

To,

19th July, 2021

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

Ref: This is with respect to query received from NSE through mail dated 15th July 2021 on a quick result submitted to the Exchanges dated 30-Jun-2021.

Sub: Clarification on Financial results

Dear Sir/Madam,

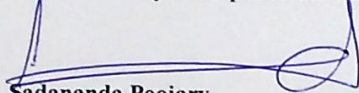
1. As per your query dated 15th July 2021, Copy of Statement of Modified Opinions signed by CEO, CFO, Chairman of Audit Committee and Statutory Auditor is attached
2. We confirm that, the quick results/financial results submitted by us on 30th June 2021 for the quarter/year ended 31 March 2021 are the figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures up to the third quarter of the current financial year.

We also wish to inform you that, same clarification/information, has been provided in **NOTE No. 3** of the explanatory notes to statements of consolidated Financial Results for the quarter/year ended 31st March 2021 and in the **NOTE No. 2** of the explanatory notes to statements of standalone Financial Results for the quarter/ year ended 31st March 2021.

We request you to kindly take the same on record.

Thanking you,
Yours Truly,

For Coffee Day Enterprises Limited


Sadananda Poojary
Company Secretary & Compliance Officer
M. No.: F5223

Enclosures:

- 1) Statement on Impact of Audit Qualifications (Consolidated & Standalone) signed by CEO, CFO, Chairman of Audit Committee and Statutory Auditor
- 2) Highlighted portion of notes to statements of consolidated & standalone Financial Results for the quarter/ year ended 31st March 2021

Explanatory Notes to the Statement of Consolidated Financial Results for the Quarter and year ended 31 March 2021

- 1 The consolidated financial results of Coffee Day Enterprises Limited ("the Parent Company" or "CDEL" or "the Company") and its subsidiaries (collectively known as 'the Group') and its associates and joint ventures have been compiled by the management of the Parent Company and consolidated based on the financial results prepared by the management of respective subsidiaries, associates and joint ventures and approved by Board of Directors of respective subsidiaries, associates and joint Ventures, in accordance with the recognition and measurement principals laid down in Indian Accounting Standard (referred to as 'Ind AS') prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) as amended from time to time and other accounting principles generally accepted in India and in terms of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 (the "Listing Regulations").

The consolidated figures above include figures of the subsidiaries including step-down subsidiary companies namely Coffee Day Global Limited, A.N Coffee day International Limited, Classic Coffee Curing Works, Coffee lab Limited, Coffee Day Gastronomie Und Kaffeehandles GmbH, Coffee Day CZ, Way2Wealth Capital Private Limited, Way2Wealth Enterprises Private Limited, Calculus Traders LLP, Coffee Day Hotels and Resorts Private Limited, Wilderness Resorts Private Limited, Karnataka Wildlife Resorts Private Limited, Coffee Day Trading Limited, Magnasoft Consulting India Private Limited, Magnasoft Europe Limited, Magnasoft Spatial Services Inc., Coffee Day Kabini Resorts Limited, Tanglin Developments Limited, Tanglin Retail Reality Developments Private Limited and Girividhyuth India Limited.

The consolidated net profit/(loss) presented includes Group's share of profit / (loss) from joint ventures namely Coffee Day Consultancy Services Private Limited, Coffee Day Econ Private Limited, Coffee Day Schaerer Technologies Private Limited and the Group's share of profits/(loss) from associate Barefoot Resorts and Leisure India Private Limited.

The following subsidiaries, Way2Wealth Securities Private Limited, Way2Wealth Brokers Private Limited, Way2Wealth Commodities Private Limited and Way2Wealth Insurance Brokers Private Limited were consolidated till date of sale as referred in note 10 of the statement.

The following subsidiaries, Sical Logistics Limited, Sical Infra Assets Limited, Sical Iron Ore Terminal Limited, Sical Iron Ore Terminal (Mangalore) Limited, Norse Offshore India Limited, Sical Mining Limited, Sical Saumya Mining Limited, Sical Bangalore Logistics Park Limited, Sical Adams Offshore Limited, Bergen Offshore Logistics Pte. Limited, Sical Washeries Limited, Sical Multimodal and Rail Transport Limited, PNX Logistics Private Limited, PAT Chems Private Limited, Develcto Mining Limited and joint ventures PSA Sical Terminals Limited and Sical Sattva Rail Terminal Private Limited were consolidated till control lost as referred in note 17 of the statement.

- 2 The Statement of consolidated financial results ('the Statement') of the Group for the quarter ended and year ended 31 March 2021 has been reviewed by the Audit Committee and thereafter approved by the Board of Directors in their meeting held on 30 June 2021.
- 3 The consolidated financial results for the year ended 31 March 2021 have been audited by Statutory Auditors of the Company and they have expressed disclaimer opinion. The report of the Statutory Auditors is being filed with Bombay Stock Exchange and National Stock Exchange and is also available on the Company's website www.coffeeday.com. The figures for the quarter ended 31 March 2021 and corresponding quarter ended in previous year are the balancing figures between the audited figures in respect of the full year and the published year to date figures upto the end of third quarter of the relevant financial year. Also, the figures upto the end of third quarter has only been reviewed and not subjected to audit.
- 4 Pursuant to the provisions of Listing Agreement, the Management has decided to publish consolidated financial results in the newspapers. However, the standalone financial results of the Company will be made available on the Company's website www.coffeeday.com and also on the website of BSE (www.bseindia.com) and NSE (www.nseindia.com).
- 5 Information of standalone financial results of the Company:

(Rs in Crores)

Particulars	Quarter ended			Year ended	
	31-Mar-21 Audited*	31-Dec-20 Unaudited	31-Mar-20 Audited*	31-Mar-21 Audited	31-Mar-20 Audited
Total income from operations	4.20	4.15	3.08	10.18	22.71
Profit/(Loss) for the period before tax^	(14.99)	(65.69)	(20.26)	(117.50)	1,408.74
Profit/(Loss) for the period after tax	(0.28)	(65.69)	(27.76)	(102.78)	1,367.52



Ranganathan

Explanatory Notes to the Statement of Standalone Financial Results for the Quarter and year ended 31 March 2021

