



THE WORD IS  
PREMIUM...

## Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using

words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even

inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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## THE JOURNEY SO FAR...

RADICO KHAITAN RECOGNISED THE GROWING POPULARITY OF WHITE SPIRITS IN THE DEVELOPED WORLD AND MADE A SIMPLE EXTRAPOLATION: WITH CHANGING LIFESTYLES, WHITE SPIRITS WOULD BECOME POPULAR. BASED ON THIS INSIGHT, THE COMPANY ENTERED THE VODKA SEGMENT IN 2005 WITH THE LAUNCH OF MAGIC MOMENTS IN THE SEMI-PREMIUM CATEGORY. FOLLOWING ON THE SUCCESS OF MAGIC MOMENTS, THE COMPANY LAUNCHED SIX FLAVOURS OF MAGIC MOMENTS VODKA IN SUBSEQUENT YEARS. THE FLAVOURS, (INCLUDING GREEN APPLE AND ORANGE), ENRICHED THE PREMIUMNESS OF THE BRAND.

TO CAPITALIZE ON THE SUCCESS OF MAGIC MOMENTS AND IN LINE WITH ITS PREMIUMIZATION STRATEGY, THE COMPANY LAUNCHED MORPHEUS SUPER PREMIUM BRANDY IN 2009. THIS BRAND IS POSITIONED AT THE HIGHEST PRICE POINT IN THE DOMESTIC MARKET WITHIN A NICHE CATEGORY. IN 2011, RADICO KHAITAN LAUNCHED AFTER DARK PREMIUM WHISKY. IN EARLY 2013, THE COMPANY LAUNCHED FLORENCE, A SUPER PREMIUM BRANDY, AND VERVE AND VERVE-FLAVOURED VODKAS IN THE SUPER PREMIUM CATEGORY. OVER THE YEARS, RADICO KHAITAN HAS ESTABLISHED ITSELF AS A SUCCESSFUL DEVELOPER OF BRANDS, TRANSFORMING OPPORTUNITIES INTO PRODUCTS AND PRODUCTS INTO SUSTAINABLE VALUE CREATORS.



## SUPERIOR BRANDS. PREMIUM OFFERINGS.

- \* Magic Moments was ranked as the fourth fastest growing vodka brand in 2012 and one of the top 30 vodkas in the world; it is the only Indian brand to appear in the top-30 list.
- \* 8PM was ranked as the eight-fastest growing whisky brand in 2012 and is one of the top-30 whiskies in world.
- \* 8PM whisky was ranked 46th by volume among the 'Millionaire' brands globally, while Old Admiral brandy was listed at the 71st spot, Magic Moments at the 96th and Contessa Rum at the 98th spot.

(Source: *The Millionaires' Club 2013*)

### Attractive industry dynamics...

Spirit sales in India numbered 261 million cases in CY2012 and is expected to reach 360 million cases by CY2017. During 2013-17, IMFL demand in India is expected to grow at a CAGR of 6.4% in terms of volume and 10.8% in value.

(Source: *Euromonitor International 2012*)

#### Revenue growth

**16.5%** CAGR  
Five years leading 2012-13

#### EBIDTA growth

**43.2%** CAGR  
Five years leading 2012-13

#### Market capitalisation

**RS. 1,725** CRORES  
As on 31st March 2013

#### Millionaire brands

**4**  
As on 31st March 2013

## HIGHLIGHTS, 2012-13

- Net sales increased by 11.9% to Rs. 1,716 crore
- Prestige & Above brands exhibited volume growth of 19.2%; while overall volume growth stood at 7.4%
- Prestige & Above brands as a percentage of total IMFL volumes increased from 14.6% to 16.2%
- EBITDA increased by 11.6% to Rs. 192 crore and margins were at an attractive 11.2%
- Net profit increased by 21.4% to Rs.77.3 crore
- The Company announced a dividend of 40% or Rs. 0.80 per share

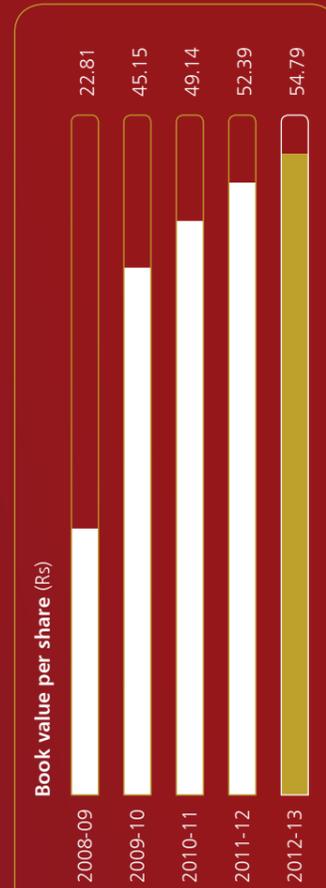
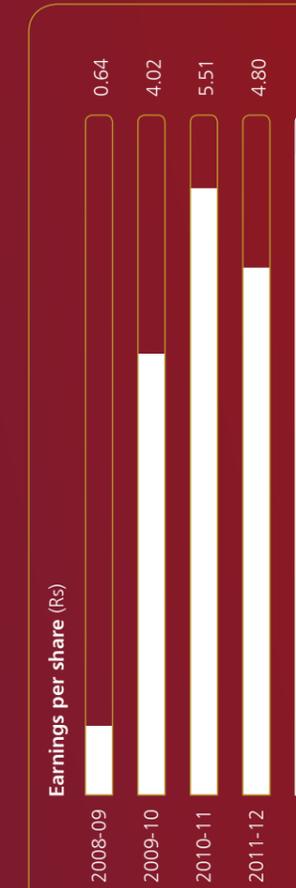
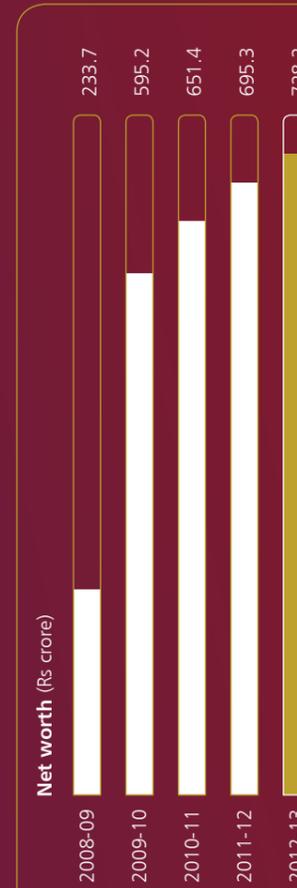
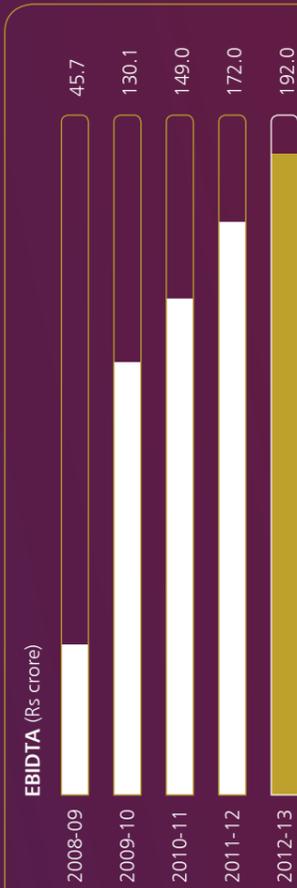
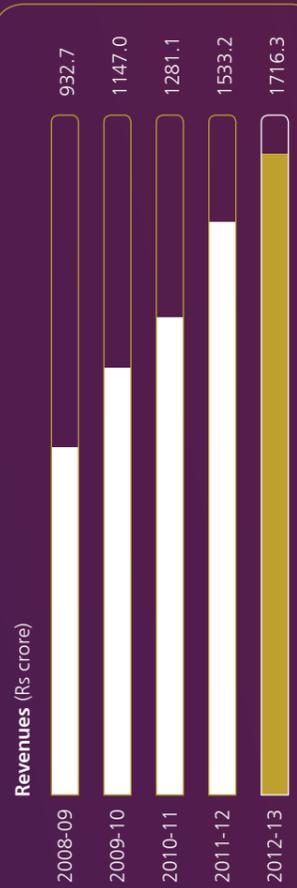


## AWARDS

- Radico Khaitan received the Monde Selection's (International Institute for Quality Selection) Grand Gold Award 2013 for two of Magic Moments Remix flavours: Lemon Grass and Ginger & Lemon.
- The Company also received Gold Awards for five flavours in the Magic Moments range, Morpheus brandy and for its recently-launched Verve vodka.
- The After Dark premium whisky received a Silver Award.

## NEW LAUNCHES

- The Company launched Florence, a super premium brandy.
- The Company launched Verve, a super premium vodka, in North India in October 2012. Building on the success of the brand, a flavoured edition of Verve vodka was launched in March 2013; the success of Verve vodka was acknowledged at the Monde Selection 2013 Gold Award.



Note: Includes turnover from contract bottling units.



**OUR OUTSTANDING COLLECTION OF BRANDS DISPLAY IMMENSE DISCIPLINE, GREATER EFFICIENCIES AND STRONG PERFORMANCE.**

AGILE BUSINESS ENVIRONMENTS IN TODAY'S FAST-PACED WORLD HARP ON INNOVATION AS A MAJOR DRIVER OF VALUE CREATION. WITH AN INTENT AIMED AT PREMIUMISATION, RADICO KHAITAN IS STRENGTHENING ITS ILLUSTRIOUS PORTFOLIO WITH A PASSION FOR EXCELLENCE, FOCUSED EXECUTION AND AN IN-DEPTH CONSUMER UNDERSTANDING.

**PERFORMANCE DEFINES THE SPIRIT OF EXCELLENCE**

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 honours in the form of exclusive awards at Monde Selection (International Institute of Quality Selections).

**Hall of Fame**

- Remix Lemongrass & Ginger Flavoured Vodka - Monde Selection Award - Grand Gold
- Remix Lemon Flavoured Vodka - Monde Selection Award - Grand Gold
- Magic Moments Plain Vodka - Monde Selection Award - Gold Medal
- Remix Green Apple Flavoured Vodka - Monde Selection Award - Gold Medal
- Remix Orange Flavoured Vodka - Monde Selection Award - Gold Medal
- Remix Chocolate Flavoured Vodka - Monde Selection Award - Gold Medal
- Remix Raspberry Flavoured Vodka - Monde Selection Award - Gold Medal
- Magic Moments Verve Vodka - Monde Selection Award - Gold Medal
- Morpheus XO Blended Premium Brandy - Monde Selection Award - Gold Medal
- After Dark Whisky - Monde Selection Award - Silver Medal



## Zing up Life



Life needs a zing. And what better way to liven it up 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 distinct 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 the 5th time in the Monde Selection Award 2013.





