the 30,000 liquor shops in India closed in 2017 following the Supreme Court's restriction on sale of alcohol near state and national highways, causing drop in demand for beer and spirits. Subsequently, the top court clarified its ruling, which eased conditions for liquor sales and allowed many shops to reopen.

## Rising Whisky Sales

At 176 million cases, one in every five spirits across categories (whisky, vodka, gin, rum and brandy) consumed globally were an Indian variant of whisky, according to the latest data from the International Wine and Spirits Research (IWSR), which ranks all brands selling over one million cases annually. Sales bounced back after the temporary ban on highway sales and regulatory issues. Between 2014 and 2018, the sale of Indian whisky expanded by over 50%, three times the growth rate for the global liquor market.

## Growth in Whisky Sales\* in India

	2014	2015	2016	2017	2018
Indian Whisky	115	156	160	158	176
Scotch Whisky	66	66	66	68	70
American Whisky	25	26	27	28	30

\*In Million 9-litre cases

[Source: IWSR]

## Key Growth Drivers

The Indian alcoholic beverage industry is one of the biggest alcohol industries across the globe, behind only two major countries – China and Russia, according to a forecast by Goldstein Research. Growing demand for alcoholic beverages in India can be majorly attributed to the huge young population base and growing consumption of alcohol by the young generation, as well as rising disposable income, which is strengthening industry's growth. Premiumisation also continues to be a key factor in 2018, driving growth in the industry. These demographic statistics are expected to fuel the growth of the alcohol



beverages market over the forecast period at rapid pace. Additionally, rapid urbanisation of Tier 2 cities is further fuelling market growth.

With a population of 1.3 billion, India is one of the largest consumer markets across the globe. It is also demographically one of the youngest with around 50% of its population below the age of 25; and around 65% of the population below the age of 35. Take for instance, the case of whisky. Spurred by innovation in whisky cocktails and highballs, the global whisky category increased by 7% in 2018, driven in large part by a strong Indian economy (Whisky grew by 10.5% in India, as consumers continue to trade up in the category). US and Japan posted 5% and 8% growth, respectively. The International Wines and Spirits Record (IWSR) forecasts whisky to grow by 5.7% CAGR from 2018 to 2023, to almost 581 million 9-litre cases.

### Growth Outlook

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. India alcoholic beverages market is expected to grow at a CAGR of 7.4% during the forecast period FY 2016-24, according to the forecast by Goldstein Research. Further, the market is anticipated to reach US\$ 39.7 billion by the end of the forecast period, as alcohol consumption is growing in urban areas. The premium and above segment is expected to grow at a CAGR of 14% between 2016 and 2021, whereas the prestige segment is estimated to grow at 12% over the same period.

### Business Overview

Jagatjit Industries Limited (the Company or Jagatjit) was set up in 1944 in Punjab. Its business units comprise 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.

### Operational Overview

#### A) Liquor

The Company's primary focus of business is in manufacturing, distributing and selling IMFL brands with an intent to provide superior brands at affordable prices. During FY 2018-19, the Company sold 2.83 million IMFL cases. The Company is also engaged in manufacturing of country liquor in Punjab, where it enjoys around 10% market share and recorded volume of about 1 million cases.

During the year under review, the Company re-introduced Aristocrat Premium Whisky, with a complete image makeover. The brand was upgraded to the Semi-Premium segment as against Deluxe segment.

The Company has re-launched Royal Pride Whisky and is about to re-launch King Henry VIII Scotch Whisky. The Company is also looking to introduce brandies in the Premium and Semi-premium segments in the key markets of South India by the end of the year.

#### 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 has four units of tray drying and one unit of spray drying, with a total manufacturing capacity of 115 MT per day of high-quality malted milk food.

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 supplies its Malt Extract/Cereal Extract to GlaxoSmithKline Consumer Healthcare Limited.

#### C) International Brand Portfolio

In the international market, Jagatjit customises its product portfolio according to the demand and future growth potential of the respective product categories. The Company is engaged in contract manufacturing/bottling of third-party brands of its international customers. The Company expects to treble the sales volumes of its exports over the next couple of years. To expand its reach and to strengthen its competitive footing in terms of pricing, it is looking to enter into strategic partnerships with local companies in Africa and SAARC for bottling its brands.

#### D) Real Estate

Jagatjit has two properties, one each in Gurugram and New Delhi, which have been leased out to earn rental income. Its Gurugram property, comprising approximately 2,00,000 Sq. Ft., is spread over 4 acres of land size with a current valuation of close to ₹ 175 Crores. The property at Connaught Palace, New Delhi, comprises two floors of Ashoka Estate of approximately 23,000 Sq. Ft. area, with a current valuation of close to ₹ 85 Crores. The total annual rent it receives from the two properties amounts to ₹ 20 Crores.

## Financial Review

During FY 2018-19, Jagatjit's sale of alcoholic beverages decreased by around 51% in terms of volume. Its total income (including income from services and other sources) stood at ₹ 303.87 Crores, as compared to ₹ 567.10 Crores during the previous year.

Jagatjit's beverage segment clocked revenue net of excise duty of ₹ 87.11 Crores, as compared to ₹ 232.71 Crores during the previous year. Its food segment clocked revenue net of excise duty of ₹ 132.31 Crores, as compared to ₹ 121.42 Crores during the previous year.

	Amount (₹ Crores)	
	FY 18-19	FY 17-18
Total Income	303.87	567.10
Material Consumption	88.82	175.39
Excise Duty	24.99	169.93
Staff Costs	68.60	76.50
Others	108.30	151.71
EBITDA	13.16	-6.43
Finance Cost	72.59	55.09
Depreciation	10.44	12.12
Profit before tax and exceptional items	-69.87	-73.64
Exceptional items (Profit on sale of PPE)	3.73	0.00
Profit Before Tax	-66.14	-73.64
Tax	-1.42	-3.52
Profit After Tax from continuing operations	-64.72	-70.12
Total comprehensive Profit After Tax	-66.27	-74.33

The total raw material cost decreased to ₹ 88.82 Crores, as compared to ₹ 175.39 Crores during the previous year. Excise duty decreased to ₹ 24.99 Crores, as compared to ₹ 169.93 Crores during the previous year. Employee costs decreased to ₹ 68.60 Crores, as compared to ₹ 76.50 Crores during the previous year. At EBITDA level, the Company incurred profit of ₹ 13.16 Crores, as compared to a loss of ₹ 6.42 Crores during the previous year.

Jagatjit incurred a loss before taxation of ₹ 66.14 Crores from continuing operations, as compared to loss before taxation of ₹ 73.63 Crores during the previous year. The net loss during the year was ₹ 66.27 Crores, as compared to a net loss of ₹ 74.33 Crores during the previous year.

## KEY FINANCIAL RATIOS

Particulars	2018-19	2017-18	% Change	Remarks
Debtors Turnover Ratio (Days)	143	90	59	Due to reduction in turnover
Inventory Turnover Ratio (Days)	31	21	47	Due to reduction in turnover
Interest Coverage Ratio	4.30	(8.58)	150	Due to increase in EBITDA as compared to last year
Current Ratio	0.65	0.77	(16)	N.A.
Debt Equity Ratio	6.06	3.74	62	Due to reduction in equity due to net losses
Operating Profit Margin %	6.8	(1.2)	663	Due to increase in earnings before interest and tax
Net Profit Margin %	(21.7)	(13.1)	(66)	Due to reduction of net loss during the current year as compared to previous year, coupled with reduction in turnover
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 modernisation 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 focussed 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 standardised 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.

**Mitigation measure:** The Indian economy is one of the fastest growing economies in the world. It is poised for strong growth in the coming years, supported by various Government initiatives such as Make in India, Digital India, Skill India, Rural Electrification Drive, and Smart Cities Mission. In addition, Jagatjit has strong presence in several international markets. An exposure to international markets reduces dependence on India's economic growth. However, current economic slowdown post May 2019 elections 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

Human Capital is one of the key resources for Jagatjit, which ensures business continuity and sustainable growth. The Company continually strives to attract, retain, and develop the best talent required for its business to grow. It provides periodic skill and personnel development training to enhance employee productivity and maintain high motivational levels.

The Company ensures a safe, conducive and productive work environment across all plants and offices. High employee satisfaction levels are achieved, led by strong focus on transparent and engaging work culture. Jagatjit boasts of well-defined HR policies which ensure alignment of personal goals with professional growth. Its human capital stands at around 1,671 employees, including permanent factory workmen. During the fiscal year, its relation with the industrial workforce remained generally harmonious.

## Cautionary Statement

This Report contains forward-looking statements that involve risk and uncertainties. Your Company undertakes no obligation to publicly update or revise any forward-looking statements. The results, performances or achievements may differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements. This Report should be read in conjunction with the financial statements included herein and the notes thereto.



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# Independent Auditors' 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, 2019, 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, 2019, its loss including other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

## Basis for qualified opinion

- (1) *In the opinion of the management, Trade Receivable and Loans and Advances have a value on realisation in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.*

*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 the method prescribed under Ind AS 109. The company does not have effective system of obtention of confirmation from Trade Receivable, Trade payable and other Advances. The financial impact of these are not ascertainable and to that extent we cannot comment upon the adequacy of provision for doubtful debts and advance. However non-moving debts outstanding beyond 1 year are to the extent of ₹ 1135 Lacs which is static balance and for which confirmations and reconciliations are not available and have not been provided for. The system of obtaining confirmations and reconciliation need to be strengthened.*

*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 the extent we do not have any information in respect of such balances.*

- (2) *In the books of accounts of the Company, an amount of ₹ 1,803 Lacs is outstanding as on March 31, 2019 (₹ 2,970 Lacs as on March 31, 2018) being an advance to its wholly owned subsidiary M/s S.R.K. Investments Pvt. Ltd. since 2010-11. Subsequent to March 31, 2019, the Company has further received a sum of ₹ 300 Lacs. Similarly an advance of ₹ 185 Lacs has been outstanding (more than 10 years) in the name of L P Investment Ltd (Subsidiary Company) and investment of ₹ 1,020 Lacs (since 2012-13) is made in the same subsidiary making total exposure of ₹ 1,205 Lacs.*

*The Company's management, based on internal assessments and evaluations, have represented that the balance outstanding advance and investment are recoverable and realisable and that no accrual for diminution of advances/investment is necessary as at balance sheet date. The company has received confirmation from the aforementioned subsidiaries on March 31, 2019.*

*The Company has not created a provision against the advances/investment in its books of accounts. In our opinion, there is significant uncertainty and doubt about the recovery/realisability of the advance/investment, as considerable period of time has elapsed from grant of advances/investment and therefore, a provision for doubtful advance/investment should have been accounted for in the financial statements for the year ended March 31, 2019.*

*Consequently, the loss for the year ended March 31, 2019 is understated and Reserves and Surplus (other equity) as at March 31, 2019 are overstated to the extent of ₹ 3,843 Lacs.*

*It may be noted that modified opinion was given in respect of the advance and trade receivable matters by us on the Financial Statements for the period ended March 31, 2018. We have also given modified opinion vide report (dated May 30, 2019) in pursuance of Regulation 33 of SEBI (listing obligations).*

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

- Attention is drawn to Note No. 3(iv) regarding installation of plant & machinery, Note No. 4(vii) regarding fair value of investment properties, Note No. 7 (i) regarding realisation of security deposit of Sikandrabad and Sahibabad Plant, Note No. 8 (i) regarding MAT credit, Note No. 8(iv) & Note 38 (iii) regarding provision made for advance to director in earlier year, Note No. 11 (i) regarding unconfirmed bank balance, Note No. 12 (i) & (ii) regarding security deposits and loans and advances to employees, Note No. 13 (ii) regarding commercial advance of ₹ 63 Lacs to a company, Note No. 14 (i) regarding interest free advance for business purposes and pending receipt of bills for advances made for business purposes, Note No. 15 regarding assets held for sale, Note No. 18(v) regarding pending finalisation of terms and conditions related to inter corporate loan, Note No. 21(ii) regarding provision service tax, Note No. 22 (i) and 23(iii) regarding interest payable to MSME, Note No. 23(iv) regarding amount payable to employees pending full & final settlement, Note No. 23(v) (a) regarding provision of sales promotion pending credit to parties, on account of reconciliation, Note No. 24(i) regarding amount received from customer pending reconciliation, Note

No. 24(iii) regarding provision for service tax, Note No. 34B(i) regarding deferred tax, and Note No. 43 regarding various risks.

- Without qualifying our opinion, we draw attention to Note 2.1 (iv) in the financial statements which indicates that the Company has been suffering losses for the last six years and incurred a net loss of ₹ 6,627 Lacs during the year ended March 31, 2019 and, as of that date, the company's current liabilities exceeding the total assets by ₹ 10,171 Lacs. These conditions along with other matters as set forth in Note 2.1 (iv), 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.
- 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 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 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 below, our description of how our audit addressed the matter is provided in that context.

The Key Audit Matter	How to the matter was addressed in our audit
<p><b>(a) Litigation Matters:</b></p> <p>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.</p> <p>At March 31, 2019, the Company's contingent liabilities for legal matters were ₹ 1148 Lacs (refer Note 36 to the standalone financial statement) and provision for service tax aggregated 407 Lacs (refer Note 21(A) &amp; Note 24(iii)). The most significant contingent liability pertains to service tax of ₹ 389 Lacs and sales tax of ₹ 562 Lacs.</p> <p>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.</p> <p>These estimates could change substantially overtime as new facts emerge as each legal case progresses.</p> <p>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.</p>	<p>Reviewing the outstanding litigations against the Company for consistency with the previous years. Enquire and obtain explanations for movement during the year.</p> <p>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.</p> <p>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.</p> <p>Examining the Company's legal expenses and reading the minutes of the board meetings, in order to ensure that all cases have been identified.</p> <p>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.</p> <p>Assessing the decisions and rationale for provisions held or for decisions not to record provisions or make disclosures.</p> <p>For those matters where management concluded that no provisions should be recorded, considered the adequacy and completeness of the Company's disclosures.</p>



The Key Audit Matter	How to the matter was addressed in our audit
<p><b>(b) Loan to employees:</b> Company has given loan of ₹ 894 Lacs 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.</p>	<p><b>Our procedures included:</b> We have perused the detail and have verified the repayments made by employees 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.</p>
<p><b>(c) Advance to supplier:</b> Company had made an interest free advance of ₹ 270 Lacs in 2017-18 towards supply of sales promotion articles. Vide letter dated 06.06.19 the Company has not approved the samples and has requested for refund of the amount. Management has obtained the confirmation from the supplier.</p>	<p>We have perused the confirmation letter of the supplier and relied upon the assertion of Management that the amount will be recovered. We have disclosed the issue vide emphasis of matter paragraph</p>
<p><b>(d) Interest to MSME Supplier:</b> Other current liabilities include ₹ 217 Lacs towards interest accrued and payable to MSME as per MSMED Act 2006. Company has initiated the exercise of identification of enterprises to whom this amount is payable and has informed that once identification is done, the payment will be made.</p>	<p>We have applied the relevant audit procedures and have disclosed the issue in Emphasis of matter in our report.</p>
<p><b>(e) Balance with Govt. Authorities:</b> Other non-current assets include ₹ 67 Lacs as deposit with revenue authorities. Management has informed that the amount represents deposit in earlier years as pre condition for filing appeals against various demands under different statutes. Management has initiated an exercise of reconciliation and adjustment if any will be made on completion of exercise</p>	<p>We have perused contingent liabilities of the company and have gone through various correspondences. We have relied upon the assertion of Management and have disclosed the issue vide note 8 (ii) of Notes to the financial statements</p>
<p><b>(f) Other current assets include MAT credit of ₹ 968 Lacs u/s 115JB of the Act. Company continues to suffer losses, however company is of the view that in view of mitigating factors adopted by company to curtail losses, there would be sufficient Tax profits in future to avail MAT credit for the period of 5 to 7 years.</b></p>	<p>We have perused details of MAT credits in earlier years. No further credit for C.Y loss is created. We have relied upon the management assertion and disclosed the issue vide emphasis of matter para in our report.</p>
<p><b>(g) Revenue recognition from sale of products:</b> Revenue from sale of products is recognised 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 recognised in relation to sales made during the year.</p>	<p>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.</p>

## 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 management's use of the going concern basis of accounting and based on the audit evidence obtained, a material uncertainty exists related to events or condition that may cast significant doubt on the Company's ability to continue as going concern. We draw attention to Note 2.1 (iv) in the financial statements which indicates that the The Company has been suffering losses for the last six years and incurred a net loss of ₹ 6,627 Lacs during the year ended March 31, 2019 and, as of that date, the company's current liabilities exceeding the total assets by ₹ 10,171 Lacs. These conditions along with other matters as set forth in Note 2.1 (iv), 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.
- 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, the managerial remuneration for the year ended March 31, 2019 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 March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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

Date: August 14, 2019

Place: New Delhi

Membership number: 082214

UDIN: 19082214AAAABT8938

## Annexure A to The Independent Auditors' Report of even date on the Standalone Financial Statements of Jagatjit Industries Ltd.

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

### (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. Pursuant to the said programme, fixed assets were physically verified by the Management during the year. On reconciliation of physical verification report with assets record it is observed that certain fixed assets are not physically available which in the opinion of management are not significant.
- (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 Immoveable property (4th and 5th Floor, Bhandari House, Nehru Place, Delhi) having gross book value of ₹ 103 Lacs (Original Cost) and Net book value of ₹ 91 Lacs.

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

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

### (ii) In respect of its inventories:

- (a) As explained to us, inventories have been physically verified during the year by the Management at reasonable intervals, other than stock of ₹ 757 Lacs lying with port authorities.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) (a) According to Information and explanation given to us, the Company has granted loan to its subsidiary and advance to associate company covered in register maintained u/s 189 of the Companies Act, 2013 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 above advances, no terms and conditions and stipulation regarding payment of principal amount or interest have been laid out. Advance to associate company has been received during the year.
- (c) In respect of overdue advance of ₹ 1,988 Lacs given to subsidiary companies, the matter has been qualified by us vide paragraph 2 of basis for qualified opinion of our audit report.
- (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 from customers of ₹ 1,20,65,085/- outstanding more than 365 days. Company is of the view that the amount is not advance from customers but needs to be adjusted against debit balance of receivables. Pending reconciliation, amount is shown as advance from customers and hence claimed exempted deposits. Pending reconciliation, we are unable to comment upon this.* 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 represents a 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 31.03.2019 for a period of more than six months from the date they became payable except service tax payable of ₹ 54 Lacs which represent difference on provision made in respect of Royalty income on accrual basis and payment made on actual receipt for which identification of parties and reconciliation thereof is under process as certified by the management.

(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 31.03.2019 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.
<b>SERVICE TAX</b>					
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
<b>SALES TAX</b>					
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	45,44,581	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	Andhra Pradesh VAT Act	Demand in respect of VAT	22,97,671	2012-13	Appellate Deputy Commissioner,

- (ii) Company made provision for service tax of ₹ 353 Lacs demanded by Orissa State Beverages Corporation Ltd. against their liability to service tax in earlier year. The matter is pending before Service Tax Terminal 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 ₹ 211 Lacs paid to corporate facility management) [refer Note No. 38B(iii)(c)] obtained by the company 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 accounting standards.

- (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 him. 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

Date: August 14, 2019  
Place: New Delhi  
UDIN: 19082214AAAABT8938

**M. K. Madan**  
Proprietor  
Membership number: 082214



## **Annexure B to The Independent Auditors' Report of even date on the Standalone Financial Statements of Jagatjit Industries Ltd.**

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

#### **Qualified Opinion**

We have audited the internal financial controls with reference to standalone financial statements of Jagatjit Industries Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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, 2019, *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 Physical availability of fixed assets record, updating of status of contingent liabilities, Rolling Cash Plan (HO), recovery of loan & advances from employees/suppliers, Full & Final settlement of employee, Filling of VAT return (Behror), Revenue recognition of royalty income from franchise operation (Head office & Hamira), revenue recognition of third party supply agreement, revenue recognition of distribution income 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").

#### **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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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.

for **Madan & Associates**

Chartered Accountants

Firm's registration number: 000185N

**M. K. Madan**

Proprietor

Date: August 14, 2019

Place: New Delhi

UDIN: 19082214AAAABT8938

Membership number: 082214



# Balance Sheet

as at March 31, 2019

Particulars	Notes	(₹ in Lacs)	
		As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
a) Property, plant and equipment	3A	38,046	41,296
b) Other intangible assets	3B	2	4
c) Capital work-in-progress	3C	22	33
d) Investment Properties	4	1,837	1,764
e) Financial assets			
i) Investments	5	1,798	1,291
ii) Loans	6	1,988	3,477
iii) Other financial assets	7	1,513	732
f) Other non-current assets	8	1,167	2,437
<b>Total non-current assets</b>		<b>46,373</b>	<b>51,034</b>
<b>2 Current assets</b>			
a) Inventories	9	3,942	5,611
b) Financial assets			
i) Trade receivables	10	7,990	13,452
ii) Cash and Cash Equivalents	11	950	1,196
iii) Loans	12	967	880
iv) Other financial assets	13	322	580
c) Other current assets	14	2,446	3,930
d) Assets classified as held for sale	15	1,938	45
<b>Total Current assets</b>		<b>18,555</b>	<b>25,694</b>
<b>TOTAL - ASSETS</b>		<b>64,928</b>	<b>76,728</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	16	4,615	4,615
Other Equity	17	4,585	11,557
<b>Total Equity</b>		<b>9,200</b>	<b>16,172</b>
<b>LIABILITIES</b>			
<b>1 Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	18A	20,432	23,802
ii) Other financial liabilities	19	3,647	706
b) Other long term liabilities	20	434	66
c) Provisions	21A	2,245	2,169
d) Deferred tax liabilities (net)	34B	244	499
<b>Total Non - current liabilities</b>		<b>27,002</b>	<b>27,242</b>
<b>2 Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	18B	1	3,233
ii) Trade Payables	22	8,757	11,906
iii) Other financial liabilities	23	11,348	12,727
b) Other current liabilities	24	8,196	4,972
c) Provisions	21B	424	476
<b>Total Current Liabilities</b>		<b>28,726</b>	<b>33,314</b>
<b>Total Liabilities</b>		<b>55,728</b>	<b>60,556</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>64,928</b>	<b>76,728</b>
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

