



PASSION

EXCELLENCE

CORPORATE STATEMENT  
2011-2012



RADICO KHAITAN LTD.





## **FOR US, THE PLAY OF PASSION DELIVERS VALUE THROUGH A GREAT MIX.**

IN TODAY'S DYNAMIC BUSINESS ENVIRONMENT, ONE WHO PASSIONATELY STRIVES TO UNDERSTAND WHAT CONSUMERS AND SHOPPERS WANT, GOES A LONG WAY. WITH AN INTENT AIMED AT GLOBAL SCALE AND AGILITY, RADICO KHAITAN IS SETTING NEW TRENDS BY ENSURING THAT ITS PASSION FOR EXCELLENCE TAKES THE ORGANIZATION ON A NEW HIGH.

## **SOLID FUNDAMENTALS THAT DRIVE OUR PASSION**

Radico Khaitan's strategy is built on creating value through a systematic policy of upscaling its brands, or Premiumisation. Each of our brands has catapulted Radico to a new high of premium stature and credible international acclaim. The organisation has made a major bet on innovation, which it understands is a major driver of growth. Radico's constant innovation and greater customer delight with every brand is the outcome of its unchallenged leadership. Creating conditions for profitable and sustainable growth, the Group has all the means to seize opportunities, the right way. The culmination of premiumisation, innovation and customer satisfaction results in creating success stories for our brands. This is the fourth consecutive year for Radico to win international honors in the form of exclusive awards at Monde Selection (International Institute of Quality Selections).

### **Hall of Fame**

Magic Moments Plain Vodka - Monde Selection Award - Gold Medal

Remix Chocolate Flavoured Vodka - International Spirits Challenge - Silver Medal

Remix Lemon Flavoured Vodka - International Spirits Challenge - Bronze Medal

Remix Orange Flavoured Vodka - International Spirits Challenge - Bronze Medal

Remix Raspberry Flavoured Vodka - International Spirits Challenge - Bronze Medal

Remix Green Apple Flavoured Vodka - Monde Selection Award - Bronze Medal

Remix Lemongrass & Ginger Flavoured Vodka - Monde Selection Award - Grand Gold

Remix Orange Flavoured Vodka - Monde Selection Award - Gold

Remix Lemon Flavoured Vodka - Monde Selection Award - Gold

After Dark Whisky - Monde Selection Award - Silver Medal

Morpheus Brandy - Monde Selection Award - Gold Medal



Dr. Lalit Khaitan - Chairman & Managing Director  
Abhishek Khaitan - Managing Director



Dear Shareholders,

I am pleased to announce another year with a stellar performance despite the tough economic environment. The past year has been challenging for the Indian economy with increasing interest rates, high inflation and moderating GDP growth. However, the Indian consumer segment continues to show strong resilience and maintains a robust growth momentum.

Your Company recorded a strong 20% revenue growth and 16% EBITDA growth compared to last year. This was a direct result of our continued focus on premiumisation strategy which translated in a strong performance by our mainline brands led by the premium brands. Our premium brands, Magic Moments vodka and Morpheus brandy, continued on their high growth trajectories. In particular, Magic Moments crossed the two million cases mark which is a milestone. Other mainline brands including 8PM whisky and Old Admiral brandy also contributed significantly to the growth with over 4.5 million and 3.3 million cases sales during the year.

Radico Khaitan's future key growth drivers are increasing volumes of premium brands across various markets, selective acquisitions and joint ventures, developing export markets including bottling arrangements abroad and driving operational efficiencies. During the year, Radico Khaitan acquired two whisky brands from Mysore based Yezdi Group. These brands will further strengthen the Company's portfolio in the Southern markets. The Company is also taking initiatives to promote its brands in international markets through exports and joint ventures. Radico Khaitan's international business division also started selling its premium brands including After Dark whisky, Morpheus brandy and Magic Moments vodka through the duty free shops at Delhi International Airport.

Over the years, Radico Khaitan has been able to create a number of industry leading brands. This enables the Company to be optimally placed to benefit from its industry leadership position. Magic Moments continues to capitalize on the fast growing vodka consumption in the country, while After Dark and Morpheus received approvals for supply to the CSD and achieved encouraging sales volumes. This further strengthened Radico Khaitan's leading position in the CSD market.

While we need your ongoing support in our new endeavours, I would like to take this opportunity to thank our shareholders for their continued confidence and support. We look forward to a delivering shareholder returns and a bright future for your Company.

A Spirited Performance that Spells Class!

**Dr. Lalit Khaitan**  
Chairman & Managing Director







## Magic Moments: Zing up Life

What better way to zing up life than Magic Moments. India's largest selling vodka was launched with an international packaging, enabling the premium vodka to become a rage overnight. Produced from the finest grains, its triple distilled process is a mark of absolute purity. Adding on to the razzmatazz is an exciting array of flavours that make it smooth as silk. The spirit of Magic Moments is all about believing in creativity, excellence and working with the leaders of contemporary culture. No wonder, this amazing brand of vodka is a millionaire brand of Radico Khaitan and has won many coveted laurels for the organization, including the Gold medal for 4 consecutive years in the Monde selection.







**AFTER  
DARK**  
Whisky

## One Life. Many Passions. Why Wait?

When darkness descends, the only thing that's awake are your temptations. Sate those wild desires with the fine blend of After Dark whisky. This premium category blend is renowned for its bold taste and character and offers a delightful mix for connoisseurs of taste. Just like the mystique of the night, engulf your senses in a spirit of passion, adventure and clandestine fantasies. Indulge in an energy that's spontaneous, quirky and magical. Because a passionate affair with life begins only After Dark.







## Spirit of France captured in a Goblet

For those who value taste, there's always the spirit of France. Containing the texture of warm soils, fragrant scents and all the richness of tropical weather, it's rich blend is truly irresistible. Having achieved a gold medal at the prestigious Monde Selection Award 2011, the world is taking note of its treasured legacy and trademark excellence.

Without mention, Morpheus has become a leader in its segment owing to a stringent process of creation and arduous maturity. After all, with our patience and an eye for detail, attaining perfection seems to be an easy task.





# 8PM

Whisky

## Aath Ke Thaath

When the clock strikes 8PM, India's "Thaath" reaches a crescendo. No wonder, 8PM is the first brand in the liquor industry to make it to the LIMCA book of records for selling one million cases in the first year of its launch. Launched as a flagship brand of Radico, 8PM exalts an unparalleled brand experience for its loyal customers, giving them a taste of real "Thaath". Made with the finest quality grains, new 8PM is an epitome of lavishness and quality drinking.





# 8PM Bermuda

XXX Rum

## The Fun Begins

This dark Caribbean mystique is warm, full-bodied and blended to perfection in matured old oak casks. 8 PM Bermuda Rum delivers the classic Caribbean experience in every sip.







# Whytehall

Whisky

## A New Taste of Royalty

Whytehall - Classic Deluxe Whisky is a distinguished blend of aged scotch malts and the finest Indian spirits, skillfully blended to give a rich, warm, full-bodied whisky with a graceful after note that lingers. It's intense, crisp character and unmistakable classic style takes you into a league that's class apart. Truly a classic, it's for those special moments that become an integral part of our lives.





# Old Admiral

Brandy

## For Real Men Only

Old Admiral is a splendid brandy for real men of honour. Savour a stimulating, rich blend of its fine taste and incredibly rich sensations. A millionaire case brand for Radico, this classic beauty is a testament of a royal taste and a passion to enjoy the good things in life. Old Admiral brandy is on an exceptional growth curve year after year and its consistent taste and lilting aroma is ensuring that real men admire the taste they always desired.





# Contessa

Rum

## For the Man of Courage

For men with a strong resolve, Contessa Rum is the perfect antidote. One of the largest selling brand amongst defense forces, Contessa Rum enjoys nearly 25% market share in the segment. With a drive to constantly raise the bar, Radico is continuously committed in delivering strong performance and exceptional quality through its Spirits. Because the courage to beat the odds is a trait that only a few possess.



# Corporate Profile

## BOARD OF DIRECTORS:

Dr. Lalit Khaitan  
Chairman & Managing Director

Abhishek Khaitan  
Managing Director

K.P. Singh  
Wholetime Director

Dr. Raghupati Singhania

Karna Singh Mehta

Ashutosh Patra

Mahendra Kumar Doogar

Group Head - Legal &  
Company Secretary

Amit Manchanda

## REGISTERED OFFICE:

Bareilly Road  
Rampur – 244 901 (U.P.)

Phone No.: 0595-2350601, 2350602  
Fax No.: 0595-2350009

Email: Rampur@radico.co.in

## CORPORATE OFFICE:

Plot No.J-1, Block B-1,  
Mohan Co-operative Industrial Area,  
Mathura Road, New Delhi – 110 044.  
Ph.: +91-11-40975400/444  
40975500/555  
Fax.: +91-11-41678841/42  
E-mail: info@radico.co.in

## WORKS:

Rampur Distillery  
Bareilly Road  
Rampur – 244 901 (U.P.)

Plot No. B-24, A-25,  
Shree Khatushyamji  
Industrial Complex,  
RIICO, Reengus,  
Dist. Sikar, Rajasthan.

B-3, UPSIDC Industrial  
Development Area,  
Phase – I, Sultanpur Patti  
Bajpur,  
Dist. Udham Singh Nagar  
Uttarakhand.

S. No.59  
Timmerpur Village  
Palmakul Post - 509 325  
Shadnagar Tq.  
Mahaboobnagar Dist.  
Hyderabad  
Andhra Pradesh.

44 KM Stone  
Delhi Rohtak Road  
Village & Post Rohad  
Bahadurgarh.  
Dist. Jhajjar - 124501  
Haryana.

## AUDITORS

M/s V. Sankar Aiyar & Co.  
Chartered Accountants  
Satyam Cinema Building,  
2nd Floor,  
Ranjit Nagar  
Commercial Complex  
New Delhi – 110 008.

## INTERNAL AUDITORS:

M/s Grant Thornton  
21st Floor, DLF Square,  
Jacaranda Marg,  
DLF Phase II,  
Gurgaon – 122 002

## BANKERS AND FINANCING INSTITUTIONS:

Punjab National Bank  
State Bank of India  
AXIS Bank Ltd.  
State Bank of Mysore  
ING Vysya Bank  
Royal Bank of Scotland  
Standard Chartered Bank  
State Bank of Travancore  
State Bank of Hyderabad  
IDBI Bank Ltd.  
ICICI Bank Limited  
Yes Bank Ltd.

## OUR WEBSITE:

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



## NOTICE FOR THE 28TH ANNUAL GENERAL MEETING

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of the Members of Radico Khaitan Limited (RKL), will be held on Monday, 24<sup>th</sup> day, September, 2012 at 1.00 p.m. at the registered office of the Company at Rampur Distillery, Bareilly Road, Rampur (U.P.) 244 901 to transact the following businesses:

### Ordinary Business:

1. To receive, consider and adopt the Audited Accounts of the Company consisting of the Balance Sheet as at 31<sup>st</sup> March 2012 and the Profit and Loss Account for the year ended on that date including Notes thereto together with Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a director in place of Dr. Raghupati Singhania, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. K.S. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED** that M/s. V. Sankar Aiyar & Co., Chartered Accountants, having Registration no.109208W, be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors."

**By order of the Board  
for Radico Khaitan Limited**

**Place : New Delhi  
Date : 31.07.2012**

**Sd/-  
Amit Manchanda  
Group Head – Legal &  
Company Secretary**

### NOTES

- (1) **A member entitled to attend the meeting and vote thereat is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be valid should be duly stamped, completed and signed and must be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.**
- (2) Dr. Raghupati Singhania and Mr. K.S. Mehta, Directors, shall retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resume of these Directors, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company commends their respective re-appointments.
- (3) Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
- (4) Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
- (5) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (6) Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays and Sundays, between 11.00 a.m. and 1.00 p.m. upto the date of the Meeting.



- (7) (a) The Company has already notified closure of Register of Members and Transfer Books from 19.09.2012 to 24.09.2012 (both days inclusive) for determining the names of Members eligible for dividend on Equity Shares, if declared at the Meeting.
- (b) The dividend on Equity Shares, if declared at the Meeting, will be paid on or before 23.10.2012 to those Members whose names shall appear on the Company's Register of Members on 24.09.2012. In respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd. as beneficial owners as on that date.
- (8) Pursuant to the provisions of Section 205A (5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial years 1995-96, 1997, 1998, 1999, 2000, 2001-2002, 2002-2003 and 2003-2004 to the Investor Education and Protection Fund (the IEPF) established by the Central Government.

Dividends for the financial year ended 31.03.2005 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the date they became due for payment will be transferred by the Company to IEPF. Members who have not so far encashed dividend warrant(s) for the aforesaid years are requested to seek issue of duplicate warrant (s) by writing to the Company's Registrars and Transfer Agents, M/s. Mas Services Ltd.

Members are requested to note that no claims shall lie against the Company or the IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claim.

- (9) Non-Resident Indian Members are requested to inform the Company's Registrars and Transfer Agents, M/s. Mas Services Ltd., immediately of:
- (a) Change in their Residential status on return in India for permanent settlement.
- (b) Particulars of their Bank Account maintained to India with complete name, branch, account type, account number and address of the Bank with Pin Code Number, if not furnished earlier.

(10) Green initiative:

In view of green initiative measures taken by MCA to save papers, you are requested to provide your email id to the Company or update id with your DP's, so that all the communications along with notices and Annual Reports may be sent through electronic mode. The shareholders may seek physical copy also.

**By order of the Board  
for Radico Khaitan Limited**

**Place : New Delhi  
Date : 31.07.2012**

**Sd/-  
Amit Manchanda  
Group Head – Legal &  
Company Secretary**





## DIRECTORS' REPORT

Your Directors are pleased to present their 28th Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 2012.

### FINANCIAL RESULTS:

(Rs. in Million)

|  | 2011-2012 | 2010-2011 |
|--|-----------|-----------|
| Sales (including sales from arrangements with other Distilleries / Bottling units) | 30,107.19 | 24,778.54 |
| Gross Profit (before depreciation and tax)   | 1,322.98  | 1,265.97  |
| Profit before tax  | 994.59    | 994.51    |
| Profit after tax   | 636.60    | 728.01    |
| Prior period adjustments   | 0.00      | 0.00      |
| Surplus brought forward from last year   | 536.47    | 333.74    |
| Profit available for appropriation   | 1173.07   | 1,028.23  |
| Transfer to General Reserve  | 300.00    | 383.71    |
| Proposed Dividend and tax thereon  | 123.39    | 107.86    |
| Balance carried forward  | 749.68    | 536.47    |

### OPERATIONS REVIEW:

During the year, your Company continued to consolidate and strengthen its position as one of the leading players in the spirits industry in India. Our premium brands, Magic Moments and Morpheus maintained their growth momentum with strong year over year growth rates of 17.5% and 57.1%, respectively. The Company's flagship brand, 8PM also recorded a remarkable volume of 4.6 million cases with a growth rate of 13.4% year over year. Old Admiral brandy crossed the 3 million cases mark during the year representing a corresponding growth of 10.8%. However, Contessa rum, the leading rum for the Canteen Stores Department ("CSD"), recorded a marginal volume decline due the recent destocking policy of the CSD. Overall, IMFL volumes growth was 9.9% driven by mainline brands which grew by 11.1%. FY2012 export sales registered a growth of 92.4% compared to the previous year and accounted for 15.6% of Net Sales. The Company's exports are growing in line with expectations and act as a natural hedge for its foreign currency debt.

Sugar production upto the end of March 2012 in the current sugar season was 23.2 million tons, an increase of 13% compared to previous year. This growth was primarily driven by an increase in the area under sugarcane production to 50.9 lakh acres in 2011-2012, as compared to 49.4 lakh acres in 2010-2011. The total production for the current sugar season is expected to be 26.0 million tons. Higher sugar production during the 2011-2012 season is likely to result in increased molasses production.

### CAPITAL PROJECTS:

During the year under review, your Company made important capital investments to increase capacities at its owned plants. This included the setting-up of additional molasses storage capacities, self bottle printing machines, a new bottling hall

and tetra pack machines. The Company also made a strategic investment by acquiring select brands from the Yezdi Group. All of these involved a total capital expenditure of Rs. 840 million. These strategic initiatives will enable the Company to be optimally positioned to capitalize on the growing demand in the spirits industry.

### FUTURE STRATEGY & GROWTH:

According to Euromonitor International, the Indian alcoholic drinks industry volume is forecasted to grow at a 2011-2016 CAGR of 10%. This was higher than the growth rates registered across the rest of the Asia Pacific countries. Premium products remained the growth driver in 2011. Rising disposable incomes coupled with increasing social acceptance of drinking in India are key reasons for this demand growth.

Your Company's continued focus on premiumization is clearly reflected in the increasing share of premium brands in the overall sales volumes. Premium brand revenues increased from 28% of total IMFL sales in FY2011 to 31% in FY2012.

Your Company's new launches After Dark whisky and Morpheus brandy continue to grow at a fast pace and are receiving favourable feedback from both the end consumers as well as trade channels. In FY2012, both of these brands were registered with the Canteen Stores Department (CSD) and delivered encouraging sales volumes. This will further strengthen Radico Khaitan's presence in the CSD.

Magic Moments vodka crossed the 2 million cases mark during the year and continued to show strong volume growth. This brand is well positioned to capitalize on the growth in vodka consumption and popularity as the youth in India continue to shift from brown spirits to white spirits, particularly vodka. The flagship, 8PM whisky brand is performing in line with our strategy and is expected to achieve desired growth in the current year.

During the year, your Company acquired Royal Lancer and Elkays whisky brands from Mysore based Yezdi Group and also took on long term lease their entire bottling capacity. Both these brands are selling more than 0.5 million cases primarily in Karnataka and Andhra Pradesh. These volumes are expected to be strengthened by Radico Khaitan's distribution network. This is a strategic acquisition and is expected to reinforce the Company's presence in Karnataka, Andhra Pradesh and other South Indian states. Radico Khaitan is also planning to install tetra pack machines at Yezdi Distilleries, Mysore, which will increase the bottling capacity further to meet production requirements in the state of Karnataka.

Your Directors are confident that the Company has the most effective strategies in place to capitalize on market growth, capture market share and consolidate its leadership position.

### CAPITAL STRUCTURE:

On July 25, 2011, the Company redeemed all of its remaining \$50 million, 3.5% Foreign Currency Convertible Bonds



("FCCB") that were issued in July and August 2006. The total redemption of \$44.22 million (inclusive of a redemption premium of \$10.31 million) was funded using proceeds from a new 7-year maturity External Commercial Borrowing ("ECB") with a moratorium period of 2 years. The repayment for the ECBs will start in FY2014.

#### **EMPLOYEE STOCK OPTION SCHEME:**

Radico Khaitan views the grant of employee stock options as a mechanism to provide the employees with an opportunity to share in the growth of the Company and to reinforce long term commitment. In this context, the Company implemented the Employees ESOP Scheme in 2006.

The Compensation Committee, at its meetings held on 27.4.2011, 2.8.2011 and 9.11.2011 allotted 16,000, 73,750 and 55,925 equity shares, respectively to the eligible employees, as per the Employees Stock Option Scheme 2006.

The particulars of the options as required by SEBI (employee stock option scheme and employee purchase scheme) guidelines, 1999 are appended as Annexure 'A' and forms part of this report.

#### **DIVIDEND:**

Your Directors are pleased to recommend a dividend of 40% on the paid-up capital of the Company. This equates to Rs. 0.80 per equity share of Rs.2/- each (face value) to be appropriated from the profits of FY2012 subject to the approval of the shareholders at the upcoming Annual General Meeting. This increased dividend is to demonstrate our commitment to enhancing value to our shareholders.

#### **DEMATERIALIZATION:**

More than 97.62% of the shares of the Company have now been dematerialized. Your Directors would request all the members who have not yet converted their holdings into dematerialized form, to do so thereby facilitating trading of their shares. As per SEBI guidelines it is now mandatory that the shares of a company to be in dematerialized form for trading.

#### **PUBLIC DEPOSITS:**

During the year under review, your Company has neither invited nor accepted any fixed deposits from the public.

#### **SUBSIDIARY COMPANIES:**

During the year under review, the Company has no subsidiary company. However, in the meeting held on 7.2.2012 your Board of Directors have approved the setting up of a Wholly Owned Subsidiary (WOS) in Mauritius for investment in Angola.

#### **TRANSFER TO INVESTORS EDUCATION & PROTECTION FUND:**

Pursuant to Section 205A of the Companies Act, 1956, as

amended by the Companies (Amendment) Act, 1999, unclaimed dividend for the financial year ended 31st December, 1996, 31st December 1997, 31st December 1998, 31st December 1999, 31st December 2000, 31st March 2002, 31st March 2003 and 31st March 2004 have been transferred to the Investors Education and Protection Fund established by Central Government under Sub Section (1) of Section 205 (C) during August, 2004, July 2005, August 2006, July 2007, July 2008, July 2009, August 2010 and August 2011, respectively. Further, unclaimed dividend for the financial year ended 31.3.2005 will be transferred to the said fund with in the stipulated time as prescribed in the Companies Act, 1956 read with rules made thereunder.