- 1 The Statement of standalone financial results ('the Statement') of Coffee Day Enterprises Limited ('the Company') for the quarter and year ended 31 March 2021 has been reviewed by the Audit Committee and thereafter approved by the Board of Directors in the meeting held on 30 June 2021. The Statutory Auditors have expressed disclaimer of conclusion in audit report in respect of the Statement being filed with Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE") and is also available on the Company's website www.coffeeday.com. Pursuant to the provisions of Listing Agreement, the Management has decided to publish financial results in the newspapers.
- 2 The figures for the quarter ended 31 March 2021 and corresponding quarter ended in previous year are the balancing figures between the audited figures in respect of the full year and the published year to date figures upto the end of third quarter of the relevant financial year. Also, the figures upto the end of third quarter has only been reviewed and not subjected to audit.
- 3 These financial results have been prepared in accordance with Indian Accounting Standard ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and in terms of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.
- 4 In accordance with Ind AS 108, Operating segments, segment information has been provided in the consolidated financial results of the Company and therefore no separate disclosure on segment information is given in these standalone financial results.
- 5 On 10 January 2020, the NSE issued a notice to the Company stating that trading in securities of the Company will be suspended with effect from 3 February 2020 due to non-compliance with Regulation 33 of SEBI Regulations for two consecutive quarters i.e. 30 June 2019 and 30 September 2019 and/or for non-payment of fine levied for the identified non-compliance. The trading of the securities would be allowed on the first trading day of every week for six months.

The trading was resumed on 26 April 2021 after necessary compliance as stipulated by stock exchanges.

- 6 The Company has investments in subsidiaries, associates and joint venture amounting to Rs. 18,662 million as at 31 March 2021. Out of these, investment in CDGL amounts to Rs.15765 millions. The valuation of these investments for assessing impairment remains to be done.
- 7 On 8 January 2020, the Board of Directors provided an in principal approval to sell the shares of Way2Wealth Securities Private Limited held by the Company (the major owner of Way2Wealth Securities Private Limited is the company subsidiary M/s Tanglin Developments Limited-ownership 53%). Subsequently, on 23 January 2020, the Company entered into a definitive agreement along with M/s Tanglin Developments Limited to sell Way2Wealth Securities Private Limited including certain subsidiaries of Way2Wealth Securities Private Limited to Shriram Ownership Trust, subject to the closing conditions and required statutory approvals.

On 19.11.2020, the company and its subsidiary Tanglin Developments Limited has entered into an Agreement to Sell the Shares of Way2Wealth Securities Private Limited including certain subsidiaries to Shriram Ownership Trust. The transaction is set at a Purchase Consideration is Rs.556.59 millions of which the companies share is Rs.212.98 millions, which has been fully received by the company in the current financial year except for the withheld consideration of Rs.7.65 millions. Another Rs.46.29 Millions is receivable by the company in form of preceding years Tax refunds and SEBI deposits from the purchaser (Shriram Ownership Trust) which is in form of reimbursement, subject to realisation by the purchaser (Shriram Ownership Trust). The loss of Rs.464.97 millions on the above sale transaction has been recognised in the during year.

- 8 On 6 April 2021, the Company made a Disclosure in terms of SEBI circular No. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated 21 November 2019 for the quarter ended 31 March 2021 regarding the disclosures of defaults on payments of Interest/Repayment of principal amount on loans from Banks/ Financial institutions and unlisted debt securities. As per the disclosure, the Company has defaulted in payment of interest amounting to Rs. 7.33 million on loans/cash credits from banks/financial institutions and Rs 30.87 million towards Unlisted debt securities i.e., Non-convertible Debentures.
- 9 On 8 April 2021, the Company made a Disclosure of Shareholding pattern of the Parent Company for the quarter ended 31 March 2021 to the BSE and NSE. As per the disclosure, percentage of shareholding by the promoter group in the Company as on 31 March 2020 was 16.39% and reduced to 15.23% as at 31 March 2021 due to invocation of the pledged equity shares by various lenders.



Ranganathan

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results – (Consolidated)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31st March 2021 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

PRE-AMBLE :

The Coffee Day Enterprises Limited (the holding company) has a revenue of only Rs.10 crores out of the groups' revenue of Rs.981 crores. Each subsidiary has got its own independent Board of Directors, and professionals for various functions such as Finance, Operations, Marketing etc. They are responsible and accountable for the subsidiary which manages the respective businesses. There are 20 subsidiaries taking care of different businesses.

The Board of Directors, Audit Committee, Key Management Professionals and other professionals of Coffee Day Enterprises Limited are responsible for the operations of Coffee Day Enterprises Limited alone (standalone entity) and consolidate Subsidiary data and notes based on approvals of the respective board of directors of each subsidiary for consolidating the accounts and in preparation of various responses including the Statement on impact of Audit Qualifications (the current document). To reiterate the views and opinions of Board of Directors of Subsidiary companies are final and binding on Holding Company (CDEL) in all matters.

(Amount in INR crores)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	981.23	Not ascertainable
	2.	Total Expenditure	1,640.63	
	3.	Net Profit/(Loss)	(659.40)	
	4.	Earnings Per Share	(27.64)	
	5.	Total Assets	6,610.46	
	6.	Total Liabilities	2,714.06	
	7.	Net Worth	3,896.40	
	8.	Any other financial item(s) (as felt appropriate by the management)		

II Audit Qualification (each audit qualification separately):

A. Change in shareholding pattern

1. Details of Audit Qualification:

Disclaimer of opinion has been expressed in the reports of the Parent Company with regard to

<p>the preparation of financial statements. It is observed that there has been a change in the percentage of shares held by the Company in two of its subsidiaries as of March 31, 2021 vis-à-vis March 31, 2019, due to the invocation of shares by the lenders of the subsidiaries. However, while considering the amount invested in the subsidiaries, the Management of the Company has considered the erstwhile shareholding pattern prior to dilution as the Management believes that the change in shareholding is temporary in nature and the shares pledged will be redeemed back by the Company (refer to Note 20 of the Statement). However, these shares have been transferred to such lenders before March 31, 2021. We have been informed that the lenders have not sold any of the shares invoked and consequently have not made any adjustments to the loan outstanding. Accordingly, the Management believes that it is not possible to attribute any sale value to the invoked shares. Consequently, the impact of the said transfer on the book value of invoked shares of INR 156 Crores on the standalone financial statements cannot be ascertained.</p> <p>Further, the impact of the aforesaid on this Statement, including but not limited to the profit attributable to the non-controlling interest in the Company, cannot be ascertained. Accordingly, the level of compliance to the requirements of the Indian Accounting Standards cannot be ascertained by us.</p>	
2.	Type of Audit Qualification: Disclaimer of Opinion
3.	Frequency of qualification: Second time
4.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion
5.	For Audit Qualification(s) where the impact is not quantified by the auditor:
	i. Management's estimation on the impact of audit qualification: Not ascertainable
	ii. If management is unable to estimate the impact, reasons for the same: Management believes that the change in shareholding is temporary in nature and the shares pledged will be released back to the Company. Since there is no marketability for the shares invoked management is unable to estimate the impact.
	iii. Auditors' Comments on (i) or (ii) above: These shares have been invoked by the lenders. The impact of the said transfer on the consolidated financial results of the Group, including but not restricted to the non-controlling interest attribution, profit on transfer, etc., cannot be fully ascertained.