Date: August 14, 2019  
Place: New Delhi

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

**Ravi Manchanda**  
Managing Director  
DIN: 00152760

**Kiran Kapur**  
Director  
DIN: 02491308

**Anjali Varma**  
Director  
DIN: 01250881

**Sonya Jaiswal**  
Director  
DIN: 02626750

**Asha Saxena**  
Director  
DIN: 08079652

**Sushma Sagar**  
Director  
DIN: 02582144

**Anil Girotra**  
Chief Financial Officer

**Roopesh Kumar**  
Company Secretary

# Statement of Profit and Loss

for the year ended on March 31, 2019

(₹ in Lacs)			
Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>1 Income</b>			
a) Revenue from operations (gross of excise duty)	25	24,925	53,386
b) Other Income	26	5,462	3,324
<b>Total Income</b>		<b>30,387</b>	<b>56,710</b>
<b>2 Expenses</b>			
a) Cost of Material Consumed	27	6,993	15,695
b) Purchases of Stock-in-trade	28	478	1,374
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	1,411	470
d) Excise duty on sale of goods		2,499	16,993
e) Employee Benefit Expenses	30	6,860	7,650
f) Finance cost	31	7,259	5,509
g) Depreciation and amortisation expenses	32	1,044	1,212
h) Other Expenses	33	10,830	15,170
<b>Total expenses</b>		<b>37,374</b>	<b>64,073</b>
<b>3 Profit / (Loss) before tax and exceptional items</b>		<b>(6,987)</b>	<b>(7,363)</b>
<b>4 Exceptional items</b> (Profit on sale of PPE)		<b>373</b>	<b>-</b>
<b>5 Profit / (Loss) before tax and after exceptional items</b>		<b>(6,614)</b>	<b>(7,363)</b>
<b>6 Tax expense:</b>			
Current Tax		-	-
Income Tax adjustment related to earlier years	34A	92	5
Deferred Tax (credit) / charge	34B	(234)	(357)
<b>Total tax expenses</b>		<b>(142)</b>	<b>(352)</b>
<b>7 Profit / (Loss) for the period from Continuing Operations</b>		<b>(6,472)</b>	<b>(7,011)</b>
<b>8 Profit / (Loss) for the period from discontinuing operations</b>	40	<b>(116)</b>	<b>(396)</b>
Tax expenses from discontinuing operations		-	-
<b>9 Profit / (Loss) for the period</b>		<b>(6,588)</b>	<b>(7,407)</b>
<b>10 Other Comprehensive Income (OCI)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement (gains)/losses on defined benefit plans		60	39
Tax impact on re-measurement (gain)/ loss on defined benefit plans		(21)	(13)
<b>Total Other Comprehensive Income</b>		<b>39</b>	<b>26</b>
<b>11 Total comprehensive income for the year (9 - 10)</b>		<b>(6,627)</b>	<b>(7,433)</b>
<b>12 Earnings per share for continuing operations (in ₹):</b>			
Basic & Diluted	35	(14.83)	(16.06)
<b>Earnings per share for discontinued operations (in ₹):</b>			
Basic & Diluted	35	(0.26)	(0.91)
<b>Earnings per share (for continuing and discontinued operations) (in ₹):</b>			
Basic & Diluted	35	(15.09)	(16.97)
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

Date: August 14, 2019  
Place: New Delhi

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

**Ravi Manchanda**  
Managing Director  
DIN: 00152760

**Sonya Jaiswal**  
Director  
DIN: 02626750

**Anil Girotra**  
Chief Financial Officer

**Kiran Kapur**  
Director  
DIN: 02491308

**Asha Saxena**  
Director  
DIN: 08079652

**Roopesh Kumar**  
Company Secretary

**Anjali Varma**  
Director  
DIN: 01250881

**Sushma Sagar**  
Director  
DIN: 02582144



# Standalone Cash Flow Statement

for the year ended March 31, 2019

(₹ in Lacs)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A. Cash Flow from Operating Activities</b>		
Net loss before tax	(6,730)	(7,759)
Adjustments for:		
Rent from Investment properties	(2,038)	(1,972)
Gain on fair valuation of financial assets & liabilities (net)	(600)	(5)
Prior period adjustments		(99)
Depreciation	1,044	1,212
Interest Expense	7,259	5,413
Interest Income	(221)	(109)
Profit on sale properties, plant and equipment (net)	(361)	(62)
<b>Bad Debts / Advances/Stock written off</b>	192	8
Provision for Doubtful Debts and Advances	1,484	868
Provision for obsolete/damaged inventory	155	339
Profit on sale of investment	(650)	-
Liability no longer required written back	(1,132)	(593)
Provision for Gratuity & Leave Encashment	24	(131)
<b>Operating Profit before Working Capital Changes</b>	<b>(1,574)</b>	<b>(2,890)</b>
<b>Changes in assets and liabilities</b>		
Trade Receivables	4,148	(263)
Loans, other financial assets and other assets	2,839	(2,076)
Inventories	1,752	1,968
Trade Payables	(3,149)	(1,065)
Financial Liabilities, Other liabilities and provisions	1,023	5,085
<b>Cash generated from operations</b>	<b>5,039</b>	<b>759</b>
Taxes (Paid)/ Received (Net of TDS)	-	-
<b>Net Cash flow/ (used) Operating Activities (A)</b>	<b>5,039</b>	<b>759</b>
<b>B. Cash flow from Investing Activities:</b>		
Purchase of properties, plant and equipment including Capital Work- in -Progress and Capital advances	(158)	(140)
Advances against asset held for sale	3,927	-
Proceeds from Sale of properties, plant and equipment	421	94
Purchase of investments property	(9)	-
Sale of investments	713	15
(Advances)/Realisation to/from subsidiaries	1,182	(4)
Interest Received (Revenue)	309	31
Income from Investment Properties	2,038	1,972
Release/(Addition) of Cash (from)/for restrictive use	(725)	75
<b>Net Cash inflow from Investing Activities (B)</b>	<b>7,698</b>	<b>2,043</b>

# Standalone Cash Flow Statement (Cont.)

for the year ended March 31, 2019

(₹ in Lacs)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>C. Cash Flow from Financing Activities:</b>		
Proceeds from short term Borrowings (Net)	(2,278)	2,620
Proceeds from long term Borrowings (Net)	(3,370)	1,792
Interest Paid	(7,335)	(6,584)
<b>Net cash used in Financing Activities (C)</b>	<b>(12,983)</b>	<b>(2,172)</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash equivalents (A+B+C)</b>	<b>(246)</b>	<b>630</b>
Cash and Cash equivalents at the beginning of the year	1,196	566
Cash and Cash equivalents at the end of the year	950	<b>1,196</b>
<b>Cash &amp; Cash Equivalents Comprises</b>		
Cash, Cheques & Drafts (in hand) and Remittances in transit	13	43
Balance with Scheduled Banks	937	1,153
	<b>950</b>	<b>1,196</b>

## Notes:-

- The aforesaid Cash Flow Statement has been prepared under the "Indirect Method" and in accordance with Ind AS -7 on Cash Flow Statements.
- Fixed Deposits with banks having maturity period of more than one year (including those pledged with statutory authorities) have been disclosed in other non current assets and do not form part of cash and bank balances.
- Figures in brackets indicate cash outgo.
- Previous year's figures have been regrouped and recast wherever necessary to conform to the current year classification.

Significant Accounting Policies and Notes to Accounts 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**

**Ravi Manchanda**  
Managing Director  
DIN: 00152760

**Kiran Kapur**  
Director  
DIN: 02491308

**Anjali Varma**  
Director  
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**Sonya Jaiswal**  
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DIN: 02626750

**Asha Saxena**  
Director  
DIN: 08079652

**Sushma Sagar**  
Director  
DIN: 02582144

**Anil Girotra**  
Chief Financial Officer

**Roopesh Kumar**  
Company Secretary



# Statement of Changes in Equity

for the year ended March 31, 2019

## A. EQUITY SHARE CAPITAL

Issued, subscribed and fully paid-up (Share of ₹ 10 each)	No. of shares	Amount in ₹
<b>At April 01, 2017</b>	46,148,112	461,481,120
Increase / (Decrease) during the year	-	-
<b>At March 31, 2018</b>	46,148,112	461,481,120
Increase / (Decrease) during the year	-	-
<b>At March 31, 2019</b>	<b>46,148,112</b>	<b>461,481,120</b>

## B. OTHER EQUITY

						(₹ In Lacs)
Particulars	Reserve & Surplus				Other Comprehensive Income	Total
	General Reserve	Capital Redemption	Securities Premium	Retained Earnings	Remeasurement of defined benefit obligations	
Balance as at April 1, 2017	2,016	580	3,697	12,964	(267)	18,990
Profit/(loss) for the year	-	-	-	(7,407)	-	(7,407)
Other comprehensive income for the year	-	-	-	-	(26)	(26)
Balance as at March 31, 2018	2,016	580	3,697	5,557	(293)	11,557
Revaluation reserve 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

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

Date: August 14, 2019  
Place: New Delhi

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

**Ravi Manchanda**  
Managing Director  
DIN: 00152760

**Kiran Kapur**  
Director  
DIN: 02491308

**Anjali Varma**  
Director  
DIN: 01250881

**Sonya Jaiswal**  
Director  
DIN: 02626750

**Asha Saxena**  
Director  
DIN: 08079652

**Sushma Sagar**  
Director  
DIN: 02582144

**Anil Girotra**  
Chief Financial Officer

**Roopesh Kumar**  
Company Secretary

# Notes on Financial Statements

for the year ended March 31, 2019

## 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).

## 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) These financial statements were approved for issue by the Board of Directors on August 14, 2019.
- (iii) Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised 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 recognised 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.

- (iv) The Accounts have been prepared on Going Concern Basis. The Company has been suffering losses for the last six years and the net working capital of the Company is negative. The turnover of the Company has declined by ₹ 28,461 Lacs as compared to previous year. During the year Company suffered net loss of ₹ 6,627 Lacs and as on March 31, 2019, the Current Liabilities exceeded

the Current Assets by ₹ 10,171 Lacs. In the opinion of Management, the Company has sufficient resources to survive and curb the losses incurred in past 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 three lines of income i.e Liquor, Food and Rental. While Food and Rental are profitable, Liquor division is incurring losses. The Management does not intend to cease its Liquor operations. During the year Company has entered into new business model through third party business operations in different states in order to curb the losses and boost its business profits. The full impact of this would be visible by the end of next financial year. Under the new model the bottom line will improve though the total turnover will reduced as compared to old model.
- (b) The Company has initiated the process of monetising its surplus immovable property at Sahibabad (UP) and Sikanderabad (UP) to repay debts / reduce Finance Cost and enhance its working capital. Till the end of the year company has received an amount of ₹ 6427 Lacs and balance ₹ 2,000 Lacs is outstanding to be recovered. In the financial year total debt has been reduced by ₹ 5,635 Lacs. However the finance cost has been increased due to increase in interest rate against loan. The impact of reduction in finance cost would be visible in the FY 2019-20.
- (c) Promoters / Promoters' Companies have provided its security of personal / its assets to obtain working capital. Further the promoters are also contemplating to infuse funds.
- (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 (other than gratuity of casual worker) by ₹ 625 Lacs, Rent by ₹ 104 Lacs, Travelling expenses by ₹ 356 Lacs and Legal expenses by ₹ 331 lacs.

The above steps have helped the Company to prevent default in meeting any financial commitments to Banks / Financial Institutions.



# Notes on Financial Statements

for the year ended March 31, 2019

As per the assessment of the management the Going Concern assumption is not affected and no material uncertainty exists in this regards in view of the above mentioned factors.

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 volatilis.
- 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 recognised 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 lacs.

# Notes on Financial Statements

for the year ended March 31, 2019

## 2.5 Property, plant and equipment:

### (i) Property, plant and equipment

The Company has 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 has carried out fresh revaluation of Land owned by the Company as PPE. The revaluation has been carried out by an independent valuer on fair market value basis. Consequently, the revaluation reserve amounting to ₹ 26,779 lacs has been 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. In view of no reasonable certainty regarding vesting of 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 capitalised 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 depreciation 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 capitalised 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.



# Notes on Financial Statements

for the year ended March 31, 2019

## 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 as 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 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 recognised 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 recognised 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 recognised when a Company becomes a party to the contractual provisions of the instruments.

### (i) Initial recognition and measurement:

Financial assets and financial liabilities are recognised 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 recognised 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 amortised 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).

# Notes on Financial Statements

for the year ended March 31, 2019

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

(a) A 'debt instrument' is measured at the amortised 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 amortised cost using the Effective Interest Rate (EIR) method. Amortised 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 amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised 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 recognised in OCI. However, the Company recognises 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 recognised 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 categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised 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 recognised in the OCI. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised 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 derecognises 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 recognised in Other Comprehensive Income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.



# Notes on Financial Statements

for the year ended March 31, 2019

## (iv) Impairment of financial assets:

The Company applies the expected credit loss model for recognising 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 recognises 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 amortised cost using the effective interest rate method or at fair value through profit and loss. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

## (vi) Derecognition of financial liabilities

A financial liability is derecognised 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 recognised 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.

- (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. In pursuance of IND AS-2 indirect production overheads (estimated by the Management) have been allocated for ascertainment of cost of finished goods.

## 2.11 Retirement Benefits

Company follows IND AS-19 as detailed below: -

- (a) Short-term benefits are recognised 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

# Notes on Financial Statements

for the year ended March 31, 2019

(excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in Other Comprehensive Income (OCI) in the period in which they occur. Remeasurement recognised in the Other Comprehensive Income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised 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 categorised 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 recognised as per Ind AS 115 "Revenue from contract with customers". Revenue from contract with customers is recognised 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 recognised 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 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 recognised by the Company, as and when incurred by the CMU.
- (c) Sales through State Corporation: Revenue is recognised 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.

The company has adopted Ind AS 115 "Revenue from contract with customers" with effect from April 01, 2018. Ind AS 115 established principles for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 "Revenue" and Ind AS 11 "Construction Contracts". Under the modified retrospective approach there were no significant adjustments required to the retained earnings at April 01, 2018. Also the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in financial statements.

## 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 market is highly regulated by the States who control the alcoholic beverage industry. The India 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.



# Notes on Financial Statements

for the year ended March 31, 2019

## 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 utilised.

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 realised 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.

# Notes on Financial Statements

for the year ended March 31, 2019

## 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 realisation 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 amortised as expenses / income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward contract is recognised 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 recognised 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 recognised 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 recognised 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:

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalised at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight-line basis in the Statement of Profit and Loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.



# Notes on Financial Statements

for the year ended March 31, 2019

## 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 recognised 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 recognise a contingent liability but discloses its existence in the standalone 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 recognised 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 Financial Statements

for the year ended March 31, 2019

## 3A. PROPERTY, PLANT AND EQUIPMENT

(₹ in Lacs)

	Particulars	Land Free Hold	Land Lease Hold	Building	Furniture & Fixtures	Plant & Machinery	Other Equipment	Vehicles	Total
(I)	<b>Cost/deemed cost</b>								
	<b>As at April 1, 2017</b>	23,789	3,133	6,163	227	9,061	137	548	<b>43,058</b>
	Additions	-	-	17	12	66	54	26	<b>175</b>
	Disposals	-	-	-	-	(73)	(1)	(126)	<b>(200)</b>
	<b>As at March 31, 2018</b>	<b>23,789</b>	<b>3,133</b>	<b>6,180</b>	<b>239</b>	<b>9,054</b>	<b>190</b>	<b>448</b>	<b>43,033</b>
	Additions	-	-	86	26	24	18		<b>154</b>
	Disposals	-	-	-	-	(32)	(2)	(60)	<b>(94)</b>
	Transferred to investment property					(224)			<b>(224)</b>
	Assets classified as held for sale		(2,282)	(9)		(34)	(3)		<b>(2,328)</b>
	<b>As at March 31, 2019</b>	<b>23,789</b>	<b>851</b>	<b>6,257</b>	<b>265</b>	<b>8,788</b>	<b>203</b>	<b>388</b>	<b>40,541</b>
(II)	<b>Accumulated depreciation</b>								
	<b>As at April 1, 2017</b>	-	44	268	17	237	22	143	<b>731</b>
	Charge for the year	-	44	267	38	610	39	173	<b>1,171</b>
	Disposals	-	-	-	-	(66)	0	(99)	<b>(165)</b>
	<b>As at March 31, 2018</b>		<b>88</b>	<b>535</b>	<b>55</b>	<b>781</b>	<b>61</b>	<b>217</b>	<b>1,737</b>
	Charge for the year		27	261	33	566	34	72	<b>993</b>
	Disposals					(6)	(1)	(34)	<b>(41)</b>
	Transferred to investment property					(111)			<b>(111)</b>
	Assets classified as held for sale		(82)				(1)		<b>(83)</b>
	<b>As at March 31, 2019</b>	-	<b>33</b>	<b>796</b>	<b>88</b>	<b>1,230</b>	<b>93</b>	<b>255</b>	<b>2,495</b>
(III)	<b>Net block</b>								
	<b>As at March 31, 2018</b>	<b>23,789</b>	<b>3,045</b>	<b>5,645</b>	<b>184</b>	<b>8,273</b>	<b>129</b>	<b>231</b>	<b>41,296</b>
	<b>As at March 31, 2019</b>	<b>23,789</b>	<b>818</b>	<b>5,461</b>	<b>177</b>	<b>7,558</b>	<b>110</b>	<b>133</b>	<b>38,046</b>

## 3B. OTHER INTANGIBLE ASSETS

(₹ in Lacs)

Particulars	Patent Trade Mark
(I) <b>Cost/deemed cost</b>	
<b>As at March 31, 2018</b>	<b>10</b>
<b>As at March 31, 2019</b>	<b>10</b>
(II) <b>Accumulated depreciation</b>	
<b>As at April 1, 2017</b>	<b>3</b>
Amortisation for the year	<b>3</b>
<b>As at March 31, 2018</b>	<b>6</b>
Amortisation for the year	<b>2</b>
<b>As at March 31, 2019</b>	<b>8</b>
(III) <b>Net block</b>	
<b>As at March 31, 2018</b>	<b>4</b>
<b>As at March 31, 2019</b>	<b>2</b>



# Notes on Financial Statements

for the year ended March 31, 2019

## 3C. CAPITAL WORK-IN-PROGRESS

(₹ in Lacs)

Particulars	Patent Trade Mark
<b>As at March 31, 2018</b>	<b>33</b>
<b>As at March 31, 2019</b> (refer footnote (iii) & (iv))	<b>22</b>

### 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 ₹ 12 lacs (Previous year : ₹ 2 lacs)
- (iv) Includes ₹ 17 lacs from earlier years in respect of uninstalled plant & machinery kept at Hamira Plant. Management is of the view that the same will be installed in FY 2019-20.
- (v) For leasehold land refer note 2.6 regarding Significant Accounting Policy.

## 4. INVESTMENT PROPERTIES

(₹ in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Gross carrying amount at beginning of the year	2,407	2,407
Tranferred from property, plant and equipment (refer footnote (viii))	224	-
Additions during the year	9	-
<b>Gross carrying amount at end of the year</b>	<b>2,640</b>	<b>2,407</b>
Accumulated depreciation at beginning of the year	643	605
Tranferred from property, plant and equipment (refer footnote (viii))	111	-
Depreciation charged during the year	49	38
<b>Accumulated depreciation at end of the year</b>	<b>803</b>	<b>643</b>
<b>Net carrying amount</b>	<b>1,837</b>	<b>1,764</b>

### Footnote(s):

- (i) Investment in properties comprises land, building and plant & machinery.

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

Particulars	As at March 31, 2019	As at March 31, 2018
Rental income (including reimbursement of maintenance expenses)	2,455	2,397
Direct operating expenses from property that generated rental income	455	494
Direct operating expenses from property that did not generate rental income	-	-
<b>Profit from investment properties before depreciation</b>	<b>2,000</b>	<b>1,903</b>
Depreciation for the year	49	38
<b>Profit from investment properties</b>	<b>1,951</b>	<b>1,865</b>

- (iii) Future minimum lease payments are not given as subject leases are not non-cancellable operating leases.
- (iv) Contingent rents recognised as income - Nil.
- (v) 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.

# Notes on Financial Statements

for the year ended March 31, 2019

(vi) **Fair Value**

Particulars	As at March 31, 2019	As at March 31, 2018
Investment Properties	21,464	21,353

(vii) **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, 2019 and hence no valuation is done at year end.

(viii) Represents allied assets of investment property at cost.

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

## 5. NON-CURRENT INVESTMENTS

		(₹ in Lacs)	
Particulars	As at March 31, 2019	As at March 31, 2018	
<b>(A) Equity instruments (fully paid-up)</b>			
<b>(i) Quoted</b>			
Milkfood Ltd.			
1,350 (Previous year: 1,350) Shares of ₹ 10 Each Fully paid	4	6	
Punjab National Bank			
4,965 (Previous year 4,965) shares of ₹ 2 each fully paid	5	5	
<b>(ii) Unquoted</b>			
<b>In subsidiary companies</b>			
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 (ii))	1,020	1,016	
10,201,717 (Previous year: 10,157,500) shares of ₹10 each fully paid			
Yoofy Computech Pvt. Ltd.	1	1	
9,999 (Previous year: 9,999) Shares of ₹ 10 each fully paid			
<b>(iii) Unquoted</b>			
<b>In associates</b>			
Hyderabad Distilleries & Wineries Pvt. Ltd.			
1,650 (Previous year: 1,650) shares of ₹100 each fully paid	2	2	
<b>(iv) Unquoted</b>			
<b>In others</b>			
Mohan Meakin Ltd. (refer footnote (iii))			
131,961 (Previous year: 2,81,961) shares of ₹ 5 each fully paid.	627	117	
Chic Interiors Pvt. Ltd.			
1,752 (Previous year: 1,752) shares of ₹10 each fully paid	0	0	



# Notes on Financial Statements

for the year ended March 31, 2019

(₹ in Lacs)		
Particulars	As at March 31, 2019	As at March 31, 2018
<b>(B) Investment in preference shares (fully paid-up)</b>		
<b>(i) Qube Corporation Pvt. Ltd.</b>	135	135
13,50,000 (Previous year: 13,50,000) Cumulative Redeemable preference shares of ₹ 10 each)		
<b>(ii) In subsidiary company</b>		
L.P. Investments Ltd.	-	5
Nil (Previous year: 4,500) 9.5% Redeemable Cumulative preference shares of ₹ 100 each fully paid. (refer footnote (ii))		
<b>(C) Investment in government securities</b>		
6 year National Saving Certificates (lodged with Govt. authorities)	1	1
<b>Total</b>	<b>1,798</b>	<b>1,291</b>

## Footnote(s):

- (i) Cost of investment
- |                      |    |    |
|----------------------|----|----|
| Mohan Meakin Ltd.    | 39 | 84 |
| Milkfood Ltd.        | 1  | 1  |
| Punjab National Bank | 4  | 4  |
- (ii) Addition represent conversion of preference share to equity share. Management is of the view that there is no permanent diminution in the value of investment in subsidiary in view of value of enterprise as a whole.
- (iii) Company has sold 1,50,000 shares @ ₹ 475 during the year in the off market as these shares are not traded on any stock exchange and accordingly balance numbers of shares are valued at fair price as on March 31, 2019.

## 6. LOANS

(₹ in Lacs)		
Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Loan to subsidiary companies (refer note 38, and footnote (i))	1988	3,170
Loan to employees	-	307
Unsecured-considered doubtful		
Loan to employee (refer footnote (ii))	10	45
Less: Provision for doubtful advances (refer footnote (iii))	(10)	(45)
<b>Total</b>	<b>1,988</b>	<b>3,477</b>

## Footnote(s):

- (i) Management considers that amounts due from subsidiaries are good for recovery in view of later's investment in the real estate/valuation of subsidiary as a whole.
- (ii) Excludes ₹ 35 lacs (Previous Year : ₹ Nil) written off in respect of an advance given to ex-employee.

## 7. OTHER FINANCIAL ASSETS

(₹ in Lacs)		
Particulars	As at March 31, 2019	As at March 31, 2018
Security Deposits (refer footnote (i))		
Unsecured, considered good	463	407
Unsecured, considered doubtful	1	2
Less: Provision for doubtful deposits	(1)	(2)
Fixed Deposits with Bank (refer footnote-(ii))	1,050	325
<b>Total</b>	<b>1,513</b>	<b>732</b>

## Footnote(s):

- (i) (a) Includes ₹ 35 lacs (Previous year: ₹ 35 lacs) in respect of Sikandrabad Plant (Held for sale). Management is of view that the same will be recovered from the buyer/authority after completion of sale. Also refer Note 15.

# Notes on Financial Statements

for the year ended March 31, 2019

(b) Includes ₹ 14 lacs (Previous year: ₹ 14 lacs) in respect of Sahibabad Plant (Held for sale). Pending reconciliations the amount will be adjusted in FY 2019-20. Also refer Note 15.