#### **DIRECTORS:**

Dr. Raghupati Singhania and Mr. K.S. Mehta shall retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

#### **AUDITORS:**

M/s. V. Sankar Aiyar & Co., Chartered Accountants, the auditors of your company, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

#### **AUDIT REPORT FOR THE YEAR ENDED 2011-12:**

The observations made in the Auditors Report are self explanatory and therefore do not call for any further comments under Section 217 (3) of the Companies Act, 1956.

#### **COST AUDITOR:**

During the year under review, your Directors had with the approval of the central government, appointed Mr. S.N. Balasubramanian, cost auditor, to carry out the cost audit in respect of the distillery units of the Company for the year 2011-2012. The cost audit for the year 2011-2012 shall be completed within stipulated time as prescribed in the Companies Act, 1956 read with Cost Audit (Report) Rules, 2011.

#### **ENVIRONMENTAL PROTECTION MEASURES TAKEN BY THE COMPANY:**

In view of the Corporate Responsibility on Environmental Protection company has adopted number of measures to improve in the fields of environment, safety and health. Measures like standard operating procedures, training programmes for all levels of employees regarding resource conservation, housekeeping, Green Belt development, onsite emergency plan etc. have been taken.

#### **CORPORATE SOCIAL RESPONSIBILITIES (CSR):**

1. Nine Eye check up camps organized by the Company through K.D. Dalmia Eye Hospital at 4 places (Ajitpur,



Chamrava, Nagar Palika Parisad and Bhot Village) approx.2000 patient got benefited of these camps.

2. Arrangement was made at various units of the company for health check of employees.
3. Academic Excellence Awards were given to the District Topers for every education session.
4. Two primary schools are run by the Company at Panwaria Village and Balmiki Mandir near City Ramlila Ground, Kosi Mandir Road, Rampur.
5. 2000 Blankets were distributed to the poor people of nearby areas of Rampur in the Winter Season.
6. Financial help was provided at Ajitpur Village for a concrete road in the interior of Ajitpur Village and also one Pulia (over-bridge) was constructed.
7. Three line tree plantations were done in and around 2km of the factory boundary wall on the Judges Road.
8. 5000 food packets distributed to villagers in flood affected area with District Administration.

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

In terms of provisions of Section 217 (2AA) of the Companies Act, 1956 (Act), your Directors confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures, wherever applicable.
- ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company, as at the end of the accounting year and of the profit of the Company for that period.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the annual accounts on a going concern basis.

#### **PARTICULARS OF EMPLOYEES:**

In accordance with the provisions of Section 217 (2A), read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set

out in the Directors' Report, as an addendum thereto. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and accounts, as therein set out, are being sent to all members of the Company excluding the aforesaid information about the employees. Any member, who is interested in obtaining such particulars about employees, may write to the Company Secretary at the Registered Office of the Company.

#### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, the relevant information and data is given at "Annexure" - B.

#### **MANAGEMENT DISCUSSION AND ANALYSIS FOR FY2012:**

Management Discussion and Analysis Report, as required under the Listing Agreement with the Stock Exchanges enclosed and forms part of this report.

#### **CORPORATE GOVERNANCE REPORT FOR FY2012:**

Report on Corporate Governance along with the certificate of statutory Auditors, M/s. V. Sankar Aiyar & Co., confirming compliance of conditions of Corporate Governance, as stipulated under Clause 49 of the Listing Agreement, forms part of the Annual Report.

#### **ACKNOWLEDGEMENTS:**

Your Directors would like to express their sincere appreciation to the investors and bankers for their continued support during the year. Your Directors extend their sincere gratitude to all the Regulatory Authorities such as SEBI, Stock Exchanges and other Central & State Government authorities and agencies, Registrars for their support. Your Directors also place on record their appreciation for the dedicated services rendered by the employees at various levels and look forward to their continued support in the future as well. We also take this opportunity to thank all our valued customers who have appreciated our products.

**For & on behalf of the Board**

**Sd/-**

**Place : New Delhi  
Date : 31.7.2012**

**Dr. Lalit Khaitan  
Chairman & Managing Director**



## ANNEXURE-A

Disclosure as required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as on March 31, 2012

| A. | Particulars   | ESOP Scheme  |
|----|---|--|
| 1  | Number of options granted   | 3,650,000  |
| 2. | The Pricing Formula   | First Grant – (for current eligible employees) who would have completed at least one year of service as on the date of the grant – Per Option – 30% discount to the lower of -   |
|    |   | (a) latest available closing price, prior to the date of the meeting of the Compensation Committee in which options are granted, on the Stock Exchange on which the shares of the Company are listed and on which there is highest trading volume on the said date.  |
|    |   | (b) average of the weekly high and low prices of the equity shares of the Company during 2 weeks preceding the date of grant of option on the Stock Exchanges of which the shares are listed and on which there is highest trading volume on the said date.  |
|    |   | Subsequent Grants – (for future / new eligible employees) Per option – 15% discount to the latest available closing price, prior to the date of the meeting of the Compensation Committee in which options are granted, on the Stock Exchange on which the shares of the Company are listed and on which there is highest trading volume on the said date. |
| 3. | Number of options vested (During the year)                        | 663,824  |
| 4  | Number of options exercised                                       | 1,568,663  |
| 5  | Total number of shares arising as a result of exercise of options | 1,568,663  |
| 6  | Number of options lapsed  | 1,425,013  |
| 7  | Variation in the terms of options                                 | Not Applicable   |
| 8  | Money realised by exercise of options (Rs.)                       | 127,370,565  |
| 9  | Total Number of Options in force                                  | 656,324  |

## B. Employee-wise details of options granted to:

### (i) Senior managerial personnel

| Name   | No. of options granted |
|--|------------------------|
| No options have been granted during the current year |                        |

### (ii) Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year

| Name   | No. of options granted |
|--|------------------------|
| No options have been granted during the current year |                        |



- (iii) Identified employees who were granted option, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant

| Name   | No. of options granted |
|--|------------------------|
| No options have been granted during the current year |                        |

**C. Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20**

4.79

**D. The impact on the profits and EPS of the fair value method is given in the table below -**

|   |             |
|---|-------------|
|   | (Rs. '000)  |
| Profit as reported                      | 636,599,423 |
| Add - Intrinsic Value Cost              | -904,173    |
| Less - Fair Value Cost                  | 781,347     |
| Profit as adjusted                      | 634,913,903 |
| Earning per share (Basic) as reported   | 4.80        |
| Earning per share (Basic) adjusted      | 4.78        |
| Earning per share (Diluted) as reported | 4.79        |
| Earning per share (Diluted) adjusted    | 4.78        |

**E. Weighted average exercise price of Options whose**

|   |  |
|---|--|
| (a) Exercise price equals market price          | No options have been granted during the current year |
| (b) Exercise price is greater than market price |  |
| (c) Exercise price is less than market price    |  |

Weighted average fair value of options whose

|   |  |
|---|--|
| (a) Exercise price equals market price          | No options have been granted during the current year |
| (b) Exercise price is greater than market price |  |
| (c) Exercise price is less than market price    |  |

**F. Method and Assumptions used to estimate the fair value of options granted during the year:**

No options have been granted during the current year



## ANNEXURE-B

### Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, are as under:

#### A. Conservation of Energy:

##### (a) Energy conservation measures taken

1. Installation and integration of chilling / air conditioning system in newly constructed printing plant along with BGG control room and nearby area. This Chilling is generated through VAM which runs by Hot water coming out from 2X1.2 MW Bio gas gen sets in GSP. This reduces dependency on UPPCL power and consumption of diesel power from DG sets with increased efficiency (better utilization of heat value available in bio gas). The total saving expected approximately 3.00 Lac units / annum.
2. After technical evaluation and required modification by in-house the maximum ever Evaporation ratio of CBL boiler is achieved from 3.60 Kg of steam / Kg of Rice husk to 3.80 Kg of Steam / Kg of rice husk (5.50%). This is above the guaranteed norms provided by OEM. This has saved the heat energy of Rice husk which otherwise go as waste.
3. Installation of FRP cooling tower for Cogen-1 in place of conventional timber cooling tower to increase reliability and saving of electrical power
4. During in-house auditing of energy conservation we have replaced three nos. old inefficient motors by new EF-2 energy efficient motors each of rating 75 HP(1 No), 62HP(1 No) and 40HP(1no) installed on various pumps to save electrical energy
5. During in-house auditing various thermodynamic traps were installed to save thermal energy in terms of steam.

##### (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

1. Providing the shed on rice husk yard to save the rice husk from getting wet during rain (monsoon) and losing heat during burning in boiler and thereby reducing its efficiency.
2. Replacement of vacuum pumps of fermentation plant of GSP with root air blowers. This modification will provide saving of electrical power & process water.
3. Integration of water system of the plant to reduce water consumption in such way to reduce running of Bore well and reduction water as well as power consumption in the plant.
4. Required modification in digester to have better reliability and efficiency to have more green energy.
5. Study on system integration of Air with in campus with a view to save electrical energy.

##### (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

1. Expected saving from installation of Chilling and air conditioning system is approx Rs.21.00 lacs during the year.
2. Expected saving from improvement in Evaporation ration of CBL boiler is approx Rs.150 lacs during the year.
3. A total saving towards replacement of FRP cooling tower in place of in efficient timber cooling achieved approx Rs.3.3 lacs during the year.
4. A total saving towards replacement of old inefficient motors with new energy efficient motors is approx achieved Rs.8.90 lacs.

#### B. Technology absorption:

Process Improvements:

1. Increase in the alcohol % from 12.0 % to 13.0 % in grain spirit fermentation by improving the process parameters in the liquefaction & saccharification process regarding DS & Starch % & maintaining highest standards of hygienic condition at fermentation house.
2. Reduced impure cut % from 1.00 % to 0.90 % in grain spirit plant, saving approx. Rs.10 lacs.
3. Reduced steam consumption from 3.80 kg/BL to 3.75 kg/BL in grain spirit process by using new improved enzyme through low temperature cooking in liquefaction process. Steam saving approx. Rs.30 lacs for the year 2012-13.
4. Reduced power consumption from 0.32 kwh/BL to 0.31 kWh / BL in grain process. Total saving approx. Rs.40 lacs for the year 2012-13.
5. Saving of steam & water through recycling of rectifier column spent lees, sealing water, process condensate as hot water in liquefaction & saccharification process. Saving of 10.0 m3/hr or 240 m3/day raw water & 18-19 ton steam / day. Total saving through steam & water approx. Rs.70 lacs rupees for the year 2012-13.

#### C. Foreign Exchange earning and outgo:

Particulars of earnings and outgo of foreign exchange are given in other Notes on Accounts in serial no.43 (i) and (f) of the accounts.

Place : New Delhi  
Date : 31.07.2012

Sd/-  
Dr. Lalit Khaitan  
Chairman & Managing Director



## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR 2011-12

### INDUSTRY OVERVIEW

#### THE INDIAN CONSUMER GROWTH STORY

Despite the current global economic environment, the Indian consumer segment continues to show strong growth momentum. India moved from being the tenth largest economy in the world in 1991 to the fourth largest in 2010 in terms of Purchasing Power Parity, next only to the United States, China and Japan. The Indian consumer market is expected to grow 3.6 times from \$991 billion to \$3.6 trillion between 2010 and 2020, faster than most other emerging markets. Rising household incomes, urbanization and the decline in the traditional joint-family structure are key contributors to the growth.

Food, including spending on alcoholic beverages and tobacco, currently account for 31% of the consumption expenditure in India, compared to 25% in China. This is significantly higher than many other developed economies. Food accounts for 16% of consumer spend in Western Europe and 9% in the US. Food, housing & consumer durables and transport & communication are expected to be the top 3 categories, accounting for 65% of the total consumption in India in 2020.

#### THE INDIAN ALCOHOLIC BEVERAGE INDUSTRY<sup>1</sup>

India's consumption story remains intact despite moderation in the GDP which has dropped to 6.5% in FY2012. Index of Industrial Production (IIP) registered a slow growth of 2.8% in FY2012. Except Electricity which registered a growth of 8.2%, the remaining two sectors - Mining and Manufacturing witnessed moderated growth rates. Mining declined by 2.0% and Manufacturing grew by 2.9% y-o-y in FY2012.

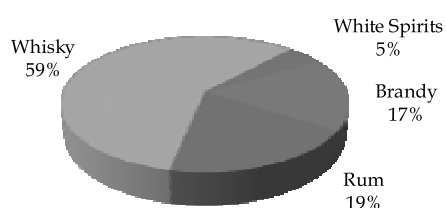
The per capita income<sup>2</sup> is estimated to have increased by 13.6% to \$1,100 compared to \$970 in the previous year. In 2011, sales volumes of the IMFL industry were approximately 2,223 million liters or 247 million cases<sup>3</sup>, a growth of 11.9% compared to the prior year. This was higher than the growth rates registered across the rest of the Asia Pacific countries. Premium products remained the growth driver in 2011. Sports events such as the 2011 Cricket World Cup, IPL (Indian Premier League) and F1 Grand Prix led to an increase in on-trade sales in India. This resulted in Indian spirits companies spending more on innovative packaging and media communication. Rising disposable incomes coupled with drinking becoming more socially acceptable are also the key reasons for the increase in sales volumes.

Brown spirits constituted the largest segment with whisky, brandy and dark rum accounting for 95% of the market, by both volume and value. Total volume sales of brandy grew by 21% in 2011 which was mainly driven by the demand in the South Indian markets. Rum shows a higher growth potential than other categories of spirits. However, there is a small shift from brown spirits to white spirits especially vodka. Younger generations in colleges and the corporate world increasingly prefer white spirits. The vodka market showed a

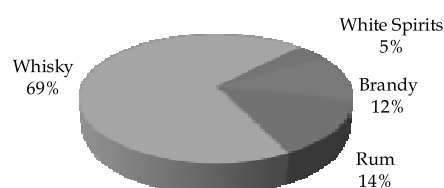
robust growth of 21% during the year with 8% (vs. 5% in 2010) of the total volume sales being flavored vodka.

Sales of alcoholic drinks continue to be driven by urban consumption in the country. In 2011, urban areas accounted for 64% of volume sales through off-trade channels.

**Sales of Spirits by Category (Volume): 2011**



**Sales of Spirits by Category (Value): 2011**



There were numerous product launches in 2011 by both global and domestic players, across different price points and categories. Many domestic players also re-launched their flagship products with a new look to attract new customers.

Average realization increased by 5% during 2011. High excise duties coupled with the increase in the input costs (including ENA costs) have led to an increase in unit prices. Increases in the glass bottle prices have led manufacturers to look to innovative methods of packaging to reduce costs.

The 2011-12 sugar crushing season in India was strong with total sugar production of 26 million tonnes. Higher sugar production during the 2011-12 season resulted in increased molasses production. During FY2012, there was significant off-take of molasses due to demand from oil marketing companies for the ethanol blending program, which resulted in higher ENA prices. ENA prices during the year increased by 11%.

The alcoholic beverage industry is a working capital intensive industry. As per the Excise duty structure prevalent in various states in India, the industry is subject to very high rates of duties. A company has to fund the excise duty upfront at the time of dispatches of goods and hence working capital cycle has to be considered with reference to Gross Sales (i.e. including Excise duties and taxes).

<sup>1</sup> Euromonitor International, March 2012

<sup>2</sup> Press Information Bureau; Converted into \$ using exchange rate of ₹55

<sup>3</sup> Each case represents 9 liters



## INDUSTRY OUTLOOK

Demand for spirits in India is expected to grow at a 10% CAGR during 2012 - 2016. During this period, volume sales are expected to reach 3.6 billion liters or 395 million cases. Key drivers of this growth include higher per capita incomes, increasing social acceptance of alcohol in India, brand exposure, availability and the shift towards branded spirits by country liquor consumers. Single malt Scotch whisky and vodka are expected to lead total volume growth with a 19% CAGR each during 2012-16. The growth in both these categories will be due to increasing urbanisation and young adults reaching the age to be eligible to drink. Manufacturers are launching products with innovative packaging and adding a premium element to their products. The increasing number of clubs and discotheques in India is expected to drive on-trade sales.

Urban markets are expected to experience steady growth due to lifestyle changes, rising disposable incomes and changes in social values which will lead to greater acceptance of drinking alcohol, especially among the younger population. Tier I and tier II cities are expected to show accelerated levels of growth as companies are focusing on retail channels including bars and restaurants across these towns apart from investments in infrastructure, supply chain and bottling facilities.

Premiumisation is expected to gather momentum in the market over the next two to three years. Domestic manufacturers are expected to add more premium brands to their portfolios.

Unit prices are expected to increase during the forecast period. This increase is mainly due to the rise in prices of raw materials and transportation costs. The increase in taxes and excise duties will also be passed onto end consumers which will lead to an increase in unit prices.

Consolidation is expected to continue in the forecast period, with companies extending their production capabilities across India through mergers and acquisitions. Growing demand for international and niche brands is expected to result in partnerships between domestic and international companies. With continued expansion by national and international players, regional players in beer and wine may become targets for acquisition.

## BUSINESS STRATEGY

Radico Khaitan's future key growth drivers are increasing volumes of premium brands, price increases in the key markets, selective acquisitions and joint ventures, developing export markets including bottling arrangements abroad and driving operational efficiencies.

### Focus on Premium Brands

Radico Khaitan is set to further strengthen its position as one of the largest spirits companies in India. Six new brands have been launched over the past decade, which is the highest

among any other Indian spirits company. The Company also launched three brands in past three years, all of which are in the premium categories.

The recent brand launches in the premium category are in line with the Company's well established premiumization strategy. This will result in market share gains in both the brown spirits and the fastest growing white spirits segment. The success of Magic Moments, in the semi-premium vodka segment, has reinforced this strategy and resulted in the subsequent launch of other brands in the premium segment. In FY2009, the Company launched Morpheus, a super premium brandy and in the following year After Dark, a premium whisky.

### Price Increases in Various Markets

Radico Khaitan received price increases in the CSD and some of the key liquor consuming states. This is expected to result in overall revenue growth and margin improvement in the coming year. The Company also expects price increases in other territories during the year.

### Cost Optimization

Radico Khaitan has a significant distillation capacity of 150 million litres which makes the Company self dependent for its ENA requirements to a large extent and also provides a cushion against volatility in the ENA prices. The Company has a capacity to store 3 months' equivalent of its molasses requirements. This insulates the Company against short term fluctuations in molasses prices. Radico Khaitan has also taken other steps to optimize cost structure. This includes rationalisation of the bottle supplies and diversification of its supplier base thereby limiting the net cost impact.

### Enhance Base in Southern States

South India is the biggest liquor consuming market compared to other parts of the country. The recent acquisition of two whisky brands in South India will further strengthen the Company's portfolio in the Southern markets.

### Exports and New International Tie-ups

The Company at its board meeting has recently received approval to invest \$10 million in a wholly owned subsidiary that it plans to set up in Mauritius. This wholly-owned subsidiary will promote its international business including exports and investments in joint venture companies in Africa. During the year, Radico Khaitan also started selling its premium brands including After Dark whisky, Morpheus brandy and Magic Moments vodka through the duty free shops at Delhi International Airport.

Radico Khaitan has an agreement with Suntory of Japan to market and distribute two of its super premium Scotch brands in India: Yamazaki 12 YO single malt and Hibiki 17 YO blended whisky. Further collaborations with international players include Ernest & Julio Gallo (California) for distribution of their wines in India. Radico Khaitan offers a distribution platform





and is a preferred partner in India for their premium whiskies and wines.

## REVIEW OF OPERATIONS AND MARKETING

Radico Khaitan continued to demonstrate a strong performance despite a difficult economic environment with sales growth of 19.7% in FY2012 and Net Profit growth of 11.4%.

The Company's constant focus on premiumization is clearly reflected by the increasing share of premium brands in overall sales volumes. Premium brands sales revenue increased from 28% of total IMFL sales in FY2011 to 31% in FY2012. Magic Moments continues to be the largest selling vodka in India and drives the vodka category sales in the country. Since its launch, the brand has been proactively engaging consumers through presence on TV media, print, outdoor and digital medium, coupled with consumer engagement on the ground level. The sustained activities have resulted in the brand registering sales exceeding two million cases with a y-o-y volume growth of 17.5%.

After Dark, the Company's recently launched premium whisky continued to receive favorable feedback from end consumers as well as the trade channels. The brand has an innovative packaging and is the first to be with direct printing on the bottle and canister in the premium segment. With support of a complete 360 degree communication plan for the brand, including a mix of TV, digital medium and extensive visibility drive in on- premise and off-premise outlets, it has established its presence in the premium whisky segment.

Morpheus Brandy with a y-o-y volume growth of 57.1%, continued to dominate the premium brandy segment in South India and is the largest selling brand in the segment. The Company's presence in the South was further strengthened with the acquisition of two whisky brands.

Other mainline brands including 8PM whisky and Old Admiral brandy also contributed significantly to the growth. The flagship brand, 8PM whisky registered a strong volume growth of 13.4% y-o-y, with a sale in excess of 4.5 million cases, while Old Admiral Brandy sold over 3.3 million cases sales during the year.