B. Dues from related parties

1. Details of Audit Qualification:

In a letter dated July 27, 2019 signed by late Mr. V. G. Siddhartha, the Promoter and then Chairman and Managing Director of the Parent Company, which has come to light, it was inter-alia stated that the Management and auditors were unaware of all his transactions. Attention is drawn to Note 8 of the Statement, wherein, consequently, the Board of Directors have initiated an investigation into the circumstances leading to the statements made in the letter and to scrutinize the books of accounts of the Company and its subsidiaries. The investigation report submitted on July 24, 2020 has concluded that a sum of INR 3,535 Crore is due from MACEL a related entity to the subsidiaries of CDEL as on July 31, 2019. The report further concludes that out of this sum, INR 842 Crore was due to the subsidiaries as on March 31, 2019 and the balance sum of INR 2,693 Crore is the incremental outstanding which needs to be addressed. Further, the Board of the Company in the board meeting on August 21, 2020, appointed Retired Hon'ble Justice Sri K L Manjunath, former Judge of Hon'ble High Court of Karnataka to suggest and oversee actions for recovery of the dues from MACEL and to help on any other associated matters. The future course of action will be decided by the Management based on the decision taken by the Hon'ble Justice Sri K L Manjunath. We are unable to comment on the appropriateness of the transactions, including regulatory non-compliances, if any, and the recoverability of the amounts due in the absence of requisite evidence not being made available to us and its impact to the Statement.

Further, the Auditors of 1 subsidiary, which in turn has 3 step-down subsidiaries and 2 joint ventures, along with the auditors of 3 subsidiaries and 2 step-down subsidiaries, based on their review, have issued a disclaimer of conclusion due to the possible impact of the recoverability of dues from MACEL.

2. Type of Audit Qualification: Disclaimer of Opinion

3. Frequency of qualification: Second time

4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion

5. For Audit Qualification(s) where the impact is not quantified by the auditor:

i. Management's estimation on the impact of audit qualification: Not ascertainable

ii. If management is unable to estimate the impact, reasons for the same:

The Company vide its letter dated 21.08.2020 has made a Disclosure under Regulation 30 of SEBI (LODR) Regulations, 2015 to the National Stock Exchange of India Ltd, and Bombay Stock Exchange Limited, that the company has appointed Retired Hon'ble Justice Sri.K.L.Manjunath former Judge of Hon'ble High Court of Karnataka to suggest and oversee actions for recovery of dues from Mysore Amalgamated Coffee Estates Ltd. As on 31.03.2021 the amount due by MACEL to various subsidiaries and joint venture of the company amounts Rs.3,491 crores.

<p>iii. Auditors' Comments on (i) or (ii) above: In the absence of the requisite reports, we are unable to comment on the impact of the above to the Statement.</p>
<p>C. Default in debt and breach in debt covenants</p> <p>1. Details of Audit Qualification:</p> <p>In respect of the Parent Company and some of the subsidiaries, there are instances of non-compliance with certain debt covenants and defaults in repayment of interest and borrowing as per the schedule of repayment. We have been informed that during the year certain lenders have exercised their right to recall the loan (refer Note 13 & 16 of the Statement). However, in the absence of the adequate evidence, we are unable to comment on the consequential adjustments that might impact this Statement on account of non-compliance with debt covenants.</p>
<p>2. Type of Audit Qualification : Disclaimer of Opinion</p>
<p>3. Frequency of qualification: Second time</p>
<p>4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion</p>
<p>5. For Audit Qualification(s) where the impact is not quantified by the auditor:</p>
<p>i. Management's estimation on the impact of audit qualification: Not ascertainable</p>
<p>ii. If management is unable to estimate the impact, reasons for the same: The Group has borrowings amounting to Rs. 1,898 crores as at 31 March 2021. There have been certain covenant breaches with respect to certain borrowings taken by the group from various lenders. Such breaches entitle the lenders to recall the loan. On the date of this statement, there have been certain defaults in repayments of principal and interest of the loans and certain lenders have exercised their rights including recall the loans.</p>
<p>iii. Auditors' Comments on (i) or (ii) above: As we have not been provided with the details of consequential actions, if any, taken by the lenders to the Group, we are unable to ascertain the impact of the same on the consolidated financial statements of the Group.</p>
<p>D. Impairment of goodwill</p> <p>1. Details of Audit Qualification:</p> <p>The Group has Goodwill of INR 368 Crore arising on consolidation (Refer Note 9 of the statement). In view of the developments during the period, including the investigation report submitted to the company, the Group is required to assess the said asset for impairment as required by Ind AS 36, 'Impairment of Assets'. However, the same is pending as of March 31, 2021. In the absence of a valuation report, we are unable to comment on whether any</p>

provisions on account of impairment is required and the impact of the same on this statement.
2. Type of Audit Qualification : Disclaimer of Opinion
3. Frequency of qualification: Second time
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion
5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: Not ascertainable
ii. If management is unable to estimate the impact, reasons for the same: The assessment of impairment, if any, remains to be done.
iii. Auditors' Comments on (i) or (ii) above: In the absence of sufficient documentation/valuation reports substantiating the value of impairment, the impact of the above disclaimer could not be ascertained.
E. Recoverability of advances from suppliers and debtors
1. Details of Audit Qualification: Auditors of 3 subsidiaries based on their review, have issued a disclaimer of conclusion due to doubts on the recoverability of dues from 3 parties aggregating to INR 245 Crore (refer to Note 29 of the Statement).
2. Type of Audit Qualification: Disclaimer of Opinion
3. Frequency of qualification: Second time
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion
5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: Not applicable
ii. If management is unable to estimate the impact, reasons for the same: The group has a policy of carrying out impairment assessment at every year end. After reviewing recoverability of the advance, in FY 2019-20, the subsidiaries of the company have created provision for Capital advances, Supplier advance and doubtful debts amount to Rs.245 crores. However the efforts for the recovery will continue.
iii. Auditors' Comments on (i) or (ii) above: This is arising out of qualification made by auditors of subsidiary companies which has formed part of our report and hence we have no comments to offer.