## High on Verve

True eminence with fine quality distinguishes the rare blend named Verve Magic Moments. Having conferred the Monde Selection Gold Award 2013 for its a signature blend of smoothness and purity, its intense character elevates one into a realm of heightened ecstasy. Harnessing the very best from the highest quality ingredients, the signature smoothness is complemented with an unrivalled level of craftsmanship at every stage. An epitome of exoticness, Verve Magic Moments comes alive with a delightful mix of two new flavours - Green Apple and Orange. Savour the moment and revel in the magic of Verve.



## 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, its rich blend is truly irresistible. Having achieved a gold medal at the prestigious Monde Selection Award 2013, the world is taking note of its treasured legacy and trademark excellence. Morpheus has become a leader in its segment owing to a stringent process and arduous maturity. After all, with an eye for detail, attaining perfection seems to be an easy task.



## 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.





## 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.

## 8PM Bermuda XXX Rum

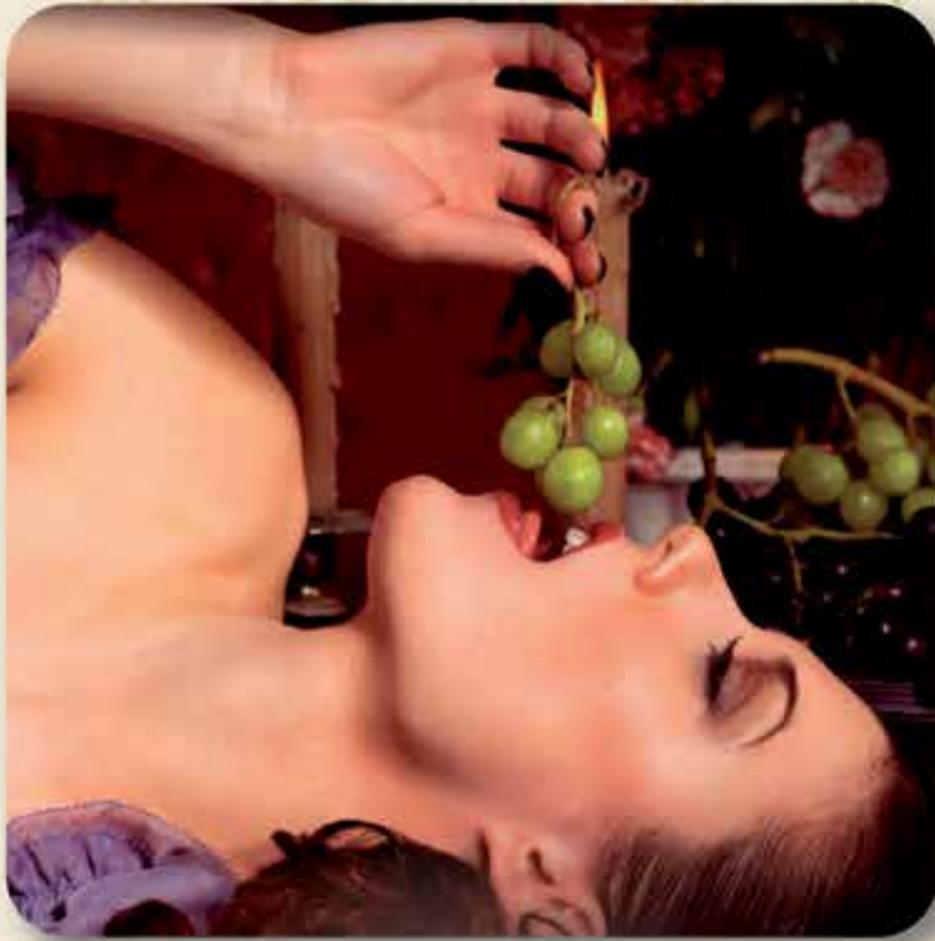


## A New Taste of Royalty

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.

## Royal WHYTEHALL





## 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 libing aroma is ensuring that real men admire the taste they always desired.



*Old  
Admiral*  
VSOP BRANDY



## 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.



**CONTESSA**  
RUM



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

## Key Achievements

FY2013 has been an exciting year for Radico Khaitan as we continue to selectively launch premium brands to further strengthen our product portfolio. Our launch strategy is in line with changing consumption patterns as Indian consumers move towards branded products. The recent corporate developments in the sector are expected to also change the dynamics of the industry significantly. This will result in an increased focus on premiumisation, which has already been a core part of our strategy over the years. We are therefore, well ahead of the curve and optimally positioned, looking forward. At the start of the financial year, building upon our existing portfolio, Radico Khaitan successfully launched Florence, a super premium brandy quickly followed by the launch of Verve, a super premium vodka. With the continuing success of these brand launches across categories, a flavoured edition of Verve vodka was also launched.

India is a young country, with around 60% of the population between the age group of 15 to 55 years. Furthermore, growth in the middle class households, higher disposable incomes, awareness towards lifestyle and the propensity towards high quality premium products are the key factors that have led to an

increasing demand of premium liquor brands. Our Company understands the consumer's pulse and brings to the market products which not only match their quality expectations but also brand aspirations. The success of Magic Moments vodka is a testimony to the consumer acceptance of our premium brands.

Over the course of the year, the spirits industry was impacted by rising input costs and the increase in excise duties in several states. Together these resulted in significant pressure on operating margins which led to price increases in certain South Indian states such as Karnataka and Andhra Pradesh. Looking forward, the Company is also expecting price increases in other key liquor consuming states. The changing industry dynamics coupled with these price increases is expected to improve the profitability of the Company in FY2014. The management continues to focus relentlessly on quality, cost control and establishing an efficient sales and distribution network.

Radico Khaitan delivered 12% revenue growth and 12% EBITDA growth compared to FY2012. Prestige & Above brands contributed to 35% of sales value and increased by 19% during the year. Overall, volumes in this category

increased from 14.6% of the Company's IMFL sales in FY2012 to 16.2% in FY2013.

In addition to the positive feedback from consumers and our trade partners, I am personally delighted with the recognition that our brands received at the Monde Selection 2013. We received the Grand Gold Award 2013 for two of Magic Moments Remix flavours: Lemon Grass & Ginger and Lemon. The Company also received Gold Awards for five flavours in the Magic Moments range, Morpheus brandy and for the recently launched Verve vodka. The After Dark premium whisky received a Silver Award. We want to put on record our sincere appreciation to our customers whose constant support has made this possible.

Radico Khaitan is well-positioned to capitalise on these changing industry trends. The management reiterates its strong commitment towards creating long-term sustainable value for its shareholders. We look forward to your continued support and encouragement in the years to come.

Performance blends with a spirit of premiumness. Cheers!

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



## DIRECTORS' REPORT

Your Directors are pleased to present their 29th Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 2013.

### Financial Results:

Particulars	(Rs. in million)	
	2012-13	2011-12
Sales (including sales from arrangements with other Distilleries / Bottling units)	37,684.17	30,107.19
Gross Profit (before depreciation and tax)	1,445.94	1,322.98
Profit before tax	1,092.82	994.59
Profit after tax	772.82	636.60
Prior period adjustments	0.00	0.00
Surplus brought forward from last year	749.68	536.47
Profit available for appropriation	1,522.50	1,173.07
Transfer to General Reserve	500.00	300.00
Proposed Dividend and tax thereon	124.40	123.39
Balance carried forward	898.11	749.68

### Operations Review:

Your Company continues to remain focused on enhancing its premium portfolio. This is evident from the performance of Prestige & Above category brands which registered a strong growth of 19.2% y-o-y in FY2013. Furthermore, Prestige & Above category brands as a percentage of total IMFL sales increased from 14.6% in FY2012 to 16.2% in FY2013. Prestige & Above brands sales revenue accounted for 35% of total IMFL sales in FY2013 compared to 31% in FY2012. During the year, Radico Khaitan launched Florence, a super premium brandy

and Verve, super premium vodka. Building on the continuing success of these brand launches across categories, a flavoured edition of Verve vodka was launched in March 2013. The newly introduced brands in the premium categories such as After Dark whisky, Florence brandy, Morpheus brandy and Verve vodka continue to gain positive traction with consumers and are in line with management's expectations. In FY2013, the industry faced rising of state level excise duties and sustained inflation in input costs resulting in margin pressure. During the second half of the year, your Company received price increases in certain

south Indian states such as Karnataka and Andhra Pradesh, the effect of which will be fully reflected in the performance of FY2014.

### Future Strategy and Growth:

According to Euromonitor International, the IMFL demand in India is expected to grow at a CAGR of 6.4% between 2013-17 in terms of volume and at 10.8% in value. This growth is expected to be primarily driven by rising disposable incomes and affluence, growth in middle class households, favourable demographics, changing social attitude towards liquor consumption amongst urban upper middle class families and gradual shift towards IMFL from country liquor. Single malt scotch, blended scotch and vodka are expected to lead the growth with 2013-17 CAGR of 17.7%, 15.2% and 11.1%, respectively. The increasing urbanization in India and young adults reaching eligible drinking age will be the primary drivers for the growth in these categories.

The recent corporate developments in the sector are expected to change the industry dynamics significantly, resulting in a further increase in premiumization. The increasing presence of MNCs in India will ensure greater transparency and operational efficiency. This will also change the competitive landscape.

Your Company is optimally placed to capitalize on the arising opportunities supported by its strong distribution network and its continued focus on premiumization strategy. Your Company's longstanding and successful premiumization strategy will improve the Company's revenue and profitability in the near term. The Company is primarily focused on increasing volumes of premium brands, price increases across key markets, penetration in south Indian markets and improvement in operational efficiencies.

### Exports and International Business:

The Company has a strong export base in more than 30 countries. Overall export volumes in FY2013 were in line with FY2012. Radico Khaitan is focused on enhancing its base in

newer geographies such as the US, UK and Canada with more premium products. The Company's investments in brand building over the past couple of years have resulted in a large consumer base outside India. Going forward the Company expects to increase profitability in exports business through focus on premium brands and newer geographies.

### Awards and Recognition:

Radico continued to win a number of awards at the Monde Selection (International Institute for Quality Selection). This is a testimony to the Company's continued focus on quality and customer satisfaction. Monde Selection (International Institute for Quality Selection) 2013 include:

- ▶ Magic Moments Remix Lemon Grass & Ginger and Lemon flavoured vodka: Grand Gold Award
- ▶ Magic Moments vodka (5 flavours): Gold Awards
- ▶ Morpheus brandy: Gold Award
- ▶ Verve vodka: Gold Award
- ▶ After Dark whisky: Silver Award

### 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 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 Rs. 0.80 per equity share or 40% on face value of Rs. 2.00 each for the year ended March 31, 2013. The total dividend payout for the financial year will be Rs.12.44 Crores including a dividend



distribution tax of Rs.1.81 Crores. This consistent dividend payout is to demonstrate our commitment to enhancing value to our shareholders. The dividend is subject to approval of shareholders at the Annual General Meeting on 30th September 2013 and will be paid to the shareholders whose names appear in the Register of Members as on the date of book closure, i.e. 24th September 2013.