## FINANCIAL PERFORMANCE

The details of the financial performance of the Company appear in the Balance Sheet, Profit & Loss Account and other financial statements attached with this report. Please refer to the Directors' Report for highlights.

## INTERNAL CONTROL SYSTEMS

The Audit Committee of the Board meets regularly to review the adequacy of internal controls and internal audit findings. When required, senior management is advised on the corrective policies to be adopted by the Company.

Internal control systems and procedures at all levels are a

high priority for Radico Khaitan. These systems are continuously reinforced through an ongoing review by both highly qualified financial and technical professionals. The internal audit report is regularly reviewed by senior management and corrective measures, wherever required, are implemented immediately. Senior management is satisfied that these internal control systems comply with the highest standards.

## HUMAN RESOURCE MANAGEMENT

Radico Khaitan is focussed on identifying and recruiting the best professionals across all parts of the organization. Furthermore, ongoing employee training is an integral part of our strategy to ensure the highest levels of productivity. This approach to human resource management has resulted in extremely low labor turnover and reflects the constructive relationship between the Company and its employees.

There are no financial or commercial transactions that have resulted in a potential conflict of interest between senior management and the Company.

## RISK AND CONSIDERATION

### Regulatory Environment

The liquor industry is a regulated and highly taxed industry. Excise duty on liquor is a State levy, not a Central levy and each State controls the excise duty structure. Furthermore, interstate sale of IMFL attracts export duty in the state of manufacture and import duty in the State of sale. Hence, a company needs to have a manufacturing facility or bottling unit in each state to be able to make sales in that state.

Distribution of IMFL in India is regulated in some states. In ~70% of the states, it is through Government controlled agencies and in ~30% of the distribution is through open auctions.

Due to WTO commitments, Central Government has been consistently reducing the custom duties on Bottled in Origin spirits (BIO). However this is counter balanced by the State Governments levying countervailing duties on Bottled in Origin products, thus offering some measure of protection for the domestic industry. Since these BIO products are in the higher MRP ranges, our Company is not likely to face any major risk.

Despite the fact that almost two thirds of the retail price can be allocated to duties and taxes, the industry is growing at a steady pace of around 10% every year.

### GEOGRAPHIC RISK

Radico Khaitan's business has multi locational facilities thereby minimizing any potential geographical risk. An increasing focus on export markets over the coming years will further help to broaden geographic business exposure.

### CURRENCY RISK

Your Company has a portfolio of foreign currency debt for which it is subject to currency and interest rate risk. The



Company has adopted risk management practices to monitor and address its foreign currency exposure. The increasing export portfolio acts as a natural hedge for the Company's foreign currency debt.

#### **CAUTIONARY STATEMENT**

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be forward looking statements within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied important developments that could affect the

Company's operations include unavailability of finance at competitive rates global or domestic or both, reduction in number of viable infrastructure projects, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, exchange rate fluctuations, interest and other costs.

**For and on behalf of the Board**

**Sd/-**

**Dr. Lalit Khaitan**

**Chairman & Managing Director**

**Place : New Delhi**

**Date : 31.07.2012**



## CORPORATE GOVERNANCE REPORT FOR THE YEAR 2011-2012

### A. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE:

Since inception, Radico has inculcated a strong culture of values, ethics and integrity. Radico strives to be a reliable and trusted organization in building and maintaining relationships with shareholders, lenders, employees and public at large.

Emphasis is laid on striking a balance between individual interests & corporate goals while operating within accepted norms of propriety, equity, fair play and sense of justice. 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.

Over the years, governance processes and systems have been strengthened at Radico. In addition to complying with the statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal controls and promotion of ethics at work place have been institutionalized.

The Board of Directors believes in upholding the highest standards of accountability and actively participates in overseeing risks and strategic management. The Board fully supports and endorses corporate governance practices in accordance with the provisions of Clause 49 of the listing agreements. The Company has complied with the requirements of the said Clause and listed below is the status with regard to the same.

### B. BOARD OF DIRECTORS:

#### (a) Composition, Meetings and Attendance during the financial year 2011-2012:

The Board of Directors of Radico Khaitan Ltd. comprises seven Directors. Out of seven Directors, four Directors are Non-executive Independent Directors, being more than half of the Board. The three executive Directors include Chairman & Managing Director, Managing Director and Whole time Director.

The independent directors have confirmed that they satisfy the criteria prescribed for an independent director as stipulated in Clause 49 (I) (A) (iii) of the listing agreements.

The directors bring to the Board a wide range of experience and skills. Brief profiles of the directors are set out elsewhere in the annual report. The composition of the Board is in conformity with Clause 49 (I) (A) of the listing agreements. Details of the Board of Directors in terms of their directorships / memberships / memberships in committees of public companies (excluding Radico) are as under:



| Sl. No. | Category                  | Name   | No. of Directorships in other companies | No. of Board Committee Memberships in other companies | No. of Board Meetings attended | Whether attended last AGM | Shares held |       |
|---------|---------------------------|--|---|---|--------------------------------|---------------------------|-------------|-------|
|         |                           |  |   |   |                                |                           | Number      | %     |
| 1.      | Executive Promoter        | Dr. Lalit Khaitan<br>Chairman & Managing Director    | Nil                                     | Nil   | 4                              | No                        | 234295      | 0.18  |
| 2.      | Executive Promoter        | Mr. Abhishek Khaitan<br>Managing Director            | Nil                                     | Nil   | 4                              | No                        | 86065       | 0.06  |
| 3.      | Executive Non Independent | Mr. K.P. Singh<br>Whole time Director                | 1                                       | Nil   | 2                              | Yes                       | 1760        | 0.001 |
| 4.      | Non-executive Independent | Mr. K.S. Mehta<br>Chartered Accountant               | 4                                       | 2   | 4                              | No                        | 1500        | 0.001 |
| 5.      | Non-executive Independent | Dr. Raghupati Singhania<br>Industrialist             | 8                                       | 1   | 1                              | No                        | NIL         | -     |
| 6.      | Non-executive Independent | Mr. Ashutosh Patra<br>Solicitor & Legal Expert       | Nil                                     | Nil   | 4                              | No                        | NIL         | -     |
| 7.      | Non-executive Independent | Mr. Mahendra Kumar<br>Doogar<br>Chartered Accountant | 6                                       | 2   | 4                              | Yes                       | NIL         | -     |

- (1) Private Limited Companies, Foreign Companies and companies under Section 25 of the Companies Act, 1956 are excluded for the above purposes.
- (2) Only Audit Committee and Shareholders' Grievance Committee are considered for the purpose of Committee position as per Listing Agreement.
- (3) None of the Directors was a Member in more than 10 Committees nor a Chairman in more than five Committees across all companies in which he was a Director.

#### Tenure:

The non-executive directors of the Company are liable to retire by rotation. One-third of the said directors are liable to retire every year and if eligible, offer themselves for re-appointment.

#### Board Meetings:

The meetings of the Board of Directors are normally held at the Company's Corporate office in New Delhi. Meetings are generally scheduled well in advance and the notice of each Board meeting is given in writing to each director. The Board meets at least once a quarter to review the quarterly performance and financial results of the Company.

The Company Secretary in consultation with the Chairman and the whole-time director prepares a detailed agenda for the meetings. The Board is provided with the relevant information as stipulated in Clause 49 of the listing agreements. The members of the Board have access to all information of the Company. The Board papers, agenda and other explanatory notes are circulated to the directors in advance. The members of the Board are also free to recommend inclusion of any matter in the agenda for discussion. Senior management is invited to attend the Board meetings so as to provide additional inputs to the items being discussed by the Board. The minutes of each Board / Committee meeting are recorded in the Minutes Book.

During the financial year 2011-2012, four Board Meetings of Radico were held on 18.5.2011, 2.8.2011, 9.11.2011 and 7.2.2012.

#### (b) Code of Conduct for Board of Directors and Senior Management Personnel:

The Board has approved the Code of Conduct for Board of Directors and Senior Management Personnel of the Company. This code has been displayed on the Company's website viz. [www.radicokhaitan.com](http://www.radicokhaitan.com). All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Managing Director to this effect is enclosed at the end of this Report.

#### (c) Pecuniary relationships of transaction with the Company of Non-executive directors:

The Non-executive directors had no pecuniary relationship or transactions with the Company in their personal capacity during the financial year 2011-2012.



(d) Details of remuneration to all the directors in the financial year 2011-2012:

(1) Executive Directors: -

(Rs. in lacs)

| Sl. No. | Name of Director     | Salary | Commission | Perquisites and Allowances | Retiral Benefits* | No. of Stock Options | Tenure  |
|---------|----------------------|--------|------------|----------------------------|-------------------|----------------------|---------|
| 1.      | Dr. Lalit Khaitan    | 125.00 | NIL        | 29.92                      | 32.40             | NIL                  | 5 Years |
| 2.      | Mr. Abhishek Khaitan | 100.00 | NIL        | 21.89                      | 25.92             | NIL                  | 5 Years |
| 3.      | Mr. K.P. Singh       | 54.89  | NIL        | 25.20                      | 8.34              | NIL                  | 5 Years |

\* Contributions to Provident Fund and Superannuation Fund.

(2) Non-Executive Directors:

| Sl. No. | Name                      | Sitting Fees (in Rs.) |
|---------|---------------------------|-----------------------|
| 1.      | Mr. K.S. Mehta            | 65,000/-              |
| 2.      | Mr. Ashutosh Patra        | 1,65,000/-            |
| 3.      | Dr. Raghupati Singhania   | 20,000/-              |
| 4.      | Mr. Mahendra Kumar Doogar | 1,35,000/-            |

Non executive directors were paid sitting fees of Rs.10,000/- (Upto 1.8.2011) and Rs.15,000/- w.e.f. 2.8.2011 for attending each meetings of the Board and Rs. 10,000/- for Committees thereof and reimbursement of local conveyance.

Non executive directors were not paid any amount by way of salary, perquisites and other benefits including stock options except the above mentioned sitting fees.

(3) Reappointment of Directors retiring by rotation:

Dr. Raghupati Singhania and Mr. K.S. Mehta retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers themselves for reappointment.

A brief resume of Directors seeking appointment / re-appointment in the forthcoming AGM in terms of Clause 49 VI (A) of Listing Agreement is given below:

| Name   | Dr. Raghupati Singhania  | Mr. K.S. Mehta  |
|--|--|---|
| Date of Birth  | 08.12.1946   | 15.01.1946  |
| Date of Appointment  | 28.01.2003   | 10.03.2003  |
| Expertise in special functional areas  | Industrialist with over 34 years of experience   | Leading Chartered Accountant  |
| Qualifications   | BSc, FBIM (LON), F.Ins.D (LON)   | FCA, A.C.I.S. (London)  |
| List of outside directorship as on 31st March, 2012                          | (1) Fenner (India) Ltd.<br>(2) JKI Employees Welfare Association Ltd.<br>(3) J.K. Tyre & Industries Ltd.<br>(4) J.K. Lakshmi Cement Ltd.<br>(5) Bengal & Assam Company Ltd.<br>(6) J.K. Agri Genetics Ltd.<br>(7) D.CM. Engineering Ltd.<br>(8) Henry F. Cockill & Sons Ltd. | (1) Transport Corporation of India Ltd.<br>(2) Medpat Finance Limited<br>(3) Kothari Industrial Management Company Ltd.<br>(4) Blue Coast Hotels & Resorts Ltd.   |
| Chairman / Member of the Committee of other companies as on 31st March, 2012 | (1) J.K. Lakshmi Cement Ltd. (Audit Committee - Member, Shareholders'/Investors' Grievance Committee-Chairman)<br>Nil  | (1) Transport Corporation of India Ltd. (Audit Committee - Member, Shareholders'/Investors' Grievance Committee- Chairman)<br>(2) Blue Coast Hotels & Resorts Ltd. (Audit Committee - Member, Shareholders'/Investors Grievance Committee - Member, Remuneration Committee - Chairman)<br>Nil |
| No. of shares held   | NIL  | Nil   |

- (1) Private Limited Companies, Foreign Companies and companies under Section 25 of the Companies Act, 1956 are excluded for the above purposes.
- (2) Only Audit Committee and Shareholders' Grievance Committee are considered for the purpose of Committee position as per Listing Agreement.
- (3) None of the Directors was a Member in more than 10 Committees nor a Chairman in more than five Committees across all companies in which he was a Director.



## C. COMMITTEES OF THE BOARD DURING THE FINANCIAL YEAR 2011-2012:

### (1) AUDIT COMMITTEE:

The Audit Committee solely comprises independent Directors. The Audit Committee of the Board of Directors of the Company is constituted in conformity with the requirements of Clause 49 of the Listing Agreement, as well as Section 292 A of the Companies Act, 1956.

The terms of reference of Audit Committee, inter-alia, include:

- To oversee the financial reporting process and disclosure of financial information.
- To review with management, quarterly, half yearly and annual financial statements and ensure their accuracy and correctness before submission to the Board.
- To review with management and internal auditors, the adequacy of internal control systems, approving the internal audit plans and reviewing the efficacy of their function, discussion and review of periodic audit reports including findings of internal investigations.
- To recommend the appointment of the internal and statutory auditors and fixing their remuneration.
- To hold discussion with the statutory and internal auditors.

### (a) Composition, Name of Members and Chairperson, Meetings and attendance during the year:

| Sl. No. | Name   | Chairman/Member/Others    | No. of meetings Attended |
|---------|--|---------------------------|--------------------------|
| 1.      | Mr. Mahendra Kumar Doogar  | Chairman of the Committee | 4                        |
| 2.      | Mr. Ashutosh Patra   | Member                    | 4                        |
| 3.      | Dr. Raghupati Singhania  | Member                    | 1                        |
| 4.      | <b>Permanent Invitees:</b><br>M/s. Grant Thornton                    | Internal Auditors         |                          |
| 5.      | Representatives of M/s. V. Sankar Aiyar & Co., Chartered Accountants | Statutory Auditors        |                          |
| 6.      | Mr. S.N. Balasubramanian   | Cost Auditors             |                          |

- All members of the Audit Committee are Independent, Non executive directors. By definition Mr. Mahendra Kumar Doogar and Dr. Raghupati Singhania shall be considered to be persons having Accounting or related Financial Management expertise and Mr. Ashutosh Patra being a Legal expert, shall be considered as financially literate.
- Four Audit Committee Meetings were held during the year. i.e. on 18.5.2011, 2.8.2011, 9.11.2011 and 7.2.2012.
- The meetings were scheduled well in advance. In addition to the Members of the Audit Committee, the meetings of Audit Committee were attended by Heads of Finance and Internal Auditors, Statutory Auditors and Cost Auditors and other Executives, who were considered necessary for providing inputs to the Committee.
- Quorum:** Two independent Directors.
- Secretary to the Committee:** The Company Secretary acted as the Secretary to the Committee.



## (2) SHAREHOLDERS' GRIEVANCES COMMITTEE:

Shareholders' Grievances Committee of the Board of Directors of the Company was constituted to look into the redressal of shareholders and investors complaints.

### (a) Terms of Reference:

The Terms of Reference of Shareholders' Grievances Committee included investigation into any matter relating to redressal of shareholders' / investors' complaints pertaining to transfer of shares, non-receipt of Balance Sheet, non receipt of declared dividend, duplicate share certificates, dematerialisation / rematerialisation of shares etc.

### (b) Composition, Chairman, Meetings and Attendance during the year 2011-2012:

The Shareholders Grievances Committee was composed of the following directors from time to time:

| Sl. No. | Name                      | Chairman/Member | No. of meetings attended |
|---------|---------------------------|-----------------|--------------------------|
| 1.      | Mr. Ashutosh Patra        | Chairman        | 4                        |
| 2.      | Mr. Mahendra Kumar Doogar | Member          | 4                        |
| 3.      | Mr. K.P. Singh            | Member          | 2                        |

(c) Four meetings of the Committee were held during the said year on 18.5.2011, 2.8.2011, 9.11.2011 and 7.2.2012.

(d) **Quorum:** Two Directors.

## (3) EMPLOYEES COMPENSATION COMMITTEE (NON MANDATORY):

### (a) Terms of Reference:

The Terms of Reference of Committee of Directors included grant of stock options to the eligible employees, allotment of shares to employees on exercise of their stock options.

### (b) Composition, Chairman, Meetings and Attendance during the year 2011-2012:

| Sl. No. | Name               | Chairman/Member | No. of Meetings Attended |
|---------|--------------------|-----------------|--------------------------|
| 1.      | Mr. Ashutosh Patra | Chairman        | 3                        |
| 2.      | Mr. K.S. Mehta     | Member          | 1                        |
| 3.      | Mr. K.P. Singh     | Member          | 2                        |

(c) Three meetings of the Committee were held during the year on 27.4.2011, 2.8.2011 and 9.11.2011.

(d) **Quorum:** Two Directors.

## (4) FINANCE COMMITTEE: (NON MANDATORY)

### (a) Terms of Reference:

The Terms of Reference of Finance Committee included for raising of loans from Banks, Financial Institutions, NBFCs or any other entities.



(b) Composition, Chairman, Meetings and Attendance during the year 2011-2012:

| Sl. No. | Name                 | Chairman/Member | No. of Meetings Attended |
|---------|----------------------|-----------------|--------------------------|
| 1.      | Mr. Abhishek Khaitan | Chairman        | 8                        |
| 2.      | Mr. K.P. Singh       | Member          | 8                        |
| 3.      | Mr. Ashutosh Patra   | Member          | NIL                      |

(c) Eight meetings of the Committee were held during the year on 30.4.2011, 18.6.2011, 7.7.2011, 14.9.2011, 24.10.2011, 28.12.2011, 21.2.2012 and 12.3.2012.

(d) **Quorum:** Two Directors.

(5) **NAME AND DESIGNATION OF THE COMPLIANCE OFFICER:**

Mr. Amit Manchanda  
Group Head - Legal &  
Company Secretary  
Radico Khaitan Limited  
Plot No. J-1, Block B-1, Mohan Co-operative Industrial Area, Mathura Road,  
New Delhi - 110 044.  
Tel. Nos.40975400/444/500/555, Fax Nos.41678841-42  
Email: manchandaa@radico.co.in

(6) **SHAREHOLDER SERVICES, ENQUIRIES, COMPLAINTS:**

The Company has a designated e-mail address, [info@radico.co.in](mailto:info@radico.co.in) to enable its investors to post their grievances and monitor its redressal. It is the endeavor of the Company to provide prompt, efficient and satisfactory services to its esteemed Shareholders. It takes special care in answering the queries of Shareholders within the shortest possible time frame in collaboration with the registrars M/s. Mas Services Ltd.

During the year, the Company received a total of 693 correspondence from its investors, capital market intermediaries and statutory / regulatory authorities including e-mails inter alia, requesting for changes to their address and / or bank account particulars, dematerialization of shares, transfer / transmission of shares, non-receipt of dividend warrants / sub-divided share certificates and other services relating to the securities issued and allotted by the Company.

The Company provided Shareholder services in the following time frame:

| Sl. No. | Nature of Query                                  | No. of days for disposal |
|---------|--|--------------------------|
| 1.      | Share Transfers                                  | 15 days                  |
| 2.      | Demat of Shares                                  | 15 days                  |
| 3.      | Dividend revalidation / issue of Dividend Drafts | 7 days                   |
| 4.      | Change of Address/ Bank Mandate                  | 2 days                   |
| 5.      | General queries                                  | 2 days                   |

(7) **Green initiative**

In view of green initiative measures taken by MCA to save papers, you are requested to provide your email id to the Company or update id with your DP's, so that all the communications along with notices and Annual Reports may be sent through electronic mode. The shareholders may seek physical copy also.

(8) **Unclaimed Suspense Account**

The Company has transferred 6846 unclaimed shares to the unclaimed suspense account. Details are given as under:

- |   |         |
|---|---------|
| (i) Outstanding shares lying in the unclaimed suspense account at the beginning of the year:                                      | 891200. |
| (ii) Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year: | 14      |
| (iii) Number of shareholders to whom shares were transferred from the unclaimed suspense account during the year:                 | 14      |
| (iv) Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year:  | 884354. |





- (9) At the beginning of the financial year, there was no investor complaint that was unresolved. During the year, the Company received 11 investor complaints, all of which were resolved and as such there was no unresolved investor complaint as at 31<sup>st</sup> March 2012.

**(10) Share Dealing Code:**

Comprehensive guidelines advising and cautioning the Management and staff on the procedure to be followed while dealing with the shares of the Company are in place, in light of SEBI (Insider Trading) Amendment Regulations, 2002. The Code of Conduct and corporate disclosure practices framed by the company helps in ensuring compliances with the said Regulations. The code prescribes the detailed procedures and guidelines to be adopted while dealing in the securities of the Company. The code is applicable to all directors, senior employees and their dependants. The said persons are prohibited from dealing in the securities of the Company during the restricted trading periods notified by the Company, from time to time and whilst in possession of any unpublished price sensitive information relating to the securities of the Company.