(ii) Includes Fixed Deposit of ₹ 381 lacs (Previous year : ₹ 302 lacs) pledged with IFCL and ₹ 636 lacs (Previous year : Nil) with Indusind Bank for security against interest payment. (Also refer note no 18(i) & 23(i)).

## 8. OTHER NON-CURRENT ASSETS

Particulars	(₹ in Lacs)	
	As at March 31, 2019	As at March 31, 2018
Capital advances	16	1
MAT credit (refer footnote (i))	968	968
Balance with revenue authorities- (refer footnote (ii))	67	-
Prepaid expenses (refer footnote (iii))	110	1,215
Others	6	253
Unsecured - considered doubtful		
Advances to suppliers	1,485	1,525
Others (refer footnote (iv))	66	42
Less: Provision for doubtful advances	(1,551)	(1,567)
<b>Total</b>	<b>1,167</b>	<b>2,437</b>

### Footnote(s):

- (i) Management is of view that credit will be adjusted within the prescribed period of fifteen years u/s 115JAA(3) of the Income tax Act, 1961. The unexpired period is 5 to 7 years.
- (ii) Deposit with authorities against contingent liability as a precondition for filing appeal.
- (iii) Includes advance interest Nil (Previous Year : ₹ 507 lacs) paid to Indiabulls.
- (iv) Includes ₹ 37 lacs (given in earlier years and provided for) from director of the company.

## 9. INVENTORIES

Particulars	(₹ in Lacs)	
	As at March 31, 2019	As at March 31, 2018
Raw materials [includes intransit of ₹ 757 lacs (Previous Year : ₹ 381 lacs)]	1,358	1,236
Packaging materials [includes intransit of ₹ 2 lacs (Previous Year : Nil)]	412	788
Work-in-progress	436	578
Finished goods	1,158	2,413
Stock-in-trade	24	38
Store and spares	554	558
<b>Total</b>	<b>3,942</b>	<b>5,611</b>

### Footnote(s):

- (i) Raw materials and packaging materials are net of provision for obsolete inventory of ₹ 527 lacs (Previous Year : ₹ 876 lacs).

## 10. TRADE RECEIVABLES

Particulars	(₹ in Lacs)	
	As at March 31, 2019	As at March 31, 2018
<b>Trade receivables</b>		
Unsecured, considered good	7,990	13,452
Doubtful	4,589	3,416
	<b>12,579</b>	<b>16,868</b>
<b>Less: Allowance for doubtful receivables</b>	4,589	3,416
	<b>7,990</b>	<b>13,452</b>
<b>Current</b>	<b>7,990</b>	<b>13,452</b>
<b>Non-Current</b>	-	-



# Notes on Financial Statements

for the year ended March 31, 2019

## Footnote(s):

- (i) No debts are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Also, no debts are due from firms or private companies, respectively, in which any director is a partner or a director or a member.
- (ii) Includes ₹ 224 lacs (Previous Year : ₹ 224 lacs) from Vinayaka Liquors Pvt. Ltd. outstanding from a period of more than 12 months and considered good by the management. Management is of the view that the same will be recovered in the FY 2019-20.

## 11. CASH AND CASH EQUIVALENTS

(₹ in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Cash in hand	13	43
Bank balance on current accounts (refer footnote (i))	937	1,153
<b>Total</b>	<b>950</b>	<b>1196</b>

## Footnote(s):

- (i) Includes unconfirmed bank balances of ₹ 6 lacs of earlier years at various closed tie up units. Management will conduct scrutiny and adjustment if any will be made in the FY 2019-20.

## 12. CURRENT LOANS

(₹ in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Security deposits (refer footnote (i))	73	192
Loan to employees (refer footnote (ii))	894	688
<b>Total</b>	<b>967</b>	<b>880</b>

## Footnote(s):

- (i) These balances are unconfirmed, however considered good for recovery within 12 months of reporting date as certified by the Management.
- (ii) Includes a sum of ₹ 799 lacs (interest bearing ₹ 120 lacs of KMP) due from senior/ex-employees in respect of which stipulation regarding repayment are not laid out. Management is of the view that these are good for recovery and will be received in due course of time.

## 13. OTHER FINANCIAL ASSETS

(₹ in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed deposits with bank	19	103
Margin money accounts (refer footnote(i))	45	22
Interest receivable	105	193
Others (refer footnote (ii))	153	262
<b>Total</b>	<b>322</b>	<b>580</b>

## Footnote(s):

- (i) Towards Bank Guarantee against performance of contractual obligation.
- (ii) Includes ₹ 90 lacs (Previous year - Nil) on account of income receivable from franchisee partner as per agreement and commercial advance of ₹ 63 lacs (March 31, 2018 : ₹ 132 lacs) to Vinayaka Liquors Pvt. Ltd. Management is of view that this amount will be recovered/adjusted within 12 months of the reporting date.

# Notes on Financial Statements

for the year ended March 31, 2019

## 14. OTHER CURRENT ASSETS

Particulars	₹ in Lacs	
	As at March 31, 2019	As at March 31, 2018
Balance with excise/revenue authorities	77	243
Advance income tax	163	181
Income tax refund	491	329
Advances to suppliers (refer footnote (i))	1481	1,349
Prepaid expenses	196	1,231
Others	38	597
	<b>2,446</b>	<b>3,930</b>

### Footnote(s):

- (i) (a) Includes an interest free advance of ₹ 270 lacs to party regarding which management has certified that the advance is in ordinary course of business and will be received/adjusted in the coming financial year.
- (b) Includes sum of ₹ 54 lacs paid to various parties in earlier years pending receipt of bills. Management has represented that these bills pertain to services rendered in the ordinary course of business. Efforts are being made to obtain copy of bills and amount will be adjusted against bills payable on receipt of the same.

## 15. ASSETS CLASSIFIED AS HELD FOR SALE

Particulars	₹ in Lacs	
	As at March 31, 2019	As at March 31, 2018
Fixed assets held for sale	1,938	45
(Valued at the lower of the estimated net realisable value & carrying amount)		
<b>Total</b>	<b>1,938</b>	<b>45</b>

### Footnote(s):

- (i) (a) During the year assets of Sikandrabad Unit are considered as held for sale due to discontinuity of operations and accordingly valued at lower of estimated net realisable value of ₹ 1,900 lacs and carrying amount of ₹ 2,245 lacs on revaluation basis in earlier year (₹ 345 lacs related to revaluation adjusted with retained earnings). During the year company has entered upon an agreement to sale dated 24.09.2018 and received sale consideration of ₹ 1,900 lacs. Pending approval from UPSIDC - amount received is treated as advance received against assets held for sale (refer Note 24). Management is hopeful for receipt of formal approval within 12 months of the reporting date.
- (b) In the FY 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 previous year company had entered upon an agreement to sale for development and thereafter disposal of part of leasedhold land subject to permission of authorities. Company has received a sum of ₹ 4,527 lacs (Previous Year: 2,500 lacs) towards part performance of agreement. However pending receipt of formal approval from the lessor i.e. statutory authority same is treated as advance against assets held for sale (refer note 24). Management is hopeful for receipt of formal approval within 12 months of the reporting date.

## 16. SHARE CAPITAL

Particulars	₹ in Lacs	
	As at March 31, 2019	As at March 31, 2018
<b>Authorised</b>		
75,000,000 (March 31, 2018: 75,000,000) equity shares of ₹ 10/- each	7,500	7,500
<b>Issued, subscribed and fully paid up</b>		
46,148,112 (March 31, 2018: 46,148,112) equity shares of ₹ 10/- each	4,615	4,615
	<b>4,615</b>	<b>4,615</b>



# Notes on Financial Statements

for the year ended March 31, 2019

## Footnote(s):

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

Equity Shares	Number
Issued, subscribed and fully paid up	
As at April 1, 2017	46,148,112
Increase/(Decrease) during the year	-
As at March 31, 2018	46,148,112
Increase/(Decrease) during the year	-
As at March 31, 2019	46,148,112

### (ii) Terms / rights attached to Equity Shares

- 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.
- 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.
- 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 FY 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.
- 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, 2019		As at March 31, 2018	
	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 Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
(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))	(1,376)	5,557
(e) Other Comprehensive Income	(332)	(293)
Balance as at the end of reporting period	4,585	11,557

## Footnote(s):

### (i) Capital Redemption Reserve:

Capital Redemption Reserve was created pursuant to redemption of preference 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 is transferred to "Securities Premium account". The Company may issue fully paid-up bonus shares to its members out of balance lying in the Securities Premium Account and the Company can also use this reserve for buy-back of shares.

# Notes on Financial Statements

for the year ended March 31, 2019

## (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 bonus shares.

- (iv) Includes revaluation reserve of ₹ 26,323 lacs (Previous Year : ₹ 26,694 lacs) related to land situated at Hamira, Behror & Sikandrabad. Company has suffered losses and figures are gross of revalued amount and net of losses.
- (v) The 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 Lacs)		
Particulars	As at March 31, 2019	As at March 31, 2018
<b>Secured</b>		
From banks		
Term loan (refer footnote (i))	19,586	-
From others		
Term loan (refer footnote (ii))	-	23,785
Car loans (refer footnote (iii))	-	17
<b>Unsecured</b>		
Inter corporate loan from related party (refer note no. 38)	846	-
<b>Total</b>	<b>20,432</b>	<b>23,802</b>

### (B) Current Borrowings

(₹ in Lacs)		
Particulars	As at March 31, 2019	As at March 31, 2018
<b>Secured</b>		
Working capital loans from banks (refer footnote (iv))	1	2,934
<b>Unsecured</b>		
Fixed deposits	-	299
<b>Total</b>	<b>1</b>	<b>3,233</b>

#### Footnote(s):

Nature of Security		Terms of Repayment
(i)	Rupee loan amounting to ₹ 19,586 lacs (Previous Year : Nil) net of processing fee of ₹ 401 lacs is secured against :- (a) Office space at Plot No. 78 Institutional area, Sector-18, Gurgaon, Haryana and 9th and 10th floor, Ashoka Estate, 24 Barakhamba Road, New Delhi (b) Land at Plot No 78, Sector 18, Institutional Area, Gurgaon, Haryana. (c) Lien on fixed deposit of ₹ 636 Lacs. (Refer note 7(ii))	Repayable by Dec-2033. Rate of Interest is 11.75% p.a.
(ii)	Rupee loan from NBFC amounting to ₹ 5,592 lacs (Previous Year : ₹ 26,585 lacs). Previous year secured against :- (a) Office space at Plot No. 78 Institutional area, Sector-18, Gurgaon, Haryana and 9th and 10th floor, Ashoka Estate, 24 Barakhamba Road, New Delhi (b) Land at Plot No 78, Sector 18, Institutional Area, Gurgaon, Haryana Current year this facility was secured by collaterals provided by promoters and other third parties. Current year ₹ 5592 lacs (Previous Year : ₹ 2800 lacs) treated as current maturities of long term debt Refer note 23.	Repayable by Mar 20. Rate of Interest is 20.70% p.a [Previous year : Rate of interest is 10% p.a. for first two years and is progressive in the event of non payment of specified amounts by specified date[s]].



# Notes on Financial Statements

for the year ended March 31, 2019

	Nature of Security	Terms of Repayment
(iii)	Rupee loans of ₹ 13 lacs (Previous Year : ₹ 56 lacs) are secured by hypothecation of the related cars. Current year ₹ 13 lacs (Previous Year : ₹ 39 lacs) treated as current maturities of long term debt Refer note 23.	Repayable by Mar-20. Rate of interest 8.25% p.a. to 8.75% p.a.
(iv)	Cash credit limits and Letter of credit are part of working capital facilities availed from consortium banks.	These consortium limits are secured by first pari passu charge on stock, trade receivables and by equitable mortgage of leasehold land situated at Behror (Rajasthan) in favour of Canara Bank (Lead Bank).
(v)	Terms and conditions regarding loan have not been stipulated as yet. Provision of interest if any will be made on finalisation of the terms.	

## 19. OTHER FINANCIAL LIABILITIES

(₹ in Lacs)		
Particulars	As at March 31, 2019	As at March 31, 2018
Security deposits	3,647	706
<b>Total</b>	<b>3,647</b>	<b>706</b>

### Footnote[s]:

- (i) Addition represent security deposit received during the year (net of fair value adjustment as per Ind AS 109) from the franchisee partners/ contract manufacturers.

## 20. OTHER LONG TERM LIABILITIES

(₹ in Lacs)		
Particulars	As at March 31, 2019	As at March 31, 2018
Others (refer footnote (i))	434	66
<b>Total</b>	<b>434</b>	<b>66</b>

### Footnote[s]:

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

## 21. PROVISIONS

### (A) Non - current

(₹ in Lacs)		
Particulars	As at March 31, 2019	As at March 31, 2018
(a) Provision for employee benefits		
- Gratuity	1,649	1,481
- Compensated Absences	171	263
(b) Provisions for Litigations		
- Service Tax/ Sales Tax (refer footnote (ii))	425	425
	<b>2,245</b>	<b>2,169</b>

### (B) Current

(₹ in Lacs)		
Particulars	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits		
- Gratuity	266	288
- Compensated Absences	158	188
	<b>424</b>	<b>476</b>

### Footnote[s]:

- (i) Gratuity and compensated absences (other than casual worker) have been determined by actuary in terms of Ind AS 19 and accordingly provided. (for detail refer note 37). In the case of casual labour, provision for gratuity liability has been determined for workers who have completed 5 years of service on the last date of financial year.

# Notes on Financial Statements

for the year ended March 31, 2019

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

## 22. TRADE PAYABLES

(₹ in Lacs)		
Particulars	As at March 31, 2019	As at March 31, 2018
Total outstanding dues of Micro Enterprises and Small Enterprises: and	8	20
Total outstanding dues of creditors other than Micro Enterprises & Small Enterprises	8,749	11,886
<b>Total</b>	<b>8,757</b>	<b>11,906</b>

### 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 Company. This has been relied upon by the auditors.

(₹ in Lacs)		
(ii) Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	As at March 31, 2019	As at March 31, 2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year		
- Principal Amount Unpaid	8	20
- Interest due	1	2
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	118
- 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.	1	6
The amount of interest accrued and remaining unpaid at the end of the year (included in interest accrued & due in note 23)	217	216

- (iii) Includes ₹ 99 lacs (Previous Year : ₹ 119 lacs) representing stale cheques issued in earlier years pending reconciliation.

## 23. OTHER CURRENT FINANCIAL LIABILITIES

(₹ in Lacs)		
Particulars	As at March 31, 2019	As at March 31, 2018
Current maturities of long-term borrowings (refer footnote (i) & note 18)	6,806	5,839
Unclaimed matured deposits (refer footnote (ii))	59	71
Interest accrued but not due	150	182
Interest accrued and due (refer footnote (iii))	235	279
Security deposits	2,437	4,246
Employee benefits (refer footnote (iv))	819	854
Other liabilities (refer footnote (v))	842	1,256
<b>Total</b>	<b>11,348</b>	<b>12,727</b>

### Footnote[s]:

- (i) Rupee term loan amounting to ₹ 1,200 lacs @ 13.55% p.a. for general corporate purpose is repayable by Nov. 2019 and secured by exclusive charge by way of mortgage on Land & Building situated at Jagatjit Nagar, Distt Kapurthala and lien on fixed deposit in favour of IFCL (Refer Note 7(ii)).
- (ii) 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.
- (iii) Including interest amount of ₹ 217 lacs (Previous Year : ₹ 216 lacs) payable to MSME as certified by the management. The liability is outstanding pending identification of parties.



# Notes on Financial Statements

for the year ended March 31, 2019

- (iv) Includes ₹ 159 lacs payable to various employees/ex-employees. The amount payable on account of full and final settlement is being ascertained and adjustment will be made on completion of exercise.
- (v) (a) Includes provision for sales promotion of ₹ 272 lacs (Previous Year : ₹ 272 lacs) pending credit to parties on account of reconciliation.  
(b) Refer Note 14(i)(b) for bills payable of ₹ 54 lacs.
- (c) Includes Nil (Previous Year : ₹ 320 lacs) towards one time payment to GAIL (India) Limited a Govt of India undertaking in pursuance of Memorandum of Indenture dated July 02, 2018 for termination of the GSA dated December 27, 2008.

## 24. OTHER CURRENT LIABILITIES

(₹ in Lacs)		
Particulars	As at March 31, 2019	As at March 31, 2018
Advance received from customers (refer footnote (i))	289	481
Advances received against assets held for sale (refer footnote (ii))	6,427	2,500
Statutory dues (refer footnote (iii))	1,052	1,892
Other liabilities (refer footnote (iv))	428	99
<b>Total</b>	<b>8,196</b>	<b>4,972</b>

### Footnote(s):

- (i) Represent amount received from customers pending reconciliation.
- (ii) Includes ₹ 4527 lacs (Previous Year: ₹ 2,500 lacs) received towards part performance of agreement for sub-division and thereafter sale of part of land situated at Sahibabad (U.P.) pending approval from Lessor and ₹ 1900 lacs (Previous Year: Nil) received towards sale of assets situated at Sikandrabad Unit. (Refer Note 15).
- (iii) Includes ₹ 54 lacs (Previous Year: ₹ 54 lacs) on account of service tax. Management has certified that this amount represent difference on provision made in respect of Royalty Income on accrual basis and payment made on actual receipt. Identification of parties and reconciliation thereof is under process. Adjustment will be made on completion of the exercise.
- (iv) Represent difference in fair value and carrying value of security deposit received.

## 25. REVENUE FROM OPERATIONS

(₹ in Lacs)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Sale of products (gross of excise duty) (refer footnote (i))	13,904	42,398
(b) Sale of services (Job work)	8,516	8,428
(c) Other operating revenues (refer footnote (ii))	2,252	2,560
(d) Revenue from third parties supply contract (refer footnote (iii))	253	-
<b>Total</b>	<b>24,925</b>	<b>53,386</b>

# Notes on Financial Statements

for the year ended March 31, 2019

## Footnote(s):

		(₹ in Lacs)	
Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
<b>(i)</b>	<b>Sale of products comprises</b>		
	<b>(a) Manufactured goods</b>		
	Malt & malt extract	3,137	2,618
	Processed milk	1,110	798
	Liquor	8,602	36,750
	Other	566	640
		<b>13,415</b>	<b>40,806</b>
	<b>(b) Traded goods</b>		
	Petroleum and its products	479	962
	Liquor	-	579
	Others	10	51
		<b>489</b>	<b>1,592</b>
		<b>13,904</b>	<b>42,398</b>
<b>(ii)</b>	<b>Other operating revenues comprises</b>		
	Royalty	1,414	1,555
	Duty drawbacks	41	78
	Scrap sales	138	402
	Bottling charges income	244	46
	Miscellaneous income	415	479
		<b>2,252</b>	<b>2,560</b>
<b>(iii)</b>	<b>Income from third party supply contract (refer note 2.13 (h))</b>		
	Sales	6,405	-
	Less : Cost of goods sold	6,152	-
	<b>Net revenue</b>	<b>253</b>	<b>-</b>

## 26. OTHER INCOME

		(₹ in Lacs)	
Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
	Interest income	222	109
	Rental maintenance income	417	425
	Profit on sale of properties, plant and equipment	-	72
	Rent other	21	6
	Rent from investment properties	2,038	1,972
	Gain on financial instruments at fair value through profit or loss (refer footnote (i))	980	139
	Insurance claims	2	9
	Liabilities/provisions no longer required written back	1,132	592
	Profit on sale of investments (refer Note 5(iii))	650	-
	<b>Total</b>	<b>5,462</b>	<b>3,324</b>

## Footnote(s):

(i) Includes ₹ 572 lacs (Previous Year : ₹ Nil) related to investment of 1,31,961 shares (refer Note 5(iii)).



# Notes on Financial Statements

for the year ended March 31, 2019

## 27. COST OF MATERIAL CONSUMED

(₹ in Lacs)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening stock	2,899	4,785
Add: Purchases of Raw and Packaging Materials	6,391	13,809
	<b>9,290</b>	<b>18,594</b>
Less : Closing stock	2,297	2,899
<b>Total</b>	<b>6,993</b>	<b>15,695</b>

Footnote(s):

(i)	(a)	Details of Raw Material Consumed		
		Grains	2,456	4,693
		ENA	2,085	3,933
		Milk	1,037	760
			<b>5,578</b>	<b>9,386</b>
	(b)	Details of Packaging Material Consumed		
		Bottles	804	3,845
		Tins & Other Containers	196	676
		Seals	201	751
		Packing Materials	142	570
		Others	72	467
			<b>1,415</b>	<b>6,309</b>
	<b>Total</b>		<b>6,993</b>	<b>15,695</b>

## 28. PURCHASES OF STOCK-IN-TRADE

(₹ in Lacs)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Petroleum and its products	452	908
Liquor	-	447
Others	26	19
<b>Total</b>	<b>478</b>	<b>1,374</b>

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

(₹ in Lacs)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Inventories at the beginning of the year:</b>		
Work-in-progress	578	860
Finished goods	2413	2,575
Stock-in-trade	38	64
	<b>3,029</b>	<b>3,499</b>
<b>Inventories at the end of the year:</b>		
Work-in-progress	436	578
Finished goods	1161	2,413
Stock-in-trade	21	38
	<b>1,618</b>	<b>3,029</b>
<b>Decrease / (Increase)</b>	<b>1,411</b>	<b>470</b>

# Notes on Financial Statements

for the year ended March 31, 2019

## 30. EMPLOYEE BENEFIT EXPENSES

Particulars	[₹ in Lacs]	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages and bonus [refer footnote (i)]	5,819	6,609
Gratuity & compensation for leave	423	278
Contribution to provident, family pension fund	336	379
Contribution to employees' state insurance	134	149
Staff welfare expenses	148	235
<b>Total</b>	<b>6,860</b>	<b>7,650</b>

### Footnote(s):

(i) Includes ₹ 33 lacs (Previous Year : ₹ 391 lacs) towards voluntary resignation scheme payments.

## 31. FINANCE COST

Particulars	[₹ in Lacs]	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expenses on		
Borrowings	5,511	4,231
Security Deposit received	264	227
Other	258	365
Other borrowing cost (Refer footnote (i))	1,226	686
<b>Total</b>	<b>7,259</b>	<b>5,509</b>

### Footnote(s):

(i) Includes ₹ 507 lacs towards prepayment of loan (Previous Year : ₹ 362 lacs).

## 32. DEPRECIATION AND AMORTISATION EXPENSES

Particulars	[₹ in Lacs]	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation of property, plant & equipment	993	1,171
Depreciation of investment property	49	38
Amortisation of intangible assets	2	3
<b>Total</b>	<b>1,044</b>	<b>1,212</b>

## 33. OTHER EXPENSE

Particulars	[₹ in Lacs]	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Manufacturing expenses:		
Consumption of stores and spare parts	308	353
Power and fuel	3,263	2,811
Repairs - buildings	92	181
plant and machinery	220	476
Excise duty adjustment for stocks [refer footnote (i)]	(424)	-
Other expenses	1,001	1,522
Administrative & selling expenses:		
Rent	108	212
Rates & taxes	719	1,700
Insurance	162	170
Travelling expenses	326	682
Repairs to building	22	18



# Notes on Financial Statements

for the year ended March 31, 2019

(₹ in Lacs)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Other repairs & maintenance	26	95
Bad debts, advances and stock written off	192	8
Provision for doubtful debts and advances	1,484	868
Provision for inventory for obsolete stock	155	338
Loss on sale of properties, plant and equipment	8	10
Reimbursement of expenses to directors	2	3
Directors' fee	9	11
Forwarding charges	119	681
Advertisement, publicity and sales promotion	668	2,598
Auditor's remuneration (refer footnote (ii))	46	53
Legal & professional expenses	781	1,113
Fair value loss on financial instruments	380	-
Miscellaneous expenses (refer footnote (iii))	1,163	1,267
<b>Total</b>	<b>10,830</b>	<b>15,170</b>

## Footnote(s):

- (i) (a) Represents the difference between excise duty on valuation of opening and closing inventory of finished goods.  
(b) Includes reversal excise duty of ₹ 237 lacs (Previous Year : ₹ Nil) on account of inventory transfer from Sikandrabad unit to Hamira unit after taking permission of excise department of state of Punjab and Utter Pardesh resulting in corressponding increase in inventory.