<p>F. Non-compliance to Ind As</p> <p>1. Details of Audit Qualification:</p> <p>Auditors of the subsidiary company have also highlighted non-compliance to the Indian Accounting Standards governing Investment Property, on the grounds that the subject properties have not been valued in with the methodology prescribed under the applicable Accounting Standard, but as per the value prescribed by the Government of Karnataka (refer to Note 30 of the Statement)</p>
<p>2. Type of Audit Qualification: Disclaimer of Opinion</p>
<p>3. Frequency of qualification: Second time</p>
<p>4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion</p>
<p>5. For Audit Qualification(s) where the impact is not quantified by the auditor:</p>
<p>i. Management's estimation on the impact of audit qualification: Not applicable</p>
<p>ii. If management is unable to estimate the impact, reasons for the same: There is no impact on the financials however the company could not disclose certain details as required under IND AS.</p>
<p>iii. Auditors' Comments on (i) or (ii) above: This is arising out of qualification made by auditors of subsidiary companies which has formed part of our report and hence we have no comments to offer.</p>
<p>G. IBC Proceedings of a key step-subsiary and recoverability of dues:</p> <p>1. Details of Audit Qualification:</p> <p>We draw attention to the Note 17 of the Statement, wherein it is described that on March 10, 2021, the National Company Law Tribunal ('NCLT') has initiated Corporate Insolvency Resolution Process ('CIRP') against one of the key step-subsiaries of the Group, namely M/s. Sical Logistics Limited. Considering the fact that the CIRP was initiated towards the end of the fourth quarter, the Management has used the last reviewed financial results available (i.e., results until December 31, 2020) due to the non-availability of results up to the date of loss of control.</p> <p>Further, auditors of 1 subsidiary which in-turn has 3 step down subsidiaries and 2 Joint ventures and the auditors of 1 other subsidiary along with 2 other step-down subsidiaries have also emphasized that the amounts recoverable from M/s. SICAL Logistics Limited, in the view of the Management, can be ascertained only after the receipt of initial report from the Resolution Professional. Accordingly, no provision is made against the same.</p>
<p>2. Type of Audit Qualification: Qualified Opinion</p>

3. Frequency of qualification: First time
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion
5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: Not ascertainable
ii. If management is unable to estimate the impact, reasons for the same:
(i) Management has used the last reviewed financial results available (i.e., results until December 31, 2020) due to the non-availability of results up to the date of loss of control.
(ii) Regarding recoverability the auditor has emphasized a factual matter.
iii. Auditors' Comments on (i) or (ii) above:
(i) We understand that the subsidiary's results could not be included in the consolidated financial statements up to March 9, 2021 as the same was not available. Accordingly the level of compliance to the applicable Indian Accounting Standards is not ascertainable.
(ii) This is arising out of qualification made by auditors of subsidiary companies which has formed part of our report and hence we have no comments to offer.
H. Registration under 45-IA of the RBI Act
1. Details of Audit Qualification:
The auditor of 1 subsidiary has also highlighted that the Company (refer to Note 12 of the statement) is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and has sought a one-time exemption of the same and response from the Reserve Bank of India (RBI) is awaited.
2. Type of Audit Qualification: Disclaimer of Opinion
3. Frequency of qualification: Second time
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion
5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: Not ascertainable
ii. If management is unable to estimate the impact, reasons for the same: The Company has applied one time exemption from NBFC provisions to RBI and company is awaiting response from RBI.
iii. Auditors' Comments on (i) or (ii) above: This is arising out of qualification made by auditors of subsidiary companies which has formed part of our report and hence

we have no comments to offer.
I. Non availability of confirmation of balance
<p>1. Details of Audit Qualification:</p> <p>The auditors of 1 subsidiary and 1 step-down subsidiary issued a disclaimer of opinion due to non-availability of appropriate evidence, confirmation of balances and statement of accounts with regard to borrowings from certain lenders (refer Note 28 of the Statement)</p>
2. Type of Audit Qualification: Disclaimer of Opinion
3. Frequency of qualification: First time
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion
5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: Not ascertainable
ii. If management is unable to estimate the impact, reasons for the same: Management is following up with lenders to get the balance confirmations
iii. Auditors' Comments on (i) or (ii) above: This is arising out of qualification made by auditors of subsidiary companies which has formed part of our report and hence we have no comments to offer.
J. Material uncertainty relating to going concern
<p>1. Details of Audit Qualification:</p> <p>The Consolidated Financial Statements of the Group have been prepared by the Management and Board of Directors using the going concern assumption. The matters detailed in the above paragraphs may have a consequential implication on the Group's ability to continue as a going concern (refer to Note 14 of the Statement). Further, the material uncertainty over using the Going Concern assumption has also been established by several other component auditors of the Group, as well. However, the Group is confident of meeting its obligations in the normal course of business and accordingly the accounts of the Group have been prepared on a Going Concern Basis.</p>
2. Type of Audit Qualification: Disclaimer of Opinion
3. Frequency of qualification: Second time
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion

5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: Not ascertainable
ii. If management is unable to estimate the impact, reasons for the same: These consolidated financial results for the quarter and year ended 31 March 2021 have been prepared on a going concern basis in view of the positive net worth of the Group amounting to Rs 3,896 crores as of 31 March 2021, significant value in underlying businesses managed by subsidiaries / joint ventures / associates, established track record of the Group to monetize its assets as demonstrated by stake sale in Mindtree Limited (refer note 6 of this Statement), sale of Global Village Tech Park owned by its wholly-owned subsidiary Tanglin Developments Limited (refer note 9 of this Statement), sale of Way2Wealth Group entities (refer note 10 and 14 of this Statement), sale of stake held in Ittiam Systems Private Limited (refer note 13 of this Statement), operational efficiencies and consequential ability to service its obligations.
iii. Auditors' Comments on (i) or (ii) above: The recoverability of the dues from related parties and ability of the subsidiaries to continue as a going concern have not been established with evidence by the Management and any shortfall in realization would affect the net worth of the Group and thereby affecting its ability to continue as a going concern.
K. Emphasis of matter – Way2Wealth Sale Transaction
1. Details of Audit Qualification: The Parent Company along with 1 of its subsidiaries has entered into an Agreement to sell Way2Wealth Securities Private Limited and its certain subsidiaries to Shriram Ownership Trust ('the purchaser') (refer Note 10 of the Statement). Based on the agreement, INR 12.10 Crore is receivable by the company in form of preceding year's tax refunds and SEBI deposits from the purchaser in form of reimbursement, subject to realization. Further a sum of INR 2 Crore has been withheld by the purchaser per the agreement. An exceptional profit of INR 15.51 Crore has been recognized on the said sale transaction at the Group level.
2. Type of Audit Qualification : Emphasis of matter
3. Frequency of qualification: First time
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion
5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: Not applicable
ii. If management is unable to estimate the impact, reasons for the same: The auditors have emphasized a factual matter. The above are as per agreement with the party.