**D. GENERAL BODY MEETINGS:**

**GENERAL BODY MEETINGS OF RKL:**

**(a) Annual General Meetings (last three):**

| Sl. No. | Date of AGM | Location  | Time       | No. of special resolutions passed |
|---------|-------------|---|------------|-----------------------------------|
| 1.      | 15.09.2009  | Rampur Distillery Bareilly Road<br>Rampur - 244 901 (U.P.). | 12.30 p.m. | NIL                               |
| 2.      | 09.09.2010  | -do-  | 01.00 p.m. | 1                                 |
| 3.      | 09.09.2011  | -do-  | 01.00 p.m. | 3                                 |

- (b) No Postal Ballots were used / invited for voting in above meetings.

- (c) Three Special resolution were passed during the year 2011-12:

**E. DISCLOSURES:**

**(a) Related party transactions:**

The Company has not entered into any transaction of material nature with promoters, directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

Transactions with related parties entered into by the Company in the normal course of business were placed before the Audit Committee. There were no material individual transactions with related parties, which were not in the normal course of business nor were there any material transactions with related parties or others, which were not on an arm's length basis. Details of related party transactions entered into by the Company in the normal course of business are included in the notes forming part of the financial statements.

**(b) Compliances by the Company:**

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during last 3 years. There were no non-compliance remarks by Stock Exchanges or SEBI or any statutory authority on any matter relating to capital markets during the last three years.

**(c) Accounting Standards:**

The Company has complied with the applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006. The financial statements for the year have been prepared in accordance with and in compliance of the revised Schedule VI notified by the Ministry of Corporate Affairs (MCA).

**F. MEANS OF COMMUNICATION:**

**(a) Quarterly Results:**

- Quarterly results of the Company were taken on record by the Board of Directors within 45 days of the close of the quarter, audited annual accounts for the financial year were taken on records within 60 days of the end of financial

year and were submitted to the Stock Exchanges in terms of the requirements of the Clause 41 / 45 of the Listing Agreement.

- Quarterly results of the Company have been displayed on the Company's web site [www.radicokhaitan.com](http://www.radicokhaitan.com)
- Quarterly results taken on record and published in the newspapers during 2011-2012:

| Quarter ended        | Date of Board Meetings | Date of Publication in Newspapers                |   |
|----------------------|------------------------|--|---|
|                      |                        | Business Standard (English)<br>New Delhi edition | Amar Ujala (Hindi)<br>Moradabad edition |
| 30th June, 2011      | 02.08.2011             | 03.08.2011                                       | 04.08.2011                              |
| 30th September, 2011 | 09.11.2011             | 10.11.2011                                       | 11.11.2011                              |
| 31st December, 2011  | 07.02.2012             | 08.02.2012                                       | 09.02.2012                              |
| 31st March, 2012     | 30.05.2012             | 31.05.2012                                       | 01.06.2012                              |

- (b) Presentations were made to institutional investors / analysts during the year 2011-2012 about the activities of the Company and its financial performance. Corporate presentation is displayed on the Company's website.
- (c) Management Discussion and Analysis Report for the year 2011-12 has been reviewed by the Audit Committee at its meeting held on 31.07.2012 and approved by the Board at its meeting held on 31.07.2012 and forms part of the Annual Report.
- (d) **Investor's Relation:** The Company's web site contains a separate dedicated section "Investor Relations" where general information to the shareholder is available. In terms of the directive of the Stock Exchanges, the Company had appointed M/s. Mas Services Ltd., T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020, as the Registrar and Share Transfer Agents of the Company since March 2003.

**Address for correspondence:**

**(1) For Retail Investors**

Mr. Amit Manchanda  
Group Head - Legal &  
Company Secretary  
Plot No.J-1, Block B-1  
Mohan Co-operative  
Industrial Area  
Mathura Road  
New Delhi - 110 044.  
Tel No.: 011- 40975420  
email: manchandaa@radico.co.in

**(2) For Institutional Investors**

Mr. Mukesh Agarwal  
Vice President - Finance &  
Treasury  
Plot No.J-1, Block B-1  
Mohan Co-operative  
Industrial Area  
Mathura Road  
New Delhi - 110 044.  
Tel. No. 011-40975423, 9811340154  
email: agrawalm@radico.co.in

**G. GENERAL SHAREHOLDER'S INFORMATION**

**(a) Date, Time and Venue of the Annual General Meeting (AGM):**

The Date, Time and Venue of the AGM has been indicated in the Notice convening the AGM which is annexed to the Annual Report.

**(b) Financial calendar 2012-2013 (tentative):**

**Tentative Schedule:**

|  |                       |
|--|-----------------------|
| Financial reporting for the quarter ending June 30, 2012           | By Mid August 2012    |
| Financial reporting for the half year ending September 30, 2012    | By Mid November 2012  |
| Financial reporting for the quarter ending December 31, 2012       | By Mid February 2013  |
| Financial reporting for the quarter and year ending March 31, 2013 | By End May 2013       |
| Annual General Meeting for the year ending March 31, 2013          | By End September 2013 |

**(c) Date of Book Closure:**

Book Closure dates have been provided in the Notice convening the AGM forming part of this Annual Report.

**(d) Dividend Payment date:**

Dividend payout date has been provided in the Notice convening the AGM forming part of this Annual Report.



**(e) Listing on Stock Exchanges:**

The Company's securities are listed on the following stock exchanges:

| Sl. No. | Equity shares  |
|---------|--|
| 1.      | Bombay Stock Exchange Ltd.(BSE)<br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.  |
| 2.      | National Stock Exchange of India Ltd. (NSE)<br>Exchange Plaza, 5th Floor, Plot no.C/1, G Block, Bandra-Kurla Complex,<br>Bandra (E), Mumbai - 400 051. |

**(f) Stock Code:**

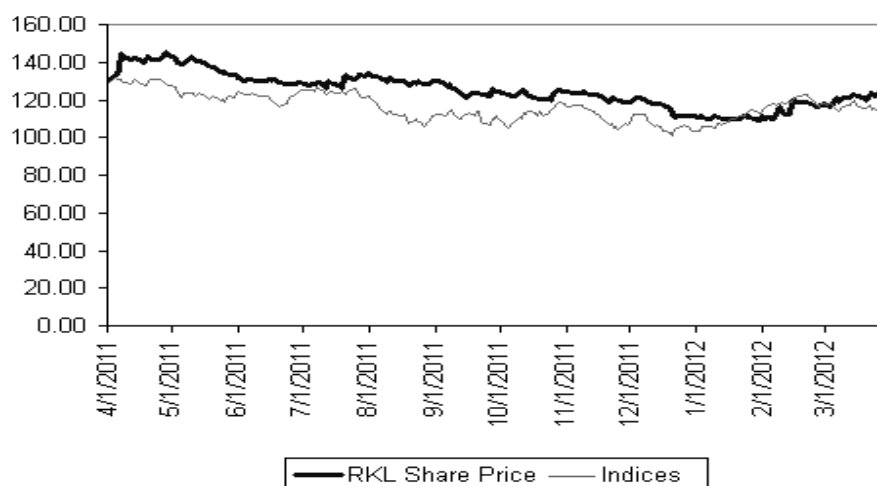
|   |                |
|---|----------------|
| Bombay Stock Exchange Ltd.(BSE)             | - 532497       |
| National Stock Exchange of India Ltd. (NSE) | - RADICO       |
| ISIN for dematerialization                  | - INE944F01028 |

**(g) Market Price Data:**

**Performance of RKL Shares at Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.:**

| Year<br>2011-2012 | Bombay Stock Exchange<br>Price (Rs.) |        |         | National Stock Exchange<br>Price (Rs.) |        |          |
|-------------------|--------------------------------------|--------|---------|--|--------|----------|
|                   | High                                 | Low    | Volume  | High                                   | Low    | Volume   |
| April, 2011       | 147.95                               | 129.60 | 705541  | 148.90                                 | 129.10 | 2577376  |
| May, 2011         | 145.75                               | 130.60 | 397669  | 146.50                                 | 130.20 | 1204883  |
| June, 2011        | 134.90                               | 127.00 | 1379122 | 140.50                                 | 125.00 | 3472476  |
| July, 2011        | 137.00                               | 124.00 | 792532  | 136.90                                 | 125.10 | 2167878  |
| August, 2011      | 137.90                               | 125.00 | 856204  | 137.50                                 | 124.00 | 1831286  |
| September, 2011   | 131.00                               | 119.75 | 1902075 | 130.90                                 | 119.75 | 3491481  |
| October, 2011     | 130.00                               | 119.00 | 1080325 | 127.00                                 | 118.80 | 1760832  |
| November, 2011    | 127.50                               | 111.95 | 1427683 | 127.40                                 | 112.20 | 2809265  |
| December, 2011    | 122.45                               | 108.20 | 1841586 | 125.05                                 | 108.50 | 3851861  |
| January, 2012     | 126.00                               | 108.30 | 2538204 | 124.80                                 | 108.35 | 4728824  |
| February, 2012    | 123.50                               | 108.90 | 3477123 | 123.70                                 | 108.90 | 10591511 |
| March, 2012       | 134.85                               | 116.00 | 2483829 | 144.00                                 | 116.35 | 5666266  |

**Performance of RKL Scrip vis-a-vis BSE Index**





The shares of the Company are traded in the B1 category at BSE and are also actively traded on NSE.

**(i) Share Transfer System:**

With a view to expedite process of share transfer, the Board of Directors has delegated the power of share transfer to Mr. Amit Manchanda, Group Head - Legal & Company Secretary, who has been authorised by the Board to supervise and approve share transfer / dematerialisation of the shares of the company and to sign endorsement on the reverse of the share certificates documents and other papers in relation thereto in conjunction with Registrar and Share Transfer Agent, M/s. Mas Services Ltd. The Company Secretary being the Compliance Officer, monitors the share transfer process in coordination with the Registrars and Share Transfer Agents and presents the report to the Board in each of its meetings, wherein the Board ratifies the transfers/ dematerialisation of shares as approved by the Company Secretary. The transfers are processed at an interval of every 15 days.

**(j) Distribution of Shareholding of the Company as on 31st March, 2012:**

| Share Holding of Nominal Value of |        | Shareholders |               | Shares          |                       | % Total          |               |
|-----------------------------------|--------|--------------|---------------|-----------------|-----------------------|------------------|---------------|
| Rs.                               | Rs.    | Number       | % to Total    | Physical shares | Dematerialised shares | Total shares     | % to Total    |
| UPTO                              | 2500   | 21336        | 91.93         | 2099866         | 3986872               | 6086738          | 4.59          |
| 2501                              | 5000   | 1138         | 4.90          | 589195          | 1498284               | 2087479          | 1.57          |
| 5001                              | 10000  | 404          | 1.74          | 311750          | 1120356               | 1432106          | 1.08          |
| 10001                             | 20000  | 142          | 0.61          | 94925           | 892659                | 987584           | 0.75          |
| 20001                             | 30000  | 32           | 0.14          | 10850           | 392487                | 403337           | 0.30          |
| 30001                             | 40000  | 18           | 0.08          | 15500           | 302623                | 318123           | 0.24          |
| 40001                             | 50000  | 9            | 0.04          | 0               | 199847                | 199847           | 0.15          |
| 50001                             | 100000 | 29           | 0.13          | 31620           | 1045480               | 1077100          | 0.81          |
| 100001                            | ABOVE  | 100          | 0.43          | 0               | 120111565             | 120111565        | 90.51         |
| <b>TOTAL</b>                      |        | <b>23208</b> | <b>100.00</b> | <b>3153706</b>  | <b>129550173</b>      | <b>132703879</b> | <b>100.00</b> |

**(k) Shareholding Pattern as on 31st March, 2012:**

| Sl. No. | Category  | No. of Shares    | % of Holding  |
|---------|---|------------------|---------------|
| 1.      | Promoters   | 53543232         | 40.35         |
| 2       | Mutual Funds & UTI                                      | 12483626         | 9.41          |
| 3       | Insurance Companies, Banks, State Financial Corporation | 1613050          | 1.21          |
| 4       | FII's   | 33680937         | 25.38         |
| 5       | Private Corporate Bodies                                | 20413748         | 15.38         |
| 6       | Indian Public   | 9854517          | 7.43          |
| 7       | NRIs/OCBs   | 1087834          | 0.82          |
| 8       | Others  | 26935            | 0.02          |
|         | <b>Total</b>  | <b>132703879</b> | <b>100.00</b> |



**(l) Dematerialisation of Shares:**

The Company's shares are tradable only in demat / electronic form in the depository system of National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

As on 31<sup>st</sup> March, 2012, 129550173 equity shares of the Company, amounting to 97.62% of the equity capital already existed in the electronic form.

Those shareholders who have still not got their shares dematerialised are advised to do so, as soon as possible, in view of many advantages that exist therein and mandatory trading in shares of the Company in Demat form only.

**(m) Employee Stock Options (ESOPs):**

A total of 6,56,324 options are outstanding as on 31<sup>st</sup> March 2012 under the Employees Stock Option Scheme 2006. Each option, upon exercise of the same, would give rise to one equity share of Rs.2/- each, fully paid up. The exercise would be made at the market price prevailing as on the dates of the grant plus applicable taxes as may be levied on the Company in this regard. The disclosures in respect of ESOPs as required under Clause 12.1 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended, have been made in the Directors' Report.

**(n) Compliance:**

The Company has complied with the mandatory requirements as stipulated under Clause 49 of the listing agreements. The Company has submitted the quarterly compliance status report on corporate governance to the stock exchanges within the prescribed time limit.

M/s. G.D. Agrawal & Co., Practising Company Secretaries, have certified that the Company has complied with the mandatory requirements as stipulated under Clause 49 VII of the listing agreements. The said certificate is annexed to the Directors' Report and will be submitted to the stock exchanges and the MCA along with the Annual Report.

**(o) Certification of Financial Reporting and Internal Controls:**

In accordance with Clause 49 V of the listing agreements, a certificate confirming the correctness of the financial statements, adequacy of internal control measures and matters to be reported to the Audit Committee was taken on record at the Board Meeting convened for approval of the audited financial results of the Company for the year under review.

**(p) Going Concern:**

The Board is satisfied that the Company has adequate resources to continue its business for the foreseeable future and consequently considers it appropriate to adopt the going concern basis in preparing the financial statements.

**For and on behalf of the Board**

**Sd/-  
Dr. Lalit Khaitan  
Chairman & Managing Director**

**Place : New Delhi  
Date : 31.07.2012**

---

**Annual declaration by Managing Director**

As the Managing Director of Radico Khaitan Limited and as required by Clause 49 (I) (D) (ii) of the Listing Agreement, I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics, for FY 2011-12.

**Place : New Delhi  
Date : 31.07.2012**

**Abhishek Khaitan  
Managing Director**



**AUDITORS' REPORT ON CORPORATE GOVERNANCE  
TO THE SHAREHOLDERS OF RADICO KHAITAN LIMITED**

1. We have examined the compliance of conditions of Corporate Governance by Radico Khaitan Limited for the year ended March 31st, 2012, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges of India.
2. The Compliance of condition of Corporate Governance is the responsibility of the management. Our examination was limited to the review of 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 the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V. Sankar Aiyar & Co.  
Chartered Accountants  
Firm Regn. No. 109208W

Place : New Delhi  
Date : 04.08.2012

Sd/-  
M.S. Balachandran  
Partner  
Membership No. 024282



## AUDITORS' REPORT

### TO THE SHAREHOLDERS OF RADICO KHAITAN LIMITED

1. We have audited the attached Balance Sheet of RADICO KHAITAN LIMITED as at 31st March, 2012 and also the Statement of Profit and Loss and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary 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 appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of Account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956 to the extent applicable;
  - (e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors are prima facie, disqualified as on 31.03.2012 from being appointed as directors of the Company in terms of section 274(1)(g) of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts and read with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
    - ii. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
    - iii. in the case of cash flow statement, of the cash flows for the year ended on that date.
4. As required by the Companies (Auditors Report) Order, 2003 (as amended) issued by the Department of Company Affairs, Govt. of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report on the matters specified in the paragraphs 4 and 5 of the said Order as under :
  - i
    - a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
    - b) The management has physically verified major part of the fixed assets at the distillery at Rampur and other locations once during the year. The assets physically verified are under reconciliation with the book records and discrepancies, if any, can be ascertained only after the reconciliation is complete.
    - c) Since there is no substantial disposal of fixed assets during the year, the preparation of financial statements on a going concern basis is not affected on this account.
  - ii
    - a) On the basis of information and explanations obtained, stocks of finished goods and raw materials of the distillery / bottling units have been under physical check by the excise department in coordination with the Company's supervisory staff at frequent intervals. Other stocks, stores and spares, at various locations have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
    - b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
    - c) In our opinion, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
  - iii
    - a) The Company has granted Rs.1963.03 lacs as interest free unsecured working capital advance under a specific manufacturing and selling arrangement and Rs.1000 lacs as interest bearing unsecured advance to a joint venture company. The maximum amounts outstanding



- during the year aggregated to Rs.3028.86 lacs and year end outstanding balance aggregated to Rs.3028.86 lacs respectively.
- b) Keeping in view similar arrangement with other parties, the working capital arrangement financed by the Company is free of interest under a specific manufacturing and selling arrangement. In relation to both advances, there are no other terms and conditions that are prejudicial to the interest of the Company.
  - c) There is no stipulation regarding repayment of principal as the amount has been financed under a specific manufacturing and selling arrangement with the party. As mentioned above, the loan has been financed interest free. In the case of interest bearing advance also, there are no stipulations regarding repayment of principal and interest of Rs.56.38 lacs has accrued but not due as at the year end.
  - d) As mentioned above, there are no stipulations regarding repayment of principal. Accordingly, there is no overdue amount of more than rupees one lac in respect of amount financed to the Company listed in the register maintained under section 301 of the Companies Act, 1956.
  - e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties required to be covered in the register maintained under section 301 of the Companies Act, 1956 except interest free working capital advance taken from a joint venture company (ceased to be a joint venture w.e.f.: 3rd February, 2012) under a specific manufacturing and selling arrangement. The maximum amount outstanding during the year was Rs.384.08 lacs and year-end outstanding balance was Rs.360.42 lacs.
  - f) In our opinion and according to the information and explanations given to us, other terms and conditions for such advances are not prima facie prejudicial to the interest of the Company.
  - g) In respect of the advances taken, there is no repayment schedule and is interest free. Thus question of principal amount due for repayment and payment of interest do not arise.
- iv In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and with regard to the sale of goods. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.
- v
    - a) According to the information given to us, the particulars of contracts or arrangements during the year that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956 have been so entered.
    - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements, exceeding the value of rupees five lacs, are of specific requirements of the Company for which alternative sources are not available for comparison of prevailing market prices.
  - vi The Company has not accepted deposits from the public within the meaning of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed thereunder.
  - vii An outside agency has carried out internal audit during the year. In our opinion, the internal audit system of the Company is commensurate with the size of the Company and the nature of its business.
  - viii We have broadly reviewed the books of accounts maintained by the Company, pursuant to rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been maintained and the required statements are in the process of compilation. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
  - ix
    - a) According to the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, there were no arrears of undisputed statutory dues as at 31st March, 2012, which were outstanding for a period of more than six months from the date they became payable.
    - b) According to the records of the Company and the information and explanation given to us, there are no dues of income-tax, wealth tax, custom duty and cess, which have not been deposited on account of any dispute. Details of disputed dues in respect of sales tax, excise duty and service tax of different years, which have remained unpaid as on 31st March, 2012, for which appeals are pending are as under:





| Nature of dues        | Year  | Amount (Rs. in lacs) | Forum where pending  |
|-----------------------|---|----------------------|--|
| Sales Tax / Entry Tax | 1998-99   | 3.02                 | Revision before  |
|                       | & 1999-00   |                      | Allahabad High Court   |
|                       | 1999-00   | 6.86                 | Trade Tax Tribunal, Moradabad                                |
| Excise Duty           | 1981  | 17.37                | Allahabad High Court - Lucknow Bench                         |
|                       | 1995 to 2005  | 92.38                | Allahabad High Court - Lucknow Bench (Bank Guarantee issued) |
|                       | 2005-06 to 2008-09  | 56.03                | Allahabad High Court - Lucknow Bench                         |
|                       |   |                      |  |
| Service Tax           | July 2003 to March 2009<br>(including Interest and Penalty) | 8259.47              | CESTAT, Delhi  |

- x The Company has no accumulated losses as at the end of the year and has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- xi On the basis of the verification of records and information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks. There are no debentures (other than unsecured FCCBs which were repaid during the year) outstanding in the books of accounts at any time during the year.
- xii The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii The Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order are not applicable to the Company.
- xiv As regards dealing or trading in shares, securities, debentures and other investments, proper records have been maintained of the transaction of the contracts and timely entries made therein. The shares, securities, debentures and other investments have been held by the Company in its own name except to the extent of exemption, if any, granted under Section 49 of the Companies Act, 1956.
- xv The Company has given a guarantee of Rs.5640 lacs for loans taken by Radico NV Distilleries Maharashtra,

(a joint venture company, in which the Company holds 36% of the paid-up Capital) from a bank. On the basis of information and explanations given to us, the terms and conditions whereof are not, prima facie, prejudicial to the interest of the Company.