#### Dematerialisation:

Around 97.76% 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 are 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 incorporated a Company in Mauritius with the intention to make it a subsidiary for investment in Angola. However, due to some changes in local level at Angola, the shares were not subscribed.

#### Transfer to Investor 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, 31st March 2004 and 31st March 2005 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, August 2011 and August 2012, respectively. Further, unclaimed dividend for the financial year ended 31.3.2006 will be transferred to the said fund within the stipulated time as prescribed in the Companies Act, 1956 read with rules made thereunder.

#### Directors:

Mr. Ashutosh Patra and Mr. K.P. Singh shall retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. Brief

profiles of the proposed appointees together with other disclosures in terms of Clause 49 of the Listing agreement are part of the Corporate Governance Report.

Dr. Lalit Khaitan, Chairman & Managing Director, whose term ended on 19.2.2013 was reappointed as a Chairman & Managing Director for a term of 5 (five) years with effect from 20.2.2013. The shareholders' approval is sought in the ensuing Annual General Meeting for the aforesaid reappointment.

Mr. Abhishek Khaitan, Managing Director, whose term ended on 19.2.2013 was reappointed as a Managing Director for a term of 5 (five) years with effect from 20.2.2013. The shareholders' approval is sought in the ensuing Annual General Meeting for the aforesaid reappointment.

Mr. K.P. Singh, Whole Time Director, whose term ended on 19.2.2013 was reappointed as a Whole Time Director for a term of 5 (five) years with effect from 20.2.2013, liable to retire by rotation. The shareholders' approval is sought in the ensuing Annual General Meeting for the aforesaid 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 2012-13:

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 2012-2013. The cost audit for the year 2012-2013 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 (CSRs):

At Radico Khaitan, Corporate Social Responsibility (CSR) encompasses much more than social outreach programs and is an integral part of the way the Company conducts its business. Your Company understands its responsibility as a corporate citizen towards the community at large and has taken series of corporate social activities. The activities like organizing of twelve eye camps, overall management of two primary schools, distributions of blankets and woollen clothes to the needy, maintenance of village roads and tree plantations were undertaken in the financial year 2012-13.

Your Company is always willing and committed to give back to the society through all measures possible.

#### Directors' Responsibility Statement:

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

- i) 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, as amended 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:

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 2012-13:

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 guidance and support. Your Directors place on record their deep appreciation to employees at all levels for their efforts, dedication and commitment. Their enthusiasm and hard work has enabled the Company to be at the forefront of the industry. 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: 5th August 2013

**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, 2013

### A.

	Particulars	ESOP Scheme
1	Number of options granted	3,650,000
2	The Pricing Formula	<p>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 -</p> <p>(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.</p> <p>(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.</p> <p>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.</p>
3	Number of options vested	427,823
4	Number of options exercised	1,765,164
5	Total number of shares arising as a result of exercise of options	1,765,164
6	Number of options lapsed	1,464,513
7	Variation in the terms of options	Not Applicable
8	Money realised by exercise of options (Rs.)	141,573,724
9	Total Number of Options in force	420,323

### 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

5.82

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

Rs.

Profit as reported	772,821,122
Add - Intrinsic Value Cost	996,304
Less - Fair Value Cost	5,794,427
Profit as adjusted	768,022,999
Earning per share (Basic) as reported	5.82
Earning per share (Basic) adjusted	5.79
Earning per share (Diluted) as reported	5.82
Earning per share (Diluted) adjusted	5.78

### 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(1 No) 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 ratio 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. Installed energy efficient new Wash To ENA ( Molasses Spirit) plant of 130 KLPD with integrated evaporators in order to reduce volume of effluent generation as well as saving energy by integrating the evaporators with distillation plant. (To be commissioned in July 2013)
2. Installed Integrated evaporators in our existing Grain Spirit plant to achieve zero discharge of effluent . ( To be commissioned in August 2013)
3. 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.
4. Reduced impure cut % from 1.00% to 0.90% in grain spirit plant, saving approx. 10.00 lac rupees.
5. 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. 30.00 lac for the year 2012-13.

6. Reduced power consumption from 0.32 kWh/BL to 0.31 kWh / BL in grain process. Total saving approx. 40 lac for the year 2012-13.
7. 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. 70 lac rupees for the year 2012-13.

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

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

Place : New Delhi  
Date : 5th August 2013

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

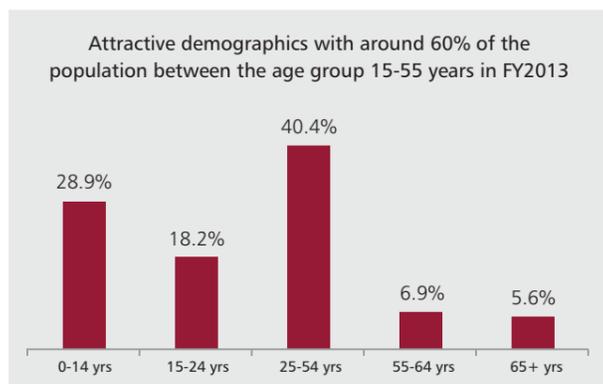


# MANAGEMENT DISCUSSIONS AND ANALYSIS

## Industry Overview

### The Indian Consumer Growth Story

India is one of the fastest growing consumer markets in the world, alongside China. The growth in India is primarily driven by the rapid expansion of the Indian middle class population. By 2020, India is projected to be the world's third largest middle class consumer market after China and the US. By 2030, India is expected to enjoy a consumer spend of around \$13 trillion, higher than China and the US. During FY2013, India per capita income was \$1,165, an increase of 11.7% over the previous year [Source: Press Information Bureau; converted into \$ using an exchange rate of Rs. 59]. Rising income levels and a relatively large young population have also been key growth drivers for the consumer sector spending. The young consumers of the upper middle-class are increasingly looking beyond the utility aspect of their purchases and are more interested in the brand

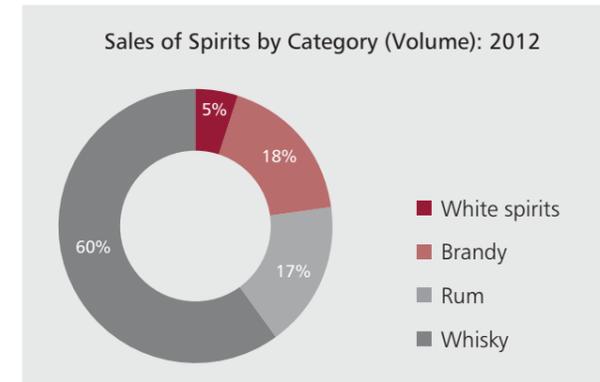


and lifestyle associated with products. This increasing brand awareness and affordability will further enhance demand for premium quality products. Rural demand is also set to rise with rising income levels and greater brand recognition.

Despite the recent economic slowdown, the India consumption story remains intact. In FY2013, the GDP of India was \$933 billion, indicating a growth of only 5.0% over FY2012 [Source: Press Information Bureau; converted into \$ using an exchange rate of Rs. 59]. The Index of Industrial Production (IIP) registered a marginal growth of 1.0% in FY2013. In terms of sectoral break-up, electricity and manufacturing grew by 4.0% and 1.2% respectively while mining declined by 2.5%.

### The Indian Spirits Industry

In 2012, the sales volume of the IMFL industry was 2,351 million liters or 261 million cases, representing a growth of 7.2% compared to the previous year. Growth in terms of sales value over the same period was 13.4%, indicating a clear trend of premiumization in the industry. In recent years, the combination of rising aspirations of the Indian consumer and higher per capita disposable income has resulted in premium brands capturing larger market share. The Indian spirits industry is now increasingly focused on premiumization by raising consumer awareness of higher end brands. During the last year, the industry also experienced more partnerships with foreign spirits companies, international brands being bottled in India and manufacturers steadily upgrading product quality. Average price realization increased by 5.8% during 2012 [Source: Euromonitor International, May 2013].



Country liquor constitutes around half the total liquor consumption in India. However, the IMFL segment has been growing at a higher rate than country liquor, which has been expanding at only 3-4%. This trend clearly indicates a gradual shift in favor of IMFL. Few states such as Andhra Pradesh, Tamil Nadu, Karnataka and Kerala have banned country liquor due to their low quality ingredients, hazardous methods of production and potential tax collection losses. Historic trends indicate that the ban on country liquor initially increases the demand for IMFL at lower price points or the economy segment. Within the IMFL market, consumers are shifting from low price brands to mid-price and premium brands. With less than 20% of market volumes generated from the premium segments, there is a significant growth potential from premiumisation.

Historically, brown spirits including whisky, brandy and dark rum have been the largest contributors of total IMFL sales. In 2012, brown spirits accounted for 95% of the domestic market, both in terms of volume and value. Brandy sales volume increased by 12.6% and sales value increased by 17.0% in 2012. This was primarily driven by increased premiumisation in the South Indian markets. However, rum sales volumes declined by 3.2% during 2012. Whisky volumes during 2012 increased by 8.7% and vodka volume by 9.7%. In the past few years, vodka has gained greater traction due to a higher preference among the younger generation and increasing female drinking population, who prefer cocktails where vodka is used as a mixer.

New variants and product launches by leading players have helped in sustaining the industry volume growth. Launch of



products in niche segments, creation of new sub-segments using price band or brand strengths and the use of innovative packaging to attract customers have also catalysed growth.

As of April 2013, sugar production in the 2012-13 season was 24.5 million tonnes compared to 25.1 million tonnes in the same period last year. This production decline of approximately 3% was primarily due to a lower cane acreage of only 4.03 million hectares, significantly lower than the government's target of 5.25 million hectares for the year. The government has issued notification to make 5% ethanol blending with gasoline mandatory across the country by June 2013. The decline in sugar production, coupled with this competing demand for ethanol, put an upward pressure on ENA prices during the year.

### Industry Outlook

During the period 2013-17, the IMFL demand in India is expected to grow at a CAGR of 6.4% in terms of volume and at 10.8% in value. This growth is expected to be primarily driven by rising disposable incomes and affluence, growth in middle-class households, favorable demographics, changing social attitude toward liquor consumption amongst the urban upper middle-class families and a gradual shift towards IMFL from country liquor. Single malt scotch, blended scotch and vodka are expected to lead the growth with a projected 2013-17 CAGR of 17.7%, 15.2% and 11.1%, respectively. The increasing urbanization in India and young adults reaching the eligible drinking age are expected to be primary drivers for the growth in these categories. Manufacturers have been continuously focused on launching products with innovative packaging and



fashionable variants to gain mass appeal, mainly among the younger generation. The increasing acceptance of the pub and discotheque culture in India would also drive on-trade sales.