<p>iii. Auditors' Comments on (i) or (ii) above: Matter emphasized in the audit report and does not require any adjustments. Hence, we have not further comments.</p>
<p>L. Interest free loans to related parties</p> <p>1. Details of Audit Qualification:</p> <p>In case of 1 subsidiary, the concerned Auditor has emphasized that interest on the loans to related parties has not been charged (refer to Note 18 of the Statement) and that the same is not consistent as compared to earlier periods.</p>
<p>2. Type of Audit Qualification: Emphasis of matter</p>
<p>3. Frequency of qualification: Second time</p>
<p>4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion</p>
<p>5. For Audit Qualification(s) where the impact is not quantified by the auditor:</p>
<p>i. Management's estimation on the impact of audit qualification: Not applicable</p>
<p>ii. If management is unable to estimate the impact, reasons for the same: The auditor has emphasized a factual matter which does not require any accounting adjustments. Tanglin Developments Limited (subsidiary) has not charged interest during the year, which is in accordance with exemption under section 186(11) read with Schedule VI of the Companies Act, 2013.</p>
<p>iii. Auditors' Comments on (i) or (ii) above: This is arising out of a matter emphasized made by auditors of subsidiary companies which has formed part of our report and hence we have no comments to offer.</p>
<p>M. Emphasis of Matter - Outstanding income tax demand in relation to subsidiary</p> <p>1. Details of Audit Qualification:</p> <p>The auditor of 1 subsidiary has emphasized (refer to Note 21 of the Statement) on the outstanding income tax dues of INR 89.60 crores relating to for AY 2019-20 and AY 2020-21.</p>
<p>2. Type of Audit Qualification: Emphasis of matter</p>
<p>3. Frequency of qualification: Second time</p>
<p>4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion</p>
<p>5. For Audit Qualification(s) where the impact is not quantified by the auditor:</p>

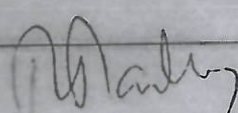
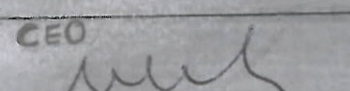
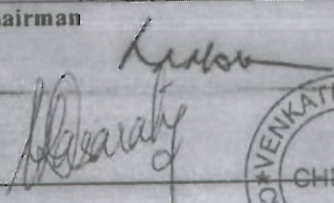
i. Management's estimation on the impact of audit qualification: Not applicable
ii. If management is unable to estimate the impact, reasons for the same: The auditor has emphasized a factual matter for which the impact has been addressed in financials.
iii. Auditors' Comments on (i) or (ii) above: This is arising out of a matter emphasized made by auditors of subsidiary companies which has formed part of our report and hence we have no comments to offer.
N.Emphasis of matter - Non availability of confirmation of balance
<p>1. Details of Audit Qualification:</p> <p>In case of the Parent Company, 1 subsidiary, which in-turn has 3 step-down subsidiaries and 2 joint ventures and in the case of 1 subsidiary and 1 step-down subsidiary, the concerned auditors have emphasized that balance confirmations in case of certain assets and liabilities have not been provided to them. Reliance is placed on the books of accounts provided by the Management (refer Note 28 to the Statement)</p>
2. Type of Audit Qualification: Emphasis of matter
3. Frequency of qualification: First time
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion
5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: Not applicable
ii. If management is unable to estimate the impact, reasons for the same: In the opinion of management of respective companies, the amounts are realizable/ payable in the ordinary course of business.
iii. Auditors' Comments on (i) or (ii) above: The matter has been emphasized in the report of the Parent Company and does not require any adjustments. Further, the same has also been highlighted in the reports of the subsidiary auditors, on which we do not have any comments.
O. Emphasis of Matter - Provision of depreciation on vending machine cabinets fully
<p>1. Details of Audit Qualification:</p> <p>The auditors of 1 subsidiary, which in turn has 3 step-down subsidiaries and 2 joint ventures have drawn attention to the fact that the vending machine cabinets at customers' place are fully depreciated to the extent of INR 79.78 Crores as the salvage value is described as Nil (refer Note 26 of the Statement).</p>

2. Type of Audit Qualification: Emphasis of matter
3. Frequency of qualification: First time
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion
5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: Not applicable
ii. If management is unable to estimate the impact, reasons for the same: In the earlier years, to attract new customers, Coffee Day Global Limited (subsidiary) Vending Division used to build certain custom-made cabinets at the customers' locations. During the year, due to pandemic, lot of vending machines were withdrawn from these locations. Custom build cabinets are fixtures and cannot be removed and do not have any salvage value. In this situation, 29,996 cabinets are discarded and the balance written down value aggregating to Rs 79.78 Crores are fully depreciated during the year in the financial statements of Coffee Day Global Limited.
iii. Auditors' Comments on (i) or (ii) above: This is arising out of a matter emphasized made by auditors of subsidiary companies which has formed part of our report and hence we have no comments to offer.
P. Emphasis of matter - Cases filed against certain subsidiaries in NCLT and non-provision of interest
1. Details of Audit Qualification: The auditors of 1 subsidiary, which in turn has 3 step-down subsidiaries and 2 joint ventures have drawn attention to the details of cases filed against the company before NCLT (refer Note 25 of the Statement). Further, the auditors have also emphasized that interest expense of INR 16.13 Crores in respect of credit facilities from two lenders has not been recognized.
2. Type of Audit Qualification: Emphasis of matter
3. Frequency of qualification: First time
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion
5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: Not applicable
ii. If management is unable to estimate the impact, reasons for the same: One of the lenders of Coffee Day Global Limited (subsidiary) has made an application as financial creditor before National Company Law Tribunal (NCLT) for recovery of the dues. However the application is yet to be admitted by the NCLT. Another