- xvi On the basis of verification and information and explanations obtained, on an overall basis, the term loans taken have been applied for the purpose for which they were obtained.
- xvii According to the information and explanations given to us, the cash flow statements examined by us and on an overall examination of the financial statements of the Company, we report that funds raised on short term basis have been not been used for long term investments.
- xviii During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xix As the Company has no outstanding debentures during the year (other than unsecured FCCBs, which were repaid during the year), the question of creating securities or charge does not arise.
- xx The Company has not raised any money through public issue of securities during the year and therefore verification of the end use of money does not arise.
- xxi Based on the audit procedure performed and the representation obtained from the management, we report that no case of fraud on or by the Company has been noticed or reported during the year under audit.

**For V. Sankar Aiyar & Co.**  
**Chartered Accountants**  
**ICAI Firm Regn. No. 109208W**

Place: New Delhi  
Date : 30.05.2012

**Sd/-**  
**(M.S. Balachandran)**  
**Partner**  
**M.No. 024282**



## Balance Sheet as at 31st March, 2012

|   | Note<br>NO. | AS AT<br>31-03-2012 | Rupees in lacs<br>AS AT<br>31-03-2011 |
|---|-------------|---------------------|---------------------------------------|
| <b>EQUITY AND LIABILITIES</b>                                 |             |                     |                                       |
| <b>Shareholders' funds</b>                                    |             |                     |                                       |
| Share capital   | 2           | 2,654.08            | 2,651.16                              |
| Reserves and surplus  | 3           | 66,871.86           | 62,489.36                             |
|   |             | <u>69,525.94</u>    | <u>65,140.52</u>                      |
| Share application money pending allotment                     | 2           | 1.61                | -                                     |
| <b>Non-current liabilities</b>                                |             |                     |                                       |
| Long-term borrowings  | 4           | 33,835.48           | 4,401.94                              |
| Deferred tax liabilities (Net)                                | 5           | 5,633.00            | 4,975.00                              |
| Other long term liabilities - Security deposits               |             | 182.68              | 155.54                                |
| Long-term provisions  | 6           | 402.10              | 233.30                                |
|   |             | <u>40,053.26</u>    | <u>9,765.78</u>                       |
| <b>Current liabilities</b>                                    |             |                     |                                       |
| Short-term borrowings   | 7           | 27,770.79           | 26,486.72                             |
| Trade payables  | 8           | 11,872.69           | 8,398.51                              |
| Other current liabilities                                     | 9           | 15,161.37           | 21,259.33                             |
| Short-term provisions   | 10          | 1,528.33            | 5,691.88                              |
|   |             | <u>56,333.18</u>    | <u>61,836.44</u>                      |
| <b>Total</b>  |             | <u>165,913.99</u>   | <u>136,742.74</u>                     |
| <b>ASSETS</b>   |             |                     |                                       |
| <b>Non-current assets</b>                                     |             |                     |                                       |
| <b>Fixed assets</b>   |             |                     |                                       |
| - Tangible assets   | 11          | 45,803.30           | 37,258.08                             |
| - Intangible assets   | 11          | 4,418.38            | 4,631.87                              |
| - Capital work-in-progress (at cost)                          |             | 484.38              | 2,185.92                              |
| Non-current investments                                       | 12          | 5,838.09            | 6,784.58                              |
| Foreign currency monetary item translation difference account |             | 2,684.65            | -                                     |
| Long-term loans and advances                                  | 13          | 8,540.12            | 7,079.98                              |
| Other non-current assets - deposits with banks                | 17          | 71.79               | 50.45                                 |
|   |             | <u>67,840.71</u>    | <u>57,990.88</u>                      |
| <b>Current assets</b>   |             |                     |                                       |
| Current investments   | 14          | 5,295.66            | 5,287.39                              |
| Inventories   | 15          | 17,744.56           | 12,687.29                             |
| Trade receivables   | 16          | 34,779.21           | 31,909.50                             |
| Cash and bank balances  | 17          | 2,103.85            | 889.43                                |
| Short-term loans and advances                                 | 18          | 34,726.81           | 25,887.22                             |
| Other current assets  | 19          | 3,423.19            | 2,091.03                              |
|   |             | <u>98,073.28</u>    | <u>78,751.86</u>                      |
| <b>Total</b>  |             | <u>165,913.99</u>   | <u>136,742.74</u>                     |
| <b>Significant Accounting Policies</b>                        | 1           |                     |                                       |
| <b>Other Notes on Accounts</b>                                | 31 to 45    |                     |                                       |

As per our report of even date

For and on behalf of Board

For V. Sankar Aiyar & Co.  
Chartered Accountants  
ICAI Firm Regn. No. 109208 W

Dilip K. Banthia  
Chief Financial Officer

Dr. Lalit Khaitan  
Chairman & Managing Director

M. S. Balachandran  
Partner  
Membership No. 024282

Amit Manchanda  
Group Head - Legal &  
Company Secretary

Abhishek Khaitan  
Managing Director

Place : New Delhi  
Dated : 30th May 2012

Ajay K. Agarwal  
Executive Vice President (F&A)

Directors



## Statement of Profit and Loss for the year ended 31st March, 2012

|   | Note<br>NO. | CURRENT<br>YEAR | Rupees in lacs<br>PREVIOUS<br>YEAR |
|---|-------------|-----------------|------------------------------------|
| <b>INCOME</b>   |             |                 |                                    |
| Revenue from operations   | 20          | 198,138.54      | 169,227.87                         |
| Less : Excise duty  |             | 83,751.87       | 74,585.58                          |
|   |             | 114,386.67      | 94,642.29                          |
| Other income  | 21          | 2,137.15        | 1,112.09                           |
|   |             | 116,523.82      | 95,754.38                          |
| <b>EXPENSES</b>   |             |                 |                                    |
| Cost of materials consumed  | 22          | 46,867.08       | 40,299.79                          |
| Purchase of stock-in-trade  | 23          | 9,441.27        | 4,016.27                           |
| Change in inventories of finished goods,<br>work-in-progress and stock-in-trade | 24          | (1,695.96)      | (1,226.96)                         |
| Employee benefits expense   | 25          | 7,063.55        | 6,198.87                           |
| Finance costs   | 26          | 6,112.09        | 3,525.81                           |
| Depreciation and amortization expense   | 27          | 3,283.94        | 2,714.64                           |
| Other expenses  | 28          | 35,505.96       | 30,280.90                          |
|   |             | 106,577.93      | 85,809.32                          |
| <b>Profit for the year before exceptional items &amp; tax</b>                   |             | 9,945.89        | 9,945.06                           |
| Less : Exceptional Items  | 29          | 1,249.89        | -                                  |
| <b>Profit for the year before taxation</b>                                      |             | 8,696.00        | 9,945.06                           |
| <b>Less : Tax expense</b>   |             |                 |                                    |
| - Current tax (MAT)   |             | 1,760.00        | 2,100.00                           |
| - For earlier years   |             | 42.00           | 100.00                             |
| - Deferred tax liability / (assets)   |             | 658.00          | 465.00                             |
| MAT Credit available for set off  |             | (130.00)        | -                                  |
| <b>Profit for the year after tax</b>  |             | 6,366.00        | 7,280.06                           |
| Basic Earnings per share in Rs. (face value of Rs. 2/- each)                    | 30          | 4.80            | 5.51                               |
| Diluted Earnings per share in Rs. (face value of Rs. 2/- each)                  |             | 4.76            | 5.51                               |
| Significant Accounting Policies   | 1           |                 |                                    |
| Other Notes on Accounts   | 31 to 45    |                 |                                    |

As per our report of even date

For V. Sankar Aiyar & Co.  
Chartered Accountants  
ICAI Firm Regn. No. 109208 W

M. S. Balachandran  
Partner  
Membership No. 024282

Place : New Delhi  
Dated : 30th May 2012

For and on behalf of Board

Dilip K. Banthia  
Chief Financial Officer

Amit Manchanda  
Group Head - Legal &  
Company Secretary

Ajay K. Agarwal  
Executive Vice President (F&A)

Dr. Lalit Khaitan  
Chairman & Managing Director

Abhishek Khaitan  
Managing Director

Directors



**CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2012**

|  | Current Year       | Rupees in lacs<br>Previous Year |
|--|--------------------|---------------------------------|
| <b>A. Cash Flow From Operating Activities</b>                                    |                    |                                 |
| Net Profit Before Provision For Tax  | 8,696.00           | 9,945.06                        |
| Add:   |                    |                                 |
| Depreciation and amortization expense  | 3,283.94           | 2,714.64                        |
| Interest on Borrowings   | 6,112.09           | 3,525.81                        |
| Employees Compensation (Esop)  | (17.03)            | 43.19                           |
| Loss on Sale of Assets   | 93.03              | 452.80                          |
| Loss on Sale of Shares   | 1,249.89           | -                               |
| Provision for Diminution in value of Investment                                  | 11.73              | 14.66                           |
| Provision For Non Moving Stock   | 113.62             | 56.22                           |
| Provision for Doubtful debtors and advances                                      | 47.90              | 54.08                           |
|  | <u>19,591.17</u>   | <u>16,806.46</u>                |
| Less:  |                    |                                 |
| Interest income  | (2,064.96)         | (597.45)                        |
| Dividend on investments  | (0.57)             | (0.15)                          |
| Profit on Sale of Assets   | (5.58)             | (237.82)                        |
| Profit on Sale of investment   | -                  | (195.62)                        |
| <b>Operating Profit Before Working Capital Changes</b>                           | <u>17,520.06</u>   | <u>15,775.42</u>                |
| Adjustment For Working Capital Changes:  |                    |                                 |
| (Increase)/Decrease in inventories   | (5,170.89)         | (442.23)                        |
| (Increase)/Decrease in Trade Receivables   | (2,895.16)         | (8,409.57)                      |
| (Increase)/Decrease in Other Receivables   | (1,332.15)         | (604.74)                        |
| (Increase)/Decrease in Loans and Advances  | (4,392.20)         | (2,760.83)                      |
| (Decrease)/increase in Trade and Other Payables                                  | 12,270.96          | 1,934.65                        |
|  | <u>16,000.62</u>   | <u>5,492.70</u>                 |
| Less: Taxes paid   | (1,766.42)         | (1,416.82)                      |
| <b>Net Cash From Operating Activities</b>  | <u>14,234.20</u>   | <u>4,075.88</u>                 |
| <b>B. Cash Flow From investing Activities</b>                                    |                    |                                 |
| Addition to Fixed Assets (including Work in Progress)                            | (8,787.32)         | (6,571.23)                      |
| Sale of Fixed Assets   | 60.67              | 872.92                          |
| Purchase of investments  | (413.74)           | (5,390.00)                      |
| Sale of investments  | 90.34              | 2,435.62                        |
| (Increase)/ Decrease in Loans Given  | (5,800.00)         | 1,000.00                        |
| Interest income  | 2,064.96           | 597.45                          |
| Dividend income  | 0.57               | 0.15                            |
| <b>Net Cash Generated (Used) in investing Activities</b>                         | <u>(12,784.52)</u> | <u>(7,055.09)</u>               |
| <b>C. Cash Flow From Financing Activities</b>                                    |                    |                                 |
| Increase / (Decrease) in Share Capital (including Share Premium)                 | 91.69              | 600.00                          |
| Proceeds from Long Term Borrowings   | 29,808.49          | (213.21)                        |
| Repayment of Long Term Borrowings  | (20,241.54)        | (3,317.49)                      |
| Short Term Borrowings (net)  | 1,284.06           | 7,987.57                        |
| Investment in Non current Fixed Deposits with banks                              | (21.35)            | (0.00)                          |
| Effect of Foreign Exchange Rate Adjustment as per Para 46/46A (Refer note no.34) | (3,965.95)         | (11.72)                         |
| Interest on Borrowings   | (6,112.09)         | (3,525.81)                      |
| Dividend on Equity Shares(including Tax)   | (1,078.57)         | (924.71)                        |
| <b>Net Cash Generated/ (Used) in Financing Activities</b>                        | <u>(235.26)</u>    | <u>594.63</u>                   |
| <b>Net increase/ (Decrease) in Cash and Cash Equivalents</b>                     | <u>1,214.42</u>    | <u>(2,384.58)</u>               |
| Balance at the beginning of the year   | 889.43             | 3,274.01                        |
| Balance at the end of the year:  | <u>2,103.85</u>    | <u>889.43</u>                   |
|  | <u>1,214.42</u>    | <u>(2,384.58)</u>               |

Notes: The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3 on Cash Flow Statements.

As per our report of even date

For and on behalf of Board

For V. Sankar Aiyar & Co.

Chartered Accountants  
ICAI Firm Regn. No. 109208 W

M. S. Balachandran  
Partner  
Membership No. 024282

Place : New Delhi  
Dated : 30th May 2012

Dilip K. Banthia  
Chief Financial Officer

Amit Manchanda  
Group Head - Legal &  
Company Secretary

Ajay K. Agarwal  
Executive Vice President (F&A)

Dr. Lalit Khaitan  
Chairman & Managing Director

Abhishek Khaitan  
Managing Director

Directors



## 1. Significant Accounting Policies and Notes on Accounts 2011-2012

### 1.01 Basis of preparation of financial statements

The financial statements are prepared under historical cost convention, on a going concern basis in accordance with the applicable accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards and relevant provisions of the Companies Act, 1956.

### 1.02 Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between actual results and estimates are recognized in the period in which they materialise.

### 1.03 Fixed assets, Intangible assets and capital work-in-progress

Fixed Assets are stated at cost except to the extent revalued. Borrowing costs attributable to the qualifying assets and all significant costs incidental to the acquisition of assets are capitalised. Freehold and Leasehold land at Rampur, inter alia, were revalued by an approved valuer as on 1st January, 1999. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed. Intangible Assets are stated at cost less accumulated amortization and impairment loss, if any.

### 1.04 Depreciation

#### Tangible assets

- Cost of Leasehold land and leasehold improvements are amortised over the period of lease.
- Depreciation is charged for the year on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- On additions costing less than Rs.5000, depreciation is provided at 100% in the year of addition.
- Depreciation on amount added on revaluation of assets is transferred from Revaluation Reserve.

#### Intangible assets

- Based on the anticipated future economic benefits, the life of Brands & Trade Mark and Goodwill are amortised over twenty to twenty one years on straight line method.
- Softwares are amortised over a period of six years on straight line method.

### 1.05 Investments

Long term investments are carried at cost. Provision for diminution in value of long term investment is considered, if in the opinion of management, such a decline in value is considered as other than temporary in nature. Current investments are valued at lower of cost or fair value.

### 1.06 Inventories

Finished goods and stock-in-process are valued at lower of cost or net realisable value. Cost includes cost of conversion and other expenses incurred in bringing the goods to their location and condition. Raw materials, packing materials, stores and spares are valued at lower of cost or net realisable value. Cost is ascertained on "moving average" basis for all inventories.

### 1.07 Revenue recognition

Sales are recognised on delivery or on passage of title of the goods to the customers when the risk and reward stand transferred to customers. They are accounted net of sales tax/VAT, trade discounts and rebates but inclusive of excise duty. Excise revenue subsidy is accounted for based on the policy of the State Government of Uttar Pradesh. Export Incentives are accounted for on the basis of export sales effected during the year. Interest income is accounted on time proportion basis. Dividend income is accounted for, when the right to receive is established.

### 1.08 Excise Duty

In respect of stocks covered by central excise, excise duty is provided on closing stocks and also considered for valuation. In respect of other stocks, keeping in view that State excise duty payable on finished products is not determinable (as it varies depending on the places to which they are despatched), the excise duty on such stocks lying in factory is accounted for on clearances of such goods. The method of accounting followed by the Company has no impact on the results of the year.

### 1.09 Transfer pricing of Bio-Gas / Power

Since it is not possible to compute the actual cost, inter unit transfer of bio-gas & power have been valued on the basis of savings in direct fuel cost / prevailing purchase price of power. The same has been considered for valuation of inventories.

### 1.10 Treatment of Employee benefits

The Company makes regular contributions to duly constituted funds set up for Provident Fund, Family Pension Fund, Employees State Insurance, Superannuation and Gratuity, which are charged to revenue. The employees are allowed the benefit of leave encashment as per the rules of the Company, for which provision for accruing liability is made on actuarial valuation carried out at the end of the year. Contribution to gratuity is also determined on actuarial basis.

### 1.11 Impairment :

At each Balance Sheet date, the Company reviews the carrying amount of its fixed assets to determine whether there are any indication that those



assets have suffered an impairment loss. If any such indication exists, recoverable amount of the assets is estimated in order to determine the extent of impairment loss.

#### **1.12 Foreign Currency Transactions**

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the day of the transaction. The outstanding liabilities/ receivables are translated at the year end rates. The resultant gain or loss are adjusted to the Profit & Loss Account. Non-monetary items denominated in foreign currency, (such as fixed assets) are valued at the exchange rate prevailing on the date of transaction. Any gain or losses arising due to exchange differences arising on translation or settlement are accounted for in the Statement of Profit and Loss. In case of forward exchange contracts, the premium or discount arising at the inception of such contracts, is amortised as income or expense over the period of contract and exchange difference on such contracts, i.e. difference between the exchange rate at the reporting / settlement date and the exchange rate on the date of inception / the last reporting date, is recognized as income / expenses for the period.

#### **1.13 Derivative Transactions**

These transactions are undertaken to hedge the cost of borrowing and comprise of principal / interest rate swaps. The income / expenses are recognised when earned / incurred. In case of outstanding derivative contracts at the year end date, loss is determined on marked to market (MTM) basis and provision made.

#### **1.14 Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes to accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

#### **1.15 Research and Development**

Fixed assets used for Research and Development are depreciated in the same manner as in the case of similar assets; the revenue expenses are charged off in the year of incurrence.

#### **1.16 Taxation**

Provision is made for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted or substantially enacted tax rates. Deferred tax assets are recognized, only if there is reasonable / virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

#### **1.17 Leases**

Since significant portion of risks and rewards are retained by lessor in respect of assets acquired on lease, they are classified as operating lease and the lease rentals are charged off to revenue account.



## Notes on Accounts for the year ended 31.03.2012

|  | Rupees in lacs      |                     |
|--|---------------------|---------------------|
|  | AS AT<br>31-03-2012 | AS AT<br>31-03-2011 |

### 2. Share Capital

|   |                 |                 |
|---|-----------------|-----------------|
| Authorised  |                 |                 |
| 17,00,00,000 (Previous year 17,00,00,000) equity shares of Rs. 2/- each | 3,400.00        | 3,400.00        |
| 60,00,000 (Previous year 60,00,000) preference shares of Rs. 100/- each | 6,000.00        | 6,000.00        |
|   | <u>9,400.00</u> | <u>9,400.00</u> |
| Issued, Subscribed and fully paid                                       |                 |                 |
| 13,27,03,879 (PY 13,25,58,204) equity shares of Rs. 2/- each            | 2,654.08        | 2,651.16        |
|   | <u>2,654.08</u> | <u>2,651.16</u> |

- a. The Company has issued only one class of shares, referred to as equity shares having a par value of Rs. 2/- Each holder of equity shares is entitled to one vote per share
- b. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting
- c. During the year ended March 31, 2012, the amount of dividend per share recognized for distribution to equity shareholders is Rs. 0.80 (previous year Rs. 0.70). The total dividend appropriation for the year ended March 31, 2012 amounted to Rs. 1,233.94 lacs (previous year Rs. 1,078.57 lacs) including corporate dividend tax of Rs. 172.31 lacs (previous year Rs. 150.55 lacs)

### d. Reconciliation of the number of shares

|  | No. of Shares      | No. of Shares      |
|--|--------------------|--------------------|
| Outstanding at the beginning of the year | 132,558,204        | 131,830,525        |
| Add: Issued during the year              | 145,675            | 727,679            |
| Outstanding at the end of the year       | <u>132,703,879</u> | <u>132,558,204</u> |

### e. Shares held by each shareholder holding more than 5% shares

|   | No. of Shares     | No. of Shares     |
|---|-------------------|-------------------|
| Sapphire Intrex Ltd.                        | 25.54% 33,888,011 | 25.14% 33,324,010 |
| Shailaja Finance Ltd.                       | 8.44% 11,204,501  | 8.45% 11,204,501  |
| HSBC Global Investment Funds Mauritius Ltd. | 8.38% 11,124,125  | 8.30% 11,000,000  |
| Reliance Capital Trustee Company Ltd.       | 6.04% 8,018,382   | 5.68% 7,527,382   |

### F. Shares reserved for issue under options: ESOPs

The Company established Employee Stock Options Plan, duly approved by the shareholders in the meeting held on 25.05.2006 which is effective from 25.07.2006. Accordingly, the Company has granted 36,50,000 equity options upto 31.03.2012 which will get vested over a period of 4 years from the date of the grant. The employees have the options to exercise the right within a period of 3 years from the date of vesting. The compensation cost of stock options granted to employees are accounted by the Company using the intrinsic value method.