The recent corporate developments in the sector are expected to change the industry dynamics significantly, resulting in a further increase in premiumization. The increasing presence of MNCs in India will ensure greater transparency and operational efficiency. This will also change the competitive landscape and may result in a significant increase in advertising spends and brand investment. With a focus on profitability-driven growth, the pricing power of the established industry players is also expected to increase, resulting in improved margins.

As the industry is moving towards premiumization, supported by favorable macro-economic factors, the demand for international and niche brands is expected to grow significantly. This is expected to lead to joint ventures among domestic and international companies. Continued high taxes on the interstate movement of liquor may result in a further consolidation of smaller manufacturers by larger companies with the objective to increase their production capabilities across India.

### Business Strategy

With this changing environment, Radico Khaitan's longstanding and successful premiumization strategy will improve the Company's revenue and profitability in the near term. The Company's key strategic growth drivers comprise the following:

#### Focus on Premium Brands

Radico Khaitan is one of the largest spirits companies in India with four Millionaire brands in its portfolio. The Company launched eight new brands over the past decade. Of these new brands, the Company launched four brands in past five years and all of them in the premium category.

Radico Khaitan remains focused on its strategy of premiumization, which is evident from its recent brand launches in the premium and super premium categories. With the success of Magic Moments premium vodka, the Company launched six more flavors of Magic Moments across the country. This success also resulted in the subsequent launch of other brands in the premium and super premium segments. Radico Khaitan's recently launched products, After Dark premium whisky and Morpheus super premium brandy, received positive responses from consumers and trade channels. At the start of FY2013, the Company successfully launched Florence, a

super premium brandy. This was followed in October 2012 by the launch of Verve super premium vodka. Building on the continuing success of these brand launches across categories, a flavoured edition of Verve vodka was launched in March 2013. The overall success of the Verve vodka brand was acknowledged by its Monde Selection 2013 Gold Award.

#### Price Increases in Various Markets

During the year under review, Radico Khaitan enjoyed price increases in certain South Indian states such as Karnataka and Andhra Pradesh. The Company is also expecting price increases to happen in other key liquor consuming states. The changing industry dynamics, coupled with these price increases, is expected to improve the Company's profitability of the Company in FY2014.

#### 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 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 its cost structure. This includes rationalisation of bottle supplies and diversification of its supplier base, thereby limiting the net cost impact.

#### Exports and New International Tie-ups

The Company has a strong export base in more than 30 countries. Overall export volumes in FY2013 were in line with FY2012. Radico Khaitan is focused on enhancing its base in newer geographies such as the US, UK and Canada with more premium products. The Company's investments in brand building over the past couple of years have resulted in a large consumer base outside India. Going forward, the Company expects to increase profitability in its exports business through focus on premium brands and newer geographies.

### Review of Operations and Marketing

Over the years, the Company has been focused on enhancing its premium portfolio in line with its strategy. As a result, Prestige & Above category brands as a percentage of total IMFL sales volume increased from 14.6% in FY2012 to 16.2% in FY2013. Prestige & Above brands sales revenue accounted for 35% of total IMFL sales in FY2013 compared to 31% in FY2012. The newly-introduced brands in the premium categories such

as After Dark whisky, Florence brandy, Morpheus brandy and Verve vodka continued to gain positive traction with consumers and in line with management's growth expectations. The Company's constant focus on premiumization is clearly reflected by the increasing share of premium brands in the overall sales volumes.

Magic Moments continues to drive 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. With the support of a sustained 360 communication strategy and consumer engagement, Magic Moments continues to dominate the vodka space as the largest selling vodka in the country, with brand registering a sales exceeding 2 million cases.

The Company enhanced its range of premium offerings yet again by launching Verve Magic Moments vodka, a superior quality premium category product symbolic of youthful energy with a stylish modern appeal. Verve is naturally refined through a unique five-stage slow filtration process, using silver and platinum filters. Since its introduction in the market in October 2012, Verve Magic Moments received an excellent response from the consumers and trade partners, and is successfully attaining a distinctive position for itself. Recently it was felicitated with the Monde Selection Gold award for superior quality within a few months of launch. The success of Verve was the inspiration to explore popular flavours that resonate with the young consumers - Verve Green Apple and Verve Orange Premium flavoured vodka.

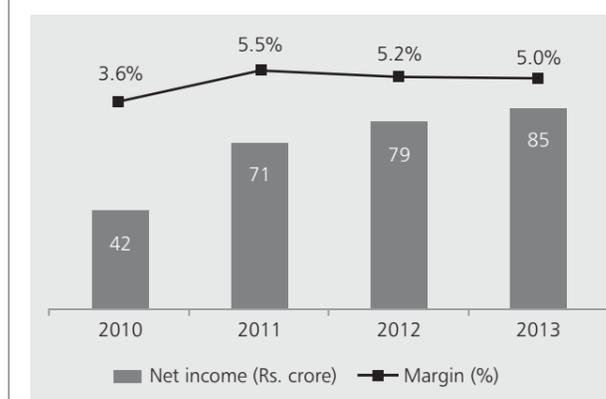
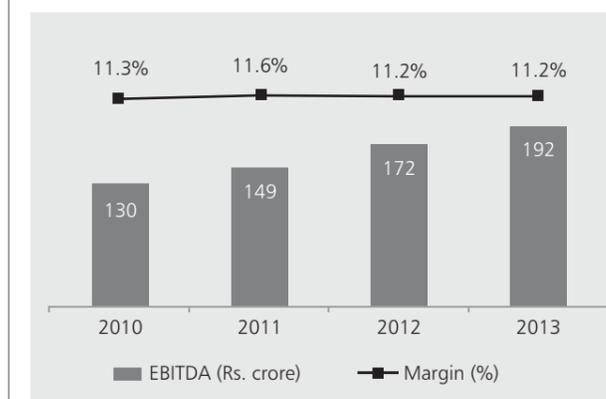
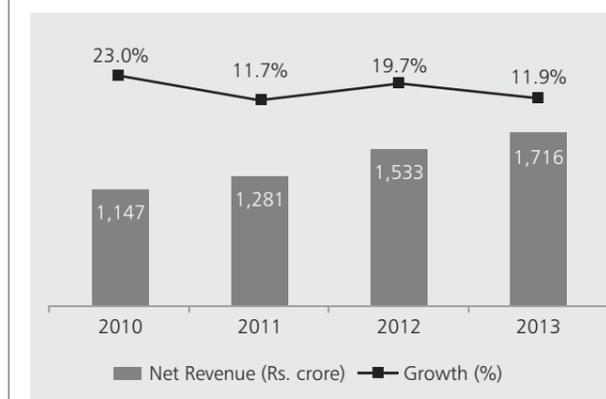
Morpheus brandy continued to dominate the premium brandy segment in South India. With the help of activation and consumer engagements in the off-premise and on-premise outlets, the brand upheld its position as the largest selling brand in the segment. The Company's presence in the South was strengthened with the launch of Florence brandy in the premium segment in Tamil Nadu.

The regular segment, which includes other mainline brands like 8PM whisky and Old Admiral brandy, also contributed significantly to the growth. The superior offerings and fine quality of our products is evident from the fact that we received nine Gold Awards, including two Grand Gold for various products in the much-coveted Monde Selection Quality awards 2013.

### Financial Performance

Despite the difficult economic environment, Radico Khaitan demonstrated a strong financial performance with Net Revenue growth of 11.9% in FY2013. Prestige & Above category brands led the volume performance with a strong 19.2% y-o-y growth in FY2013.

FY2013 EBITDA increased by 11.6% and EBITDA margin remained relatively flat at 11.0% as compared to last year. This





increase in EBITDA was primarily due to improved realizations driven by an increase in volume of Prestige & Above brands and cost optimization initiatives undertaken during the year. The industry has faced rising state level excise duties and sustained inflation in input costs resulting in margin pressure in FY2013. During the second half of the year, the Company received price increases in the key liquor consuming states, the effect of which will be fully reflected in the performance of FY2014.

Adjusted Net Income increased by 7.4% and margins declined by 20 bps compared with FY2012. Net Interest expense increased from Rs. 58.2 crore in FY2012 to Rs. 70.1 crore in FY2013. During the year under review, the effective tax rate (before exceptional items) increased from 22.7% in FY2012 to 27.4% in FY2013. Net Income was adjusted for other income and a foreign exchange fluctuation loss of Rs. 7.7 crore for FY2013.

### Awards and Recognitions

Monde Selection (International Institute for Quality Selection) 2013:

- ▶ Magic Moments Remix Lemon Grass & Ginger and Lemon flavoured vodka: Grand Gold Award
- ▶ Magic Moments vodka (five flavours): Gold Awards
- ▶ Morpheus brandy: Gold Award
- ▶ Verve vodka: Gold Award
- ▶ After Dark whisky: Silver Award

### Internal Control Systems & Adequacy

The Company has deployed effective and efficient internal control systems within the organisation. This facilitates the accurate and timely compilation of financial and operational data; ensures compliance with applicable laws and regulations and safeguards investors' interest by ensuring the highest level of governance and periodic communication with investors. The Audit Committee of the Board meets regularly to review the adequacy of internal controls and internal audit findings. The Company has appointed Grant Thornton as their internal auditors and submits quarterly reports to the Audit Committee.

Internal control systems and procedures at all levels are a high priority for Radico Khaitan. Well established and robust internal audit processes, both at business and corporate levels, continuously monitor the adequacy and effectiveness of the internal control environment across the Company. It also reviews

the status of compliance with operating systems, internal policies and regulatory requirements. The internal audit report is regularly reviewed by senior management and corrective measures, wherever required, are implemented immediately. The senior management is satisfied that these internal control systems comply with the highest standards.

### Human Resource Management

Radico Khaitan's human resource management system is geared towards creating a responsive, customer-centric and market-focused culture that enhances organizational strength and capabilities to leverage market opportunities. The Company undertakes continuous efforts to employ and retain professionally qualified, dedicated and committed personnel. 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 attrition and reflects the constructive relationship between the Company and its employees. The Company continued to significantly improve its performance in the areas of productivity and safety by means of focused initiatives. Currently, the Company employs more than 1,100 personnel. There were no financial or commercial transactions that resulted in a potential conflict of interest between the senior management and the Company.

### Risk and Consideration

#### Regulatory Environment

The high levels of taxation, strict regulations and low policy flexibility make the Indian spirits industry a high risk 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. This results in other issues such as interstate smuggling and counterfeiting. Distribution of IMFL in India is regulated in some states: 70% of the total volumes are from the states where the distribution is through State Government-controlled agencies and 30% from states where 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 BIO products, thus offering some measure of protection for the domestic

industry. Since these BIO products are in the higher MRP ranges, the Company is not likely to face any major risk.