<p>lender has initiated legal action for recovery of the dues. Under these circumstances, the management of Coffee Day Global Limited (subsidiary) has not provided for interest of Rs.16.13 crores in respect of these lenders, as the management of Coffee Day Global Limited (subsidiary) is in the process of negotiating with them in respect of settlement of their dues. If the application of financial creditor is admitted by NCLT and acted upon, the future impact on financial statement is not ascertainable at present</p>
<p>iii. Auditors' Comments on (i) or (ii) above: This is arising out of a matter emphasized made by auditors of subsidiary companies which has formed part of our report and hence we have no comments to offer.</p>
<p>Q. Emphasis of matter - Lenders to certain subsidiaries have Red flagged the credit facility</p>
<p>1. Details of Audit Qualification:</p> <p>The auditors of 1 subsidiary, which in turn has 3 step-down subsidiaries and 2 joint ventures have drawn attention to the fact that one of the lenders have Red Flagged credit facility and lenders of the company have appointed a forensic auditor. Pending receipt of such report, effect of the same on these financial statements is not ascertainable (refer Note 24 of the Statement).</p>
<p>2. Type of Audit Qualification: Emphasis of matter</p>
<p>3. Frequency of qualification: First time</p>
<p>4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion</p>
<p>5. For Audit Qualification(s) where the impact is not quantified by the auditor:</p>
<p>i. Management's estimation on the impact of audit qualification: Not applicable</p>
<p>ii. If management is unable to estimate the impact, reasons for the same: One of the lenders of the Coffee Day Global Limited (subsidiary) has Red Flagged the credit facility provided to the Company. Hence the lenders of the company appointed a Chartered Accountant firm to do a forensic audit as per the RBI guidelines. Pending receipt of such report no adjustment has been carried out in these financial statements of Coffee Day Global Limited.</p>
<p>iii. Auditors' Comments on (i) or (ii) above: This is arising out of a matter emphasized made by auditors of subsidiary companies which has formed part of our report and hence we have no comments to offer.</p>
<p>R. Emphasis of matter - Categorization of a subsidiary by a banker</p>
<p>1. Details of Audit Qualification:</p>

<p>The auditors of 1 subsidiary, which in turn has 3 step-down subsidiaries and 2 joint ventures has drawn attention to categorization of the company as 'Fraud' by M/s. Lakshmi Vilas Bank (presently DBS Bank India Limited) and further correspondence with the bank by the company is disclosed (refer Note 23 of the Statement).</p>
<p>2. Type of Audit Qualification: Emphasis of matter</p>
<p>3. Frequency of qualification: First time</p>
<p>4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion</p>
<p>5. For Audit Qualification(s) where the impact is not quantified by the auditor:</p>
<p>i. Management's estimation on the impact of audit qualification: Not applicable</p>
<p>ii. If management is unable to estimate the impact, reasons for the same: Coffee Day Global Limited (Subsidiary) has obtained information that Coffee Day Global Limited (Subsidiary) has been categorized as fraud by M/s. Lakshmi Vilas Bank (LVB) presently DBS Bank India Limited (DBIL). However, since Coffee Day Global Limited (Subsidiary) did not have any credit facility or Guarantee extended with to LVB, Coffee Day Global Limited (Subsidiary) requested LVB to provide the basis on which they have classified Coffee Day Global Limited (Subsidiary) as fraud vide its letter dated 04.03.2021. Further Coffee Day Global Limited (Subsidiary) has requested LVB to clear the fraud tag, as there is no basis. Coffee Day Global Limited (Subsidiary) is awaiting the reply from LVB. However the above matter has not impacted the regular banking operations of the Coffee Day Global Limited (Subsidiary).</p>
<p>iii. Auditors' Comments on (i) or (ii) above: This is arising out of a matter emphasized made by auditors of subsidiary companies which has formed part of our report and hence we have no comments to offer.</p>
<p>S. Emphasis of matter - Liquidation process in certain foreign subsidiaries</p>
<p>1. Details of Audit Qualification:</p> <p>The auditor of 1 subsidiary, which in turn has 3 step-down subsidiaries and 2 joint ventures has drawn attention to the liquidation process of the foreign subsidiaries (refer Note 15 of the Statement).</p>
<p>2. Type of Audit Qualification: Emphasis of matter</p>
<p>3. Frequency of qualification: First time</p>
<p>4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion</p>
<p>5. For Audit Qualification(s) where the impact is not quantified by the auditor:</p>

i. Management's estimation on the impact of audit qualification: Not applicable
ii. If management is unable to estimate the impact, reasons for the same: The foreign subsidiaries of Coffee Day Global Limited (subsidiary) are under liquidation and the process is ongoing and yet to conclude. However the Coffee Day Global Limited (subsidiary) does not have any additional liability in respect of these limited liability corporations. Further 100% provision in respect of investment in these foreign subsidiaries have already been made, and accordingly there is no further impact on the financial statements of Coffee Day Global Limited (subsidiary).
iii. Auditors' Comments on (i) or (ii) above: This is arising out of a matter emphasized made by auditors of subsidiary companies which has formed part of our report and hence we have no comments to offer.
T.Emphasis of matter - Impairment of investment made in bank
1. Details of Audit Qualification: 1. The Auditors of 2 step-down subsidiaries of the Company have emphasized that the Companies have impaired the investments made in M/s. Lakshmi Vilas Bank Ltd and recognized impairment loss during the year of INR 1.86 Crore (refer Note 31 of the Statement).
2. Type of Audit Qualification: Emphasis of matter
3. Frequency of qualification: First time
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion
5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: Not applicable
ii. If management is unable to estimate the impact, reasons for the same: This relates investment made by W2W. The auditor has emphasized a factual matter for which the impact has been addressed in financials.
iii. Auditors' Comments on (i) or (ii) above: This is arising out of a matter emphasized made by auditors of subsidiary companies which has formed part of our report and hence we have no comments to offer.
U. Emphasis of matter - Change in shareholding in step down subsidiary pending RBI clearance
1. Details of Audit Qualification: The Auditors of 1 step-down subsidiary of the Company has emphasized that there has been a

change in shareholding of the Company pending permission from Reserve Bank of India (refer Note 27 to the Statement).	
2. Type of Audit Qualification: Emphasis of matter	
3. Frequency of qualification: First time	
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion	
5. For Audit Qualification(s) where the impact is not quantified by the auditor:	
i. Management's estimation on the impact of audit qualification: Not applicable	
ii. If management is unable to estimate the impact, reasons for the same: The erstwhile holding company of M/s Way2Wealth Capital Private Limited i.e, M/s.Way2Wealth Securities Private Limited (W2WS) had entered into Share Purchase Agreement dated 31.03.2020, with Intermediate holding company M/s. Tanglin Developments Limited (TDL). Through this agreement M/s. Tanglin Developments Limited decided to hold the shares in M/s Way2Wealth Capital Private Limited directly instead of holding it through its subsidiary M/s.Way2Wealth Securities Private Limited. In accordance with the said share purchase agreement W2WS sold 25,90,000 equity shares in M/s Way2Wealth Capital Private Limited, amounting to 25.90%, to TDL on 31.03.2020. To transfer the balance shares, M/s Way2Wealth Capital Private Limited made an application before Reserve Bank of India for permission, vide its letter dated 20.02.2020. In connection with the application RBI requested certain details or clarifications vide its various letters. M/s Way2Wealth Capital Private Limited has replied to those RBI letters on various dates. Pending RBI permission W2WS has sold balance 74,09,994 shares to TDL on 22nd September, 2020.	
iii. Auditors' Comments on (i) or (ii) above: This is arising out of a matter emphasized made by auditors of subsidiary companies which has formed part of our report and hence we have no comments to offer.	
III	Signatories:
CFO	  CEO
Audit Committee Chairman	
Statutory Auditor	
Place: Bangalore	
Date: 30.06.2021	



ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results – (Standalone)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31st March 2021 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Amount in INR Millions)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	101.75	Not ascertainable
	2.	Total Expenditure	811.78	
	3.	Net Profit/(Loss)	(710.03)	
	4.	Earnings Per Share	(4.87)	
	5.	Total Assets	36,503.49	
	6.	Total Liabilities	5,795.17	
	7.	Net Worth	30,708.32	
	8.	Any other financial item(s) (as felt appropriate by the management)		
II	Audit Qualification (each audit qualification separately):			
A. Recoverability of dues from Group Companies				
1. Details of Audit Qualification:				
We have not been provided with sufficient evidence with respect to recoverability of dues from group companies amounting to INR 1,744 Crore (refer Note 10 of the Statement). Further, we have not been provided appropriate evidence about the recognition of fair value of the estimated loss allowance on corporate guarantee given to its subsidiary (as detailed in Note 10 of the Statement) as required by Ind AS 109, ‘Financial Instruments’. We are therefore unable to comment on the recoverability of the stated balance from group companies, fair value of estimated loss allowance on corporate guarantee given to a subsidiary, and the impact on the Statement.				
2. Type of Audit Qualification : Disclaimer of Opinion				
3. Frequency of qualification: Second time				
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it’s a disclaimer of conclusion				

5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: Not ascertainable
ii. If management is unable to estimate the impact, reasons for the same: The subsidiaries of CDEL are in the process of disinvestment of their assets. The company is confident that the subsidiaries will repay these advances in due course.
iii. Auditors' Comments on (i) or (ii) above: According to the information provided to us, as the subsidiaries are in the process of disinvestment and obtaining the required regulatory approval for completion of the subject transactions. As the evidence required to ascertain the impact has not been furnished to us by the Management, the impact of the same cannot be fully ascertained.
B. Change in shareholding in subsidiaries
1. Details of Audit Qualification: It is observed that there has been a change in the percentage of shares held by the Company in two of its subsidiaries as of March 31, 2021 vis-à-vis March 31, 2019, due to the invocation of shares by the lenders of the subsidiaries. However, while considering the amount invested in the subsidiaries, the Management of the Company has considered the erstwhile shareholding pattern prior to dilution as the Management believes that the change in shareholding is temporary in nature and the shares pledged will be redeemed back by the Company (refer to Note 15 of the Statement). However, these shares have been transferred to such lenders before March 31, 2021. We have been informed that the lenders have not sold any of the shares invoked and consequently have not made any adjustments to the loan outstanding. Accordingly, the Management believes that it is not possible to attribute any sale value to the invoked shares. Consequently, the impact of the said transfer on the book value of invoked shares of INR 156 Crores on the standalone financial statements cannot be ascertained.
2. Type of Audit Qualification : Disclaimer of Opinion
3. Frequency of qualification: Second time
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion
5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: : Not ascertainable
ii. If management is unable to estimate the impact, reasons for the same: Management believes that the change in shareholding is temporary in nature and the shares pledged will be released back to the Company. Since there is no marketability for the shares invoked management is unable to estimate the impact.
iii. Auditors' Comments on (i) or (ii) above: These shares have been invoked by the

lenders. The impact of the said transfer on the consolidated financial results of the Group, including but not restricted to the non-controlling interest attribution, profit on transfer, etc., cannot be fully ascertained.
C. Impairment of investments
<p>1. Details of Audit Qualification:</p> <p>The Management of the Company has determined that no impairment is required to be recognized on its investments in subsidiaries, associates and joint ventures with a carrying value of INR 1,866 Crore as at March 31, 2021, as required by Ind AS 36, 'Impairment of Assets', particularly consequent to developments during this period (as detailed in note 6 of the Statement). Consequently, the value of investments held by the Company in its subsidiary, which is in turn affect by the said step-subsiary's value, is required to be assessed for impairment. However, we have not been provided with the indicators used and the assessment performed by the Management in order to arrive at this decision. We are therefore unable to comment on whether the value of investments recognized in the Statement is appropriate.</p>
2. Type of Audit Qualification: Disclaimer of Opinion
3. Frequency of qualification: Second time
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion
5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: Not ascertainable
ii. If management is unable to estimate the impact, reasons for the same: The valuation of these investments for assessing impairment remains to be done.
iii. Auditors' Comments on (i) or (ii) above: The Management has not assessed the same for impairment during the year. In the absence of sufficient evidence in the form of documentation/valuation reports assessing the value of the said investments, the impact of the above disclaimer could not be ascertained.
D. Going Concern Assumption
<p>1. Details of Audit Qualification:</p> <p>The Statement has been prepared by the Management and Board of Directors using the going concern assumption (Refer Note 13 of the Statement). The matters detailed in the above paragraphs may have a consequential implication on the Company's ability to continue as a going concern. We are therefore unable to comment on whether the going concern basis for preparation of the standalone financial results is appropriate.</p>
2. Type of Audit Qualification : Disclaimer of Opinion