## (ii) Payment to auditor

(₹ in Lacs)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>As auditor</b>		
For Audit	20	20
For Tax Audit	4	5
For Limited Review	2	8
For tax representation/ certification	19	20
Out of Pocket Expenses	1	-
	<b>46</b>	<b>53</b>

- (iii) Includes prior period expenses ₹ 19 lacs (Previous Year : ₹ Nil) and ₹ 123 lacs (Previous Year : ₹ Nil) charged on account of difference resulting from reconcilaition with parties.

## 34A. TAX EXPENSES

(₹ in Lacs)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Income tax related to items charged or credited to statement of profit and loss during the year:		
<b>(a) Statement of Profit and Loss</b>		
Current tax	-	-
Income tax adjustment related to earlier years	92	5
Deferred Tax credit	(234)	(357)
<b>Total</b>	<b>(142)</b>	<b>(352)</b>
<b>(b) Tax Expenses on discontinued Business</b>	-	-
<b>(c) Other Comprehensive Income</b>		
Deferred Tax charge / (credit) on		
Re-measurement of defined benefit plan	(21)	(13)
<b>Total</b>	<b>(163)</b>	<b>(365)</b>

# Notes on Financial Statements

for the year ended March 31, 2019

(₹ in Lacs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Reconciliation of tax expense with accounting profit multiplied by statutory income tax rate:</b>		
Accounting profit before income tax	(6,730)	(7,759)
Applicable tax rate	34.608%	34.608%
<b>Computed tax expenses</b>	<b>(2,329)</b>	<b>(2,685)</b>
Tax expense related to earlier years	92	5
Deferred tax assets not considered on unused losses/unabsorbed depreciation (refer footnote (i) to note 34B))	2,074	2,315
<b>Income tax expense/(income) reported in statement of profit and loss account</b>	<b>(163)</b>	<b>(365)</b>

## 34B. DEFERRED TAX

(₹ in Lacs)

Particulars	For the year ended March 31, 2019			
	As at March 31, 2018	Recognised in		As at March 31, 2019
		Profit & Loss	OCI	
<b>Tax effect of items constituting Deferred Tax Liability</b>				
Property, plant and equipment	2,779	(19)	-	2,760
Others	-	-	-	-
<b>(A)</b>	<b>2,779</b>	<b>(19)</b>	<b>-</b>	<b>2,760</b>
<b>Tax effect of items constituting Deferred Tax Assets</b> (refer foot note)				
Statutory Liabilities	330	14	-	316
Employee retirement benefits	768	91	(21)	698
Provision for doubtful debts and advances	1,182	(320)	-	1,502
<b>(B)</b>	<b>2,280</b>	<b>(215)</b>	<b>(21)</b>	<b>2,516</b>
<b>Deferred Tax liability (net)</b>	<b>499</b>	<b>(234)</b>	<b>(21)</b>	<b>244</b>

Particulars	For the year ended March 31, 2018			
	As at April 01, 2017	Recognised in		As at March 31, 2018
		Profit & Loss	OCI	
<b>Tax effect of items constituting Deferred Tax Liability</b>				
Property, plant and equipment	2,873	(94)	-	2,779
Others	-	-	-	-
<b>(A)</b>	<b>2,873</b>	<b>(94)</b>	<b>-</b>	<b>2,779</b>
<b>Tax effect of items constituting Deferred Tax Assets</b> (refer foot note)				
Statutory Liabilities	234	(96)	-	330
Employee retirement benefits	813	58	(13)	768
Provision for doubtful debts and advances	957	(225)	-	1,182
<b>(B)</b>	<b>2,004</b>	<b>(263)</b>	<b>(13)</b>	<b>2,280</b>
<b>Deferred Tax liability (net)</b>	<b>869</b>	<b>(357)</b>	<b>(13)</b>	<b>499</b>

### Footnote(s):

- (i) No deferred tax asset is recognised in respect of unused tax losses/unabsorbed depreciation as a matter of prudence. However in respect of other temporary differences as stated, deferred tax asset is recognised under Ind AS 12 on the probability that future profits would be available against which temporary differences can be utilised.



# Notes on Financial Statements

for the year ended March 31, 2019

## 35. EARNINGS PER SHARE (EPS)

(₹ in Lacs)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Net Profit/(Loss) attributable to shareholders (₹ in Lacs)</b>		
From continuing operations	(6,472)	(7,011)
From discontinued operations	(116)	(396)
<b>Total</b>	<b>(6,588)</b>	<b>(7,407)</b>
<b>Weighted average number of equity shares in issue (Nos)</b>	43,648,112 *	43,648,112 *
<b>Basic / Diluted earnings per share of ₹ 10 each (₹)</b>		
From continuing operations	(14.83)	(16.06)
From discontinued operations	(0.26)	(0.91)
<b>Total basic and diluted earnings per share</b>	<b>(15.09)</b>	<b>(16.97)</b>

### 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 note 16 (ii)c).

## 36. CONTINGENT LIABILITIES

(₹ in Lacs)		
	As at March 31, 2019	As at March 31, 2018
(a) Claim against the Company not acknowledged as debt :		
Service Tax (refer footnote (i))	389	389
Sales Tax / VAT (refer footnote (ii))	562	491
Excise Duty (refer footnote (iii))	-	18
Employee State Insurance / Others (refer footnote (iv))	175	175
Others (refer footnote (v))	22	22
<b>Total</b>	<b>1,148</b>	<b>1,095</b>

### Footnote(s):

#### (i) Service Tax

- (a) Demand of service tax and penalty in respect of wrong availment of service tax Cenvat Credit ₹ 247 lacs (Previous Year : ₹ 247 lacs).
- (b) Demand of service tax under service of supply of tangible goods ₹ 124 lacs (Previous Year : ₹ 124 lacs).
- (c) Demand of service tax and penalty under management, maintenance and repair services ₹ 18 lacs (Previous Year : ₹ 18 lacs).

#### (ii) Sales Tax/ VAT

- (a) Demand of sales tax under Central Sales Tax Act on account of incomplete submission of sales tax forms ₹ 45 lacs (Previous Year : Nil)
- (b) Demand of sales tax & penalty under Telangana VAT Act on account of VAT on royalty ₹ 103 lacs (Previous Year : ₹ 103 lacs).
- (c) Demand of sales Tax & penalty under Punjab VAT Act on account of input VAT credit denied on rice husk ₹ 220 lacs (Previous Year : ₹ 220 lacs).
- (d) Demand of sales tax under Haryana VAT Act on account of disallowance of credit of excess VAT deposited due to rate difference ₹ 40 lacs (Previous Year : ₹ 40 lacs).
- (e) Demand of sales tax under Ranchi VAT Act Assessment for FY 2013-14 ₹ 20 lacs (Previous Year : ₹ 20 lacs).
- (f) Demand for disallowance of ITC on purchase of rice flour ₹ 108 lacs (Previous Year : ₹ 108 lacs).
- (g) Demand of sales tax under Ranchi VAT Act Assessment for FY 2014-15 ₹ 4 lacs (Previous Year : Nil).
- (h) Demand of sales tax under Andhra Pradesh VAT Act Assessment for FY 2012-13 ₹ 22 lacs (Previous Year : Nil).

# Notes on Financial Statements

for the year ended March 31, 2019

## (iii) Excise Duty

- (a) Demand of cess and penalty under Central Excise Act on manufacturing of corrugated paper board ₹ Nil (Previous Year : ₹ 1 lac).
- (b) Demand of excise duty in respect of clearance of broken glass generated during the handling of bottles used for IMFL and country liquor ₹ Nil (Previous Year : ₹ 17 lacs).

## (iv) Employee State Insurance / Employee related

- (a) Claim in respect of case filed by ESI Corporation ₹ 6 lacs (Previous Year : ₹ 6 lacs).
- (b) Employees related claims ₹ 169 lacs (Previous Year : ₹ 169 lacs).

## (v) 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 lacs (Previous Year : ₹ 22 lacs).
- (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.

- (vi) 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.
- (vii) The Company is contesting these above demands [stated in footnote (i) to (v)] and the management, based on advice 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.
- (viii) 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.

## 37. EMPLOYEE BENEFITS

The Company has classified various employee benefits as under:

### (A) Defined Contribution Plan

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

Particulars	[₹ in Lacs]	
	For the year ended March 31, 2019	For the year ended March 31, 2018
(i) Employers' Contribution to Provident Fund	336	379
(ii) Employers' Contribution to Employees' State Insurance	134	149

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:

	[₹ in Lacs]			
	Year ended March 31, 2019		Year ended March 31, 2018	
	Compensated absence	Gratuity	Compensated absence	Gratuity
(i) Assumptions				
(a) Discount Rate	7.60%	7.60%	7.70%	7.70%
(b) Rate of increase in Compensation Levels	5%	5%	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)	12.90	12.90	17.17	17.17



# Notes on Financial Statements

for the year ended March 31, 2019

(₹ in Lacs)

	Year ended March 31, 2019		Year ended March 31, 2018	
	Compensated absence	Gratuity	Compensated absence	Gratuity
<b>(ii) Change in the Present Value of Obligation</b>				
(a) Present value of obligation as at beginning of the year	451	1,769	468	1882
(b) Interest cost	32	123	32	122
(c) Current / Past service cost*	71	334	131	121
(d) Benefit paid	(88)	(370)	(52)	(394)
(e) Actuarial (gain) / loss on obligations	(137)	60	(128)	39
(f) Present value of obligation as at end of the year	329	1,915	451	1769
<b>(iii) Amount recognised in the Balance Sheet</b>				
(a) Present value of obligation as at end of the year	329	1,915	451	1,769
(b) Fair Value of Plan Assets as at the year end	-	-	-	-
(c) (Asset) / Liability recognised in the Balance Sheet	329	1,915	451	1,769
Net liabilities recognised in the Balance Sheet accounted for as below:				
Provision non current (Refer Note 21 A)	171	1,649	263	1481
Provision current (Refer Note 21 B)	158	266	188	288
<b>(iv) Expenses recognised in the Statement of Profit and Loss</b>				
<b>(a) Under Profit &amp; Loss</b>				
Current / Past service cost	71	334	131	121
Interest cost	32	123	32	122
Actuarial (gain) / loss on obligations	(137)	-	(128)	-
	<b>(34)</b>	<b>457</b>	<b>35</b>	<b>243</b>
<b>(b) Remeasurement-other comprehensive Income (OCI)</b>	-	<b>60</b>	-	<b>39</b>
<b>(c) Total Expenses recognised in the Statement of Profit and Loss</b>	<b>(34)</b>	<b>516</b>	<b>35</b>	<b>282</b>

## (v) Sensitivity analysis

(₹ in Lacs)

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

	For the year ended March 31, 2018			
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	(8)	9	(92)	103
Salary increase rate	10	(9)	104	(95)
Employee turnover	2	(2)	16	(15)

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.

\* Current cost/past service cost of gratuity includes ₹ 227 lacs related to casual workers determined on the basis of self calculation

# Notes on Financial Statements

for the year ended March 31, 2019

## 38. 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.
	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 Girotra (CFO)
	Mr. Kewal Krishan Kohli (Sr. Vice President & Company Secretary)
	Mr. Karamjit Singh Jaiswal
	Mrs. Shakun Jaiswal
Directors	Ms. Roshni Sanah Jaiswal
	Mrs. Kiran Indra Kapur
	Mrs. Anjali Varma
	Ms. Sonya Jaiswal
	Mrs. Sushma Sagar
Enterprises over which Major shareholders, Key Management Personnel and their relatives have significant influence / control :	Mrs. Asha Saxena
	Milkfood Ltd.
	Fast Buck Investments & Trading Pvt. Ltd.
	Pashupati Properties & Estates Pvt. Ltd.
	Qube Corporation Pvt. Ltd.
	Corporate Facility Management

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

		[₹ in Lacs]	
Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
<b>(i) Subsidiary Companies</b>			
<b>JIL Trading Pvt. Ltd.</b>			
Reimbursement of Payments Made on Behalf of Company		-	8
Expenses of JIL reimbursed by JIL Trading Pvt Ltd		12	-
<b>S.R.K. Investments Pvt. Ltd</b>			
Refund of advance		1,175	-
Reimbursement of Payments Made on Behalf of Company		1	-
<b>(ii) Associates</b>			
<b>Hyderabad Distilleries &amp; Wineries Pvt. Ltd.</b>			
Reimbursement of Payments Made on Behalf of Company		70	75
Loan taken		957	-
Loan given		-	265
Repayment of loan from HDWPL		265	-
Repayment of loan to HDWPL		110	-
Income earned		113	-
Interest Received (net of TDS)		30	36
Other receivable amount received		565	-
<b>(iii) Key Management Personnel, director and their relatives:</b>			
<b>(a) Mr. Ravi Manchanda</b>			
Managerial Remuneration		38	39



# Notes on Financial Statements

for the year ended March 31, 2019

		[₹ in Lacs]	
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018	
Refund of advance	2	2	
<b>(b) Mr. Anil Girotra</b>			
Managerial Remuneration	136	146	
Refund of advance	12	12	
<b>(c) Mr. Kewal Krishan Kohli</b>			
Managerial Remuneration	32	24	
Refund of advance	1	2	
<b>(d) Ms. Roshni Sanah Jaiswal</b>			
Managerial Remuneration	122	125	
Advance given	94	41	
Refund of advance	174	100	
Interest Receivable on advance	18	32	
Payment on behalf of related party	0	4	
Payment on behalf of Company	7	-	
<b>(e) Mr. Karamjit Singh Jaiswal</b>			
Remuneration	194	256	
Refund of advance including adjustment with salary payable of ₹ 5 Lacs	40	100	
<b>(f) Mrs. Shakun Jaiswal</b>			
Gratuity paid	-	10	
Refund of advance	-	50	
<b>(g) Mrs Kiran Indira Kapur</b>			
Sitting fee paid	2	4	
<b>(h) Mrs Anjali Varma</b>			
Sitting fee paid	1	3	
<b>(i) Ms Sonya Jaiswal</b>			
Sitting fee paid	3	4	
<b>(j) Mrs Sushma Sagar</b>			
Sitting fee paid	1	-	
<b>(k) Mrs Asha Saxena</b>			
Sitting fee paid	2	-	
<b>(iv) Enterprises over which Major shareholders, Key Management Personnel and their relatives have significant influence / control :</b>			
<b>(a) Milkfood Ltd.</b>			
Reimbursement of payments made on behalf of company	12	11	
Rent income	22	4	
Interest paid	4	-	
Purchase/ services received	69	-	
Loan & Advance received	55	100	
Refund of loan & advance	48	100	
<b>(b) Pashupati Properties &amp; Estates Pvt. Ltd.</b>			
Lease rent paid	-	12	
<b>(c) Corporate Facilities Management</b>			
Maintenance charges paid	211	194	

# Notes on Financial Statements

for the year ended March 31, 2019

## (C) Outstanding balances as at end of the year

		(₹ in Lacs)	
Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
(i)	<b>Subsidiary Companies</b>		
(a)	<b>JIL Trading Pvt. Ltd.</b>		
	Receivable/(Payable)	[4]	8
(b)	<b>S.R.K. Investments Pvt. Ltd.</b>		
	Receivable	1,803	2,977
(c)	<b>L.P. Investments Ltd.</b>		
	Receivable	185	185
(ii)	<b>Associates</b>		
	<b>Hyderabad Distilleries &amp; Wineries Pvt. Ltd.</b>		
	Receivable/(inter corporate loan)	[847]	830
(iii)	<b>Key Management Personnel and their relatives</b>		
	Mr. Ravi Manchanda		
	Receivable	40	42
	Mr. Anil Girotra		
	Receivable	251	263
	Mr. Kewal Krishan Kohli		
	Receivable	-	1
	Mr. Karamjit Singh Jaiswal/Mrs. Shakun Jaiswal		
	Receivable	1	40
	Ms. Roshini Sanah Jaiswal		
	Receivable	227	295
(iv)	<b>Enterprises over which major Shareholders, Key Management Personnel and their relatives have significant influence / Control</b>		
	Milkfood Ltd.		
	Receivable/(Payable)	[44]	-
	Fast Buck Investments & Trading Pvt. Ltd.		
	Receivable/(Payable)	[8]	[8]

### 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 determined for the Company as whole.
- (iii) No amounts have been written 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.

## 39. SEGMENT INFORMATION

The company's operating segments are established on the basis of those components of the group that are evaluated regularly by the chief operating 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.



# Notes on Financial Statements

for the year ended March 31, 2019

The accounting policies adopted for segment reporting are in line with the accounting policy 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'.

## (A) Primary segment information

(₹ in Lacs)

	Beverages		Food		Others		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<b>(i) Segment revenue</b>								
Sales, services and other income	11,210	40,163	13,231	12,242	484	981	24,925	53,386
Less : Excise duty	(2,499)	(16,893)		(100)			(2,499)	(16,893)
Inter segment sales	-		-		-		-	-
Unallocated income	-		-		-		-	-
<b>Total Revenue</b>	<b>8,711</b>	<b>23,270</b>	<b>13,231</b>	<b>12,142</b>	<b>484</b>	<b>981</b>	<b>22,426</b>	<b>36,393</b>
<b>(ii) Segment results</b>								
Segment results	(856)	(2,108)	961	1,897	(7)	11	98	(200)
Unallocated expenditure								
Other un-allocable expense net of un-allocable income							(174)	1,654
Finance cost							7,259	5,509
<b>Profit/(Loss) before exceptional items</b>							<b>(6,987)</b>	<b>(7,363)</b>
Exceptional items							373	-
<b>Profit/(Loss) before tax (from continuous operations)</b>							<b>(6,614)</b>	<b>(7,363)</b>
Profit/(Loss) from discounting operations							(116)	(396)
<b>Profit/(Loss) before tax</b>							<b>(6,730)</b>	<b>(7,759)</b>
Tax Expenses							(142)	(352)
<b>Profit/(Loss) after tax</b>							<b>(6,588)</b>	<b>(7,407)</b>
<b>(iii) Segment assets and liabilities</b>								
Segment assets [refer footnote (i) below]	20,628	29,435	8,078	9,820	-	-	28,706	39,255
Assets classied as held for sale							1,938	45
Unallocated assets							34,284	37,428
<b>Total assets</b>							<b>64,928</b>	<b>76,728</b>
Segment liabilities	14,819	16,645	4,019	2,272	-	-	18,838	19,025
Liability directly associated with asset classified as held for sale							6,427	2,500
Unallocated liabilities							30,463	39,030
<b>Total liabilities</b>							<b>55,728</b>	<b>60,555</b>
<b>(iv) Other information</b>								
Capital expenditure	29	49		34		-	29	83
Unallocated capital expenditure							114	71
<b>Total capital expenditure</b>							<b>143</b>	<b>154</b>
Depreciation	352	444	505	514	-	-	857	958
Unallocated depreciation							187	254
<b>Total</b>							<b>1,044</b>	<b>1,212</b>
Non - cash expenditure	1,830	1,215	-		-		1,830	1,215
Other than depreciation							-	-
Unallocable non cash expenditure							-	-
<b>Total</b>							<b>1,830</b>	<b>1,215</b>

# Notes on Financial Statements

for the year ended March 31, 2019

## (B) Secondary segment information

		[₹ in Lacs]	
		2018-19	2017-18
(i)	<b>Segment revenue</b>		
	Within India	21,964	35,905
	Outside India	462	488
	<b>Total</b>	<b>22,426</b>	<b>36,393</b>
(ii)	<b>Other information</b>		
	Carrying amount of segment assets by location of assets		
	Within India	64,928	76,728
	Outside India	-	-
	Addition to fixed assets/capital work-in-progress (including capital advances)	143	154

### Footnote(s):

- (i) Segment assets include capital work-in-progress & capital advances aggregating to ₹ 22 lacs (Previous year-₹ 34 lacs). 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.

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

		[₹ in Lacs]	
		For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Revenue</b>			
	Sales	-	-
	Miscellaneous Income	21	5
	Interest Income	1	-
	Liabilities/provisions no longer required written back	7	1
	<b>Total Revenue</b>	<b>29</b>	<b>6</b>
<b>Expenses</b>			
<b>Employee Benefits Expenses</b>			
	Salaries, Wages, Bonus and Gratuity	14	34
		<b>14</b>	<b>34</b>
<b>Other expenses</b>			
	Power and fuel	1	3
	Rates & taxes	22	6
	Insurance	1	-
	Travelling expenses	1	6
	Other repairs & maintenance	6	13
	Loss on sale of fixed assets	4	-
	Legal & professional expenses	2	4
	Miscellaneous expenses	94	336
		<b>131</b>	<b>368</b>
	<b>Total expenses</b>	<b>145</b>	<b>402</b>



# Notes on Financial Statements

for the year ended March 31, 2019

	[₹ in Lacs]	
	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Profit/(Loss) for the year</b>	<b>(116)</b>	<b>(396)</b>
<b>Less: Tax expense</b>	<b>-</b>	<b>-</b>
<b>Profit/(Loss) after tax for the year</b>	<b>(116)</b>	<b>(396)</b>
<b>Total Assets</b>	<b>2,163</b>	<b>201</b>
<b>Total Liabilities</b>	<b>6,557</b>	<b>2,895</b>
<b>Cash Flow from discontinuing operations included in above</b>		
- Operating activities	(3,935)	(2,517)
- Investing activities	3,929	2,500
- Financing activities	-	-

## 41. FAIR VALUE

### Fair value measurement:

- 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.
- 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.

## 42. 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 Lacs]	
	As at March 31, 2019	As at March 31, 2018
Non-current borrowings	20,432	23,802
Current maturities of non-current borrowings	7,250	6,371
Current borrowings	1	3,233
Less: Cash and Cash Equivalents	950	1,196
Less: Other bank balances	64	125
<b>Net debt</b>	<b>26,669</b>	<b>32,085</b>
Equity Share Capital	4,615	4,615
Other Equity	4,585	11,557
<b>Total capital</b>	<b>9,200</b>	<b>16,172</b>
<b>Gearing ratio</b>	<b>290%</b>	<b>198%</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements. The breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowings in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2019 and March 31, 2018.

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. 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.

# Notes on Financial Statements

for the year ended March 31, 2019

## (A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument that will fluctuate because 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:

	March 31, 2019		March 31, 2018	
	1% increase	1% decrease	1% increase	1% decrease
Impact on profit before tax	(344)	344	(368)	368

### 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. Company is also trying to reduce cost by value engineering in dry and wet goods and using standardised 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 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 expect credit loss on the basis of ageing of trade receivable instead of method of ECL as prescribed in Ind AS 109. With regard to advance to subsidiaries & associates, company does not expect any risk with reference to ultimate recovery considering the value of enterprise as a whole.