#### Summary of Stock Option

|                                     | No. of stock option | No. of stock option |
|-------------------------------------|---------------------|---------------------|
| Option granted upto the year end    | 3,650,000           | 3,650,000           |
| Options forfeited upto the year end | 1,425,013           | 1,116,390           |
| Options exercised upto the year end | 1,568,663           | 1,422,988           |
| Option outstanding at the year end  | 656,324             | 1,110,622           |
| Exercise price (weighted average)   | Rs. 81.20           | Rs. 84.15           |

In respect of Options granted under the Employee Stock Options plan, in accordance with the guidelines issued by SEBI, the accounting value of the options is accounted as deferred employee compensation, which is amortized on a straight line basis over the period between the date of grant of options and eligible dates for conversion into equity shares. Consequently, Employee benefits expense ( Note no. 25) includes Rs.17.03 lacs credit (Previous year Rs.43.19 lacs) being the amortisation of deferred employee compensation.

Share application money : The shares are expected to be allotted at an early date. The Company has sufficient authorised capital to cover the said allotment.

|  | Rupees in lacs   |                  |
|--|------------------|------------------|
|  | As at 31.03.2012 | As at 31.03.2011 |

### 3. Reserves and Surplus

#### Capital Reserve

|                                   |          |          |
|-----------------------------------|----------|----------|
| Balance as per last balance sheet | 1,213.68 | 1,213.68 |
|-----------------------------------|----------|----------|

#### Preference Shares Redemption Reserve

|                                   |       |       |
|-----------------------------------|-------|-------|
| Balance as per last balance sheet | 20.02 | 20.02 |
|-----------------------------------|-------|-------|

#### Securities Premium Reserve

|   |           |           |
|---|-----------|-----------|
| Balance as per last balance sheet                             | 37,872.86 | 37,955.53 |
| Add : Receipts on exercise of employee stock options          | 87.17     | 585.44    |
| Add : Transfer from employee stock option outstanding account | 19.66     | 215.39    |
| Less : Premium on foreign currency convertible bonds adjusted | 813.32    | 883.50    |

37,166.37 37,872.86

#### Revaluation Reserve

|   |        |        |
|---|--------|--------|
| Balance as per last balance sheet                                     | 928.30 | 934.66 |
| Less : Transfer being depreciation on revalued assets (Refer Note 27) | 6.36   | 6.36   |

921.94 928.30



|  | Rupees in lacs             |                         |                                    |                                    |
|--|----------------------------|-------------------------|------------------------------------|------------------------------------|
|  | AS AT<br>31-03-2012        | AS AT<br>31-03-2011     |                                    |                                    |
| <b>Employee Stock Options outstanding account</b>  |                            |                         |                                    |                                    |
| Gross employee stock compensation for options granted in earlier years   | 145.12                     | 357.06                  |                                    |                                    |
| Add : Gross compensation for options granted during the year   | -                          | 52.46                   |                                    |                                    |
| Less : Deferred employee stock compensation  | 72.41                      | 104.37                  |                                    |                                    |
| Less : Transfer to securities premium reserve on exercise of stock options   | 19.66                      | 215.39                  |                                    |                                    |
|  | <u>53.05</u>               | <u>89.76</u>            |                                    |                                    |
| <b>General Reserve</b>   |                            |                         |                                    |                                    |
| Balance as per last balance sheet  | 17,000.00                  | 13,162.92               |                                    |                                    |
| Add : Transfer from Surplus  | 3,000.00                   | 3,837.08                |                                    |                                    |
|  | <u>20,000.00</u>           | <u>17,000.00</u>        |                                    |                                    |
| <b>Surplus</b>   |                            |                         |                                    |                                    |
| Balance as per last balance sheet  | 5,364.74                   | 3,337.45                |                                    |                                    |
| Add : Profit for the year as per Statement of Profit and Loss  | 6,366.00                   | 7,280.06                |                                    |                                    |
| Less: Interest on income-tax relating to earlier year arising out of ITSC Order  | -                          | 335.23                  |                                    |                                    |
|  | <u>11,730.74</u>           | <u>10,282.28</u>        |                                    |                                    |
| Less : Appropriations  |                            |                         |                                    |                                    |
| Transfer to general reserve  | 3,000.00                   | 3,837.08                |                                    |                                    |
| Dividend for previous year   | -                          | 1.89                    |                                    |                                    |
| Proposed dividend  | 1,061.63                   | 928.02                  |                                    |                                    |
| Tax on proposed dividend   | <u>172.31</u>              | <u>150.55</u>           |                                    |                                    |
|  | <u>7,496.80</u>            | <u>5,364.74</u>         |                                    |                                    |
|  | <u>66,871.86</u>           | <u>62,489.36</u>        |                                    |                                    |
| <b>4. Long-term Borrowings</b>   |                            |                         |                                    |                                    |
| <b>Bonds - Unsecured</b>   |                            |                         |                                    |                                    |
| - Foreign currency convertible bonds   | -                          | 15,140.81               |                                    |                                    |
| <b>Term Loans - Secured *</b>  |                            |                         |                                    |                                    |
| - Rupee loans from banks   | 4,400.86                   | 7,443.61                |                                    |                                    |
| - Foreign currency loans from banks  | 32,851.25                  | -                       |                                    |                                    |
|  | <u>37,252.11</u>           | <u>22,584.42</u>        |                                    |                                    |
| Less : Shown in current maturities of long-term debt (Refer Note 9)  |                            |                         |                                    |                                    |
| - Foreign currency convertible bonds   | -                          | 15,140.81               |                                    |                                    |
| - Rupee loan from banks  | 3,416.63                   | 3,041.67                |                                    |                                    |
|  | <u>33,835.48</u>           | <u>4,401.94</u>         |                                    |                                    |
| i). The above loans are secured by a pari-passu first charge on gross block of fixed assets of the Company, both present and future.   |                            |                         |                                    |                                    |
| ii). Non-fund based facilities provided by banks are also secured by a second charge on the fixed assets of the Company  |                            |                         |                                    |                                    |
| iii). Term of repayment and interest are as follows:-  |                            |                         |                                    |                                    |
| <b>Name</b>  | <b>Balance instalments</b> | <b>Year of Maturity</b> | <b>Outstanding as on 31.3.2012</b> | <b>Outstanding as on 31.3.2011</b> |
| Foreign Currency Convertible Bonds   | Nil                        | July 2011               | -                                  | 15,140.81                          |
| State Bank of Hyderabad - Rupee Term Loan  | 8- Qtrly                   | Feb 2014                | 1,984.23                           | 2,985.31                           |
| State Bank of Travancore - Rupee Term Loan   | 4- Qtrly                   | Mar 2013                | 1,666.63                           | 3,333.30                           |
| State Bank of India - Rupee Term Loan  | 8- Qtrly                   | Mar 2014                | 750.00                             | 1,125.00                           |
| ICICI Bank Ltd - ECB \$ 200.00 lacs  | 21 - Qtrly                 | April 2018              | 10,231.21                          | -                                  |
| ICICI Bank Ltd - ECB \$ 292.17 lacs  | 21 - Qtrly                 | July 2018               | 14,946.56                          | -                                  |
| State Bank of India - ECB \$ 150.00 lacs   | 8 - HY                     | July 2018               | 7,673.48                           | -                                  |
|  |                            |                         | <u>37,252.11</u>                   | <u>22,584.42</u>                   |
| iv) The Company raised USD 50 million through an issue of FCCBs on 26th July 2006 (USD 40 million) and 25th August 2006 (USD 10 million on exercise of green shoe option by the manager to the issue). The FCCBs carried a coupon rate of 3.50% per annum and had a maturity of five years and one day from the date of issue. These were redeemed during the year on the maturity dates at a premium of 30.3961% of the principal amount. |                            |                         |                                    |                                    |
| <b>5. Deferred Tax Liabilities (Net)</b>   |                            |                         |                                    |                                    |
| Deferred Tax Liabilities:  |                            |                         |                                    |                                    |
| Related to fixed assets  |                            |                         | 6,515.26                           | 5,338.00                           |
| On account of tax holiday  |                            |                         | -                                  | -                                  |
|  |                            |                         | <u>6,515.26</u>                    | <u>5,338.00</u>                    |
| Deferred Tax Assets:   |                            |                         |                                    |                                    |
| FCCB/ ECB adjustment   |                            |                         | 415.72                             | 173.58                             |
| Provision for gratuity and leave encashment  |                            |                         | 191.14                             | 163.55                             |
| Provision for doubtful debts and others  |                            |                         | <u>275.40</u>                      | <u>25.87</u>                       |
|  |                            |                         | <u>882.26</u>                      | <u>363.00</u>                      |
| Deferred Tax Liability (Net)   |                            |                         | <u>5,633.00</u>                    | <u>4,975.00</u>                    |
| <b>6. Long-term Provisions</b>   |                            |                         |                                    |                                    |
| Provision for employee benefits.   |                            |                         |                                    |                                    |
| - Leave encashment (See Note 37)   |                            |                         | 402.10                             | 233.30                             |
|  |                            |                         | <u>402.10</u>                      | <u>233.30</u>                      |





|  | Rupees in lacs |            |
|--|----------------|------------|
|  | AS AT          | AS AT      |
|  | 31-03-2012     | 31-03-2011 |

#### 7. Short-term Borrowings

Secured

- Cash credit from banks (repayable on demand)
- ING Vysya Bank Limited (Buyers Credit )

|                  |                  |
|------------------|------------------|
| 27,770.79        | 25,904.62        |
| -                | 582.10           |
| <u>27,770.79</u> | <u>26,486.72</u> |

- i) Cash credit loans from banks - secured by hypothecation of inventories and book debts. Further secured by a second charge on fixed assets of the Company.
- ii) Buyers credit - secured by a charge on specific fixed assets.

#### 8. Trade Payables

Due to Micro and Small enterprises (See Note below)

Others #

|                  |                 |
|------------------|-----------------|
| -                | -               |
| 11,872.69        | 8,398.51        |
| <u>11,872.69</u> | <u>8,398.51</u> |

Note

The Company has not received information from suppliers or service providers, whether they are covered under Micro, Small and Medium Enterprises (Development) Act, 2006 and hence it has not been possible to ascertain the required information relating to amounts unpaid, if any, as at year end together with interest paid or payable to them.

# Includes: Diageo Radico Distilleries Private Limited - Rs. 360.42 lacs (Previous Year- Rs. 384.08 lacs)

#### 9. Other Current Liabilities

Current maturities of long-term debt

- Foreign currency convertible bonds
- Rupee loan from banks

Interest accrued but not due on borrowings

Interest accrued and due on borrowings

Advances from customers and others

Unclaimed dividends #

Other payables :

- Security deposits
- Accrued salary and benefits
- Statutory dues

|                  |                  |
|------------------|------------------|
| -                | 15,140.81        |
| 3,416.63         | 3,041.67         |
| 264.08           | 123.43           |
| 29.11            | 47.06            |
| 10,266.51        | 1,840.20         |
| 77.30            | 71.16            |
| 145.35           | 151.23           |
| 227.17           | 199.02           |
| 735.22           | 644.75           |
| <u>15,161.37</u> | <u>21,259.33</u> |

# This does not include any amount due and outstanding, to be credited to the Investor Education and Protection Fund

#### 10. Short-term Provisions

For employee benefits.

- Gratuity (See Note 37)
- Leave encashment (See Note 37)

Premium on redemption of FCCB

Proposed dividend

Tax on proposed dividend

For taxation (net of payments)

For excise duty on closing stock

Other contingencies

Total

|                 |                 |
|-----------------|-----------------|
| 54.57           | 30.20           |
| 132.45          | 240.60          |
| -               | 4,287.39        |
| 1,061.63        | 928.02          |
| 172.22          | 150.55          |
| 68.80           | 33.22           |
| 31.30           | 14.54           |
| 7.36            | 7.36            |
| <u>1,528.33</u> | <u>5,691.88</u> |

#### 11. Fixed Assets

(Refer Note No. 1.04 and 1.05)

(Rupees in lacs)

| DESCRIPTION OF ASSETS    | GROSS BLOCK         |                  |               |                     | DEPRECIATION       |                 |                 |                    | NET BLOCK           |                     |
|--------------------------|---------------------|------------------|---------------|---------------------|--------------------|-----------------|-----------------|--------------------|---------------------|---------------------|
|                          | AS AT<br>01.04.2011 | ADDITIONS        | DEDUCTIONS    | AS AT<br>31.03.2012 | UPTO<br>31.03.2011 | FOR THE<br>YEAR | WRITTEN<br>BACK | UPTO<br>31.03.2012 | AS AT<br>31.03.2012 | AS AT<br>31.03.2011 |
| <b>Tangible Assets</b>   |                     |                  |               |                     |                    |                 |                 |                    |                     |                     |
| Freehold land            | 1,896.92            | 288.99           | -             | 2,185.91            | -                  | -               | -               | -                  | 2,185.91            | 1,896.92            |
| Leasehold land           | 1,946.54            | -                | -             | 1,946.54            | 1,286.17           | 8.77            | -               | 1,294.94           | 651.60              | 660.37              |
| Buildings                | 4,589.73            | 2,329.98         | -             | 6,919.71            | 870.19             | 195.37          | -               | 1,065.56           | 5,854.15            | 3,719.54            |
| Plant & equipment        | 39,772.67           | 8,557.32         | 54.38         | 48,275.61           | 10,105.50          | 2,449.47        | 45.89           | 12,509.08          | 35,766.53           | 29,667.17           |
| Office equipment         | 379.32              | 1.55             | 0.61          | 380.26              | 206.65             | 18.94           | 0.27            | 225.32             | 154.94              | 172.67              |
| Furniture & fittings     | 438.20              | 18.09            | -             | 456.29              | 213.05             | 28.45           | -               | 241.50             | 214.79              | 225.15              |
| Vehicles                 | 1,050.87            | 167.86           | 286.63        | 932.10              | 323.18             | 95.50           | 149.54          | 269.14             | 662.96              | 727.69              |
| Leasehold improvements   | 588.62              | 196.36           | 12.03         | 772.95              | 400.05             | 70.31           | 9.83            | 460.53             | 312.42              | 188.57              |
|                          | <u>50,662.87</u>    | <u>11,560.15</u> | <u>353.65</u> | <u>61,869.37</u>    | <u>13,404.79</u>   | <u>2,866.81</u> | <u>205.53</u>   | <u>16,066.07</u>   | <u>45,803.30</u>    | <u>37,258.08</u>    |
| <b>Intangible Assets</b> |                     |                  |               |                     |                    |                 |                 |                    |                     |                     |
| Brands & trade marks     | 5,004.70            | -                | -             | 5,004.70            | 1,572.66           | 242.97          | -               | 1,815.63           | 3,189.07            | 3,432.04            |
| Goodwill                 | 955.00              | -                | -             | 955.00              | 334.25             | 47.75           | -               | 382.00             | 573.00              | 620.75              |
| Softwares                | 656.18              | 210.00           | -             | 866.18              | 77.10              | 132.77          | -               | 209.87             | 656.31              | 579.08              |
|                          | <u>6,615.88</u>     | <u>210.00</u>    | <u>-</u>      | <u>6,825.88</u>     | <u>1,984.01</u>    | <u>423.49</u>   | <u>-</u>        | <u>2,407.50</u>    | <u>4,418.38</u>     | <u>4,631.87</u>     |
| <b>Total</b>             | <u>57,278.75</u>    | <u>11,770.15</u> | <u>353.65</u> | <u>68,695.25</u>    | <u>15,388.80</u>   | <u>3,290.30</u> | <u>205.53</u>   | <u>18,473.57</u>   | <u>50,221.68</u>    | <u>41,889.95</u>    |
| Previous year            | 55,051.12           | 4,418.79         | 2,191.16      | 57,278.75           | 13,657.57          | 2,721.00        | 989.77          | 15,388.81          | 41,889.95           | 41,393.55           |

Notes:

1. Additions to Plant and Equipment is net of:

- a) Rs. 215.40 lacs towards specific capital subsidy received from Ministry of New and Renewable Energy, towards installation of 2.4 MW Biogas based Power Project
- b) Rs. 1281.30 lacs, adjustments towards foreign exchange loss/ (gain) (previous year: deduction Rs.113.49 lacs) on long term foreign currency borrowings.



|   | Rupees in lacs      |                     |
|---|---------------------|---------------------|
|   | AS AT<br>31-03-2012 | AS AT<br>31-03-2011 |
| <b>12. Non Current Investments</b>  |                     |                     |
| (At cost) (Unquoted)  |                     |                     |
| <b>i) Trade Investments</b>   |                     |                     |
| <b>Equity Shares of Joint Venture Companies</b>   |                     |                     |
| Radico NV Distilleries Maharashtra Limited - 26,59,500 (previous year: 2,265,750) equity shares of Rs. 100 each, fully paid up, (See foot notes (a) & (b) given below)  | 2,805.74            | 2,412.00            |
| Diageo Radico Distilleries Private Limited - Nil (Previous year: 1,25,00,000) Equity shares of Rs.10 each, fully paid up  | -                   | 1,250.00            |
| <b>Equity Shares of Associate Company</b>   |                     |                     |
| Radico Global Limited - 90,650 (Previous year: 90,650) equity shares of AED100 each, fully paid up - incorporated in Jebel Ali Free Zone, Dubai (See foot note (a) given below)   | 1,030.45            | 1,030.45            |
| Vintage Bottlers Private Limited - Nil (Previous year: 1,000) equity shares of Rs.10 each, fully paid up  | -                   | 90.00               |
| <b>Preference Shares of Joint Venture Company</b>   |                     |                     |
| Radico NV Distilleries Maharashtra Limited - 20,00,000 (Previous year: 20,00,000) 10% cumulative, non-convertible preference shares of Rs.100 each, fully paid up   | 2,000.00            | 2,000.00            |
|   | <u>5,836.19</u>     | <u>6,782.45</u>     |
| <b>ii) Non-trade Investments</b>  |                     |                     |
| New Urban Cooperative Bank Ltd. - 2,388 (Previous year: 2,388) equity shares of Rs. 25 each, fully paid up  | 0.60                | 0.60                |
| <b>Government or trust securities (Unquoted)</b>  |                     |                     |
| 6 year National Savings Certificates (Deposited with Government Departments as security)  | 1.30                | 1.53                |
|   | <u>1.90</u>         | <u>2.13</u>         |
|   | <u>5,838.09</u>     | <u>6,784.58</u>     |
| <b>Foot Notes</b>   |                     |                     |
| a) No provision has been made for diminution in the value of investments in Radico Global Ltd. and Radico NV Distilleries Maharashtra Ltd., as in the opinion of the management, the investments have been made on a long term basis and are of strategic nature and the diminution is considered temporary in nature . |                     |                     |
| b) 11,55,573 Shares of Radico NV Distilleries Maharashtra Ltd. have been pledged with bank as security for loans granted to them.   |                     |                     |
| <b>13. Long-term loans and advances</b>   |                     |                     |
| (Unsecured- Considered good unless otherwise stated )   |                     |                     |
| Capital Advances  | 5,432.66            | 4,971.95            |
| Security Deposits   | 1,068.06            | 506.37              |
| Prepaid expenses  | 395.12              | 2.57                |
| MAT credit available for set off (refer note - 36(i))   | 1,577.50            | 1,447.50            |
| Advances recoverable in cash or kind  | 66.78               | 1.59                |
| Loans and advances to a related party:  |                     |                     |
| - Share application money to Radico NV Distilleries Maharashtra Limited (a Joint Venture Co.)   | -                   | 150.00              |
|   | <u>8,540.12</u>     | <u>7,079.98</u>     |
| <b>14. Current Investments</b>  |                     |                     |
| (At lower of cost or fair value)  |                     |                     |
| <b>Non Trade - Unquoted</b>   |                     |                     |
| <b>i) Equity Shares</b>   |                     |                     |
| Rayalaseema Paper Mills Ltd - 16,901 (Previous year: 16,901) equity shares of Rs.10 each, fully paid up,  | 2.05                | 2.05                |
| <b>ii) Units of Mutual Funds</b>  |                     |                     |
| Reliance Small Cap Fund (Growth Plan) - 30,00,000 (Previous year: 30,00,000) units of Rs.10 each, fully paid up (NAV Rs. 273.61 lacs)   | 300.00              | 300.00              |
| SBI Dynamic Bond Fund ( Growth Plan) - 1,55,487 (Previous year: nil) units of Rs.10 each, fully paid up (NAV Rs. 20.51 lacs)  | 20.00               | -                   |
| Certificate of deposit with a financial institution (SICOM Ltd)   | 5,000.00            | 5,000.00            |
|   | <u>5,322.05</u>     | <u>5,302.05</u>     |
| Less:- Diminution in value of current investments   | 26.39               | 14.66               |
|   | <u>5,295.66</u>     | <u>5,287.39</u>     |