Despite discouraging custom duty and multiple layers of excise, the Indian spirits industry has remained attractive to the international companies who have been trying to enhance their presence in India. In anticipation of higher growth in India, the pace of acquisition and joint ventures has picked up even as established domestic players try to consolidate their market position.

#### Geographic Risk

Radico Khaitan's business has a pan India presence with manufacturing facilities across the country thereby minimizing any potential geographical risk. Increasing exports over the coming years will further help to broaden geographic business exposure.

#### Currency Risk

Radico Khaitan 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 contains "forward looking statements" including, but without

limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Radico Khaitan's future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Radico Khaitan undertakes no obligation to publicly revise any forward-looking statements to reflect future / likely events or circumstances.

For and on behalf of the Board

sd/-

Place: New Delhi

Dr. Lalit Khaitan

Date: 5th August 2013

Chairman & Managing Director



# REPORT ON CORPORATE GOVERNANCE

## Company's Philosophy on Corporate Governance:

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

The governance processes and systems of your Company have strengthened over a period of time resulting in constant improvisation of sustainable and profitable growth. 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 participate 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 agreement. The Company has complied with the requirements of the said Clause and listed below is the status with regard to the same.

## Board of Directors: Composition:

As on date, the Board of Directors comprises of seven (7) Directors of which four (4) are Non-Executive / Independent Directors, one (1) is Chairman & Managing Director, one (1) is Managing Director and one (1) is Whole Time Director of the Company. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

The details of the Directors being re-appointed on retirement by rotation at the ensuing Annual General Meeting, as required pursuant to Clause 49(IV) (G) of the Listing Agreement, are mentioned in the Notice to the Annual General Meeting, forming part of the Report.

### Number of Board Meetings:

During the financial year ended 31st March, 2013, four (4) meetings of the Board of Directors were held and the maximum time gap between two (2) meetings did not exceed four (4) months. The dates on which the Board Meetings held were as follows:

### Date (s) on which meeting(s) were held

30th May, 2012	31st July 2012
7th November 2012	8th February 2013

The Board meets at least once in a quarter to review the quarterly financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary to deliberate on various issues relating to the business of the

Company. The tentative annual calendar of Board Meetings for the ensuing year is decided well in advance by the Board and is published as part of the Annual Report.

All the Directors have informed the Company periodically about their Directorship and Membership on the Board / Committees

of other companies. As per disclosure received from Director(s), none of the Directors holds Membership in more than ten (10) Committees and Chairmanship in more than five (5) Committees.

The details of the composition, nature of Directorship, the number of meetings attended and the directorships in other companies of the Directors of the Company are detailed below. This table also signifies the relationship of the Directors with each other as required to be disclosed in terms of Clause 49 of the Listing Agreement:

Name of the Director	Nature of Directorship	Relationship with each other	Attendance		Directorship in other Companies (*)	Membership and Chairmanship of the Committees of the Board of other Companies (**)	
			At the Board Meetings	At the last AGM		Committee Member	Committee Chairman
Dr. Lalit Khaitan	Chairman & Managing Director	Father of Mr. Abhishek Khaitan	4	No	-	-	-
Mr. Abhishek Khaitan	Managing Director	Son of Dr. Lalit Khaitan	4	No	-	-	-
Mr. K.P. Singh	Whole Time Director	Not related to any of the Directors	2	Yes	1	-	-
Mr. K.S. Mehta	Non-executive / Independent	Not related to any of the Directors	3	No	2	-	-
Dr. Raghupati Singhania	Non-executive / Independent	Not related to any of the Directors	4	No	8	1	1
Mr. Ashutosh Patra	Non-executive / Independent	Not related to any of the Directors	4	No	-	-	-
Mr. Mahendra Kumar Doogar	Non-executive / Independent	Not related to any of the Directors	4	Yes	7	-	2

### Notes:

(\*) Excludes directorship and committee membership in Radico Khaitan Limited. Also excludes directorship in Private Limited Companies, foreign Companies and alternate directorships.

(\*\*) For the purpose of considering the limit of the Committee Memberships and Chairmanships of a Director, the Audit Committee and the Shareholders / Investors Grievance Committee of Public Limited Companies have been considered.



**Tenure:**

The non-executive directors of the Company and Mr. K.P. Singh 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 PROCEDURES:**

The Board Meetings are governed by a structured Agenda. The Agenda along with comprehensive notes and background material are circulated well in advance before each meeting to all the Directors for facilitating effective discussion and decision making. The Board members may bring up any matter for consideration of the Board, in consultation with the Chairman. The information as specified in Annexure IA to the Clause 49 of the Listing Agreement is regularly made available to the Board.

Presentations are made by the Chairman & Managing Director,

Managing Director and the Senior Management on the Company's performance, operations, plans and other matters on a periodic basis. The proceedings of the meetings of the Board and its Committees are recorded in the form of minutes, which are circulated to the Board for perusal. The important decisions taken at the Board / Committee meetings are communicated to the concerned departments / divisions.

The Board has complete access to any information within the Company which as specified in Annexure IA to the Clause 49 of the Listing Agreement:

**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 2012-2013.

**Reappointment of Directors retiring by rotation:**

Mr. Ashutosh Patra and Mr. K.P. Singh 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(IV) (G) of Listing Agreement is given below:

Name	Mr. Ashutosh Patra	Mr. K.P. Singh
Date of Birth	15.03.1946	01.01.1952
Date of Appointment	28.01.2003	28.01.2003
Expertise in special functional areas	Legal expert with more than 40 years of experience	Qualified technocrat with over 34 years of experience in the liquor industry
Qualifications	MA, LL.M	B.Sc. & DIFAT
List of outside directorship as on 31st March, 2013	Nil	Radico NV Distilleries Maharashtra Ltd.
Chairman / Member of the Committee of other companies as on 31st March, 2013	Nil	Nil
No. of shares held	Nil	391

**Committees of the Board:**

Currently, there are five (5) Committees of the Board, namely: Audit Committee, Nomination AKA Remuneration Committee, Shareholders' / Investors' Grievances Committee, ESOP Compensation Committee and Finance Committee. The Board decides the terms of reference for these Committees. The minutes of the meetings of the Committees are placed before the Board for information. The details as to the composition, terms of reference, number of meetings and related attendance, etc., of these Committees are provided hereunder.

**Audit Committee:**

**Composition and terms of reference**

As on date, the Audit Committee comprises of three (3) Independent, Non-executive Directors. The members of the Audit Committee are Mr. Mahendra Kumar Doogar, Dr. Raghupati Singhania and Mr. Ashutosh Patra. 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.

The Audit Committee invites the CFO, the Company Secretary, Statutory Auditor(s) and Internal Auditor and Cost Auditors to attend the meetings of the Audit Committee. The Company Secretary acts as Secretary to the Committee. The minutes of each Audit Committee meeting are placed and discussed at the next meeting of the Board.

The scope of activities and terms of reference of the Audit Committee is as set out in Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.

The details as to the date(s) on which the meetings were held and attendance of the Committee members during the financial year ended 31st March, 2013 are as follows:

Date(s) on which the meeting(s) were held	
30th May, 2012	31st July 2012
7th November 2012	8th February 2013

Name	Meeting details	
	Held	Attended
Mr. Mahendra Kumar Doogar	4	4
Dr. Raghupati Singhania	4	4
Mr. Ashutosh Patra	4	4

**The role of the Audit Committee inter alia includes the following:**

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor, fixing of audit fees and approving payments for any other service.
- Recommending to the Board of Directors, the appointment of Cost Auditor for the Company.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report as per Section 217(2AA) of the Companies Act, 1956;
  - Changes in the Accounting policies and practices and the reasons for the same, major accounting entries and significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements

- relating to financial statements;
  - Disclosure of any related party transactions; and
  - Qualifications in the draft audit report, if any.
- Reviewing with management quarterly, half-yearly, nine-months and annual financial statements, standalone as well as consolidated before submission to the Board for approval.
  - Reviewing with the management performance of statutory and internal auditors.
  - Discussion with the internal auditors on any significant findings and follow-up thereon.
  - Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - Reviewing reports furnished by the internal auditors and statutory auditors and ensuring suitable follow-up thereon.
  - Reviewing the Company's financial and risk management policies.
  - Reviewing with the management and the Statutory Auditors anticipated changes in the Accounting Standards.
  - Review of the Whistle Blower mechanism of the Company as per the Whistle Blower Policy; and
  - Any other matter referred to by the Board of Directors.

The Company has an internal audit team, headed by Mr. Mukesh Agarwal, who reports to the Chief Financial Officer and the Audit Committee. From time to time, the Company's adequacy of internal controls covering financial, operational, compliance, IT applications, etc., are reviewed by the Internal Audit Department and presentations are made to the Audit Committee on the findings of such reviews. The Audit Committee, inter alia, reviews the adequacy of internal audit function and the internal audit reports including those related to internal control weaknesses.

**Nomination Committee AKA Remuneration Committee:**

**Composition and terms of reference:**

As on date, the Remuneration Committee comprises of three (3) Directors, viz., Dr. Lalit Khaitan, Mr. K.S. Mehta and Mr. Ashutosh Patra. The Committee's terms of reference includes reviewing and recommending to the Board the salary, commission, other benefits, service agreements and employment conditions of the Whole-time and the Managing Directors and to approve



the selection, appointment and remuneration of relatives of Directors for holding an office or place of profit pursuant to Section 314 of the Companies Act, 1956.

The details of the dates on which the meetings were held and the attendance of the Committee members during the financial year ended 31st March, 2013 are as follows:

**Date on which the meeting were held**

8th February 2013

Name	Meeting details	
	Held	Attended
Dr. Lalit Khaitan	1	1
Mr. K.S. Mehta	1	1
Mr. Ashutosh Patra	1	1

Mr. Amit Manchanda, Group Head – Legal & Company Secretary acts as the Secretary to the Committee.

The Committee took up the proposal for re-appointment of Chairman & Managing Director, Managing Director and Whole Time Director in the meeting held on 8th February 2013.

The Remuneration Committee decides the remuneration payable to the Chairman & Managing Director, Managing Director and Whole Time Director, considering the performance of the Company and their achievements against objectives as set out by the Remuneration Committee and approved by the Board and industry standards. The remuneration structure comprises of salary, perquisites, commission, etc. Annual increments are decided by the Remuneration Committee and recommend to the Board, within the limits mentioned in the contract and as approved by the shareholders. No severance is payable to them on termination of employment.

**Details of remuneration to all the directors in the financial year 2012-2013:**

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	26.72	32.40	NIL	5 Years
2.	Mr. Abhishek Khaitan	100.00	NIL	20.58	25.92	NIL	5 Years
3.	Mr. K.P. Singh	78.13	NIL	1.564	9.21	NIL	5 Years

\* Contributions to Provident Fund and Superannuation Fund.