## (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:

	Maturities				(₹ in Lacs)
	Upto 1 year	1-2 years	2-3 years	Above 3 years	Total
<b>March 31, 2019</b>					
Non-current borrowings	-	196	177	20,058	20,432
Current borrowings	1	-	-	-	1
Trade Payables	8,757	-	-	-	8,757
Other financial liabilities	11,348	-	-	-	11,348
<b>Total</b>	<b>20105</b>	<b>196</b>	<b>177</b>	<b>20,058</b>	<b>40,537</b>
<b>March 31, 2018</b>					
Non-current borrowings	-	1,375	1,003	21,424	23,802
Current borrowings	3,233	-	-	-	3,233
Trade Payables	11,906	-	-	-	11,906
Other financial liabilities	12,727	-	-	-	12,727
<b>Total</b>	<b>27,866</b>	<b>1,375</b>	<b>1,003</b>	<b>21,424</b>	<b>51,668</b>

## 44.

- (i) Previous year figures have been reclassified/regrouped wherever necessary to this year's classification.



# Independent Auditors' 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, 2019, 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, 2019, its loss including other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

## Basis for qualified opinion

- [1] *In the opinion of the management, Trade Receivable and Loans and Advances have a value on realisation in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.*

*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 the method prescribed under Ind AS 109. The Group does not have effective system of obtention of confirmation from Trade Receivable, Trade payable and other Advances. The financial impacts of these are not ascertainable and to that extent we cannot comment upon the adequacy of provision for doubtful debts and advance. However non - moving debts outstanding beyond 1 year are to the extent of ₹ 1135 Lacs which is static balance and for*

*which confirmations and reconciliations are not available and have not been provided for. The system of obtaining confirmations and reconciliation need to be strengthened.*

*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 the extent we do not have any information in respect of such balances.*

- [2] *In the consolidated books of accounts of the Group, an amount of ₹ 2,970 Lacs is outstanding as on March 31, 2019 [₹ 2970 Lacs as on March 31, 2018] being an advance to third party through M/s S.R.K. Investments Pvt. Ltd. since 2010-11. No recovery of this amount has been made since disbursement of advance.*

*The Holding Company's management, based on internal assessments and evaluations, have represented that the balance outstanding advance is recoverable and that no accrual for diminution of advance is necessary as at balance sheet date.*

*The Group has not created a provision against this advance in its books of accounts. In our opinion, there is significant uncertainty and doubt about the recovery of this advance from the third party, as considerable period of time has elapsed from grant of advances and therefore, a provision for doubtful advance should have been accounted for in the consolidated financial statements for the year ended March 31, 2019.*

*Consequently, the loss for the year ended March 31, 2019 is understated and Reserves and Surplus [other equity] as at March 31, 2019 are overstated to the extent of ₹ 4,105 Lacs.*

*It may be noted that modified opinion was given in respect of the advance and trade receivable matters by us on the Financial Statements for the period ended March 31, 2018. We have also given modified opinion vide report [dated May 30, 2019] in pursuance of Regulation 33 of SEBI [listing obligations].*

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). 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 there

under, 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

- Attention is drawn to Note No. 3(iv) regarding installation of plant & machinery, Note No. 3(vi) regarding impairment of goodwill, Note No. 4(vii) regarding fair value of investment properties, Note No. 7 (i) regarding realisation of security deposit of Sikandrabad and Sahibabad Plant, Note No. 8 (ii) regarding MAT credit, Note No. 8(v) & Note No. 38 (iii) regarding provision made for advance to director in earlier year, Note No. 11 (i) regarding unconfirmed bank balance, Note No. 12 (i) & (ii) regarding security deposits and loans and advances to employees, Note No. 13 (ii) regarding commercial advance of ₹ 63 Lacs to a company, Note No. 14 (i) regarding interest free advance for business purposes and pending receipt of bills for advances made for business purposes, Note No. 15 regarding assets held for sale, Note No. 18(v) regarding pending terms and conditions of inter-corporate loan, Note No. 21(ii) regarding provision of service tax, Note No. 22 (i) and 23(iii) regarding interest payable to MSME, Note No. 23(iv) regarding amount payable to employees pending full & final settlement, Note No. 23(v)(a) regarding provision of sales promotion pending credit to parties on account of reconciliation, Note No. 24(i) regarding amount received from customers pending reconciliation, Note No. 24(iii) regarding provision for service tax, and Note No. 43 regarding various risks.

- Without qualifying our opinion, we draw attention to Note No. 2.1(A)(iii) in the financial statements which indicates that the Holding Company has been suffering losses for the last six years and incurred a net loss of ₹ 6,627 Lacs during the year ended March 31, 2019 and, as of that date, the Holding Company's current liabilities exceed the total assets by ₹ 10,171 Lacs. These conditions along with other matters as set forth in Note 2.1(A)(iii), indicate the existence of a material uncertainty that may cast significant doubt about the Holding Company's ability to continue as a going concern. Holding Company 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, 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 below, our description of how our audit addressed the matter is provided in that context.

The Key Audit Matter	How to the matter was addressed in our audit
<p><b>(a) Litigation Matters:</b></p> <p>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.</p> <p>At March 31, 2019, the Group's contingent liabilities for legal matters were ₹ 1148 Lacs (refer Note 36 to the consolidated financial statement) and provision for legal matters aggregated 407 Lacs (refer Note 21(A) &amp; Note 24(iii)). The most significant contingent liability pertains to service tax of ₹ 389 Lacs and sales tax of ₹ 562 Lacs.</p> <p>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.</p> <p>These estimates could change substantially overtime as new facts emerge as each legal case progresses.</p> <p>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.</p>	<p><b>Our procedures included:</b></p> <p>Reviewing the outstanding litigations against the Group for consistency with the previous years. Enquire and obtain explanations for movement during the year.</p> <p>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.</p> <p>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.</p> <p>Examining the Group's legal expenses and reading the minutes of the board meetings, in order to ensure that all cases have been identified.</p> <p>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.</p> <p>Assessing the decisions and rationale for provisions held or for decisions not to record provisions or make disclosures.</p> <p>For those matters where management concluded that no provisions should be recorded, considered the adequacy and completeness of the Group's disclosures.</p>



The Key Audit Matter	How to the matter was addressed in our audit
<p><b>(b) Loan to employees:</b> Group has given loan of ₹ 894 Lacs 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.</p>	<p><b>Our procedures included:</b> We have perused the detail and have verified the repayments made by employees 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.</p>
<p><b>(c) Advance to supplier:</b> Group had made an interest free advance of ₹ 270 Lacs in 2017-18 towards supply of sales promotion articles. Vide letter dated 06.06.19 Group has not approved the samples and has requested for refund of the amount. Management has obtained the confirmation from the supplier and is hopeful of recovery of the amount.</p>	<p>We have perused the confirmation letter of the supplier and relied upon the assertion of Management that the amount will be recovered. We have disclosed the issue vide emphasis of matter paragraph</p>
<p><b>(d) Interest to MSME Supplier:</b> Other current liabilities include ₹ 217 Lacs towards interest accrued and payable to MSME as per MSMED Act 2006. Group has initiated the exercise of identification of enterprises to whom this amount is payable and has informed that once identification is done, the payment will be made.</p>	<p>We have applied the relevant audit procedures and have disclosed the issue in Emphasis of matter in our report.</p>
<p><b>(e) Balance with Govt. Authorities:</b> Other non-current assets include ₹ 67 Lacs as deposit with revenue authorities. Management has informed that the amount represents deposit in earlier years as pre condition for filing appeals against various demands under different statutes. Management has initiated an exercise of reconciliation and adjustment if any will be made on completion of exercise.</p>	<p>We have perused contingent liabilities of the Group and have gone through various correspondences. We have relied upon the assertion of Management and have disclosed the issue vide note 8 (ii) of Notes to the financial statements.</p>
<p><b>(f) Other current assets include MAT credit of ₹ 973 Lacs u/s 115JB of the Act. Group continues to suffer losses, however Group is of the view that in view of mitigating factors adopted by Group to curtail losses, there would be sufficient Tax profits in future to avail MAT credit for the period of 5 to 7 years.</b></p>	<p>We have perused details of MAT credits in earlier years. No further credit for C.Y. loss is created. We have relied upon the management assertion and disclosed the issue vide emphasis of matter para in our report.</p>
<p><b>(g) Revenue recognition from sale of products:</b> Revenue from sale of products is recognised 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 recognised in relation to sales made during the year.</p>	<p>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 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 consolidated financial statements in respect of revenue.</p>

## 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 management's use of the going concern basis of accounting and based on the audit evidence obtained, a material uncertainty exists related to events or condition that may cast significant doubt on the Holding Company's ability to continue as going concern. We draw attention to Note 2.1(A)(iii) in the financial statements which indicates that the Holding Company has been suffering losses for the last six years and incurred a net loss of ₹ 6,627 Lacs during the year ended March 31, 2019 and, as of that date, the Holding Company's current liabilities exceeding the total assets by ₹ 10,171 Lacs. These conditions along with other matters as set forth in Note 2.1(A)(iii), indicate the existence of a material uncertainty that may cast significant doubt about the Holding Company's ability to continue as a going concern. The Holding Company has disclosed the mitigating factors vide the said Note and we have relied upon the same.
- 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 such entities 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 and such other entities 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 five subsidiaries, whose financial statements reflect total assets of ₹ 3075 Lacs

as at March 31, 2019, total revenues of ₹ Nil and net cash out flows amounting to ₹ 1 Lacs for the year ended on that date, as considered in the consolidated financial 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 consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary 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 ₹ Nil for the year ended March 31, 2019 as considered in the consolidated financial statements, in respect of a 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 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, 2019 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;

### 2. As required by Section 143(3) of the Act, based on the 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 statement;
- (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 statement;
- (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 March 31, 2019 taken on record by the Board of Directors of the holding Company and the report of the statutory auditor of its subsidiary incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 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 company 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 subsidiary 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 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

Date: August 14, 2019

Place: New Delhi

UDIN: 19082214AAAABX3208

Membership number: 082214



## **Annexure A to the Independent Auditors' Report of even date on the Consolidated Financial Statements of Jagatjit Industries Ltd.**

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

#### **Qualified Opinion**

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, 2019, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies, which are incorporated in India, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies 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, 2019, *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 Physical availability of fixed assets record, updating of status of contingent liabilities, Rolling Cash Plan (HQ), recovery of loan & advances from employees/suppliers, Full & Final settlement of employee, Filing of VAT return (Behror), Revenue recognition of royalty income from franchise operation (Head office & Hamira), revenue recognition of third party supply agreement, revenue recognition of distribution income where controls were effective but need to be strengthened* based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls 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").

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its subsidiary 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 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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.

### **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 five subsidiary companies, 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

Date: August 14, 2019

Place: New Delhi

Membership number: 082214

UDIN: 19082214AAAABX3208



# Consolidated Balance Sheet

as at March 31, 2019

(₹ in Lacs)			
Particulars	Notes	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
a) Property, plant and equipment	3A	38046	41,296
b) Other intangible assets	3B	1251	1,253
c) Capital work-in-progress	3C	22	33
d) Investment Properties	4	1837	1,764
e) Financial assets			
i) Investments	5	854	346
ii) Loans	6	10	317
iii) Other financial assets	7	1,513	732
f) Other non-current assets	8	4,149	5,419
<b>Total non-current assets</b>		<b>47,682</b>	<b>51,160</b>
<b>2 Current assets</b>			
a) Inventories	9	3,942	5,611
b) Financial assets			
i) Trade receivables	10	7,990	13,452
ii) Cash and Cash Equivalents	11	951	1,199
iii) Loans	12	967	880
iv) Other financial assets	13	322	580
c) Other current assets	14	2,446	3,930
d) Assets classified as held for sale	15	1,938	45
<b>Total Current assets</b>		<b>18,556</b>	<b>25,697</b>
<b>TOTAL- ASSETS</b>		<b>66,238</b>	<b>76,857</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	16	4615	4,615
Other Equity	17	4,628	11,605
Minority Interest		(4)	(4)
<b>Total Equity</b>		<b>9,239</b>	<b>16,216</b>
<b>LIABILITIES</b>			
<b>1 Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	18A	21,690	23,886
ii) Other financial liabilities	19	3,647	706
b) Other long term liabilities	20	434	66
c) Provisions	21A	2,245	2,169
d) Deferred tax liabilities (net)	34B	244	499
<b>Total Non - current liabilities</b>		<b>28,260</b>	<b>27,326</b>
<b>2 Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	18B	1	3,233
ii) Trade Payables	22	8,757	11,906
iii) Other financial liabilities	23	11,348	12,727
b) Other current liabilities	24	8,209	4,973
c) Provisions	21B	424	476
<b>Total Current Liabilities</b>		<b>28,739</b>	<b>33,315</b>
<b>Total Liabilities</b>		<b>56,999</b>	<b>60,641</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>66,238</b>	<b>76,857</b>
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

Date: August 14, 2019

Place: New Delhi

For and on behalf of the Board of Directors of  
**JAGATJIT INDUSTRIES LIMITED**
**Ravi Manchanda**  
Managing Director  
DIN: 00152760

**Kiran Kapur**  
Director  
DIN: 02491308

**Anjali Varma**  
Director  
DIN: 01250881

**Sonya Jaiswal**  
Director  
DIN: 02626750

**Asha Saxena**  
Director  
DIN: 08079652

**Sushma Sagar**  
Director  
DIN: 02582144

**Anil Girotra**  
Chief Financial Officer

**Roopesh Kumar**  
Company Secretary

# Consolidated Statement of Profit and Loss

for the year ended on March 31, 2019

(₹ in Lacs)			
Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>1 Income</b>			
a) Revenue from operations (gross of excise duty)	25	24,925	53,386
b) Other income	26	5,462	3,324
<b>Total income</b>		<b>30,387</b>	<b>56,710</b>
<b>2 Expenses</b>			
a) Cost of material consumed	27	6993	15,695
b) Purchases of stock-in-trade	28	478	1,374
c) Changes in inventories of finished goods, work in progress and stock in trade	29	1411	470
d) Excise duty on sale of goods		2499	16,993
e) Employee benefit expenses	30	6860	7,650
f) Finance cost	31	7259	5,509
g) Depreciation and amortisation expenses	32	1044	1,212
h) Other expenses	33	10835	15,171
<b>Total expenses</b>		<b>37379</b>	<b>64,074</b>
<b>3 Profit / (Loss) before tax and exceptional items</b>		<b>(6,992)</b>	<b>(7,364)</b>
<b>4 Exceptional items (Profit on sale of PPE)</b>		<b>373</b>	<b>-</b>
<b>5 Profit / (Loss) before tax and after exceptional items</b>		<b>(6,619)</b>	<b>(7,364)</b>
<b>6 Tax expense:</b>			
Current tax		-	-
Income tax adjustment related to earlier years	34A	92	5
Deferred tax (credit) / charge	34B	(234)	(357)
<b>Total tax expenses</b>		<b>(142)</b>	<b>(352)</b>
<b>7 Profit / (Loss) for the period from continuing operations</b>		<b>(6,477)</b>	<b>(7,012)</b>
Less : Minority Interest		-	-
Add : Share of Net Profit/ (Loss) of Associates		-	(48)
<b>8 Profit / (Loss) after Tax and after share of Associates &amp; Minority Interest for the period from continuing operations</b>		<b>(6,477)</b>	<b>(7,060)</b>
<b>9 Profit / (Loss) for the period from discontinuing operations</b>	40	<b>(116)</b>	<b>(396)</b>
Tax expenses from discontinuing operations		-	-
<b>10 Profit / (Loss) for the year</b>		<b>(6,593)</b>	<b>(7,456)</b>
<b>11 Other comprehensive income (OCI)</b>			
Items that will not be reclassified to profit or loss			
Re-measurement (gains)/losses on defined benefit plans		60	39
Tax impact on re-measurement (gain)/ loss on defined benefit plans		(21)	(13)
<b>Total other comprehensive income</b>		<b>39</b>	<b>26</b>
<b>12 Total comprehensive income for the year [9 - 10]</b>		<b>(6,632)</b>	<b>(7,482)</b>
<b>13 Earnings per share for continuing operations (in ₹):</b>			
Basic & Diluted	35	(14.84)	(16.17)
<b>Earnings per share for discontinued operations (in ₹):</b>			
Basic & Diluted	35	(0.26)	(0.91)
<b>Earnings per share (for continuing and discontinued operations) (in ₹):</b>			
Basic & Diluted	35	(15.10)	(17.08)
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

Date: August 14, 2019

Place: New Delhi

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

**Ravi Manchanda**  
Managing Director  
DIN: 00152760

**Kiran Kapur**  
Director  
DIN: 02491308

**Anjali Varma**  
Director  
DIN: 01250881

**Sonya Jaiswal**  
Director  
DIN: 02626750

**Asha Saxena**  
Director  
DIN: 08079652

**Sushma Sagar**  
Director  
DIN: 02582144

**Anil Girotra**  
Chief Financial Officer

**Roopesh Kumar**  
Company Secretary



# Consolidated Cash Flow Statement

for the year ended March 31, 2019

	[₹ in Lacs]	
	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A. Cash flow from operating activities:</b>		
Net loss before tax	(6,735)	(7,760)
Adjustments for:		
Rent from investment properties	(2,038)	(1,972)
Gain on fair valuation of financial assets & liabilities (net)	(600)	(5)
Prior period adjustments	-	(99)
Depreciation	1,044	1,212
Interest expense	7,259	5,413
Interest income	(221)	(109)
Profit on sale of properties, plant and equipment (net)	(361)	(62)
Bad debts/ advances/ stock written off	192	8
Provision for doubtful debts and advances	1,484	868
Provision for obsolete/ damaged inventory	155	339
Profit on sale of investment	(650)	-
Liability no longer required written back	(1,132)	(593)
Provision for Gratuity & Leave Encashment	24	(131)
<b>Operating profit before working capital changes</b>	<b>(1,579)</b>	<b>(2,891)</b>
<b>Changes in assets and liabilities</b>		
Trade receivables	4,148	(263)
Loans, other financial assets and other assets	2,833	(2,075)
Inventories	1,752	1,968
Trade payables	(3,149)	(1,065)
Financial liabilities, other liabilities and provisions	1,039	5,086
<b>Cash generated from operations</b>	<b>5,044</b>	<b>760</b>
Taxes (Paid)/ Received (Net of TDS)	-	-
<b>Net Cash flow/(used) from operating activities (A)</b>	<b>5,044</b>	<b>760</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of property, plant and equipment including capital work-in-progress and capital advances	(158)	(140)
Advances against assets held for sale	3,927	-
Proceeds from sale of property, plant and equipment	421	94
Purchase of investments property	(9)	-
Sale of investments	713	15
Advances to related parties		(4)
Interest received (Revenue)	309	31
Income from investment properties	2,038	1,972
Release/(Addition) of cash (from)/ for restrictive use	(725)	75
<b>Net Cash inflow from investing activities (B)</b>	<b>6,516</b>	<b>2,043</b>

# Consolidated Cash Flow Statement (Cont.)

for the year ended March 31, 2019

	(₹ in Lacs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>C. Cash flow from financing activities:</b>		
Proceeds from short term borrowings (Net)	(2,278)	2,620
Proceeds from long term borrowings (Net)	(2,195)	1,792
Interest paid	(7,335)	(6,584)
<b>Net cash used in financing activities (C)</b>	<b>(11,808)</b>	<b>(2,172)</b>
<b>Net increase/ (decrease) in cash &amp; cash equivalents (A + B + C)</b>	<b>(248)</b>	<b>631</b>
Cash and cash equivalents at the beginning of the year	1,199	568
Cash and cash equivalents at the end of the year	<b>951</b>	<b>1,199</b>
<b>Cash &amp; cash equivalents comprises</b>		
Cash, cheques & drafts (in hand) and remittances in transit	14	44
Balance with scheduled banks	937	1,155
	<b>951</b>	<b>1,199</b>

## Notes:-

- 1 The aforesaid Cash Flow Statement has been prepared under the "Indirect Method" and in accordance with Ind AS -7 on Cash Flow Statements.
- 2 Fixed Deposits with banks having maturity period of more than one year (including those pledged with statutory authorities) have been disclosed in other non current assets and do not form part of cash and bank balances.
- 3 Figures in brackets indicate cash outgo.
- 4 Previous year's figures have been regrouped and recast wherever necessary to conform to the current year classification.

Significant Accounting Policies and Notes to Accounts 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**

**Ravi Manchanda**  
Managing Director  
DIN: 00152760

**Kiran Kapur**  
Director  
DIN: 02491308

**Anjali Varma**  
Director  
DIN: 01250881

**Sonya Jaiswal**  
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**Asha Saxena**  
Director  
DIN: 08079652

**Sushma Sagar**  
Director  
DIN: 02582144

**Anil Girotra**  
Chief Financial Officer

**Roopesh Kumar**  
Company Secretary



# Consolidated Statement of Changes in Equity

for the year ended March 31, 2019

## A. EQUITY SHARE CAPITAL

Issued, subscribed and fully paid-up (Share of ₹ 10 each)	No. of shares	Amount in ₹
<b>At April 01, 2017</b>	46,148,112	461,481,120
Increase / (Decrease) during the year	-	-
<b>At March 31, 2018</b>	46,148,112	461,481,120
Increase / (Decrease) during the year	-	-
<b>At March 31, 2019</b>	<b>46,148,112</b>	<b>461,481,120</b>

## B. OTHER EQUITY

						(₹ In Lacs)
Particulars	Reserve & Surplus				Other Comprehensive Income	Total
	General Reserve	Capital Redemption	Securities Premium	Retained Earnings	Remeasurement of defined benefit obligations	
Balance as at April 1, 2017	2,136	580	3,697	12,941	(267)	19087
Profit/(loss) for the year	-	-	-	(7,456)	-	(7,456)
Other comprehensive income for the year	-	-	-	-	(26)	(26)
Balance as at March 31, 2018	2,136	580	3,697	5,485	(293)	11,605
Revaluation reserve 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

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

Date: August 14, 2019  
Place: New Delhi

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

**Ravi Manchanda**  
Managing Director  
DIN: 00152760

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**Anjali Varma**  
Director  
DIN: 01250881

**Sushma Sagar**  
Director  
DIN: 02582144

# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

## 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 5 subsidiaries 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) These financial statements were approved for issue by the Board of Directors on August 14, 2019.
- (iii) The Accounts have been prepared on Going Concern Basis. The Company has been suffering losses for the last six years and the net working capital of the Company is negative. The turnover of the Company has declined by ₹ 28461 lacs as compared to previous year. During the year Company suffered net loss of ₹ 6,627 lacs and as on March 31, 2019, the Current Liabilities exceeded the Current Assets by ₹ 10,171 lacs. In the opinion of Management, the Company has sufficient resources to survive and curb the losses incurred in past 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 three lines of income i.e Liquor, Food and Rental. While Food and Rental are

profitable, Liquor division is incurring losses. The Management does not intend to cease its Liquor operations. During the year Company has entered into new business model through third party business operations in different states in order to curb the losses and boost its business profits. The full impact of this would be visible by the end of next financial year. Under the new model the bottom line will improve though the total turnover will be reduced as compared to old model.

- (b) The Company has initiated the process of monetising its surplus immovable property at Sahibabad (UP) and Sikanderabad (UP) to repay debts / reduce Finance Cost and enhance its working capital. Till the end of the year company has received an amount of ₹ 6,427 lacs and balance ₹ 2,000 lacs is outstanding to be recovered. In the financial year total debt has been reduced by ₹ 5,635 lacs. However the finance cost has been increased due to increase in interest rate against loan. The impact of reduction in finance cost would be visible in the FY 2019-20.
- (c) Promoters / Promoters' Companies have provided its security of personal / its assets to obtain working capital. Further the promoters are also contemplating to infuse funds.
- (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 (other than gratuity of casual worker) by ₹ 625 lacs, Rent by ₹ 104 lacs, Travelling expenses by ₹ 356 lacs and Legal expenses by ₹ 331 lacs.