3. Frequency of qualification: Second time
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion
5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: Not ascertainable
ii. If management is unable to estimate the impact, reasons for the same: The standalone financial results for the quarter and year ended 31 March 2021 have been prepared on a going concern basis in view of the positive net worth of the Company amounting to Rs. 30,708 million as at 31 March 2021, significant value in diversified portfolio of investments held in subsidiaries / joint ventures / associates, established track record of the Company to monetize its assets as demonstrated by sale of stake in Mindtree Limited, sale of Global Village Tech Park owned by its wholly-owned subsidiary Tanglin Developments Limited, sale of stake in Way2Wealth Group entities, profitable resorts operations and consequential ability to service the obligations.
iii. Auditors' Comments on (i) or (ii) above: The recoverability of the dues from the subsidiaries and the realisability of the investment in subsidiary companies have not been established with evidence by the management and any shortfall in realization would affect the net worth of the holding company and thereby affecting its ability to continue as a going concern.
E. Emphasis of matter – Recoverability of sums owed to subsidiaries
<p>1. Details of Audit Qualification:</p> <p>In a letter dated July 27, 2019 signed by late Mr. V. G. Siddhartha, the Promoter and then Chairman and Managing Director of the Company, which has come to light, it was inter-alia stated that the Management and auditors were unaware of all his transactions. The Board of Directors had initiated an investigation into the circumstances leading to the statements made in the letter and to scrutinize the books of accounts of the Company and its subsidiaries.</p> <p>The investigation report submitted to the Board of Directors on July 24, 2020 has concluded that Mysore Amalgamated Coffee Estates Limited ('MACEL') a related entity owes a sum of INR 3,535 Crore to the subsidiaries of CDEL as on July 31, 2019 of which a sum of INR 842 Crore was due to the subsidiaries as of March 31, 2019 leaving a balance of INR 2,693 Crore as incremental outstanding which needs to be addressed. Further, the Board of the Company in the board meeting on August 21, 2020, appointed Retired Hon'ble Justice Sri K L Manjunath, former Judge of Hon'ble High Court of Karnataka to suggest and oversee actions for recovery of the dues from MACEL and to help on any other associated matters. The future course of action will be decided by the Management based on the decision taken by the Hon'ble Justice Sri K L Manjunath.</p>
2. Type of Audit Qualification: Emphasis of Matter

3. Frequency of qualification: Second time
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion
5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: Not applicable
ii. If management is unable to estimate the impact, reasons for the same: The auditors has emphasized a factual matter which does not require any accounting adjustments.
iii. Auditors' Comments on (i) or (ii) above: Matter emphasized in the audit report and does not require any adjustments. Hence, we have not further comments.
F. Emphasis of matter – Default in repayment of debt and interest due
1. Details of Audit Qualification: Attention is drawn to Note 8 of the Statement on default of interest amount to lenders to INR 3.82 Crores on the borrowings outstanding as of March 31, 2021.
2. Type of Audit Qualification : Emphasis of matter
3. Frequency of qualification: Second time
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Interest of INR 3.82 Crores
5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: Not applicable
ii. If management is unable to estimate the impact, reasons for the same: The auditors have emphasized a factual matter. The necessary adjustments have been made in the books.
iii. Auditors' Comments on (i) or (ii) above: We have no further comments in this regard.
G. Emphasis of matter – Non-compliance with debt covenants
1. Details of Audit Qualification: We draw attention to Note 11 of the Statement, wherein instances of non-compliance with certain debt covenants have been described. We have been informed that during the year, one lender has recalled the loan. However, in the absence of the adequate evidence, we are unable to comment on the consequential adjustments that might impact this Statement on account of non-compliance with debt covenants.
2. Type of Audit Qualification : Emphasis of matter

3. Frequency of qualification: Second time
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion
5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: Not applicable
ii. If management is unable to estimate the impact, reasons for the same: The auditors have emphasized a factual matter. The company is making all efforts to correct the situation.
iii. Auditors' Comments on (i) or (ii) above: Matter emphasized in the audit report. In view of the above comment from the Management and the unavailability of the required details, the impact is unascertainable.
H. Emphasis of matter – Way2Wealth Sale Transaction
<p>1. Details of Audit Qualification:</p> <p>We draw attention to Note 7 of the Statement, wherein facts relating to the sale of Way2Wealth Securities Private Limited and its certain subsidiaries has been described. Based on the agreement, Rs. 4.63 Crore is receivable by the company in form of preceding year's tax refunds and SEBI deposits from the purchaser (Shriram Ownership Trust) in form of reimbursement, subject to realization. Further a sum of Rs. 0.77 Crore has been withheld by the purchaser per the agreement. Exceptional Loss of Rs. 46.50 Crore has been recognized on the said sale transaction during the year.</p>
2. Type of Audit Qualification : Emphasis of matter
3. Frequency of qualification: First time
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion
5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: Not applicable
ii. If management is unable to estimate the impact, reasons for the same: The auditors have emphasized a factual matter. The above are as per agreement with the party.
iii. Auditors' Comments on (i) or (ii) above: Matter emphasized in the audit report and does not require any adjustments. Hence, we have not further comments
I. Emphasis of matter – IBC proceedings of a key step-subsiary
<p>1. Details of Audit Qualification:</p> <p>We draw attention to the Note 17 of the Statement, wherein the Company has stated that</p>

Corporate Insolvency Resolution Process has been initiated in NCLT against one of its key step-subsiary, M/s. SICAL Logistics Limited (SLL), pursuant to which an Interim Resolution Professional has been appointed to look into the affairs of the key step-down subsidiary. The Management is of the view that the recoverability of above amount from SLL can be ascertained only after the receipt of report from the Resolution Professional and accordingly no provision is made against the same.
2. Type of Audit Qualification : Emphasis of matter
3. Frequency of qualification: First time
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion
5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: Not ascertainable
ii. If management is unable to estimate the impact, reasons for the same: The auditors have emphasized a factual matter. The management awaits report from the resolution professional.
iii. Auditors' Comments on (i) or (ii) above: We are unable to comment on the impact of the same as the report from the Resolution Professional has not been received yet.
J. Emphasis of matter - Supporting documents for borrowings
1. Details of Audit Qualification: We draw attention to Note 12 of the Statement which mentions that confirmation of balance from certain lenders have not been obtained. The principal and interest payable to such lenders as of March 31, 2021 aggregates to Rs. 263.18 Crores. In the absence of adequate and sufficient audit evidence to establish the amounts payable to the lenders, we are unable to provide our conclusion on the correctness of these amounts reflected in the Statement and also on their consequential impact including potential tax liabilities.
2. Type of Audit Qualification: Emphasis of matter
3. Frequency of qualification: First time
4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not ascertainable since it's a disclaimer of conclusion
5. For Audit Qualification(s) where the impact is not quantified by the auditor:
i. Management's estimation on the impact of audit qualification: Not ascertainable
ii. If management is unable to estimate the impact, reasons for the same: Management is following up with lenders to get the balance confirmations.
iii. Auditors' Comments on (i) or (ii) above: We are unable to comment on the impact

of the same in the absence of the corresponding balance confirmations.

III Signatories:

CFO

CEO

Audit Committee Chairman

Statutory Auditor

Place: Bangalore

Date: 30.06.2021