**Non Executive Directors:**

Sl. No.	Name	Sitting Fees (in Rs.)
1.	Mr. K.S. Mehta	85,000/-
2.	Mr. Ashutosh Patra	1,90,000/-
3.	Dr. Raghupati Singhania	1,00,000/-
4.	Mr. Mahendra Kumar Doogar	1,40,000/-

Non executive directors were paid sitting fees of Rs.15,000/- 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.

**Shareholders' / Investors' Grievances Committee:**

The Board of Directors of the Company has constituted the Shareholders' / Investors' Grievance Committee which is chaired by a Non-Executive Director/Independent Director to specifically look into the redressal of shareholders queries and complaints.

The details as to the composition of the Shareholders, / Investors' Grievance Committee, date(s) on which the meetings were held and the attendance of the members of the Committee during the financial year ended 31st March, 2013 are as follows:

**Date(s) on which the meeting(s) were held**

30th May, 2012	31st July 2012
7th November 2012	8th February 2013

Name	Meeting details	
	Held	Attended
Mr. Mahendra Kumar Doogar	4	4
Mr. K. P. Singh	4	2
Mr. Ashutosh Patra	4	4

The terms of reference of the Committee include the following:

- To specifically look into queries and complaints received from the shareholders of the Company,
- To oversee the performance of the Registrar and Transfer Agent of the Company and
- To recommend measures for overall improvement in the quality of services to the investors.

**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: info@radico.co.in

Details pertaining to the number of complaints received and responded and the status thereof during the financial year ended 31st March, 2013 are given as follows:

Nature of Complaints	Received during the year
Non-receipt of Dividend warrants	680
Non-receipt of Share Certificate(s) lodged for transfer / splitting of the share certificates etc.	93
Letters received from Stock Exchange(s) / SEBI	10
Others/Miscellaneous	50
Total	833

All the aforesaid complaints were responded to by the Company appropriately and there were no pending complaints at the end of the financial year 2012-13.

All the requests, queries and complaints received during the financial year ended 31st March, 2013, were duly addressed and no queries are pending for resolution on that date.

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

**ESOP / Employees Compensation Committee (Non Mandatory):**

**Composition and terms of reference:**

As on date, the ESOP / Employees Compensation Committee comprises of three (3) Directors. The members of the Committee are Mr. Ashutosh Patra, Mr. K.S. Mehta and Mr. K.P. Singh.

During the financial year the Committee met four (4) times on 30.5.2012, 31.7.2012, 7.11.2012 and 8.2.2013.

The term of reference of the Committee includes allotment of ESOP, considering change in ESOP scheme & framing policy with regard to ESOP scheme.

**Finance Committee (Non Mandatory):**

**Composition and terms of reference:**

As on date, the Finance Committee comprises of three (3) Directors. The members of the Finance Committee are Mr. Abhishek Khaitan, Mr. K.P. Singh and Mr. Ashutosh Patra.

During the financial year the Committee met four (4) times on 30.5.2012, 31.7.2012, 7.11.2012 and 8.2.2013

The Committees terms of reference includes raising of loans from Banks, Financial Institutions, NBFCs or any other entities and evaluation of terms of finance.

**Subsidiary Companies:**

During the year under review, the Company incorporated a Company in Mauritius with the intention to make it a subsidiary for investment in Angola. However, due to some changes in local level at Angola, the shares were not subscribed.



**Certification of Financial Reporting and Internal Controls:**

As required by Clause 49(V) of the Listing Agreement, the CEO / CFO Certificate for the financial year 2012-13 signed by Mr. Abhishek Khaitan, Managing Director as CEO and Mr. Dilip K Banthiya, CFO was placed before the Board of Directors at their meeting held on 28th May 2013.

**General Body Meetings:**

The venue and time of the last three Annual General Meetings of the Company are as follows:

Year	Location	Meeting Date	Time	No. of special resolutions set out at the AGM
2011-12	Rampur Distillery, Bareilly Road Rampur – 244 901 (U.P.)	24th September 2012	1.00 P.M.	Nil
2010-11	Rampur Distillery, Bareilly Road Rampur – 244 901 (U.P.)	9th September 2011	1.00 P.M.	3
2009-10	Rampur Distillery, Bareilly Road Rampur – 244 901 (U.P.)	9th September 2010	1.00 P.M.	1

All special resolutions set out in the notices for the Annual General Meetings were passed by the shareholders at the respective meetings with requisite majority.

**Disclosures:**

**1. Disclosures on materially significant related party transactions:**

Your Company has not entered into any transaction of material nature except transactions with related parties which are furnished under Notes to the Financial Statements as stipulated under Accounting Standard 18 (AS-18), with the Promoters, their subsidiaries or relatives, Directors or the Management, etc. All transactions were carried out on an arms-length basis and were not prejudicial to the interest of the Company.

**2. Details of non-compliance(s) by the Company:**

The Company has complied with all the requirements of the Stock Exchange(s) and the Securities Exchange Board of India on matters related to Capital Markets or any other matter, as may be applicable from time to time. There were no penalties imposed or strictures passed against the Company by the statutory authorities in this regard.

**3. Disclosure of Accounting Treatment:**

The Company follows Accounting Standards prescribed by the Companies Accounting Standard Rules, 2006 (as amended) and relevant provisions of the Companies Act, 1956. In preparation of financial statements, the Company has not adopted a treatment different from what is prescribed in the Accounting Standards. 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).

**4. Details of compliance with mandatory and non-mandatory requirements of Clause 49 of the Listing Agreement:**

Your Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. Following is the status of the compliance with the non-mandatory requirements:

**a) Audit Qualifications:**

During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

**b) Whistle Blower Policy:**

Your Company has adopted a Whistle Blower Policy with an objective to provide Employees and Business Associates a framework and to establish a formal mechanism or process whereby concerns can be raised in line with the Company's commitment to highest standards of ethical, moral and legal business conduct and its commitment to open communication.

**c) Sexual Harassment Policy:**

Your Company has adopted a Sexual Harassment Policy with an objective to ensure a protective and equal platform for working of women in the organization.

**d) Code of Conduct:**

Your Company has adopted a Code of Conduct for all the employees including the Board Members and Senior

Management Personnel of the Company in accordance with the requirement under Clause 49(I)(D) of the Listing Agreement. The Code of Conduct has been posted on the website of the Company www.radicokhaitan.com. All the Board Members and the Senior Management Personnel have affirmed their compliance with the said Code of Conduct for the financial year ended 31st March, 2013.

**e) Unclaimed Suspense Account:**

The Company has transferred 3727 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: 884354.
- (ii) Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year: 12
- (iii) Number of shareholders to whom shares were transferred from the unclaimed suspense account during the year: 12
- (iv) Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year: 880627.

At the beginning of the financial year, there was no investor complaint that was unresolved. During the year, the Company received 10 investor complaints, all of which were resolved and as such there was no unresolved investor complaint as at 31st March 2013.

**f) 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.

**Means of Communication:**

- a) Quarterly/ Half-yearly/ Nine-months and Annual Audited Financial Results of the Company are published in the Business Standard, Delhi and Mumbai editions and Amar Ujala, Moradabad edition.

**Quarterly results taken on record and published in the newspapers during 2012-2013:**

Quarter ended	Date of Board Meetings	Date of Publication in Newspapers	
		Business Standard (English) New Delhi edition	Amar Ujala (Hindi) Moradabad edition
30th June, 2012	31.7.2012	1.8.2012	2.8.2012
30th September, 2012	7.11.2012	8.11.2012	9.11.2012
31st December, 2012	8.2.2013	9.2.2013	9.2.2013
31st March 2013	28.5.2013	29.5.2013	30.5.2013

- b) The results of the Company are also posted up on the Company's corporate website: www.radicokhaitan.com. The Company's official news releases and presentations made to the institutional investors and analysts are also available on the Company's website.
- c) All important information pertaining to the Company is also mentioned in the Annual Report of the Company which is circulated to the members and others entitled thereto for each financial year.
- d) Your Company provides necessary information to the Stock Exchanges in terms of the Listing Agreement and other rules and regulations issued by the Securities Exchange Board of India.



**Green Initiative in Corporate Governance:**

Pursuant to Circular No. 17/2011 dated 21st April, 2011, Ministry of Corporate Affairs has undertaken a Green Initiative in Corporate Governance whereby the shareholders desirous of receiving notices, documents and other communication from the Company through electronic mode, can register their e-mail addresses with the Company.

Your Company encourages the shareholders to register their e-mail addresses with the Company or its Registrar and Share Transfer Agent, M/s. Mas Services Ltd., by sending a letter signed by the shareholders on addresses given below and intimate changes in the e-mail address from time to time.

**Radico Khaitan Limited**

Plot No.J-1, Block B-1  
Mohan Co-operative Industrial Area  
Mathura Road, New Delhi – 110 044.  
Tel. No.+91 11 40975400/444/500/555  
Fax No.+91 11 41678841-42  
Email:info@radico.co.in

**Mas Services Ltd.**

T-34, 2nd Floor , Okhla Industrial Area  
Phase – II , New Delhi – 110 020.  
Tel. No. 26387282-83  
Fax No. 26387384  
Email: info@masserv.com

**General Shareholder Information**

**29th Annual General Meeting of the Company:**

Date: 30th September 2013  
Venue: Rampur Distillery, Bareilly Road, Rampur - 244901 (U.P.)  
Time: 1.00 P.M.

**Financial Calendar:**

Financial year: 1st April to 31st March

For the year ended 31st March, 2013, quarterly financial results were announced on:

31st July 2012	First Quarter
7th November 2012	Second Quarter and Half Yearly
8th February 2013	Third Quarter and Nine Months
28th May 2013	Fourth Quarter and Annual

For the year ending 31st March, 2014, quarterly financial results will be announced as per the tentative schedule detailed below:

Not later than 15th August 2013	First Quarter
Not later than 15th November 2013	Second Quarter and Half Yearly
Not later than 15th February 2014	Third Quarter and Nine Months
Not later than 30th May 2014	Fourth Quarter and Annual

**Date of Book Closure:**

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

**Dividend Payment date:**

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

**Listing on Stock Exchanges:**

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

**Equity Shares:**

- Bombay Stock Exchange Ltd.(BSE)  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai – 400 001.
- National Stock Exchange of India Ltd. (NSE)  
Exchange Plaza, 5th Floor  
Plot no.C/1, G Block  
Bandra-Kurla Complex, Bandra (E)  
Mumbai – 400 051.

The Company has paid the listing fees for the financial year 2013-14 to the stock exchange(s) on which Company's shares are listed. The Company has also paid custodial fees for the year 2013-14 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Security Identification Number (ISIN) allocated to the Company by NSDL and CDSL is INE944F01028.