The above steps have helped the Company to prevent default in meeting any financial commitments to Banks / Financial Institutions.

As per the assessment of the management the Going Concern assumption is not affected and no material uncertainty exists in this regards in view of the above mentioned factors.

The Ind AS Financial Statements have been prepared on a going concern basis using historical



# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

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.

- (iv) Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised 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 recognised 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 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, 2019.

## (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 amortised but is tested for impairment on annual basis.
- (v) Minority 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 minority 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

# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

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 volatility.
- 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 recognised 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 group's functional currency. All financial information presented in Rupees has been rounded to the nearest lacs.

## 2.5 Property, plant and equipment:

### (i) Property, plant and equipment

The Company has 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 has carried out fresh revaluation of Land owned by the Company as PPE. The revaluation has been carried out 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 Company has been granted leasehold lands for the period of 99 years and accordingly, the same is treated as finance lease. In view of no reasonable certainty regarding vesting of 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 capitalised if the recognition criteria are met.



# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

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 depreciation 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 capitalised 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 Company, 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

# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

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 recognised 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 recognised 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 recognised when a Company becomes a party to the contractual provisions of the instruments.

### (i) Initial recognition and measurement:

Financial assets and financial liabilities are recognised 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 recognised 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 amortised 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 amortised 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 amortised cost using the Effective Interest Rate (EIR) method. Amortised 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 amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised 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:



# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

- (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 recognised in OCI. However, the Company recognises 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 recognised 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 categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised 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 recognised in the OCI. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss.

## (iii) Derecognition of financial assets:

The group derecognises 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 recognised in Other Comprehensive Income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

## (iv) Impairment of financial assets:

The group applies the expected credit loss model for recognising 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 recognises 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 amortised cost using the effective interest rate method or at fair value through profit and loss. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

## (vi) Derecognition of financial liabilities

A financial liability is derecognised 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 recognised 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.

# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

- (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.
- (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. In pursuance of IND AS-2 indirect production overheads (estimated by the Management) have been allocated for ascertainment of cost of finished goods.

## 2.11 Retirement Benefits

Group follows IND AS-19 as detailed below: -

- (a) Short-term benefits are recognised 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, 1965 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 ₹ 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 recognised in Other Comprehensive Income (OCI) in the period in which they occur. Remeasurement recognised in the Other Comprehensive Income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised 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 categorised 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 recognised as per Ind AS 115 "Revenue from contract with customers". Revenue from contract with customers is recognised 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 recognised 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 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 recognised by the Company, as and when incurred by the CMU.
- (c) **Sales through State Corporation:** Revenue is recognised at the time of dispatch/delivery to the Corporation as significant risk & rewards associated with ownership



# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

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.

The company has adopted Ind AS 115 "Revenue from contract with customers" with effect from April 1, 2018. Ind AS 115 established principles for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 "Revenue" and Ind AS 11 "Construction Contracts". Under the modified retrospective approach there were no significant adjustments required to the retained earnings at April 1, 2018. Also the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in financial statements.

## 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 utilised.

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 realised 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

# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

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 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 realisation 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 amortised as expenses / income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward contract is recognised 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 recognised 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 recognised 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 recognised 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



# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

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 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:

Leases under which the group assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalised at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight-line basis in the Statement of Profit and Loss over the

lease term except where the lease payments are structured to increase in line with expected general inflation.

## 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 recognised 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 recognise 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 recognised 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

for the year ended March 31, 2019

## 3A. PROPERTY, PLANT AND EQUIPMENT

(₹ in Lacs)

	Particulars	Land Free Hold	Land Lease Hold	Building	Furniture & Fixtures	Plant & Machinery	Other Equipment	Vehicles	Total
(I)	<b>Cost/deemed cost</b>								
	<b>As at April 1, 2017</b>	23,789	3,133	6,163	227	9,061	137	548	<b>43,058</b>
	Additions	-	-	17	12	66	54	26	<b>175</b>
	Disposals	-	-	-	-	(73)	(1)	(126)	<b>(200)</b>
	<b>As at March 31, 2018</b>	<b>23,789</b>	<b>3,133</b>	<b>6,180</b>	<b>239</b>	<b>9,054</b>	<b>190</b>	<b>448</b>	<b>43,033</b>
	Additions	-	-	86	26	24	18		<b>154</b>
	Disposals	-	-	-	-	(32)	(2)	(60)	<b>(94)</b>
	Transferred to investment property					(224)			<b>(224)</b>
	Assets classified as held for sale		(2,282)	(9)		(34)	(3)		<b>(2,328)</b>
	<b>As at March 31, 2019</b>	<b>23,789</b>	<b>851</b>	<b>6,257</b>	<b>265</b>	<b>8,788</b>	<b>203</b>	<b>388</b>	<b>40,541</b>
(II)	<b>Accumulated depreciation</b>								
	<b>As at April 1, 2017</b>	-	44	268	17	237	22	143	<b>731</b>
	Charge for the year	-	44	267	38	610	39	173	<b>1,171</b>
	Disposals	-	-	-	-	(66)	0	(99)	<b>(165)</b>
	<b>As at March 31, 2018</b>		<b>88</b>	<b>535</b>	<b>55</b>	<b>781</b>	<b>61</b>	<b>217</b>	<b>1,737</b>
	Charge for the year		27	261	33	566	34	72	<b>993</b>
	Disposals					(6)	(1)	(34)	<b>(41)</b>
	Transferred to investment property					(111)			<b>(111)</b>
	Assets classified as held for sale		(82)				(1)		<b>(83)</b>
	<b>As at March 31, 2019</b>	-	<b>33</b>	<b>796</b>	<b>88</b>	<b>1,230</b>	<b>93</b>	<b>255</b>	<b>2,495</b>
(III)	<b>Net block</b>								
	<b>As at March 31, 2018</b>	<b>23,789</b>	<b>3,045</b>	<b>5,645</b>	<b>184</b>	<b>8,273</b>	<b>129</b>	<b>231</b>	<b>41,296</b>
	<b>As at March 31, 2019</b>	<b>23,789</b>	<b>818</b>	<b>5,461</b>	<b>177</b>	<b>7,558</b>	<b>110</b>	<b>133</b>	<b>38,046</b>

## 3B. OTHER INTANGIBLE ASSETS

(₹ in Lacs)

	Particulars	Patent Trade Mark	Goodwill	Total
(I)	<b>Cost/deemed cost</b>			
	<b>As at March 31, 2018</b>	<b>10</b>	<b>1,249</b>	<b>1,259</b>
	<b>As at March 31, 2019</b>	<b>10</b>	<b>1,249</b>	<b>1,259</b>
(II)	<b>Accumulated depreciation</b>			
	<b>As at April 1, 2017</b>	3	-	3
	Amortisation for the year	3	-	3
	<b>As at March 31, 2018</b>	<b>6</b>	-	<b>6</b>
	Amortisation for the year	2	-	2
	<b>As at March 31, 2019</b>	<b>8</b>	-	<b>8</b>
(III)	<b>Net block</b>			
	<b>As at March 31, 2018</b>	<b>4</b>	<b>1,249</b>	<b>1,253</b>
	<b>As at March 31, 2019</b>	<b>2</b>	<b>1,249</b>	<b>1,251</b>



# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

## 3C. CAPITAL WORK-IN-PROGRESS

(₹ in Lacs)

Particulars	
<b>As at March 31, 2018</b>	<b>33</b>
<b>As at March 31, 2019</b> (refer footnote (iii) & (iv))	<b>22</b>

### Footnote(s):

- For details of Property, plant and equipment charged as security of borrowings refer Note 18.
- Land at various locations have been revalued as on April 01, 2016 by an independent approved valuer on a fair market value basis
- Estimated amount of capital contracts remaining to be executed is ₹ 12 lacs (Previous year : ₹ 2 lacs)
- Includes ₹ 17 lacs from earlier years in respect of uninstalled plant & machinery kept at Hamira Plant. Management is of the view that the same will be installed in FY 2019-20
- For leasehold land refer note 2.6 regarding Significant Accounting Policy.
- Management is of the view that there is no impairment in respect of goodwill at the year end.

## 4. INVESTMENT PROPERTIES

(₹ in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Gross carrying amount at beginning of the year	2,407	2,407
Transferred from property, plant and equipment (refer footnote (viii))	224	-
Additions during the year	9	-
<b>Gross carrying amount at end of the year</b>	<b>2,640</b>	<b>2,407</b>
Accumulated depreciation at beginning of the year	643	605
Transferred from property, plant and equipment (refer footnote (viii))	111	-
Depreciation charged during the year	49	38
<b>Accumulated depreciation at end of the year</b>	<b>803</b>	<b>643</b>
<b>Net carrying amount</b>	<b>1,837</b>	<b>1,764</b>

### Footnote(s):

- Investment in properties comprises land, building and plant & machinery.

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

Particulars	As at March 31, 2019	As at March 31, 2018
Rental income (including reimbursement of maintenance expenses)	2,455	2,397
Direct operating expenses from property that generated rental income	455	494
Direct operating expenses from property that did not generate rental income	-	-
<b>Profit from investment properties before depreciation</b>	<b>2,000</b>	<b>1,903</b>
Depreciation for the year	49	38
<b>Profit from investment properties</b>	<b>1,951</b>	<b>1,865</b>

- Future minimum lease payments are not given as subject leases are not non-cancellable operating leases.
- Contingent rents recognised as income - Nil.
- 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.

### (vi) Fair Value

Particulars	As at March 31, 2019	As at March 31, 2018
Investment Properties	21,464	21,353

# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

(vii) **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, 2019 and hence no valuation is done at year end.

(viii) Represents allied assets of investment property at cost.

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

## 5. NON-CURRENT INVESTMENTS

Particulars	₹ in Lacs	
	As at March 31, 2019	As at March 31, 2018
<b>(A) Equity instruments (fully paid-up)</b>		
<b>(i) Quoted</b>		
Milkfood Limited		
1,350 Shares (March 31, 2018 : 1350) of ₹ 10 each fully paid	4	6
Punjab National Bank		
4,965 Shares (March 31, 2018 : 4965) of ₹ 2 each fully paid	5	5
GlaxoSmithKline Consumer Healthcare Limited		
4 Shares (March 31, 2018 : 4) of ₹ 10 each fully paid	0	0
Indage Vintners Limited		
100 Shares (March 31, 2018 : 100) of ₹ 10 each fully paid	0	0
McDowell Holdings Limited		
6 Shares (March 31, 2018:6) of ₹ 10 each fully paid	0	0
Nestle India Limited		
4 Shares (March 31, 2018 : 4) of ₹ 10 each fully paid	0	0
Radico Khaitan Limited		
10 Shares (March 31, 2018 : 10) of ₹ 2 each fully paid	0	0
Shreno Limited		
12 Shares (March 31, 2018 : 12) of ₹ 100 each fully paid	0	0
Anheuser Busch Indev India Limited		
103 Shares (March 31, 2018 : 103) of ₹ 10 each fully paid	0	0
Taurus The Starshare		
2500 Shares (March 31, 2018 : 2500) of ₹ 10 each	0	0
United Breweries Limited		
5 Shares (March 31, 2018 : 5) of ₹ 1 each fully paid	0	0
United Breweries (Holdings) Limited		
3 Shares (March 31, 2018 : 3) of ₹ 10 each fully paid	0	0
United Spirits Limited		
40 Shares (March 31, 2018 : 8 of ₹ 10 each) of ₹ 2 each fully paid	0	0
<b>(ii) Unquoted</b>		
<b>In associates</b>		
Hyderabad Distilleries and Wineries Pvt. Ltd.		
1,650 Shares (March 31, 2018 : 1650) of ₹ 100 each fully paid	3	3
Add:- Group Share of Profit / (Loss) upto March 31, 2018	(3)	(3)
<b>(iii) Unquoted</b>		
<b>In others</b>		
Mohan Meakin Ltd. (refer footnote (ii))	627	117
132,061 (March 31, 2018 : 2,82,061) shares of ₹ 5 each fully paid.		



# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

(₹ in Lacs)		
Particulars	As at March 31, 2019	As at March 31, 2018
Chic Interiors Pvt. Limited		
1752 Shares (March 31, 2018 : 1752) of ₹ 10 each fully paid	0	0
Janta Co-operative Sugar Mills Ltd.		
50 Shares (March 31, 2018 : 50) of ₹ 100 each fully paid	0	0
Panipat Co-operative Sugar Mills Ltd.		
2 Shares (March 31, 2018 : 2) of ₹ 100 each fully paid	0	0
Traders Bank Limited		
1 Share (March 31, 2018 : 1) of ₹ 4 each fully paid	0	0
LPJ Holdings Pvt. Limited.		
600 Shares (March 31, 2018 : 600) of ₹ 10 each fully paid	81	81
<b>(B) Investment in Preference Shares (fully paid-up)</b>		
Qube Corporation Pvt. Ltd.		
13,50,000 (March 31, 2018 : 13,50,000) Cumulative Redeemable Preference Shares of ₹ 10 each.	135	135
<b>(C) Investment in government securities</b>		
<b>Quoted</b>		
6 year National Saving Certificates (lodged with Government Authorities)	1	1
<b>TOTAL</b>	<b>854</b>	<b>346</b>

## Footnote(s):

- (i) Cost of investment
- |                      |    |    |
|----------------------|----|----|
| Mohan Meakin Ltd.    | 39 | 84 |
| Milkfood Ltd.        | 1  | 1  |
| Punjab National Bank | 4  | 4  |
- (ii) The Group has sold 1,50,000 shares @ ₹ 475 during the year in the off market as these shares are not traded on any stock exchange and accordingly balance numbers of shares are valued at fair price as on March 31, 2019.

## 6. LOANS

(₹ in Lacs)		
Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Loan (refer Footnote (i))	10	10
Loan to employees	-	307
Unsecured-considered doubtful		
Loan to employee (refer footnote (ii))	10	45
Less: Provision for doubtful advances (refer footnote (ii))	(10)	(45)
<b>Total</b>	<b>10</b>	<b>317</b>

## Footnote(s):

- (i) Considered good by management.
- (ii) Excludes ₹ 35 lacs (Previous Year : ₹ Nil) written off in respect of an advance given to ex-employee.

# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

## 7. OTHER FINANCIAL ASSETS

Particulars	₹ in Lacs	
	As at March 31, 2019	As at March 31, 2018
Security Deposits (refer footnote (i))		
Unsecured, considered good	463	407
Unsecured, considered doubtful	1	2
Less: Provision for doubtful deposits	(1)	(2)
Fixed Deposits with Bank (refer footnote-(ii))	1,050	325
<b>Total</b>	<b>1,513</b>	<b>732</b>

### Footnote(s):

- (i) (a) Includes ₹ 35 lacs (Previous year: ₹ 35 lacs) in respect of Sikandrabad Plant (Held for sale). Management is of view that the same will be recovered from the buyer/authority after completion of sale. Also refer Note 15.
- (b) Includes ₹ 14 lacs (Previous year: ₹ 14 lacs) in respect of Shahibabad Plant (Held for sale). Pending reconciliations the amount will be adjusted in FY 2019-20. Also refer Note 15.
- (ii) Includes Fixed Deposit of ₹ 381 lacs (Previous year : ₹ 302 lacs) pledged with IFCL and ₹ 636 lacs (Previous year : Nil) with Indusind Bank for security against interest payment. (Also refer note no 18(i) & 23(i)).

## 8. OTHER NON-CURRENT ASSETS

Particulars	₹ in Lacs	
	As at March 31, 2019	As at March 31, 2018
Capital advances (refer footnote (i))	2,987	2,972
MAT credit (refer footnote (ii))	979	979
Balance with revenue authorities- (refer footnote (iii))	67	-
Prepaid expenses (refer footnote (iv))	110	1,215
Others	6	253
Unsecured - considered doubtful		
Advances to suppliers	1,485	1,525
Others (refer footnote (v))	66	42
Less: Provision for doubtful advances	(1,551)	(1,567)
<b>Total</b>	<b>4,149</b>	<b>5,419</b>

### Footnote(s):

- (i) Management is of view that the amount is good for recovery.
- (ii) Management is of view that credit will be adjusted within the prescribed period of fifteen years u/s 115JAA(3) of the Income tax Act, 1961. The unexpired period is 5 to 7 years.
- (iii) Deposit with authorities against contingent liability as a precondition for filing appeal.
- (iv) Includes advance interest Nil (Previous Year : ₹ 507 lacs) paid to Indiabulls.
- (v) Includes ₹ 37 lacs (given in earlier years and provided for) from director of the company.

## 9. INVENTORIES

Particulars	₹ in Lacs	
	As at March 31, 2019	As at March 31, 2018
Raw materials [includes intransit of ₹ 757 lacs (Previous Year : ₹ 381 lacs)]	1,358	1,236
Packaging materials [includes intransit of ₹ 2 lacs (Previous Year : Nil)]	412	788
Work-in-progress	436	578
Finished goods	1,158	2,413
Stock-in-trade	24	38
Store and spares	554	558
<b>Total</b>	<b>3,942</b>	<b>5,611</b>

### Footnote(s):

- (i) Raw materials and packaging materials are net of provision for obsolete inventory of ₹ 527 lacs (Previous Year : ₹ 876 lacs).



# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

## 10. TRADE RECEIVABLES

Particulars	[₹ in Lacs]	
	As at March 31, 2019	As at March 31, 2018
<b>Trade receivables</b>		
Unsecured, considered good	7,990	13,452
Doubtful	4,589	3,416
	<b>12,579</b>	<b>16,868</b>
<b>Less: Allowance for doubtful receivables</b>	4,589	3,416
	<b>7,990</b>	<b>13,452</b>
<b>Current</b>	<b>7,990</b>	<b>13,452</b>
<b>Non-Current</b>	-	-

### Footnote(s):

- No debts are due from directors or other officers of the Group or any of them either severally or jointly with any other person. Also, no debts are due from firms or private companies, respectively, in which any director is a partner or a director or a member.
- Includes ₹ 224 lacs (Previous Year : ₹ 224 lacs) from Vinayaka Liquors Pvt. Ltd. outstanding from a period of more than 12 months and considered good by the management. Management is of the view that the same will be recovered in the FY 2019-20.

## 11. CASH AND CASH EQUIVALENTS

Particulars	[₹ in Lacs]	
	As at March 31, 2019	As at March 31, 2018
Cash in hand	14	44
Bank balance on current accounts (refer footnote (i))	937	1,155
<b>Total</b>	<b>951</b>	<b>1199</b>

### Footnote(s):

- Includes bank balances of ₹ 6 lacs of earlier years at various closed tie up units. Management will conduct scrutiny and adjustment if any will be made in the FY 2019-20.

## 12. CURRENT LOANS

Particulars	[₹ in Lacs]	
	As at March 31, 2019	As at March 31, 2018
Security deposits (refer footnote (i))	73	192
Loan to employees (refer footnote (ii))	894	688
<b>Total</b>	<b>967</b>	<b>880</b>

### Footnote(s):

- These balances are unconfirmed, however considered good for recovery within 12 months of reporting date as certified by the Management.
- Includes a sum of ₹ 799 lacs (interest bearing ₹ 120 lacs) due from senior/ex-employees in respect of which stipulation regarding repayment are not laid out. Management has informed that these are good for recovery and will be received in due course of time.

# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

## 13. OTHER FINANCIAL ASSETS

Particulars	₹ in Lacs	
	As at March 31, 2019	As at March 31, 2018
Fixed deposits with bank	19	103
Margin money accounts (refer footnote(i))	45	22
Interest receivable	105	193
Others (refer footnote (ii))	153	262
<b>Total</b>	<b>322</b>	<b>580</b>

### Footnote(s):

- (i) Towards Bank Guarantee against performance of contractual obligation.
- (ii) Includes ₹ 90 lacs (Previous year - Nil) on account of income receivable from franchisee partner as per agreement and commercial advance of ₹ 63 lacs (March 31, 2018 : ₹ 132 lacs) to Vinayaka Liquors Pvt. Ltd. Management is of view that this amount will be recovered/adjusted within 12 months of the reporting date.

## 14. OTHER CURRENT ASSETS

Particulars	₹ in Lacs	
	As at March 31, 2019	As at March 31, 2018
Balance with excise/revenue authorities	77	243
Advance income tax	163	181
Income tax refund	491	329
Advances to suppliers (refer footnote (i))	1481	1,349
Prepaid expenses	196	1,231
Others	38	597
	<b>2,446</b>	<b>3,930</b>

### Footnote(s):

- (i) (a) Includes an interest free advance of ₹ 270 lacs to party regarding which management has certified that the advance is in ordinary course of business and will be received/adjusted in the coming financial year.
- (b) Includes sum of ₹ 54 lacs paid to various parties in earlier years pending receipt of bills. Management has represented that these bills pertain to services rendered in the ordinary course of business. Efforts are being made to obtain copy of bills and amount will be adjusted against bills payable on receipt of the same.

## 15. ASSETS CLASSIFIED AS HELD FOR SALE

Particulars	₹ in Lacs	
	As at March 31, 2019	As at March 31, 2018
Fixed assets held for sale	1,938	45
(Valued at the lower of the estimated net realisable value & carrying amount)		
<b>Total</b>	<b>1,938</b>	<b>45</b>

### Footnote(s):

- (i) (a) During the year assets of Sikandrabad Unit are considered as held for sale due to discontinuity of operations and accordingly valued at lower of estimated net realisable value ₹ 1900 lacs and carrying amount ₹ 2245 lacs on revaluation basis in earlier year (₹ 345 lacs related to revaluation adjusted with retained earnings). During the year holding company has entered upon an agreement to sale dated 24.09.2018 at sale consideration of ₹ 1900 lacs received during the year. Pending approval from UPSIDC - amount received is treated as advance received against assets held for sale (refer Note 24). Management is hopeful for receipt of formal approval within 12 months of the reporting date.



# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

- (b) In the FY 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 previous year company had entered upon an agreement to sale for development and thereafter disposal of part of leasedhold land subject to permission of authorities. Holding Company has received a sum of ₹ 4527 lacs (Previous Year: 2500 lacs) towards part performance of agreement. However pending receipt of formal approval from the lessor i.e. statutory authority same is treated as advance against assets held for sale [refer note 24]. Management is hopeful for receipt of formal approval within 12 months of the reporting date.

## 16. SHARE CAPITAL

(₹ in Lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Authorised</b>		
75,000,000 (March 31, 2018: 75,000,000) equity shares of ₹ 10/- each	7,500	7,500
<b>Issued, subscribed and fully paid up</b>		
46,148,112 (March 31, 2018: 46,148,112) equity shares of ₹ 10/- each	4,615	4,615
	<b>4,615</b>	<b>4,615</b>

Footnote[s]:

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

Equity Shares	Number
<b>Issued, subscribed and fully paid up</b>	
<b>As at April 1, 2017</b>	46,148,112
Increase/(Decrease) during the year	-
<b>As at March 31, 2018</b>	<b>46,148,112</b>
Increase/(Decrease) during the year	-
<b>As at March 31, 2019</b>	<b>46,148,112</b>

### (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 FY 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, 2019		As at March 31, 2018	
	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

# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

## 17. OTHER EQUITY

		(₹ in Lacs)	
Particulars		As at March 31, 2019	As at March 31, 2018
(a)	Capital Redemption Reserve	580	580
(b)	Securities Premium Reserve	3697	3,697
(c)	General Reserve	2136	2,136
(d)	Retained Earning (refer footnote (iv))	(1,453)	5,485
(e)	Other Comprehensive Income	(332)	(293)
Balance as at the end of reporting period		<b>4,628</b>	<b>11,605</b>

### Footnote(s):

#### (i) Capital Redemption Reserve:

Capital Redemption Reserve was created pursuant to redemption of preference 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 is transferred to "Securities Premium account". The Company may issue fully paid-up bonus shares to its members out of balance lying in the Securities 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 bonus shares.