|   | Rupees in lacs      |                     |
|---|---------------------|---------------------|
|   | AS AT<br>31-03-2012 | AS AT<br>31-03-2011 |
| <b>15. Inventories</b>  |                     |                     |
| (Refer Note 1.06 on valuation)  |                     |                     |
| Raw materials   | 5,874.02            | 2,638.22            |
| Stock in process  | 1,437.17            | 1,355.10            |
| Finished goods  | 7,295.26            | 5,882.45            |
| Stock-in-trade  | 278.95              | 77.87               |
| Stores & spares   | 1,265.20            | 1,011.92            |
| Packing materials   | 1,767.31            | 1,781.45            |
|   | <u>17,917.91</u>    | <u>12,747.01</u>    |
| Less : Provision for obsolete and non moving inventory                                | 173.35              | 59.72               |
|   | <u>17,744.56</u>    | <u>12,687.29</u>    |
| <b>16. Trade Receivables</b>  |                     |                     |
| (Unsecured- Considered good, unless otherwise stated)                                 |                     |                     |
| Outstanding for a period exceeding six months from the due date                       |                     |                     |
| - Unsecured, considered good  | 6,818.85            | 4,539.62            |
| - Unsecured, considered doubtful  | 582.73              | 598.27              |
|   | <u>7,401.58</u>     | <u>5,137.89</u>     |
| Less: Provision for doubtful debts  | (582.73)            | (557.29)            |
| Others  | 27,960.36           | 27,328.90           |
|   | <u>34,779.21</u>    | <u>31,909.50</u>    |
| <b>17. Cash and Bank Balances</b>   |                     |                     |
| Balances with banks   |                     |                     |
| - in current accounts   | 1,004.94            | 568.19              |
| - in term deposits #  | 1,062.77            | 272.56              |
| - in unpaid dividend accounts   | 77.85               | 71.24               |
| Cash on hand  | 25.08               | 22.89               |
| Deposit with Post Office  | 5.00                | 5.00                |
| Less: Deposits with more than 12 months maturity shown under other non-current assets | (71.79)             | (50.45)             |
|   | <u>2,103.85</u>     | <u>889.43</u>       |
| # Deposit includes  |                     |                     |
| Under lien with Government department and banks as security.                          | 734.96              | 266.28              |
| <b>18. Short-term Loans and Advances</b>  |                     |                     |
| (Unsecured- Considered good, unless otherwise stated)                                 |                     |                     |
| Loans and advances to related parties   |                     |                     |
| - Radico NV Distilleries Maharashtra Limited (Joint Venture)                          | 1,065.84            | -                   |
| - Radico Global Limited (Associate)   | 409.25              | 357.20              |
| Share application money to Vintage Bottlers Private Limited                           | -                   | 1.00                |
| Advances recoverable in cash or kind:   |                     |                     |
| - Considered good #   | 2,865.81            | 3,262.45            |
| - Considered doubtful   | 46.44               | 23.99               |
| Less: Provision for doubtful advance  | (46.44)             | (23.99)             |
| Inter corporate deposits  | 7,800.00            | 2,000.00            |
| Advances to Contract Bottling Units #   | 18,954.51           | 17,877.09           |
| Other Loans and Advances  |                     |                     |
| - Sales tax paid under protest  | 18.11               | 17.58               |
| - Claims and Duties Recoverable from Excise Department                                | 2,087.83            | 803.73              |
| - Other balances recoverable from Statutory/ Government authorities                   | 93.53               | 79.34               |
| - Security Deposits   | 233.35              | 419.82              |
| - Prepaid expenses  | 1,198.58            | 1,069.01            |
|   | <u>34,726.81</u>    | <u>25,887.22</u>    |
| # includes due from Radico NV Distilleries Maharashtra, a Joint Venture               | <u>1,963.03</u>     | <u>1,442.99</u>     |
| <b>19. Other current assets</b>   |                     |                     |
| (Unsecured - Considered good)   |                     |                     |
| Interest accrued on   |                     |                     |
| - term deposits   | 50.99               | 43.95               |
| - loans and advances  | 283.06              | 5.23                |
| Accrued excise subsidy  | 1,775.73            | 1,130.18            |
| Accrued export incentives   | 1,313.41            | 911.67              |
| <b>Total</b>  | <u>3,423.19</u>     | <u>2,091.03</u>     |



|  | Rupees in lacs    |                   |
|--|-------------------|-------------------|
|  | Current Year      | Previous year     |
| <b>20. Revenue from Operations</b>   |                   |                   |
| (Refer Note 1.07 on revenue recognition)   |                   |                   |
| Sale of  |                   |                   |
| - Alcohol and other alcoholic products   | 160,122.82        | 140,914.36        |
| - Pet bottles & caps   | 8,069.22          | 5,631.33          |
| - Jaivik khad  | 29.90             | 41.31             |
| - Printed bottles  | 2,239.17          | 1,747.89          |
| - Others (Blends & Others)   | 1,207.19          | 1,653.80          |
| Sale of traded goods   |                   |                   |
| - Indian Made Foreign Liquor   | 3,008.99          | 3,278.21          |
| - Alcohol  | 7,877.45          | 836.05            |
| - Imported Liquor  | 367.83            | 396.66            |
| Income from Operations through Other Distilleries / Bottling Units                     | 10,606.22         | 11,304.13         |
| Other operating revenues   |                   |                   |
| - Export incentives  | 2,250.71          | 1,345.04          |
| - Cenvat credit utilised   | 504.64            | 411.99            |
| - Excise revenue subsidy income  | 1,021.63          | 752.27            |
| - Scrap sales  | 832.77            | 914.83            |
|  | <u>198,138.54</u> | <u>169,227.87</u> |
| <b>21. Other Income</b>  |                   |                   |
| Interest income on   |                   |                   |
| - Term deposit with banks and financial institutions                                   | 794.76            | 62.68             |
| - Loans and advances (including inter corporate deposits)                              | 1,270.20          | 534.77            |
| - Interest on income tax refunds   | -                 | 36.26             |
| Dividend income on current investments   | 0.57              | 0.15              |
| Profit on sale of current investments  | -                 | 195.62            |
| Profit on sale of fixed assets   | 5.58              | 237.82            |
| Excess provisions written back   | 36.87             | 7.94              |
| Miscellaneous income   | 29.17             | 36.85             |
|  | <u>2,137.15</u>   | <u>1,112.09</u>   |
| <b>22. Cost of Materials Consumed</b>  |                   |                   |
| Raw Materials  |                   |                   |
| Opening Stock  | 2,638.22          | 4,059.20          |
| Add: Purchases   | 31,791.65         | 24,013.09         |
|  | <u>34,429.87</u>  | <u>28,072.29</u>  |
| Less: Closing Stock  | 5,874.02          | 2,638.22          |
| Raw material consumed  | 28,555.85         | 25,434.07         |
| Packing materials consumed   | 18,311.23         | 14,865.72         |
|  | <u>46,867.08</u>  | <u>40,299.79</u>  |
| <b>23. Purchase of Traded Goods</b>  |                   |                   |
| Indian made foreign liquor   | 3,099.29          | 3,209.78          |
| Alcohol  | 6,243.78          | 688.04            |
| Imported Liquor  | 98.20             | 118.45            |
|  | <u>9,441.27</u>   | <u>4,016.27</u>   |
| <b>24. Changes in Inventories of Traded goods, Finished Goods and Stock-in-process</b> |                   |                   |
| Opening Stock  |                   |                   |
| Traded goods   | 77.87             | 120.63            |
| Finished goods   | 5,882.45          | 5,080.77          |
| Stock in process   | 1,355.10          | 887.06            |
|  | <u>7,315.42</u>   | <u>6,088.46</u>   |
| Less : Closing Stock   |                   |                   |
| Traded goods   | 278.95            | 77.87             |
| Finished goods   | 7,295.26          | 5,882.45          |
| Stock in process   | 1,437.17          | 1,355.10          |
|  | <u>9,011.38</u>   | <u>7,315.42</u>   |
|  | <u>(1,695.96)</u> | <u>(1,226.96)</u> |



|   | Rupees in lacs   |                  |
|---|------------------|------------------|
|   | Current Year     | Previous year    |
| <b>25. Employee Benefits Expense</b>                                      |                  |                  |
| (Refer Note 1.10 on employee benefits)                                    |                  |                  |
| Salaries, wages and allowances  | 6,291.41         | 5,466.19         |
| Contribution to provident and other funds                                 | 426.02           | 374.16           |
| Gratuity  | 89.77            | 63.70            |
| Employee stock options scheme - (See Note 2)                              | (17.03)          | 43.19            |
| Staff welfare expenses  | 273.38           | 251.63           |
|   | <u>7,063.55</u>  | <u>6,198.87</u>  |
| <b>26. Finance Costs</b>  |                  |                  |
| Interest expense  | 5,711.73         | 3,353.88         |
| Other borrowing costs   | 103.50           | 171.93           |
| Applicable net gain/loss on foreign currency transactions and translation | 296.86           | -                |
|   | <u>6,112.09</u>  | <u>3,525.81</u>  |
| <b>27. Depreciation and amortization expense</b>                          |                  |                  |
| Depreciation of tangible assets   | 2,866.81         | 2,368.04         |
| Amortisation of intangible assets   | <u>423.49</u>    | <u>352.96</u>    |
|   | 3,290.30         | 2,721.00         |
| Less: Transfer from revaluation reserve                                   | 6.36             | 6.36             |
|   | <u>3,283.94</u>  | <u>2,714.64</u>  |
| <b>28. Other expenses</b>   |                  |                  |
| Power and fuel  | 3,655.00         | 3,446.05         |
| Stores and spares consumed  | 2,831.47         | 1,828.03         |
| Repairs and maintenance   |                  |                  |
| - Building  | 104.03           | 65.55            |
| - Plant and equipment   | 1,023.52         | 783.34           |
| - Others  | 167.68           | 130.71           |
| Machinery and other hire charges  | 153.60           | 109.19           |
| Insurance   | 301.27           | 238.11           |
| Rent  | 309.88           | 273.33           |
| Rates and taxes   | 2,102.23         | 1,830.34         |
| Travelling Expenses - Directors   | 79.90            | 78.43            |
| - Others  | 825.49           | 802.59           |
| Directors' fee  | 3.85             | 3.30             |
| Foreign exchange fluctuations (net)                                       | 39.48            | (179.20)         |
| Provision for obsolete and non moving inventory                           | 113.63           | 53.05            |
| Obsolete and non moving inventory written off                             | 28.26            | -                |
| Charity and donation  | 23.86            | 20.14            |
| Provision for doubtful debts / advances                                   | 73.07            | 151.39           |
| Bad debts / advances written off  | 43.44            | 97.31            |
| Less : Adjusted against provision   | (25.18)          | (97.31)          |
| Bio composting expenses   | 453.75           | 567.62           |
| Professional Fee & retainership expenses                                  | 574.05           | 473.98           |
| Communication expenses  | 194.61           | 189.07           |
| Sundry balances written off   | 47.13            | 48.47            |
| Provision for diminution in value of investment                           | 11.73            | 14.66            |
| Loss on sale / write off of assets  | 93.03            | 452.80           |
| Bank charges  | 94.57            | 65.65            |
| Other overheads   | 1,683.51         | 1,634.20         |
| Selling and distribution expenses:  |                  |                  |
| - Freight outwards  | 4,859.18         | 3,122.84         |
| - Supervision charges - after sales                                       | 716.04           | 559.13           |
| - Supervision charges to supervisors                                      | 1,071.88         | 924.68           |
| - Rebate discount and allowance   | 3,152.90         | 2,378.60         |
| - Advertisement & sales promotion   | 10,699.10        | 10,214.85        |
|   | <u>35,505.96</u> | <u>30,280.90</u> |



|  | Rupees in lacs   |                  |
|--|------------------|------------------|
|  | Current Year     | Previous year    |
| <b>29. Exceptional Items</b>   |                  |                  |
| Loss on sale of non current investment (Trade)<br>(of Diageo Radico Distilleries Private Limited - a Joint Venture)  | 1,249.89         | -                |
|  | <u>1,249.89</u>  | <u>-</u>         |
| <b>30. Earning per Share</b>   |                  |                  |
| Profit after tax attributable to equity share holders (after deducting prior period and extra ordinary items, preference dividend and tax thereon) - for Basic EPS   | 6,366.00         | 7,280.06         |
| Profit after tax attributable to equity share holders (after deducting prior period and extra ordinary items, preference dividend and tax thereon) - for Diluted EPS   | 6,348.97         | 7,280.06         |
| Basic weighted average no. of equity shares of Rs. 2/- each  | 132,635,816      | 132,226,786      |
| Diluted weighted average no. of equity shares of Rs. 2/- each  | 133,292,140      | 132,226,786      |
| Basic earning per share (Rs)   | 4.80             | 5.51             |
| Diluted earning per share (Rs)   | 4.76             | 5.51             |
| Since the potential equity on account of ESOP and FCCB were anti dilutive in the previous year, the diluted earning remains the same as Basic (Rs)   |                  |                  |
| <b>Other Notes on Accounts</b>   | <u>2011-2012</u> | <u>2010-2011</u> |
| <b>31. Estimated amount of Capital commitments ( Net of advances )</b>   | 2,169.19         | 1,740.70         |
| <b>32. Contingent Liabilities not provided for:</b>  |                  |                  |
| <b>i) Claims against the Company, not acknowledged as debts</b>  |                  |                  |
| (a) Disputed liability relating to ESI Contribution  | 0.89             | 0.89             |
| (b) Disputed liability relating to PF contribution of contractor labour  | 32.44            | 32.44            |
| (c) Disputed liability relating to payment of late re-calibration fees on verification and stamping of manufacturing vats/tanks installed at distillery.   | 88.00            | 88.00            |
| (d) Disputed claim relating to refund of export duty on rectified spirit   | 10.62            | 10.62            |
| (e) Disputed Entry Tax demand-matter under appeal  | 6.86             | 33.17            |
| (f) Disputed penalty U/s 10 for purchase of HSD (Diesel) matter under appeal   | 3.02             | 3.02             |
| (g) Disputed Excise matters  | 442.68           | 236.65           |
| (h) Disputed Stamp duty claim arising out of amalgamation, being contested   | 80.00            | 80.00            |
| (i) Disputed demands on account of service tax including interest and penalty thereon for the period July 2003 to March 2010, being contested and under appeal   | 8,259.47         | 6,359.66         |
|  | <u>8,923.98</u>  | <u>6,844.45</u>  |
| In respect of the items above, future cash outflows are determinable only on receipt of judgements / decisions pending at various forums / authorities.  |                  |                  |
| <b>ii) Guarantee/ security given to Banks on behalf of Radico NV Disilleries Maharashtra Ltd:</b>  |                  |                  |
| a) Corporate Guarantee   | 4,140.00         | 4,140.00         |
| b) Against pledge of Company's Fixed Deposit for demand loan   | 450.00           | -                |
| c) As co-obligant for vehicle loan   | 110.74           | -                |
| <b>iii) The Company has entered into an agreement dated 23rd February, 2007 with Fortune Brand Promotion And Management Trust (the Trust), (of which the Company is the Settler) for carrying out brand management services. In consideration of the same, the Company is required to pay brand management fee to the Trust. Sales promotion expenses for the year include Rs.1811.76 lacs (Previous year Rs.1890.73 lacs) paid to the Trust on the basis of their invoices. The agreement is to continue for a period of seven years, unless terminated earlier. As per the Trust Deed and agreement, the Trust fund is held for the benefit of the lenders in respect of their outstanding dues and the brand owners (the Company) in respect of residual interest. On termination of the agreement at any time, the Company will be liable to pay to the Trust of its outstanding borrowing, as reduced by the funds available to the Trust and also the other costs and expenses towards closing of the Trust.</b> |                  |                  |
| As security, charge by way of hypothecation has been created on the trade marks and copy rights of two self generated brands of the Company in favour of a Bank and registered in the office of Registrar of Companies as per section 125 of the Companies Act 1956. On the basis of information from the Trust, the outstanding loan as on the Balance Sheet date is :  | 3,366.98         | 3,563.63         |



Rupees in lacs  
2011-2012                      2010-2011

- iv) Madhya Pradesh State Industrial Development Corporation Ltd. has demanded a sum of Rs.168.09 lacs besides unspecified expenses arising out of the alleged non compliance of conditions relating to its holding of shares in Abhishek Cement Ltd. prior to the merger of Radico Khaitan Ltd. in the year 2002-03. Its action has resulted in a sum of Rs.72.84 lacs held in State Bank of India being attached. The recovery proceedings initiated by local Collector Office are stayed under the Orders of the Madhya Pradesh High Court. The Company is taking suitable steps to contest the recovery proceedings.
- v) The Company has been sanctioned "Receivable buyout" facility of Rs 4500.00 lacs by IDBI Bank Ltd. against trade receivables from Canteen Stores Department and has executed assignment deed and other required documentation. Accordingly, the amount availed and outstanding as on 31st March, 2012 have been set off against the receivables and advances to CBUs. The amount outstanding as on the Balance Sheet date is :
- vi) The Addl. Director General DGCEI (Hqrs), R.K. Puram, New Delhi has issued a show cause notice to the Company on 18.10.2011 on demanding service tax of Rs.1462.78 lacs plus interest and penalty under business auxiliary service for the year April 2010 to March 2011. The Company is in the process of submitting the reply.
33. In the opinion of the Management and to the best of their knowledge and belief, the value on realisation of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.
34. Pursuant to the amendment by way of addition of paras 46 and 46A to AS-11 on effect of changes in foreign exchange rates, the Company has exercised the option of deferring the foreign exchange fluctuation gain / loss in respect of the accounting periods commencing from 01.04.2007. Further, such foreign exchange differences relating to acquisition of depreciable capital assets have been adjusted to the cost of such assets and depreciated over the balance life of the assets.
- As a result, foreign exchange loss of Rs 1281.30 lacs this year on long term foreign currency items pertaining to capital assets has been adjusted to fixed assets. Out of the foreign currency monetary items translation difference account of Rs.2981.51 lacs (debit), as on 31.03.2012, a sum of Rs.296.86 lacs has been debited to loss on foreign exchange fluctuation account during the year.
35. The Company has taken premises on operating lease. The lease payments charged during the year to the Statement of profit and loss account amounts to Rs 322.69 lacs. (Previous Year: Rs.210.85 lacs). Amount due within one year Rs 239.03 lacs.

3,599.35

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#### 36. Income Tax -

- i) Provision for Income Tax for the year has been made on book profits (MAT) under section 115 JB of the Income Tax Act, 1961. MAT credit available for set off aggregating to Rs.1577.50 lacs has been shown separately under Long Term Loans and Advances. The Company can avail the benefit of MAT within the period provided in law.
- ii) The Company's factory premises and offices were searched by the Income Tax Department on 15th February, 2011. There were no seizure of cash or stocks etc. from the Company's premises. The Company has received a notice under section 153A of the Income Tax Act, 1961 with a direction for filing revised returns in respect of asst years 2005-06 to 2010-11. The department has not yet informed the nature of the allegations against the Company nor evidence upon which they are based. Therefore, the Company is not in a position to ascertain the possible liability on account of this action.



### 37. Employee Benefits : AS-15

- (i) The Company has taken a policy with Life Insurance Corporation of India (LIC) for meeting the accruing liability on account of gratuity. The premium, actuarially ascertained by LIC, is charged to the Profit and Loss account. The amount debited to profit & loss account is Rs. 89.77 lacs.
- (ii) In respect of leave encashment, provision is made based on the actuarial valuation by an independent Actuary. The following information as required under AS-15 are based on the report of the Actuary / L.I.C.

| Leave Encashment   | Rupees in lacs |            |
|--|----------------|------------|
|  | 31.03.2012     | 31.03.2011 |
| <b>A Economic assumptions</b>  |                |            |
| i) Discounting rate  | 8.50%          | 8.00%      |
| ii) Future salary increase   | 6.00%          | 5.50%      |
| iii) Expected rate of return on plan assets                                    | 0.00%          | 0.00%      |
| <b>B Break up of expenses</b>  |                |            |
| a) Current service cost  | 66.24          | 58.95      |
| b) Interest cost   | 40.28          | 34.40      |
| c) Net actuarial (gain)/ loss recognized in the period                         | 36.22          | 39.29      |
| d) Expenses recognized in the statement of profit & loss                       | 142.74         | 132.64     |
| <b>C Change in present value of obligation</b>                                 |                |            |
| a) Present value of obligation as at the beginning of the period 01/04/2011    | 473.90         | 430.01     |
| b) Interest cost   | 40.28          | 34.40      |
| c) Current service cost  | 66.24          | 58.95      |
| d) Benefits paid   | (82.09)        | (88.75)    |
| e) Actuarial (gain)/loss on obligation   | 36.22          | 39.29      |
| f) Present value of obligation as at the end of period 31/03/2012              | 534.55         | 473.90     |
| <b>Gratuity</b>  |                |            |
| <b>A Economic assumptions</b>  |                |            |
| i) Discounting rate  | 8.00%          | 8.00%      |
| ii) Future salary increase   | 5.00%          | 5.00%      |
| iii) Expected rate of return on plan assets                                    | 9.40%          | 9.40%      |
| <b>B Break up of expenses</b>  |                |            |
| a) Current service cost  | 57.60          | 56.92      |
| b) Interest cost   | 52.16          | 47.94      |
| c) Expected return on plan assets  | (57.03)        | (51.10)    |
| d) Net actuarial (gain)/ loss recognized in the period                         | 37.05          | 9.93       |
| e) Expenses recognized in the statement of profit & loss                       | 89.77          | 63.70      |
| <b>C Change in present value of obligation</b>                                 |                |            |
| a) Present value of obligation as at the beginning of the period 01/04/2011    | 652.02         | 587.10     |
| b) Interest cost   | 52.16          | 47.94      |
| c) Current service cost  | 57.60          | 56.92      |
| d) Benefits paid   | (38.72)        | (62.07)    |
| e) Actuarial (gain)/loss on obligation   | 37.05          | 9.93       |
| f) Present value of obligation as at the end of period 31/03/2012              | 760.10         | 652.02     |
| <b>D Change in fair value of plan assets</b>                                   |                |            |
| a) Fair value of plan assets at the beginning of the year                      | 621.82         | 572.82     |
| b) Expected return on plan assets  | 57.03          | 51.10      |
| c) Contributions   | 65.40          | 59.97      |
| d) Benefits paid   | (38.72)        | (62.07)    |
| e) Fair value of plan assets at the end of the year                            | 705.53         | 621.82     |
| f) Liability recognised in the balance sheet                                   | 54.57          | 30.20      |
| <b>(iii) The Company in addition has recognised as expense the following:-</b> |                |            |
| a) Contribution to recognised Provident Fund (inlcuding Family Pension)        | 269.11         | 235.27     |
| b) Contribution to LIC towards Superannuation.                                 | 131.42         | 115.31     |
| c) Medical insurance premium.  | 103.12         | 90.50      |
| d) Contribution to Employees State Insurance                                   | 25.49          | 23.58      |

### 38. Segment reporting :

Based on the guideline in Accounting Standard on segment reporting (AS- 17), the Company's primary business segment is manufacture and trading in liquor. The liquor business incorporates the product groups, namely, rectified spirit, country liquor and IMFL which mainly have similar risks and returns. Therefore, segment reporting is not applicable.