The stock exchange codes assigned to the Company's shares at these stock exchanges are as follows:

Stock Exchange	Code
BSE	532497
NSE	RADICO

**Stock Price Data:**

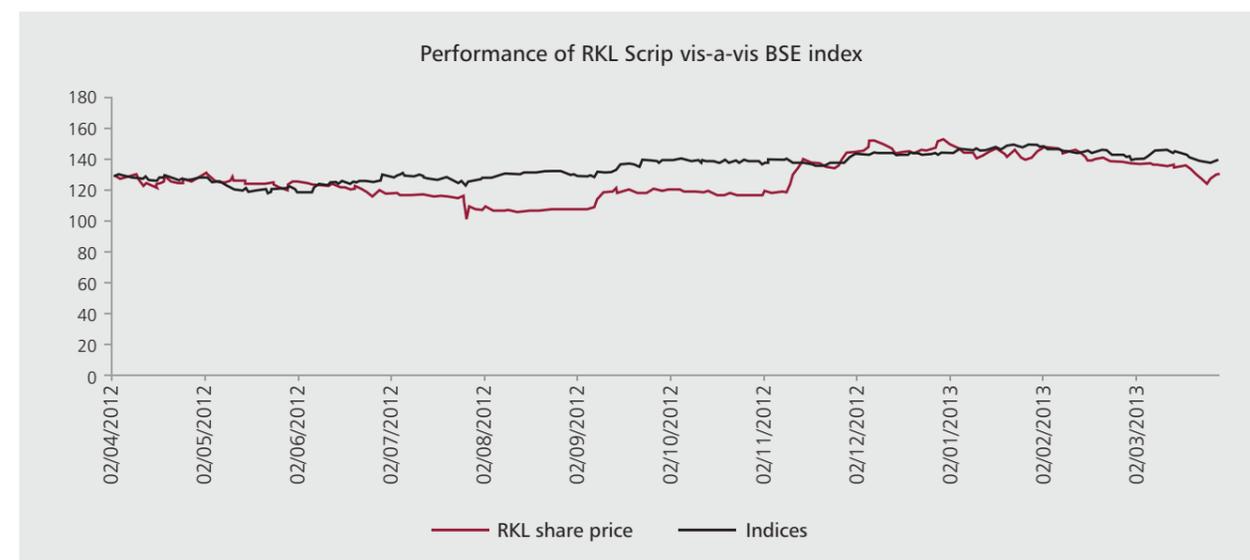
The monthly high and low prices and volumes of your Company's shares at BSE and NSE for the year ended 31st March, 2013 are given as follows:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (No. of Shares)	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
<b>2012</b>						
April	134.55	121.20	617889	137.40	120.35	959562
May	130.90	119.25	282834	131.75	119.25	1089608
June	126.00	111.50	918685	127.00	112.20	2541981
July	119.50	92.00	4371667	119.45	92.00	8950168
August	110.00	105.00	3711311	110.00	105.15	9073187
September	123.75	106.50	1072053	124.05	105.90	1752097
October	124.30	115.25	1816474	124.10	115.45	3674917
November	151.00	116.80	2393680	151.05	116.50	5480526
December	155.95	138.30	486609	155.50	139.50	1800872
<b>2013</b>						
January	151.70	138.25	4231520	151.50	138.00	6313485
February	150.20	131.50	482044	151.40	131.15	2195267
March	140.80	122.00	749715	141.80	121.55	1477347

Note: High and low are in Rupees per traded share. Volume is the total monthly volume of trade in Radico Khaitan's share shares on BSE and NSE.

The Chart below shows the comparison of your Company's share price movement on BSE vis-à-vis the movement of the BSE Sensex for the year 2012-13 (based on month end closing).

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





**Share transfer system:**

The share transfer activities in respect of the shares in physical mode are carried out by the Company's Registrar and Share Transfer Agent (RTA). The Shares lodged for transfer are processed and returned within the stipulated time. The applications and requests received by your Company for transfer of shares held in physical form are processed and the share certificates for the same are sent to the transferee within the stipulated period under the Companies Act, 1956 and the Listing Agreement. The Board of Directors of the Company have delegated the authority to approve the transfer of shares, transmission of shares or requests for deletion of name of the shareholder, etc., as mentioned in Clause 49(IV)(G)(iv) of the Listing Agreement to the designated officials of the Company. The transactions in respect of issue of duplicate share certificates, split, rematerialisation, consolidation and renewal of share certificates are approved by the Shareholder's Committee.

A summary of all the transfers, transmissions, deletion requests, etc., are placed before the Board of Directors from time to time for their review.

**Distribution of Shareholdings:**

The distribution of shareholding of the Company as on 31st March, 2013 was as follows:

Sl. No.	Category of Shareholders	Total No. of Shares	% of Total no. of Shares
1	Promoters	53829818	40.50
2	Mutual Funds & UTI	9593319	7.22
3	Insurance Companies, Banks, State Financial Corporation	443341	0.33
4	FII's	42798074	32.20
5	Private Corporate Bodies	14605055	10.99
6	Indian Public	10562496	7.96
7	NRIs/OCBs	1051975	0.79
8	Others	16302	0.01
	<b>Total</b>	<b>132900380</b>	<b>100.00</b>

**Distribution of shareholding of the Company by number of shares held as on 31st March, 2013 is as follows:**

Share Holding of Nominal Value of		Shareholders		Shares		% Total	
Rs.	Rs.	Number	% to Total	Physical Shares	Dematerialised shares	Total shares	% to Total
UPTO	2500	20257	92.06	2015573	3759350	5774923	4.35
2501	5000	1075	4.89	547890	1418672	1966562	1.48
5001	10000	378	1.72	274815	1057979	1332794	1.00
10001	20000	123	0.56	81285	771034	852319	0.64
20001	30000	27	0.12	10850	322464	333314	0.25
30001	40000	16	0.07	15500	263089	278589	0.21
40001	50000	15	0.07	0	337742	337742	0.25
50001	100000	26	0.12	31620	1004853	1036473	0.78
100001	ABOVE	85	0.39	0	120987664	120987664	91.04
<b>Total</b>		<b>22002</b>	<b>100.00</b>	<b>2977533</b>	<b>129922847</b>	<b>132900380</b>	<b>100.00</b>

**Other Information:**

Corporate Identification Number (CIN No.): L26941UP1983PLC027278

**Unclaimed Dividend/Shares:**

In terms of Sections 205A and 205C of the Companies Act, 1956, the Company is required to transfer the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Shareholders are cautioned that once the unclaimed dividend is transferred to IEPF, a shareholder cannot claim the amount of dividend either from the Company or from the IEPF.

In accordance with Clause 5A II of the Listing Agreement, the Company has sent two reminders to the shareholders whose share certificates are lying unclaimed with the Company and is in the process of sending third reminder to the concerned shareholders.

In case yours shares are lying unclaimed with the Company, you are requested to claim the same.

**Registrar and Transfer Agent:**

Mas Services Limited is the Registrar and Transfer Agent of the Company.

Shareholders, beneficial owners and depository participants (DPs) are requested to send/ deliver the documents/ correspondence relating to the Company's share transfer activity etc. to Mas Services Limited, Registrar and Transfer Agent of the Company at the following address:

**Mas Services Ltd.**

T-34, 2nd Floor, Okhla Industrial Area  
Phase – II, New Delhi – 110 020.  
Tel. No. 26387282-83  
Fax No. 26387384  
Email: info@masserv.com

For the benefit of shareholders, documents will continue to be accepted at the following registered office of the Company:

Rampur Distillery, Bareilly Road, Rampur – 244 901 (U.P.)  
Tel. No.0595-2350601-02  
Fax No.0595-2350009  
Email: info@radico.co.in

Members are requested to quote their e-mail address, telephone number and full address for prompt reply to their communication.

**Website: www.radicokhaitan.com**

**E-mail ID for Investor's Grievances:**

The e-mail address for investor grievance is info@radico.co.in

The above exclusive e-mail id is disclosed by the Company on its websites and all the various material correspondence, publications and communication to the shareholders at large.

**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/-  
Place: New Delhi  
Date: 5th August 2013  
Dr. Lalit Khaitan  
Chairman & Managing Director



## Annexure to Report on Corporate Governance for the year ended 31st March, 2013 DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31st March, 2013.

**Abhishek Khaitan**

Managing Director

New Delhi

Date: 5th August 2013

## Auditor's 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, 2013, 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

(M.S. Balachandran)  
Partner  
Membership No.024282

Place : New Delhi

Date : 5th August 2013

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF  
RADICO KHAITAN LIMITED

### Report on Financial Statements

We have audited the accompanying financial statements of RADICO KHAITAN LIMITED ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013 and the Statement of Profit & Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

- 1 As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose 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 comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- 2 As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable, on the basis of information & explanations obtained and such checks as we considered necessary.

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

M.S. BALACHANDRAN  
Partner

Place: New Delhi

Dated: 28-May-2013

Membership No: 024282



## Annexure Referred to in our Report of even date to the Shareholders of Radico Khaitan Limited for the year ended 31<sup>st</sup> March, 2013

- 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 (except Delhi Office) 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.1155.88 lacs as interest free unsecured working capital advance under a specific manufacturing and selling arrangement and Rs.185.39 lacs as interest-free unsecured advance to a joint venture company. The maximum amounts outstanding during the year aggregated to Rs.3042.17 lacs and year end outstanding balance aggregated to Rs.1341.27 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-free advance also, there are no stipulations regarding repayment of principal.
- (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. Hence, sub-clauses (f) and (g) are not applicable.
- iv In our opinion and according to the information and explanations given to us, there are adequate internal control systems 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 31<sup>st</sup> March, 2013, 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 31<sup>st</sup> March, 2013, for which appeals are pending are as under:

Nature of dues	Year(s)	Amount (Rs. in lacs)	Forum where pending
Sales Tax / Entry Tax	1998-99 & 1999-00	3.02	Revision before 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	56.69	Allahabad High Court – Lucknow Bench
Service Tax	July 2003 to March 2012 (including interest and penalty)	10865.61	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 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, 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, besides being a coobligant for vehicle loan the balance of which is Rs.75.04 lacs. 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, information and explanations obtained and on an overall basis, we note that term loans of Rs.10,000 lacs taken during the year from banks for capital expenditure have not been utilised for the stated purpose to the extent of Rs.2436.54 lacs.
- 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, 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  
(Firm Regn. No.: 109208W)