#### (iv) Includes revaluation reserve of ₹ 26,323 lacs (Previous Year : ₹ 26,694 lacs) related to land situated at Hamira, Behror & Sikandrabad. Company has suffered losses and figures are gross of revalued amount and net of losses.

#### (v) The 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 Lacs)	
Particulars		As at March 31, 2019	As at March 31, 2018
<b>Secured</b>			
From banks			
Term loan (refer footnote (i))		19,586	-
From others			
Term loan (refer footnote (ii))		-	23,785
Car loans (refer footnote (iii))		-	17
<b>Unsecured</b>			
Inter corporate loan from related party (refer footnote (v) & note no. 38)		2103	83
From directors		1	1
<b>Total</b>		<b>21,690</b>	<b>23,886</b>

### (B) Current Borrowings

		(₹ in Lacs)	
Particulars		As at March 31, 2019	As at March 31, 2018
<b>Secured</b>			
Working capital loans from banks (refer footnote (iv))		1	2,934
<b>Unsecured</b>			
Fixed deposits		-	299
<b>Total</b>		<b>1</b>	<b>3,233</b>



# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

## Footnote(s):

	Nature of Security	Terms of Repayment
(i)	Rupee loan amounting to ₹19,586 lacs (Previous Year : Nil) net of processing fee of ₹ 401 lacs is secured against :- (a) office space at Plot No. 78 Institutional area, Sector-18, Gurgaon, Haryana and 9th and 10th floor, Ashoka Estate, 24 Barakhamba Road, New Delhi (b) Land at Plot No 78, Sector 18, Institutional Area, Gurgaon, Haryana. (c) Lien on fixed deposit of ₹ 636 Lacs. (Refer note 7(i))	Repayable by Dec-2033. Rate of Interest is 11.75% p.a.
(ii)	Rupee loan from NBFC amounting to ₹ 5,592 lacs (Previous Year : ₹ 26,585 lacs), Previous year secured against : (a) office space at Plot No. 78 Institutional area, Sector-18, Gurgaon, Haryana and 9th and 10th floor, Ashoka Estate, 24 Barakhamba Road, New Delhi (b) Land at Plot No 78, Sector 18, Institutional Area, Gurgaon, Haryana. Current year this facility was secured by collaterals provided by promoters and other third parties. Current year ₹ 5592 lacs (Previous Year : ₹ 2800 lacs) treated as current maturities of long term debt Refer note 23.	Repayable by Mar 20. Rate of Interest is 20.70% p.a [Previous year : Rate of interest is 10% p.a. for first two years and is progressive in the event of non payment of specified amounts by specified date(s)] .
(iii)	Rupee loans of ₹ 13 lacs (Previous Year : ₹ 56 lacs) are secured by hypothecation of the related cars. Current year ₹ 13 lacs (Previous Year : ₹ 39 lacs) treated as current maturities of long term debt Refer note 23.	Repayable by Mar-20. Rate of interest 8.25% p.a. to 8.75% p.a.
(iv)	Cash credit limits and Letter of credit are part of working capital facilities availed from consortium banks.	These consortium limits are secured by first pari passu charge on stock, trade receivables and by equitable mortgage of leasehold land situated at Behror (Rajasthan) in favour of Canara Bank (Lead Bank).
(v)	Terms and conditions regarding loan have not been stipulated as yet. Provision of interest if any will be made on finalisation of the terms	

## 19. OTHER FINANCIAL LIABILITIES

Particulars	(₹ in Lacs)	
	As at March 31, 2019	As at March 31, 2018
Security deposits	3,647	706
<b>Total</b>	<b>3,647</b>	<b>706</b>

### Footnote(s):

- (i) Addition represent security deposit received during the year (net of fair value adjustment as per Ind AS 109) from the franchisee partners/ contract manufacturers.

## 20. OTHER LONG TERM LIABILITIES

Particulars	(₹ in Lacs)	
	As at March 31, 2019	As at March 31, 2018
Others (refer footnote (i))	434	66
<b>Total</b>	<b>434</b>	<b>66</b>

### Footnote(s):

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

# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

## 21. PROVISIONS

### (A) Non - current

		(₹ in Lacs)	
Particulars		As at March 31, 2019	As at March 31, 2018
(a)	Provision for employee benefits		
	- Gratuity	1,649	1,481
	- Compensated Absences	171	263
(b)	Provisions for Litigations		
	- Service Tax/ Sales Tax (refer footnote (ii))	425	425
	<b>Total</b>	<b>2,245</b>	<b>2,169</b>

### (B) Current

		(₹ in Lacs)	
Particulars		As at March 31, 2019	As at March 31, 2018
	Provision for employee benefits		
	- Gratuity	266	288
	- Compensated Absences	158	188
	<b>Total</b>	<b>424</b>	<b>476</b>

#### Footnote(s):

- (i) Gratuity and compensated absences (other than casual worker) have been determined by actuary in terms of Ind AS 19 and accordingly provided. (for detail refer note 37). In the case of casual labour, provision for gratuity liability has been determined for workers who have completed 5 years of service on the last date of financial year
- (ii) Includes provision of service tax of ₹ 353 lacs (Previous Year : ₹ 353 lacs) demanded by Orissa State Beverages Corporation Limited against their liability to Service Tax. The matter is subjudice and adjustment will be made in the year of final decision.

## 22. TRADE PAYABLES

		(₹ in Lacs)	
Particulars		As at March 31, 2019	As at March 31, 2018
Total outstanding dues of Micro Enterprises and Small Enterprises: and		8	20
Total outstanding dues of creditors other than Micro Enterprises & Small Enterprises		8,749	11,886
<b>Total</b>		<b>8,757</b>	<b>11,906</b>

#### 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.

		(₹ in Lacs)	
(ii) Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006		As at March 31, 2019	As at March 31, 2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year			
	- Principal Amount Unpaid	8	20
	- Interest due	1	2
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	118
	- 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.		1	6
The amount of interest accrued and remaining unpaid at the end of the year (included in interest accrued & due in note 23)		217	216

- (iii) Includes ₹ 99 lacs (Previous Year : ₹ 119 lacs) representing stale cheques issued in earlier years pending reconciliation.



# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

## 23. OTHER CURRENT FINANCIAL LIABILITIES

Particulars	(₹ in Lacs)	
	As at March 31, 2019	As at March 31, 2018
Current maturities of long-term borrowings [refer footnote (i) & note 18]	6,806	5,839
Unclaimed matured deposits [refer footnote (ii)]	59	71
Interest accrued but not due	150	182
Interest accrued and due [refer footnote (iii)]	235	279
Security deposits	2,437	4,246
Employee benefits [refer footnote (iv)]	819	854
Other liabilities [refer footnote (v)]	842	1,256
<b>Total</b>	<b>11,348</b>	<b>12,727</b>

### Footnote(s):

- (i) Term rupee loan amounting to ₹1,200 lacs @ 13.55% p.a. for general corporate purpose is repayable by Nov. 2019 and secured by exclusive charge by way of mortgage on Land & Building situated at Jagatjit Nagar, Distt Kapurthala and lien on fixed deposit in favour of IFCI (Refer Note 7(ii)).
- (ii) 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.
- (iii) Including interest amount of ₹ 217 lacs (Previous Year : ₹ 216 lacs) payable to MSME as certified by the management. The liability is outstanding pending identification of parties.
- (iv) Includes ₹ 159 lacs payable to various employees/ex-employees. The amount payable on account of full and final settlement is being ascertained and adjustment will be made on completion of exercise.
- (v) (a) Includes provision for sales promotion of ₹ 272 lacs (Previous Year : ₹ 272 lacs) pending credit to parties.  
(b) Refer Note 14(i)(b) for bills payable of ₹ 54 lacs.  
(c) Includes Nil (Previous Year : ₹ 320 lacs) towards one time payment to GAIL (India) Limited a Govt of India undertaking in pursuance of Memorandum of Indenture dated July 02, 2018 for termination of the GSA dated December 27, 2008.

## 24. OTHER CURRENT LIABILITIES

Particulars	(₹ in Lacs)	
	As at March 31, 2019	As at March 31, 2018
Advance received from customers [refer footnote (i)]	289	481
Advances received against assets held for sale [refer footnote (ii)]	6427	2,500
Statutory dues [refer footnote (iii)]	1054	1,892
Other liabilities [refer footnote (iv)]	439	100
<b>Total</b>	<b>8,209</b>	<b>4,973</b>

### Footnote(s):

- (i) Represent amount received from customers pending reconciliation.
- (ii) Includes ₹ 4527 lacs (Previous Year: ₹ 2500 lacs) received towards part performance of agreement for sub-division and thereafter sale of part of land situated at Sahibabad (U.P.) pending approval from Lessor and ₹ 1900 lacs (Previous Year: Nil) received towards sale of assets situated at Sikandrabad Unit. (Refer Note 15).
- (iii) Includes ₹ 54 lacs (Previous Year: ₹ 54 lacs) on account of service tax. Management has certified that this amount represent difference on provision made in respect of Royalty Income on accrual basis and payment made on actual receipt. Identification of parties and reconciliation thereof is under process. Adjustment will be made on completion of the exercise.
- (iv) Includes ₹ 428 lacs (Previous Year : ₹ 99 lacs) difference in fair value and carrying value of security deposit received.

# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

## 25. REVENUE FROM OPERATIONS

		(₹ in Lacs)	
Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Sale of products (gross of excise duty) (refer footnote (i))		13,904	42,398
(b) Sale of services (Job work)		8,516	8,428
(c) Other operating revenues (refer footnote (ii))		2,252	2,560
(d) Revenue from third parties supply contract (refer footnote (iii))		253	-
<b>Total</b>		<b>24,925</b>	<b>53,386</b>
<b>Footnote(s):</b>			
(i) <b>Sale of products comprises</b>			
<b>(a) Manufactured goods</b>			
Malt & malt extract		3,137	2,618
Processed milk		1,110	798
Liquor		8,602	36,750
Other		566	640
		<b>13,415</b>	<b>40,806</b>
<b>(b) Traded goods</b>			
Petroleum and its products		479	962
Liquor		-	579
Others		10	51
		<b>489</b>	<b>1,592</b>
		<b>13,904</b>	<b>42,398</b>
(ii) <b>Other operating revenues comprises</b>			
Royalty		1,414	1,555
Duty drawbacks		41	78
Scrap sales		138	402
Bottling charges income		244	46
Miscellaneous income		415	479
		<b>2,252</b>	<b>2,560</b>
(iii) <b>Income from third party supply contract (refer note 2.13 (h))</b>			
Sales		6,405	-
Less : Cost of goods sold		6,152	-
<b>Net revenue</b>		<b>253</b>	<b>-</b>

## 26. OTHER INCOME

		(₹ in Lacs)	
Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income		222	109
Rental maintenance income		417	425
Profit on sale of properties, plant and equipment		-	72
Rent other		21	6
Rent from investment properties		2,038	1,972
Gain on financial instruments at fair value through profit or loss (refer footnote (i))		980	139
Insurance claims		2	9
Liabilities/provisions no longer required written back		1,132	592
Profit on sale of investments (refer Note 5(iii))		650	-
<b>Total</b>		<b>5,462</b>	<b>3,324</b>

### Footnote(s):

- (i) Includes ₹ 572 lacs (Previous Year : ₹ Nil) related to investment (refer Note 5(iii)).



# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

## 27. COST OF MATERIAL CONSUMED

(₹ in Lacs)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening stock	2,899	4,785
Add: Purchases of Raw and Packaging Materials	6,391	13,809
	<b>9,290</b>	<b>18,594</b>
Less : Closing stock	2,297	2,899
<b>Total</b>	<b>6,993</b>	<b>15,695</b>

Footnote(s):

(i)	(a)	Details of Raw Material Consumed		
		Grains	2,456	4,693
		ENA	2,085	3,933
		Milk	1,037	760
			<b>5,578</b>	<b>9,386</b>
	(b)	Details of Packaging Material Consumed		
		Bottles	804	3,845
		Tins & Other Containers	196	676
		Seals	201	751
		Packaging Materials	142	570
		Others	72	467
			<b>1,415</b>	<b>6,309</b>
	<b>Total</b>		<b>6,993</b>	<b>15,695</b>

## 28. PURCHASES OF STOCK-IN-TRADE

(₹ in Lacs)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Petroleum and its products	452	908
Liquor	-	447
Others	26	19
<b>Total</b>	<b>478</b>	<b>1,374</b>

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

(₹ in Lacs)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Inventories at the beginning of the year:</b>		
Work-in-progress	578	860
Finished goods	2413	2,575
Stock-in-trade	38	64
	<b>3,029</b>	<b>3,499</b>
<b>Inventories at the end of the year:</b>		
Work-in-progress	436	578
Finished goods	1161	2,413
Stock-in-trade	21	38
	<b>1,618</b>	<b>3,029</b>
<b>Decrease / (Increase)</b>	<b>1,411</b>	<b>470</b>

# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

## 30. EMPLOYEE BENEFIT EXPENSES

Particulars	[₹ in Lacs]	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages and bonus [refer footnote (i)]	5,819	6,609
Gratuity & compensation for leave	423	278
Contribution to provident, family pension fund	336	379
Contribution to employees' state insurance	134	149
Staff welfare expenses	148	235
<b>Total</b>	<b>6,860</b>	<b>7,650</b>

### Footnote(s):

(i) Includes ₹ 33 lacs (Previous Year : ₹ 391 lacs) towards voluntary resignation scheme payments.

## 31. FINANCE COST

Particulars	[₹ in Lacs]	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expenses on		
Borrowings	5,511	4,231
Security Deposit received	264	227
Other	258	365
Other borrowing cost [Refer footnote (i)]	1,226	686
<b>Total</b>	<b>7,259</b>	<b>5,509</b>

### Footnote(s):

(i) Includes ₹ 507 lacs towards prepayment of loan (Previous Year : ₹ 362 lacs).

## 32. DEPRECIATION AND AMORTISATION EXPENSES

Particulars	[₹ in Lacs]	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation of property, plant & equipment	993	1,171
Depreciation of investment property	49	38
Amortisation of intangible assets	2	3
<b>Total</b>	<b>1,044</b>	<b>1,212</b>

## 33. OTHER EXPENSES

Particulars	[₹ in Lacs]	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Manufacturing expenses:		
Consumption of stores and spare parts	308	353
Power and fuel	3,263	2,811
Repairs - buildings	92	181
plant and machinery	220	476
Excise duty adjustment for stocks [refer footnote (i)]	(424)	-
Other expenses	1,001	1,522
Administrative & selling expenses:		
Rent	108	212
Rates & taxes	719	1,700
Insurance	162	170
Travelling expenses	326	682
Repairs to building	22	18



# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

(₹ in Lacs)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Other repairs & maintenance	26	95
Bad debts, advances and stock written off	192	8
Provision for doubtful debts and advances	1,484	868
Provision for inventory for obsolete stock	155	338
Loss on sale of properties, plant and equipment	8	10
Reimbursement of expenses to directors	2	3
Directors' fee	9	11
Forwarding charges	119	681
Advertisement, publicity and sales promotion	668	2,598
Auditor's remuneration (refer footnote (ii))	46	53
Legal & professional expenses	781	1,113
Fair value loss on financial instruments	380	-
Miscellaneous expenses (refer footnote (iii))	1,168	1,268
<b>Total</b>	<b>10,835</b>	<b>15,171</b>

## Footnote(s):

- (i) (a) Represents the difference between excise duty on valuation opening and closing inventory of finished goods.  
(b) Includes reversal excise duty of ₹ 237 lacs (Previous Year : ₹ Nil) on account of inventory transfer from Sikandrabad unit to Hamira unit after taking permission of excise department of state of punjab and Utter Pardesh resulting in corresponding increase in change in inventory.

## (ii) Payment to auditor

(₹ in Lacs)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>As auditor</b>		
For Audit	20	20
For Tax Audit	4	5
For Limited Review	2	8
For tax representation/ certification	19	20
Out of Pocket Expenses	1	-
	<b>46</b>	<b>53</b>

- (iii) Includes prior period expenses ₹ 19 lacs (Previous Year : ₹ Nil) and ₹ 123 lacs (Previous Year : ₹ Nil) charged on account of difference resulting from reconcilaition with parties.

## 34A. TAX EXPENSES

(₹ in Lacs)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Income tax related to items charged or credited to statement of profit and loss during the year:		
<b>(a) Statement of Profit and Loss</b>		
Current tax	-	-
Income tax adjustment related to earlier years	92	5
Deferred Tax credit	(234)	(357)
<b>Total</b>	<b>(142)</b>	<b>(352)</b>
<b>(b) Tax Expenses on discontinued Business</b>	-	-
<b>(c) Other Comprehensive Income</b>		
Deferred Tax charge / (credit) on		
Re-measurement of defined benefit plan	(21)	(13)
<b>Total</b>	<b>(163)</b>	<b>(365)</b>

# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

(₹ in Lacs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Reconciliation of tax expense with accounting profit multiplied by statutory income tax rate:</b>		
<b>Accounting profit before income tax</b>	(6,730)	(7,759)
Applicable tax rate	34.608%	34.608%
<b>Computed tax expenses</b>	<b>(2,329)</b>	<b>(2,685)</b>
Tax expense related to earlier years	92	5
Deferred tax assets not considered on unused losses/unabsorbed depreciation (refer footnote (i) to note 35B))	2,074	2,315
<b>Income tax expense/(income) reported in statement of profit and loss account</b>	<b>(163)</b>	<b>(365)</b>

## 34B. Deferred Tax

(₹ in Lacs)

Particulars	For the year ended March 31, 2019			
	As at March 31, 2018	Recognised in		As at March 31, 2019
		Profit & Loss	OCI	
<b>Tax effect of items constituting Deferred Tax Liability</b>				
Property, plant and equipment	2,779	(19)	-	2,760
Others	-	-	-	-
<b>(A)</b>	<b>2,779</b>	<b>(19)</b>	<b>-</b>	<b>2,760</b>
<b>Tax effect of items constituting Deferred Tax Assets (refer foot note)</b>				
Statutory Liabilities	330	14	-	316
Employee retirement benefits	768	91	(21)	698
Provision for doubtful debts and advances	1,182	(320)	-	1,502
<b>(B)</b>	<b>2,280</b>	<b>(215)</b>	<b>(21)</b>	<b>2,516</b>
<b>Deferred Tax liability (net)</b>	<b>499</b>	<b>(234)</b>	<b>(21)</b>	<b>244</b>

Particulars	For the year ended March 31, 2018			
	As at April 01, 2017	Recognised in		As at March 31, 2018
		Profit & Loss	OCI	
<b>Tax effect of items constituting Deferred Tax Liability</b>				
Property, plant and equipment	2,873	(94)	-	2,779
Others	-	-	-	-
<b>(A)</b>	<b>2,873</b>	<b>(94)</b>	<b>-</b>	<b>2,779</b>
<b>Tax effect of items constituting Deferred Tax Assets (refer foot note)</b>				
Statutory Liabilities	234	(96)	-	330
Employee retirement benefits	813	58	(13)	768
Provision for doubtful debts and advances	957	(225)	-	1,182
<b>(B)</b>	<b>2,004</b>	<b>(263)</b>	<b>(13)</b>	<b>2,280</b>
<b>Deferred Tax liability (net)</b>	<b>869</b>	<b>(357)</b>	<b>(13)</b>	<b>499</b>

### Footnote(s):

- (i) No deferred tax asset is recognised in respect of unused tax losses/unabsorbed depreciation as a matter of prudence. However in respect of other temporary differences as stated, deferred tax asset is recognised under Ind AS 12 on the probability that future profits would be available against which temporary differences can be utilised.



# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

## 35. EARNINGS PER SHARE (EPS)

Particulars	(₹ in Lacs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Net Profit/(Loss) attributable to shareholders (₹ in Lacs)</b>		
From continuing operations	(6,477)	(7,060)
From discontinued operations	(116)	(396)
<b>Total</b>	<b>(6,593)</b>	<b>(7,456)</b>
<b>Weighted average number of equity shares in issue (Nos)</b>	43,648,112 *	43,648,112 *
<b>Basic / Diluted earnings per share of ₹ 10 each (₹)</b>		
From continuing operations	(14.84)	(16.17)
From discontinued operations	(0.26)	(0.91)
<b>Total basic and diluted earnings per share</b>	<b>(15.10)</b>	<b>(17.08)</b>

### Footnote(s):

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)).

## 36. CONTINGENT LIABILITIES

Particulars	(₹ in Lacs)	
	As at March 31, 2019	As at March 31, 2018
(a) Claim against the group not acknowledged as debt :		
Service Tax (refer footnote (i))	389	389
Sales Tax / VAT (refer footnote (ii))	562	491
Excise Duty (refer footnote (iii))	-	18
Employee State Insurance / Others (refer footnote (iv))	175	175
Others (refer footnote (v))	22	22
<b>Total</b>	<b>1,148</b>	<b>1,095</b>

### Footnote(s):

#### (i) Service Tax

- (a) Demand of service tax and penalty in respect of wrong availment of service tax Cenvat Credit ₹ 247 lacs (Previous Year : ₹ 247 lacs).
- (b) Demand of service tax under service of supply of tangible goods ₹ 124 lacs (Previous Year : ₹ 124 lacs).
- (c) Demand of service tax and penalty under management, maintenance and repair services ₹ 18 lacs (Previous Year : ₹ 18 lacs).

#### (ii) Sales tax / VAT

- (a) Demand of sales tax under Central Sales Tax Act on account of incomplete submission of sales tax forms ₹ 45 lacs (Previous Year : Nil)
- (b) Demand of sales tax & penalty under Telangana VAT Act on account of VAT on royalty ₹ 103 lacs (Previous Year : ₹ 103 lacs).
- (c) Demand of sales Tax & penalty under Punjab VAT Act on account of input VAT credit denied on rice husk ₹ 220 lacs (Previous Year : ₹ 220 lacs).
- (d) Demand of sales tax under Haryana VAT Act on account of disallowance of credit of excess VAT deposited due to rate difference ₹ 40 lacs (Previous Year : ₹ 40 lacs).
- (e) Demand of sales tax under Ranchi VAT Act Assessment for FY 2013-14 ₹ 20 lacs (Previous Year : ₹ 20 lacs).
- (f) Demand for disallowance of ITC on purchase of rice flour ₹ 108 lacs (Previous Year : ₹ 108 lacs).
- (g) Demand of sales tax under Ranchi VAT Act Assessment for FY 2014-15 ₹ 4 lacs (Previous Year : Nil).
- (f) Demand of sales tax under Andhra Pradesh VAT Act Assessment for FY 2012-13 ₹ 22 lacs (Previous Year : Nil).

# Notes on Consolidated Financial Statements

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## (iii) Excise duty

- (a) Demand of cess and penalty under Central Excise Act on manufacturing of corrugated paper board ₹ Nil (Previous Year : ₹1 lac).
- (b) Demand of excise duty in respect of clearance of broken glass generated during the handling of bottles used for IMFL and country liquor ₹ Nil (Previous Year : ₹ 17 lacs).

## (iv) Employee state insurance/employee related

- (a) Claim in respect of case filed by ESI Corporation ₹ 6 lacs (Previous Year : ₹ 6 lacs).
- (b) Employees related claims ₹ 169 lacs (Previous Year : ₹ 169 lacs).

## (v) 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 lacs (Previous Year : ₹ 22 lacs).
- (b) There are certain claims against the group 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.

- (vi) 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.

