

**COFFEE
Day®**

COFFEE DAY ENTERPRISES LIMITED

July 30, 2019

To,

The National Stock Exchange of India Limited Manager-Listing Exchange Plaza, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051 Tel No.: 022-2659 8237/38 Symbol: COFFEEDAY	BSE Limited General Manager-DSC Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai – 400 001 Tel No.: 022-2272 2039 Scrip Code: 539436
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Dear Sir/Madam,

Sub: Company update

The board of directors of the company held an emergency meeting today to discuss developments following its earlier communication to the stock exchanges.

A press release is attached. Also attached is a copy of the letter purportedly signed by Mr. V. G. Siddhartha dated July 27, 2019.

This is for your information and records.

Thanking you,

Yours faithfully,

For **Coffee Day Enterprises Limited**



**Sadananda Poojary
Company Secretary & Compliance Officer
F5223**



Press Release

Bangalore, July 30, 2019. Mr. VG. Siddhartha, our Promoter and Chairman and Managing Director has not been reachable since yesterday evening. We are shocked by this development and our thoughts and prayers are in support of his family and loved ones.

The Board had an emergency meeting today. The Board is confident that the professional management of the Company and each of the entities in the Coffee Day Group and their respective leadership team, will ensure continuity of all business operations consistent with past behaviour. In the interim, the Board is evaluating and assessing the situation, formulating appropriate steps to ensure business operations are unaffected, and has resolved to co-operate with authorities.

The board also reviewed a copy of the letter purportedly signed by Mr. V. G. Siddhartha dated July 27, 2019 and has shared a copy of the letter with relevant authorities. The board has also sought the assistance of local and state authorities, who are doing their utmost, and relevant officers of the Company are cooperating with the authorities as requested.

In this hour of need we are counting on the support and strength of all our stakeholders including employees, customers, lenders, contractual counterparties, media, and well-wishers and request all to keep their morale high.

We are requesting the media to honour the privacy of the family at this time and avoid any speculation.



V.G. Siddhartha

To our Board of Directors and Coffee day family,

After 37 years, with strong commitment to hard work, having directly created 30,000 jobs in our companies and their subsidiaries, as well as another 20,000 jobs in technology company where I have been a large shareholder since its founding, I have failed to create the right profitable business model despite my best efforts.

I would like to say I gave it my all. I am very sorry to let down all the people that put their trust in me. I fought for a long time but today I gave up as I could not take any more pressure from one of the private equity partners forcing me to buy back shares, a transaction I had partially completed six months ago by borrowing a large sum of money from a friend. Tremendous pressure from other lenders lead to me succumbing to the situation. There was a lot of harassment from the previous DG income tax in the form of attaching our shares on two separate occasions to block our Mindtree deal and then taking position of our Coffee Day shares, although the revised returns have been filed by us. This was very unfair and has led to a serious liquidity crunch.

I sincerely request each of you to be strong and to continue running these businesses with a new management. I am solely responsible for all mistakes. Every financial transaction is my responsibility. My team, auditors and senior management are totally unaware of all my transactions. The law should hold me and only me accountable, as I have withheld this information from everybody including my family.

My intention was never to cheat or mislead anybody, I have failed as an entrepreneur. This is my sincere submission, I hope someday you will understand, forgive and pardon me.

I have enclosed a list of our assets and tentative value of each asset. As seen below our assets outweigh our liabilities and can help repay everybody.

Regards,
V.G. Siddhartha

Handwritten signature and date
27/7

Overall Valuations

Mindtree : After the disinvestment of Mindtree to re-organise the group holdings, these are the ideas /outlook on some of our Companies.

Tanglin : The Mysore Road Property with 90 acres and almost 4.5 million sqft built up area with a rental cash flow for the next 12 months will be 250 crs and additional 21 acres of land in Mangalore which is already in the company's name. With this rental yield and potential to construct the remaining land parcel by adding another 5 million sqft to the park, the Bangalore property alone should be worth around 3600 crs adding Mangalore to it, is around 4000 crs.

Coffee Day: CDGL with 1,600 stores & 54,000 vending machines & more than 500 express stores. This year March 2019 revenue target is 2200 crs. The brand is valued at 3 - 4 times of its revenue with a potential of 7000-8000 cr present value.

Our exports of around 20,000 tons, Curing works & Roasting factory in Chikmagalur with a land parcel of around 30 acres should have a 150 -200 cr minimum value, additional 30 acres facility in Hassan should be worth 150 cr. CDGL direct & indirect employees are more than 18000 people.

CCD Vending: 45,000 vending machines can be easily added in the next 3.5 years, this is the potential and power of the brand.

We are already talking with international players like Coke & ITC for partnership in the business. CCD has got a good procurement network to get 25,000-30,000 tons of coffee in local market. New roasting facility which has just started can roast around 15,000 tons of coffee and this can act as a great backend business in procuring & roasting with lot of international brands instead of exporting green coffee.

Coffee Plantations: Coming to Plantations this is associated & owned by my family having more than 12,000 acres of coffee growing area. Almost 70% area has young plants which is producing 2000 tons of Arabica & 1200 tons of Robusta. Looking at the plant material it will produce 6-6,500 tons of coffee in the next 2-3 years with little improvement in the irrigation system. Plantations division itself should be worth at least 2000+ crs. It employ's 3000 - 3,500 people.

In addition, we have got around 9 lakh matured Silver Oak trees, even @ 25 cubic feet per tree into Rs. 550 per cubic feet realisation should generate a value of around 1000 cr. Other than Silver Oak there are other valuable timber assets in the plantation. Total timber value alone would be around 1000-1300 crs.

SICAL : In Sical our holding is around 60%, all the debt in Sical are project Debts which I feel can be taken care of by the company directly and Sical equity value of our holding should get around 1000crs. Sical directly & indirectly employs 4500-5000 people, has more than 1300 vehicles operating in cold chain, mining vehicles such as trucks, dumpers & excavators.

Way2Wealth: W2W generates 5cr EBIDTA every year, this business with a cash on hand should get value of around 400 crs as a running business.

ITTIAM: our holding in ITTIAM is around 28%, there is every possibility that one portion of ITTIAM business can be sold at 50 million dollars to a strategic investor, it looks like in ITTIAM our investment would be valued at around 20 million dollars (140 crs) because of strategic possibility.

Magnasoft: Our holding in Magnasoft is more than 80%. Some Industry experts are advising me on how to improve this business,with around 10-15 cr EBDITA which can fetch us anywhere between 75 -100 cr today.

Serai: has 3 properties located in Chikamagalur, Kabini & Bandipur with some stake in Barefoot Resorts at Andamans along with a land parcel there which should work out around 300 crs.