### 39. Related party disclosure as per Accounting Standard -18 :

#### A Related parties and their relationship :

I Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise :

(1) Sapphire Intrex Ltd.

II Associates and Joint Ventures

(1) Diageo Radico Distilleries Private Limited (ceased to be a JV w.e.f. 03-Feb-12)  
(2) Radico NV Distilleries Maharashtra Limited  
(3) Radico Global Limited (an Associate)

III Key Manangement personnel :

(1) Dr. Lalit Khaitan, Chairman & Managing Director  
(2) Mr. Abhishek Khaitan, Managing Director  
(3) Mr. K.P. Singh, Whole Time Director

Relatives :

(1) Mrs. Deepshikha Khaitan (Wife of Mr. Abhishek Khaitan)  
(2) Mrs. Shailaja Saraf (Daughter of Dr. Lalit Khaitan)  
(3) Mr. Padmanabh Mandelia (Grand son of Dr. Lalit Khaitan)

#### B Transaction with above in the ordinary course of business :

Rupees in lacs

|   | 31.03.2012 | 31.03.2011 |
|---|------------|------------|
| <b>Key Manangement Personnel :</b>  |            |            |
| Dr. Lalit Khaitan, Chairman & Managing Director   |            |            |
| Remuneration  | 187.32     | 187.33     |
| Mr. Abhishek Khaitan, Managing Director   |            |            |
| Remuneration  | 147.81     | 146.66     |
| Mr. K.P. Singh, Whole Time Director   |            |            |
| Remuneration  | 88.43      | 85.32      |
| Mrs. Deepshikha Khaitan (wife of Mr. Abhishek Khaitan)  |            |            |
| Remuneration  | 10.53      | 5.03       |
| Mrs. Shailaja Saraf (Daughter of Dr. Lalit Khaitan)   |            |            |
| Remuneration  | 7.94       | 5.56       |
| Mr. Padmanabh Mandelia (Grand son of Dr. Lalit Khaitan)   |            |            |
| Remuneration  | 10.61      | 4.51       |
| <b>Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise :</b> |            |            |
| Sapphire Intrex Ltd.  |            |            |
| Rent Paid   | 60.00      | 60.00      |
| <b>Associates and Joint Ventures</b>  |            |            |
| Diageo Radico Distilleries Private Limited (ceased to be a JV w.e.f. 03-Feb-12)   |            |            |
| Receivable  | -          | 8.40       |
| Payable   | 360.42     | 384.08     |
| Radico NV Distilleries Maharashtra Limited  |            |            |
| Sale of Goods   | 562.12     | 848.45     |
| Reimbursement of IT support charges (Cr)  | 44.12      | 49.82      |
| Tie-up operation income (net of bottling charges)   | 1,238.68   | 1,303.15   |
| Interest income on loan given   | 56.38      | -          |
| Purchase of material  | 7,597.48   | 1,419.66   |
| Investment in share capital   | 393.74     | -          |
| Share application money paid  | -          | 150.00     |
| Receivable  | 3,028.86   | 1,477.86   |
| Guarantee/ Security given by Radico Khaitan Limited   | 4,700.74   | 4,140.00   |
| Radico Global Ltd.  |            |            |
| Loan given during the year and outstanding at the end of the year   | 409.25     | 357.20     |
| Interest accrued for the year   | 25.25      | 4.76       |

### 40. The details of the Company's interest in its Joint Ventures, having Joint Control, as per the requirements of AS-27 on Financial Reporting of Interest in Joint Ventures are as under : (Un-audited)

| Particulars                           | Diageo Radico Distilleries Pvt. Ltd. # |            | Radico NV Distilleries Maharashtra Ltd. |            |
|---------------------------------------|--|------------|---|------------|
|                                       | 31.03.2012                             | 31.03.2011 | 31.03.2012                              | 31.03.2011 |
| # ceased to be a JV w.e.f.: 03-Feb-12 |  |            |   |            |
| % Ownership Interest                  | 0.00%                                  | 50.00%     | 36.00%                                  | 36.00%     |
| a Assets                              | -                                      | 45.88      | 10,233.26                               | 9,364.37   |
| b Liabilities                         | -                                      | 1,554.39   | 7,205.73                                | 7,133.70   |
| c Income                              | -                                      | 3.88       | 7,146.45                                | 6,220.88   |
| d Expenses                            | -                                      | 727.18     | 6,773.55                                | 6,281.26   |
| e Contingent Liabilities              | -                                      | -          | 562.80                                  | 87.95      |
| f Capital Commitments                 | -                                      | -          | 1.41                                    | 87.66      |



|                                     | 31.03.2012 | 31.03.2011 |
|-------------------------------------|------------|------------|
| <b>41. Remuneration to Auditors</b> |            |            |
| a Audit Fee                         | 20.00      | 18.30      |
| Certification of Statements         | 3.50       | 2.93       |
| Service tax                         | 2.42       | 2.19       |
| Expenses for audit and other work   | 4.47       | 2.55       |
| b Cost Audit Fee                    | 0.58       | 0.58       |
| Expenses for Cost Audit             | 0.16       | 0.08       |

42. In the opinion of the management, there is no impairment of assets requiring provision in accordance with AS-28.

**43. Quantitative and other information**

| a) Particulars of Capacity and Production | Unit         | Licensed            | Installed*<br>Capacity | Production<br>per annum |
|---|--------------|---------------------|------------------------|-------------------------|
| 1. Molasses / Grain / Malt spirit*        | KL/BL AT 94% | 102,460             | 102,460                | 85,886                  |
|   |              | (102,460)           | (102,460)              | (89,917)                |
|   | KL/AL        | 96,312              | 96,312                 | 80,733                  |
|   |              | (96,312)            | (96,312)               | (84,522)                |
| 2. Bio gas                                | 000 'M3      | No licence required |                        | 37,397                  |
|   |              |                     |                        | (38,271)                |
| 3. Pet bottles                            | NOS./1000    | No licence required | 600,000                | 572,362                 |
|   |              |                     | (606,002)              | (499,444)               |

\* As certified by the Management and not verified by the Auditors.

**b) Opening Stock, Closing Stock & Turnover**

|  | Unit    | Opening Stock |            | Closing Stock |            | Turnover      |              |
|--|---------|---------------|------------|---------------|------------|---------------|--------------|
|  |         | Qty           | Value      | Qty           | Value      | Qty           | Value        |
| 1. Alcohol products                              |         |               |            |               |            |               |              |
| (a) Rectified spirit                             | KL/AL   | 2,244         | 537.19     | 1,601         | 449.01     | 7,841         | 2,610.67     |
|  |         | (1,185)       | (331.89)   | (2,244)       | (537.19)   | (9,679)       | (2,528.03)   |
| (b) Silent spirit                                | KL/AL   | 702           | 213.53     | 2,512         | 846.78     | 37,411        | 16,852.87    |
|  |         | (2,245)       | (742.80)   | (702)         | (213.53)   | (27,040)      | (9,592.37)   |
| (c) Cane juice spirit                            | KL/AL   |               |            |               |            | 160           |              |
|  |         |               |            |               |            | (145)         |              |
| (d) Malt spirit                                  | KL/AL   | 1,933         | 2,809.31   | 1,742         | 3,037.30   | 179           | 341.35       |
|  |         | (1,735)       | (2,413.41) | (1,933)       | (2,809.31) | (80)          | (148.50)     |
| (e) Grain spirit                                 | KL/AL   | 1,823         | 756.19     | 1,998         | 874.67     | 17,041        | 6,790.10     |
|  |         | (996)         | (453.49)   | (1,823)       | (756.19)   | (18,081)      | (6,324.30)   |
| (f) Ethanol                                      | KL/AL   | 523           | 152.12     | 937           | 324.78     | 2,778         | 752.22       |
|  |         | (1)           | (0.24)     | (523)         | (152.12)   | (1,779)       | (481.68)     |
| 2. Other alcohol products                        |         |               |            |               |            |               |              |
| (a) Denatured spirit                             | KL/AL   | 1             | 0.35       | 1             | 0.29       | 0             | 0            |
|  |         | (2)           | (0.59)     | (1)           | (0.35)     | (0)           | (0.00)       |
| (b) Indian made foreign liquor                   | AL      | 1,040,132     | 1,194.65   | 1,149,080     | 1,472.07   | 24,748,547    | 95,584.91    |
|  |         | (922,802)     | (1,099.94) | (1,040,132)   | (1,194.65) | (23,246,343)  | (84,748.25)  |
| (c) Country liquor                               | AL      | 82,107        | 50.56      | 121,469       | 79.31      | 9,107,726     | 47,702.15    |
|  |         | (14,424)      | (10.13)    | (82,107)      | (50.56)    | (9,241,809)   | (41,138.29)  |
| (d) Imported Alcoholic products<br>(Beer & Wine) | BOTTLES | 45,625        | 47.45      | 54,268        | 146.17     | 99,812        | 367.83       |
|  |         | (17,180)      | (41.59)    | (45,625)      | (47.45)    | (109,431)     | (396.66)     |
| 3. Pet bottles                                   | NOS.    | 9,035,744     | 189.30     | 8,149,010     | 138.32     | 414,580,222   | 8,069.22     |
|  |         | (6,081,383)   | (95.65)    | (9,035,744)   | (189.30)   | (332,588,290) | (5,631.33)   |
| 4. Jaivik Khad                                   | Qtls    | 14,354        | 9.67       | 284,988       | 205.51     | 63,122        | 29.90        |
|  |         | (17,671)      | (11.66)    | (14,354)      | (9.67)     | (61,903)      | (41.31)      |
| 5. Others  |         |               |            |               |            |               | 4,573.16     |
|  |         |               |            |               |            |               | (4,316.52)   |
| 6. Other operating income                        |         |               |            |               |            |               | 14,383.20    |
|  |         |               |            |               |            |               | (13,813.43)  |
| <b>Total:</b>                                    |         |               | 5,960.32   |               | 7,574.21   |               | 198,138.54   |
|  |         |               | (5,201.40) |               | (5,960.32) |               | (169,227.87) |

Note: Figures in brackets are those of previous year.



|   | Unit    | Current Year       |                        | Previous Year      |                        |
|---|---------|--------------------|------------------------|--------------------|------------------------|
|   |         | Quantity           | Value                  | Quantity           | Value                  |
| c) Purchases: -   |         |                    |                        |                    |                        |
| - Indian Made Foreign Liquor  | Cases   | 272,724            | 3,099.29               | 328,874            | 3,209.78               |
| - Imported Liquors (Wine & Beer)  | Bottles | 113,460            | 98.20                  | 138,804            | 118.45                 |
| - Alcohol   | BL      | 18,181,200         | 6,243.78               | 2,111,150          | 688.04                 |
|   |         |                    | <u>9,441.27</u>        |                    | <u>4,016.27</u>        |
| d) Consumption of raw materials   |         |                    |                        |                    |                        |
| (i) Molasses  | Qtls    | 2,737,421          | 10,762.58              | 2,810,159          | 9,283.30               |
| (ii) Cane juice   | Qtls    | 10,878             | 43.15                  | 13,135             | 45.94                  |
| (iii) Barley Malt   | Qtls    | 14,689             | 362.69                 | 19,121             | 378.05                 |
| (iv) Sorghum  | Qtls    | -                  | -                      | 31,731             | 318.72                 |
| (v) Broken Rice   | Qtls    | 551,216            | 5,770.56               | 418,329            | 4,040.16               |
| (vi) Millet (Bajra)   | Qtls    | 162,187            | 1,378.83               | 311,310            | 2,563.88               |
| (vii) Malt /Malt Scotch/Grain/Graipe Spirits  |         | -                  | 575.69                 | -                  | 366.05                 |
| (viii) Rectified spirit / Extra Neutral Alcohol   |         | -                  | 1,420.37               | -                  | 2,050.71               |
| (ix) Resin  | KG      | 7,996,044          | 7,613.10               | 7,537,924          | 5,836.51               |
| (x) Others  |         | -                  | 628.88                 | -                  | 550.75                 |
|   |         |                    | <u>28,555.85</u>       |                    | <u>25,434.07</u>       |
| e) Value of imports calculated on CIF basis:  |         |                    |                        |                    |                        |
| Raw materials   |         |                    | 520.99                 |                    | 227.30                 |
| Components & spare parts  |         |                    | 118.75                 |                    | 120.13                 |
| Purchases (Wine & Beer)   |         |                    | 98.21                  |                    | 118.45                 |
| Capital goods   |         |                    | 1,373.53               |                    | 848.04                 |
| f) Expenditure in foreign currency on account of  |         |                    |                        |                    |                        |
| Foreign travel & subscriptions  |         |                    | 71.87                  |                    | 96.28                  |
| Interest/Financial exp. on FCCB/ECB   |         |                    | 1,510.73               |                    | 659.24                 |
| Premium on FCCB   |         |                    | 4,564.83               |                    | -                      |
| Professional fee  |         |                    | 29.68                  |                    | 127.79                 |
| Commission paid / Insurance paid  |         |                    | 13.86                  |                    | 17.29                  |
| Loan to an Associate Company  |         |                    | 409.25                 |                    | 357.20                 |
| Freight   |         |                    | 1,392.03               |                    | 112.63                 |
| Others  |         |                    | 3.63                   |                    | 27.04                  |
| g) Value of imported and indigenous raw materials, spare parts components and stores consumed during the year |         |                    |                        |                    |                        |
|   |         | Raw Materials      |                        | Others             |                        |
|   |         | Value              | % of total Consumption | Value              | % of total Consumption |
| Imported  |         | 520.99             | 1.82                   | 118.75             | 0.65                   |
|   |         | (227.30)           | (0.89)                 | (120.13)           | (0.72)                 |
| Indigenous  |         | 28,034.86          | 98.18                  | 18,192.48          | 99.35                  |
|   |         | (25,206.77)        | (99.11)                | (16,600.46)        | (99.28)                |
|   |         | <u>28,555.85</u>   | <u>100.00</u>          | <u>18,311.23</u>   | <u>100.00</u>          |
|   |         | <u>(25,434.07)</u> | <u>(100.00)</u>        | <u>(16,720.59)</u> | <u>(100.00)</u>        |
| h) Remittance in foreign currency (NIL)/ or to the mandate banks on account of dividends to non residents     |         |                    |                        | <u>31.03.2012</u>  | <u>31.03.2011</u>      |
| (i) Number of non resident shareholders   |         |                    |                        | 18                 | 27                     |
| (ii) Number of shares held by them  |         |                    |                        | 15,500             | 25,830                 |
| (iii) Dividend ( Rs in lacs)  |         |                    |                        | 0.11               | 0.15                   |
| (iv) Year to which the dividend relates   |         |                    |                        | 2010-11            | 2009-10                |
| i) Earnings in foreign exchange - Export of goods on FOB basis.   |         |                    |                        | 23,965.33          | 12,459.07              |



#### 44. Foreign currency exposure

|   | Currency | 31.03.2012<br>Amount (lacs) | 31.03.2011<br>Amount (lacs) |
|---|----------|-----------------------------|-----------------------------|
| <b>a Hedged by way of forward exchange contracts:</b> |          |                             |                             |
| Borrowings -  | US\$     | -                           | -                           |
| <b>b Not hedged:</b>                                  |          |                             |                             |
| Borrowings - FCCB                                     | US\$     | -                           | 339.10                      |
| <u>Borrowings - ECB</u>                               |          |                             |                             |
| ICICI Bank Ltd.-Bahrain                               | US\$     | 200.00                      | -                           |
| ICICI Bank Ltd.-Bahrain                               | US\$     | 292.17                      | -                           |
| State Bank of India - Singapore                       | US\$     | 150.00                      | -                           |
| Interest payable on ECB/FCCB                          | US\$     | 5.20                        | 2.76                        |
| Borrowings - Others                                   | US\$     | -                           | 30.00                       |
| Borrowings - Others                                   | Euro     | -                           | 9.20                        |
| Loan given  | US\$     | 8.00                        | 8.00                        |
| Export Receivables                                    | US\$     | 107.90                      | 116.50                      |
| Export Receivables                                    | Euro     | 0.10                        | -                           |
| Advance from Customers                                | US\$     | 180.00                      | -                           |
| Balance with banks                                    | US\$     | 5.50                        | 1.68                        |

c There are no derivative contracts outstanding as on the balance sheet date.

45. The Company has entered into arrangements with certain distilleries and bottling units in other states for manufacture and marketing of its own IMFL brands. The manufacture under the said arrangement, wherein each party's obligations are stipulated, is carried out under its close supervision. The marketing is entirely the responsibility of the Company and consequently the Company is required to bear bad debts arising on sales. The Company is also required to ensure adequate finance to the distilleries, where required. Accordingly, it is considered appropriate to disclose the following information (unaudited), as applicable to such activities.

i) Income from operations through other distilleries / bottling units reflects the net contribution from the sales made by these Units and is detailed as under :

|               | 31.03.2012 | 31.03.2011 |
|---------------|------------|------------|
| Gross Sales   | 113,539.63 | 89,861.61  |
| Net Sales     | 49,534.70  | 44,777.15  |
| Cost of Sales | 35,006.91  | 30,209.45  |
| Gross Profit  | 14,527.79  | 14,567.70  |
| Expenses      | 3,921.56   | 3,263.58   |
| Income        | 10,606.23  | 11,304.13  |

ii) The balance due from distilleries under the arrangement, Rs 18954.51 lacs (Previous year Rs 17877.09 lacs) is included under advances recoverable. This is on account of the financing by the company of inventories, debtors and other current assets net of current liabilities on behalf of the Units.

46. Previous year figures have been re-grouped, wherever necessary, to correspond to current year figures.

As per our report of even date

For and on behalf of Board

**For V. Sankar Aiyar & Co.**  
Chartered Accountants  
ICAI Firm Regn. No. 109208 W

**M. S. Balachandran**  
Partner  
Membership No. 024282

Place : New Delhi  
Dated : 30th May 2012

**Dilip K. Banthia**  
Chief Financial Officer

**Amit Manchanda**  
Group Head - Legal &  
Company Secretary

**Ajay K. Agarwal**  
Executive Vice President (F&A)

**Dr. Lalit Khaitan**  
Chairman & Managing Director

**Abhishek Khaitan**  
Managing Director

Directors



## RADICO KHAITAN LIMITED

Regd. Office : Bareilly Road, Rampur - 244 901 (U.P.)

### PROXY FORM

Regd. Folio No(s)/DP& Client ID No.....

No. of Shares.....

I/We .....

of ..... being a member/

members of the above named company hereby appoint Mr. .... of .....

.....OR failing him, Mr. ....

of .....

as my/our proxy to vote for me/us on my/our behalf at the 28<sup>th</sup> Annual General Meeting of the Company to be held

on Monday, September 24<sup>th</sup>, 2012 at 1.00 p.m. and at any adjournment thereof.

Signed this ..... day of.....2012

Signature.....

Affix  
15 Paise  
Revenue  
Stamp

- Note :**
1. This instrument of proxy shall be deposited at the registered office of the Company not less than 48 (fourty eight) hours before the holding of the meeting.
  2. The proxy holder need not be a Member of the Company.



## RADICO KHAITAN LIMITED

Regd. Office : Bareilly Road, Rampur - 244 901 (U.P.)

### ATTENDANCE SLIP

(for attending the 28th Annual General Meeting to be held on Monday, September 24<sup>th</sup>, 2012 at 1.00 p.m.)

Regd. Folio No(s)/DP & Client ID No. ....

No. of Shares .....

Name of Shareholder/ Proxy holder/Representative.....

Address .....

.....

Date ..... Signature .....





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