- (vii) The group is contesting these above demands (stated in foodnote i to v) and the management, based on advice 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.

- (viii) 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.

## 37. EMPLOYEE BENEFITS

The group has classified various employee benefits as under:

### (A) Defined Contribution Plan

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

Particulars	[₹ in Lacs]	
	For the year ended March 31, 2019	For the year ended March 31, 2018
(i) Employers' Contribution to Provident Fund	336	379
(ii) Employers' Contribution to Employees' State Insurance	134	149

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:

	Year ended March 31, 2019		Year ended March 31, 2018	
	Compensated absence	Gratuity	Compensated absence	Gratuity
(i) Assumptions				
(a) Discount Rate	7.60%	7.60%	7.70%	7.70%
(b) Rate of increase in Compensation Levels	5%	5%	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)	12.90	12.90	17.17	17.17



# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

	Year ended March 31, 2019		Year ended March 31, 2018	
	Compensated absence	Gratuity	Compensated absence	Gratuity
<b>(ii) Change in the Present Value of Obligation</b>				
(a) Present value of obligation as at beginning of the year	451	1,769	468	1882
(b) Interest cost	32	123	32	122
(c) Current / Past service cost*	71	334	131	121
(d) Benefit paid	(88)	(370)	(52)	(394)
(e) Actuarial (gain) / loss on obligations	(137)	60	(128)	39
(f) Present value of obligation as at end of the year	329	1,915	451	1769
<b>(iii) Amount recognised in the Balance Sheet</b>				
(a) Present value of obligation as at end of the year	329	1,915	451	1,769
(b) Fair Value of Plan Assets as at the year end	-	-	-	-
(c) (Asset) / Liability recognised in the Balance Sheet	329	1,915	451	1,769
Net liabilities recognised in the Balance Sheet accounted for as below:				
Provision non current (Refer Note 21 A)	171	1,649	263	1481
Provision current (Refer Note 21 B)	158	266	188	288
<b>(iv) Expenses recognised in the Statement of Profit and Loss</b>				
<b>(a) Under Profit &amp; Loss</b>				
Current / Past service cost	71	334	131	121
Interest cost	32	123	32	122
Actuarial (gain) / loss on obligations	(137)	-	(128)	-
	<b>(34)</b>	<b>457</b>	<b>35</b>	<b>243</b>
<b>(b) Remeasurement-other comprehensive Income (OCI)</b>	<b>0</b>	<b>60</b>	<b>-</b>	<b>39</b>
<b>(c) Total Expenses recognised in the Statement of Profit and Loss</b>	<b>(34)</b>	<b>516</b>	<b>35</b>	<b>282</b>

## (v) Sensitivity analysis

(₹ in Lacs)

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

	For the year ended March 31, 2018			
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	(8)	9	(92)	103
Salary increase rate	10	(9)	104	(95)
Employee turnover	2	(2)	16	(15)

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.

\*Current cost/past service cost of gratuity includes ₹ 227 lacs related to casual workers determined on the basis of self calculation

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## 38. 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 Girotra (CFO)
	Mr. Kewal Krishan Kohli (Sr. Vice President & Company Secretary)
	Mr. Karamjit Singh Jaiswal
	Mrs. Shakun Jaiswal
Directors	Ms. Roshni Sanah Jaiswal
	Mrs. Kiran Indira Kapur
	Mrs. Anjali Varma
	Ms. Sonya Jaiswal
	Mrs. Sushma Sagar
Enterprises over which Major shareholders, Key Management Personnel and their relatives have significant influence / control :	Mrs. Asha Saxena
	Milkfood Ltd.
	Fast Buck Investments & Trading Pvt. Ltd.
	Pashupati Properties & Estates Pvt. Ltd.
	Gube Corporation Pvt. Ltd.
	Corporate Facility Management
	Blue Skies Investments Pvt. Limited
	Palm Beach Investments Pvt. Limited
	Snow White Holdings Pvt. Limited
	Hybrid Holdings Pvt. Limited

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

Particulars	[₹ in Lacs]	
	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>(i) Associates</b>		
Hyderabad Distilleries & Wineries Pvt. Ltd.		
Reimbursement of Payments Made on Behalf of Company	70	75
Loan taken	2132	-
Loan given	-	265
Repayment of loan from HDWPL	265	-
Repayment of loan to HDWPL	110	-
Income earned	113	-
Interest Received (net of TDS)	30	36
Other receivable amount received	565	-
<b>(ii) Key Management Personnel, director and their relatives:</b>		
<b>(a) Mr. Ravi Manchanda</b>		
Managerial Remuneration	38	39
Refund of advance	2	2
<b>(b) Mr. Anil Girotra</b>		
Managerial Remuneration	136	146
Refund of advance	12	12



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for the year ended March 31, 2019

(₹ in Lacs)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>(c) Mr. Kewal Krishan Kohli</b>		
Managerial Remuneration	32	24
Refund of advance	1	2
<b>(d) Ms. Roshni Sanah Jaiswal</b>		
Managerial Remuneration	122	125
Advance given	94	41
Refund of advance	174	100
Interest Receivable on advance	18	32
Payment on behalf of related party	0	4
Payment on behalf of Company	7	-
<b>(e) Mr. Karamjit Singh Jaiswal</b>		
Remuneration	194	256
Refund of advance including adjustment with salary payable of ₹ 5 Lacs	40	100
<b>(f) Mrs. Shakun Jaiswal</b>		
Gratuity paid	-	10
Refund of advance	-	50
<b>(g) Mrs Kiran Indira Kapur</b>		
Sitting fee paid	2	4
<b>(h) Mrs Anjali Varma</b>		
Sitting fee paid	1	3
<b>(i) Ms Sonya Jaiswal</b>		
Sitting fee paid	3	4
<b>(j) Mrs Sushma Sagar</b>		
Sitting fee paid	1	-
<b>(k) Mrs Asha Saxena</b>		
Sitting fee paid	2	-
<b>(iii) Enterprises over which Major shareholders, Key Management Personnel and their relatives have significant influence / control :</b>		
<b>(a) Milkfood Ltd.</b>		
Reimbursement of payments made on behalf of company	12	11
Rent income	22	4
Interest paid	4	-
Purchase/services received	69	-
Loan & Advance received	55	100
Refund of loan & advance	48	100
<b>(b) Pashupati Properties &amp; Estates Pvt. Limited</b>		
Lease rent paid	-	12
<b>(c) Corporate Facilities Management</b>		
Maintenance charges paid	211	194

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## (C) Outstanding balances as at end of the year

(₹ in Lacs)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>(i) Associates</b>		
Hyderabad Distilleries & Wineries Pvt. Ltd.		
Receivable/(inter corporate loan)	(2103)	749
<b>(ii) Key Management Personnel and their relatives:</b>		
Mr. Ravi Manchanda		
Receivable	40	42
Mr. Anil Girotra		
Receivable	251	263
Mr. Kewal Krishan Kohli		
Receivable	-	1
Mr. Karamjit Singh Jaiswal/Mrs. Shakun Jaiswal		
Receivable	1	40
Ms. Roshni Sanah Jaiswal		
Receivable	227	295
<b>(iii) Enterprises over which major Shareholders, Key Management Personnel and their relatives have significant influence / Control</b>		
Milkfood Ltd.		
Receivable/(Payable)	(44)	-
Fast Buck Investments & Trading Pvt. Ltd.		
Receivable/(Payable)	(8)	(8)
Blue Skies Investments Pvt. Ltd.		
Receivable/(Payable)	2	2
Palm Beach Investments Pvt. Ltd.		
Receivable/(Payable)	3	3
Snow White Holding Pvt. Ltd.		
Receivable/(Payable)	1	1
Hybrid Holdings Pvt. Ltd.		
Receivable/(Payable)	2	2

### 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 determined for the Company as whole.
- (iii) No amounts have been written 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(v).
- (iv) Remuneration paid to KMP excludes expenses incurred in the course of performance of duty.

## 39. SEGMENT INFORMATION

The group's operating segments are established on the basis of those components of the group that are evaluated regularly by the chief operating 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.



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**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 policy of the group with following additional policies for segment reporting.

- 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'.
- 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'.

## (A) Primary segment information

(₹ in Lacs)

	Beverages		Food		Others		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<b>(i) Segment revenue</b>								
Sales, services and other income	11,210	40,163	13,231	12,242	484	981	24,925	53,386
Less : Excise duty	(2,499)	(16,893)		(100)			(2,499)	(16,993)
Inter segment sales	-	-	-	-	-	-	-	-
Unallocated income	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>8,711</b>	<b>23,270</b>	<b>13,231</b>	<b>12,142</b>	<b>484</b>	<b>981</b>	<b>22,426</b>	<b>36,393</b>
<b>(ii) Segment results</b>								
Segment results	(856)	(2,108)	961	1,897	(7)	11	98	(200)
Unallocated expenditure							(169)	1,655
Other un-allocable expense net of un-allocable income							7,259	5,509
Finance cost							(6,992)	(7,364)
<b>Profit/(Loss) before exceptional items</b>							<b>(6,992)</b>	<b>(7,364)</b>
Exceptional items							373	-
<b>Profit/ (Loss) before tax (from continuous operations)</b>							<b>(6,619)</b>	<b>(7,364)</b>
Profit / (Loss) from discounting operations							(116)	(396)
<b>Profit/ (Loss) before tax</b>							<b>(6,735)</b>	<b>(7,760)</b>
Tax Expenses							142	352
<b>Profit/ (Loss) after tax</b>							<b>(6,593)</b>	<b>(7,408)</b>
Share of Profit/(loss) from associates							-	(48)
<b>Profit/ (Loss) for the year</b>							<b>(6,593)</b>	<b>(7,456)</b>
<b>(iii) Segment assets and liabilities</b>								
Segment assets [refer footnote (i) below]]	20,628	29,435	8,078	9,820	-	-	28,706	39,255
Assets classied as held for sale							1,938	45
Unallocated assets							35,594	37,557
<b>Total assets</b>							<b>66,238</b>	<b>76,857</b>
Segment liabilities	14,819	16,645	4,019	2,272	-	-	18,838	19,025
Liability directly associated with asset classified as held for sale							6,427	2,500
Unallocated liabilities							31,734	39,116
<b>Total liabilities</b>							<b>56,999</b>	<b>60,641</b>
<b>(iv) Other information</b>								
Capital expenditure	29	49		34		-	29	83
Unallocated capital expenditure							114	71
<b>Total capital expenditure</b>							<b>143</b>	<b>154</b>
Depreciation	352	444	505	514	-	-	857	958
Unallocated depreciation							187	254
<b>Total</b>							<b>1,044</b>	<b>1,212</b>
Non - cash expenditure	1,830	1,215	-	-	-	-	1,830	1,215
Other than depreciation							-	-
Unallocable non cash expenditure							-	-
<b>Total</b>							<b>1,830</b>	<b>1,215</b>

# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

## (B) Secondary segment information

	[₹ in Lacs]	
	2018-19	2017-18
<b>(i) Segment revenue</b>		
Within India	21,964	35,905
Outside India	462	488
<b>Total</b>	<b>22,426</b>	<b>36,393</b>
<b>(ii) Other information</b>		
Carrying amount of segment assets by location of assets		
Within India	66,238	76,857
Outside India	-	-
Addition to fixed assets/capital work-in-progress (including capital advances)	143	154

### Footnote[s]:

- (i) Segment assets include capital work-in-progress & capital advances aggregating to ₹ 22 lacs (Previous year-₹ 34 lacs). 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.

## 40. The company has discontinued its operation for Packaging Division with effect from April 1, 2014 and Sikandrabad Unit with effect from Sep 30, 2018. The disclosures as required under Indian Accounting Standard - 105 are given below.

	[₹ in Lacs]	
	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Revenue</b>		
Sales	-	-
Miscellaneous Income	21	5
Interest Income	1	-
Liabilities/provisions no longer required written back	7	1
<b>Total Revenue</b>	<b>29</b>	<b>6</b>
<b>Expenses</b>		
<b>Employee Benefits Expenses</b>		
Salaries, Wages, Bonus and Gratuity	14	34
	<b>14</b>	<b>34</b>
<b>Other expenses</b>		
Power and fuel	1	3
Rates & taxes	22	6
Insurance	1	-
Travelling expenses	1	6
Other repairs & maintenance	6	13
Loss on sale of fixed assets	4	-
Legal & professional expenses	2	4
Miscellaneous expenses	94	336
	<b>131</b>	<b>368</b>
<b>Total expenses</b>	<b>145</b>	<b>402</b>



# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

	[₹ in Lacs]	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit/(Loss) for the year	(116)	(396)
Less: Tax expense	-	-
Profit/(Loss) after tax for the year	(116)	(396)
Total Assets	2,163	201
Total Liabilities	6,557	2,895
Cash Flow from discontinuing operations included in above		
- Operating activities	(3,935)	(2,517)
- Investing activities	3,929	2,500
- Financing activities		-

## 41. FAIR VALUE

### Fair value measurement:

- 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.
- 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.

## 42. 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 Lacs]	
	As at March 31, 2019	As at March 31, 2018
Non-current borrowings	21,690	23,886
Current maturities of non-current borrowings & interest payable	7,250	6,371
Current borrowings	1	3,233
Less: Cash and Cash Equivalents	951	1,199
Less: Other bank balances	64	125
<b>Net debt</b>	<b>27,926</b>	<b>32,166</b>
Equity Share Capital	4,615	4,615
Other Equity	4,624	11,601
<b>Total capital</b>	<b>9,239</b>	<b>16,216</b>
<b>Gearing ratio</b>	<b>302%</b>	<b>198%</b>

In order to achieve this overall objective, the group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements. The breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowings in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2019 and March 31, 2018.

# Notes on Consolidated Financial Statements

for the year ended March 31, 2019

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the group's operations. 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 because 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, 2019		March 31, 2018	
	1% increase	1% decrease	1% increase	1% decrease
Impact on profit before tax	(344)	344	(368)	368

#### 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

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. Group is also trying to reduce cost by value engineering in dry and wet goods and using standardised 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 counter-party 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 expect credit loss on the basis of ageing of trade receivable instead of method of ECL as prescribed in Ind AS 109.



# Consolidated Notes on Financial Statements

for the year ended March 31, 2019

## (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:

	Maturities				(₹ in Lacs)
	Upto 1 year	1-2 years	2-3 years	Above 3 years	Total
<b>March 31, 2019</b>					
Non-current borrowings	—	196	177	21,316	21,690
Non-Current Other financial liabilities		1,534	641	1,472	3,647
Current borrowings	1	-	-	-	1
Trade Payables	8,757	-	-	-	8,757
Other financial liabilities	11,348	-	-	-	11,348
<b>Total</b>	<b>20105</b>	<b>1730</b>	<b>818</b>	<b>22,788</b>	<b>45,442</b>
<b>March 31, 2018</b>					
Non-current borrowings	-	1,375	1,003	21,508	23,886
Non-Current Other financial liabilities	-	551	155	-	706
Current borrowings	3,233	-	-	-	3,233
Trade Payables	11,906	-	-	-	11,906
Other financial liabilities	12,727	-	-	-	12,727
<b>Total</b>	<b>27,866</b>	<b>1,926</b>	<b>1,158</b>	<b>21,508</b>	<b>52,458</b>

44.

- (i) Previous year figures have been reclassified/regrouped wherever necessary to this year's classification.

## 45. ADDITIONAL

### (i) Enterprises consolidated as subsidiary in accordance with Indian Accounting Standard 110 - Consolidated Financial Statements.

Name of the Subsidiary Company	Country of incorporation	As on March 31, 2019	As on March 31, 2018
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%

### (ii) Significant Enterprises consolidated as Associates in accordance with Indian Accounting Standard 28 - Investment in Associates and Joint Ventures

Name of the Associates			
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.

# Consolidated Notes on Financial Statements

for the year ended March 31, 2019

## (iii) 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 lacs)	As a % of consolidated net loss	Amount (₹ in lacs)	As a % of consolidated other comprehensive income	Amount (₹ in lacs)	As a % of consolidated total comprehensive income	Amount (₹ in lacs)
<b>March 31, 2019</b>								
<b>Parent :</b>								
Jagatjit Industries Ltd	99.63	9,201	(100)	(6,588)	100	(39)	(99.99)	(6,627)
<b>Subsidiary :</b>								
JIL Trading Pvt Ltd	(0.07)	(8)	(0.00)	(0)			(0.00)	(0)
S.R.K. Investments Pvt Ltd	(0.09)	(10)	(0.06)	(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)	(0)			(0.00)	(0)
Yoofy Computech Pvt Ltd	0.00	0	(0.00)	(0)			(0.01)	(0)
<b>Sub Total</b>	<b>109.06</b>	<b>10,266</b>	<b>100.00</b>	<b>(6,593)</b>	<b>100</b>	<b>(39)</b>	<b>(100.00)</b>	<b>(6,632)</b>
<b>Inter-Company Elimination &amp; Consolidation Adjustments</b>								
	(9.06)	(1,023)						-
	<b>100.00</b>	<b>9,243</b>						-
Non-controlling interest in subsidiary		(4)						
Share of profit/(loss) in Associate								-
<b>Total</b>		<b>9,239</b>						<b>(6,632)</b>
<b>March 31, 2018</b>								
<b>Parent :</b>								
Jagatjit Industries Ltd	99.71	16,172	99.99	(7,407)	100	(26)	(99.98)	(7,433)
<b>Subsidiary :</b>								
JIL Trading Pvt Ltd	(0.05)	(8)	(0.00)	(0)			(0.00)	(0)
S.R.K. Investments Pvt Ltd	(0.04)	(6)	(0.01)	(0)			(0.01)	(1)
Sea Bird Securities Pvt Ltd	(0.01)	(1)	(0.00)	(1)			(0.00)	(0)
L.P. Investments Ltd	6.69	1,085	(0.00)	(0)			(0.00)	(0)
Yoofy Computech Pvt Ltd	0.00	1	(0.00)	(0)			(0.01)	(1)
<b>Sub Total</b>	<b>106.31</b>	<b>17,243</b>	<b>100</b>	<b>(7,408)</b>	<b>100</b>	<b>(26)</b>	<b>(100.00)</b>	<b>(7,434)</b>
<b>Inter-Company Elimination &amp; Consolidation Adjustments</b>								
	(6.30)	(1,023)						-
	<b>100.01</b>	<b>16,220</b>						-
Non-controlling interest in subsidiary								
Share of profit/(loss) in Associate		(4)						(48)
<b>Total</b>		<b>16,216</b>						<b>(7,482)</b>



### 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
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)
2	Reporting period	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019
3	Share Capital	1.00	1038.25	1.00	1.00	1.00
4	Reserves & Surplus	(9.20)	(1201.51)	(3.63)	(11.69)	(0.72)
5	Total Assets	4.23	22.27	81.01	2970.84	0.49
6	Total Liabilities	4.23	22.27	81.01	2970.84	0.49
7	Investments	-	1.83	81.00	-	-
8	Turnover	-	0.01	-	-	-
9	Profit Before Taxation	(0.15)	(0.24)	(0.17)	(4.27)	(0.33)
10	Provision for Taxation	-	-	-	-	-
11	Profit After Taxation	(0.15)	(0.24)	(0.17)	(4.27)	(0.33)
12	Proposed Dividend	-	-	-	-	-
13	% of shareholding	100.00	98.26	80.00	100.00	99.99

- 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	March 31, 2019
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	(85.61)
6.	Profit / Loss for the year	
	i. Considered in Consolidation	Nil
	ii. Not considered in Consolidation	(49)

\*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 Lacs 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**

**Ravi Manchanda**  
Managing Director  
DIN: 00152760

**Kiran Kapur**  
Director  
DIN: 02491308

**Anjali Varma**  
Director  
DIN: 01250881

**Sonya Jaiswal**  
Director  
DIN: 02626750

**Asha Saxena**  
Director  
DIN: 08079652

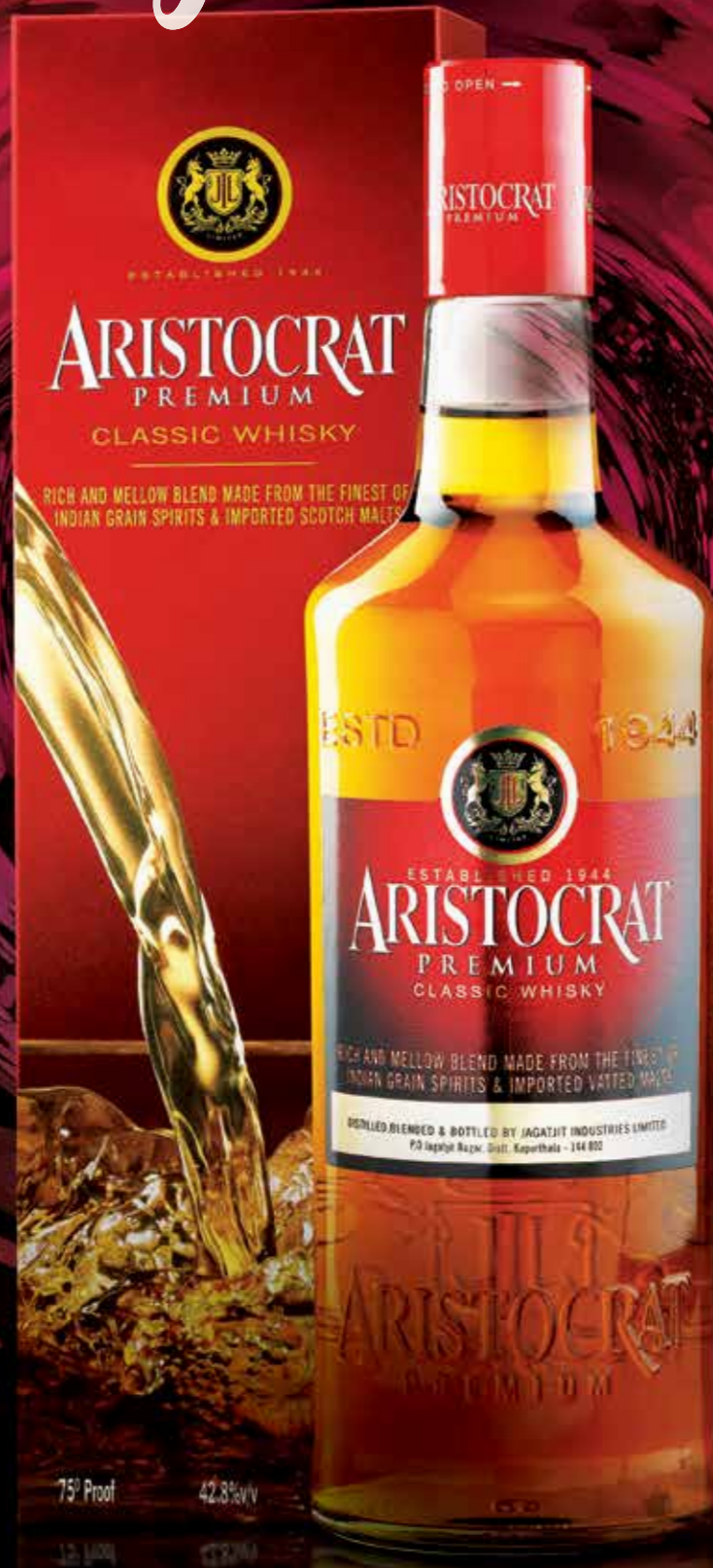
**Sushma Sagar**  
Director  
DIN: 02582144

**Anil Girotra**  
Chief Financial Officer

**Roopesh Kumar**  
Company Secretary

August 14, 2019  
New Delhi

*It's my time now!*





[www.jagatjit.com](http://www.jagatjit.com)

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