M.S. BALACHANDRAN

Partner

Place: New Delhi

Dated: 28-May-2013

Membership No: 024282



**Balance Sheet** as at 31<sup>st</sup> March, 2013

Particulars	Note No.	Rupees in lacs	
		As at 31.03.2013	As at 31.03.2012
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share capital	2	2,658.01	2,654.08
Reserves and surplus	3	70,161.24	64,187.21
		72,819.25	66,841.29
Share application money pending allotment	2	-	1.61
<b>Non-current liabilities</b>			
Long-term borrowings	4	41,397.62	33,835.48
Deferred tax liabilities (Net)	5	5,883.00	5,633.00
Other long term liabilities - Security deposits		4.17	182.68
Long-term provisions	6	433.58	402.10
		47,718.37	40,053.26
<b>Current liabilities</b>			
Short-term borrowings	7	30,542.97	27,770.79
Trade payables	8	11,724.85	11,737.61
Other current liabilities	9	15,400.33	15,296.45
Short-term provisions	10	2,099.00	1,528.33
		59,767.15	56,333.18
<b>Total</b>		<b>180,304.77</b>	<b>163,229.34</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
- Tangible assets	11	48,659.56	45,803.30
- Intangible assets	11	4,283.52	4,418.38
- Capital work-in-progress (at cost)		532.74	484.38
Non-current investments	12	5,836.79	5,838.09
Long-term loans and advances	13	8,898.24	8,540.12
Other non-current assets - deposits with banks	17	149.07	71.79
		68,359.92	65,156.06
<b>Current assets</b>			
Current investments	14	5,022.05	5,295.66
Inventories	15	18,494.97	17,744.56
Trade receivables	16	43,538.09	34,779.21
Cash and bank balances	17	1,599.68	2,103.85
Short-term loans and advances	18	39,926.12	34,726.81
Other current assets	19	3,363.94	3,423.19
		111,944.85	98,073.28
<b>Total</b>		<b>180,304.77</b>	<b>163,229.34</b>
Significant Accounting Policies	1		
Other Notes on Accounts	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. Banthiya  
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 : 28/05/2013

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

Directors

**Statement of Profit and Loss** for the year ended 31<sup>st</sup> March, 2013

Particulars	Note No.	Rupees in lacs	
		Current Year	Previous Year
<b>INCOME</b>			
Revenue from operations	20	248,890.62	198,138.54
Less : Excise duty		123,051.69	83,751.87
		125,838.93	114,386.67
Other income	21	3,041.46	2,137.15
		128,880.39	116,523.82
<b>EXPENSES</b>			
Cost of materials consumed	22	51,442.10	46,867.08
Purchase of stock-in-trade	23	6,181.26	9,441.27
Change in inventories of finished goods, work-in-progress and stock-in-trade	24	877.29	(1,695.96)
Employee benefits expense	25	7,872.98	7,063.55
Finance costs	26	7,005.58	5,815.23
Depreciation and amortization expense	27	3,531.11	3,283.94
Other expenses	28	41,041.83	35,802.82
		117,952.15	106,577.93
<b>Profit for the year before exceptional items &amp; tax</b>		10,928.24	9,945.89
Less : Exceptional Items	29	-	1,249.89
<b>Profit for the year before taxation</b>		10,928.24	8,696.00
<b>Less : Tax expense</b>			
- Current tax		2,950.00	1,760.00
- For earlier years		-	42.00
- Deferred tax liability / (assets)		250.00	658.00
MAT Credit available for set off		-	(130.00)
<b>Profit for the year after tax</b>		7,728.24	6,366.00
<b>Basic Earnings per share in Rs. (face value of Rs. 2/- each)</b>	30	5.82	4.80
<b>Diluted Earnings per share in Rs. (face value of Rs. 2/- each)</b>		5.81	4.76
Significant Accounting Policies	1		
Other Notes on Accounts	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. Banthiya  
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 : 28/05/2013

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

Directors



**Cash Flow** for the year ended 31<sup>st</sup> March, 2013

Particulars	Rupees in lacs	
	Current Year	Previous Year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before provision for tax	10,928.24	8,696.00
Add:		
Depreciation and amortization expense	3,531.11	3,283.94
Interest on borrowings	7,005.58	5,815.23
Foreign Exchange loss considered in other expenses	771.81	296.86
Employees Compensation (Esop)	15.68	(17.03)
Loss on sale of assets	483.09	93.03
Loss on sale of shares	-	1,249.89
Adjustment for provision for diminution in value of Investment	(26.39)	11.73
Adjustment for provision for non-moving stock	(49.79)	113.62
Adjustment for provision for doubtful debtors and advances	160.83	47.90
	22,820.16	19,591.17
Less:		
Interest income	(2,827.41)	(2,064.96)
Dividend on investments	-	(0.57)
Profit on sale of assets	(40.27)	(5.58)
Profit on sale of investment	(22.55)	-
<b>Operating Profit Before Working Capital Changes</b>	<b>19,929.93</b>	<b>17,520.06</b>
Adjustment For Working Capital Changes:		
(Increase)/Decrease in inventories	(700.62)	(5,170.89)
(Increase)/Decrease in trade receivables	(8,806.76)	(2,895.16)
(Increase)/Decrease in other receivables	59.24	(1,332.15)
(Increase)/Decrease in loans and advances	(1,570.40)	(4,392.20)
(Decrease)/increase in trade and other payables	(1,572.55)	12,270.96
	7,338.84	16,000.62
Less: Taxes paid	(2,347.69)	(1,766.42)
<b>Net Cash From Operating Activities</b>	<b>4,991.15</b>	<b>14,234.20</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition to fixed assets (including work-in-progress)	(6,332.05)	(8,787.32)
Sale of fixed assets	228.65	60.67
Purchase of investments	-	(413.74)
Sale of investments	323.85	90.34
(Increase)/ Decrease in loans given	(4,100.00)	(5,800.00)
Interest income	2,827.41	2,064.96
Dividend income	-	0.57
<b>Net Cash Generated (Used) in Investing Activities</b>	<b>(7,052.14)</b>	<b>(12,784.52)</b>

**Cash Flow** for the year ended 31<sup>st</sup> March, 2013

Particulars	Rupees in lacs	
	Current Year	Previous Year
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / (Decrease) in share capital (including share premium)	140.42	91.69
Proceeds from long term borrowings	9,037.12	29,808.49
Repayment of long term borrowings	-	(20,241.54)
Short term borrowings (net)	2,772.18	1,284.06
Investment in non-current fixed deposits with banks	(77.28)	(21.35)
Effect of foreign exchange rate adjustment as per para 46/46A (Refer note no.34)	(2,076.10)	(4,262.81)
Interest on borrowings	(7,005.58)	(5,815.23)
Dividend on equity shares(including tax)	(1,233.94)	(1,078.57)
<b>Net Cash Generated/ (Used) in Financing Activities</b>	<b>1,556.82</b>	<b>(235.26)</b>
<b>Net increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(504.17)</b>	<b>1,214.42</b>
Balance at the beginning of the year	2,103.85	889.43
Balance at the end of the year:	1,599.68	2,103.85
	(504.17)	1,214.42

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

**Dilip K. Banthiya**  
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 : 28/05/2013

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

Directors



## Notes on Accounts for the year ended 31<sup>st</sup> March, 2013

### 1 SIGNIFICANT ACCOUNTING POLICIES – 2012-13

#### 1.01 Basis of preparation of financial statements

The financial statements are prepared under historical cost convention, on a going concern basis and 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 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.

#### 1.06 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.

#### 1.07 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, stock in trade, stores and spares are valued at lower of cost or net realisable value. Cost is ascertained on "moving average" basis for all inventories.

#### 1.08 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.

## Notes on Accounts for the year ended 31<sup>st</sup> March, 2013

#### 1.09 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.

#### 1.10 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.

#### 1.11 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.

#### 1.12 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 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.

#### 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 incurrance.

#### 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 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.



**Notes on Accounts** for the year ended 31<sup>st</sup> March, 2013

Particulars	Rupees in lacs	
	As at 31.03.2013	As at 31.03.2012
<b>2. SHARE CAPITAL</b>		
<b>Authorised</b>		
17,00,00,000 (Previous year 17,00,00,000) equity shares of Rs. 2/- each	3,400.00	3,400.00
60,00,00,000 (Previous year 60,00,00,000) preference shares of Rs. 100/- each	6,000.00	6,000.00
	<b>9,400.00</b>	<b>9,400.00</b>
<b>Issued, subscribed and fully paid</b>		
13,29,00,380 (PY 13,27,03,879) equity shares of Rs. 2/- each	2,658.01	2,654.08
	<b>2,658.01</b>	<b>2,654.08</b>

- 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.
- 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.
- During the year ended March 31, 2013, the amount of dividend per share recognized for distribution to equity shareholders is Rs. 0.80 (previous year Rs. 0.80). The total dividend appropriation for the year ended March 31, 2013 amounted to Rs. 1,243.95 lacs (previous year Rs. 1,233.94 lacs) including corporate dividend tax of Rs. 180.79 lacs (previous year Rs. 172.31 lacs).

**d. Reconciliation of the number of shares**

Particulars	No. of Shares	No. of Shares
Outstanding at the beginning of the year	132,703,879	132,558,204
Add: Issued during the year under ESOP Scheme	196,501	145,675
Outstanding at the end of the year	132,900,380	132,703,879

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

Particulars	As at 31.03.2013		As at 31.03.2012	
	%	No. of Shares	%	No. of Shares
Sapphire Intrex Ltd.	25.50%	33,888,011	25.54%	33,888,011
Shailaja Finance Ltd.	8.65%	11,491,087	8.44%	11,204,501
HSBC Global Investment Funds Mauritius Ltd.	8.37%	11,124,125	8.38%	11,124,125
Reliance Capital Trustee Company Ltd.	6.54%	8,695,127	6.04%	8,018,382

**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 31.03.2013 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	1,464,513	1,425,013
Options exercised upto the year end	1,765,164	1,568,663
Option outstanding at the year end	420,323	656,324
Exercise price (weighted average)	Rs. 80.20	Rs. 81.20

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. 15.68 lacs debit (Previous year Rs. 17.03 lacs credit) being the amortisation of deferred employee compensation.

**Notes on Accounts** for the year ended 31<sup>st</sup> March, 2013

Particulars	Rupees in lacs	
	As at 31.03.2013	As at 31.03.2012
<b>3. RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
Balance as per last balance sheet	1,213.68	1,213.68
<b>Preference Shares Redemption Reserve</b>		
Balance as per last balance sheet	20.02	20.02
<b>Securities Premium Reserve</b>		
Balance as per last balance sheet	37,166.37	37,872.86
Add : Receipts on exercise of employee stock options	138.10	87.17
Add : Transfer from employee stock option outstanding account	25.85	19.66
Less : Premium on foreign currency convertible bonds adjusted	-	813.32
	<b>37,330.32</b>	<b>37,166.37</b>
<b>Revaluation Reserve</b>		
Balance as per last balance sheet	921.94	928.30
Less : Transfer being depreciation on revalued assets (Refer Note 27)	6.36	6.36
	<b>915.58</b>	<b>921.94</b>
<b>Employee Stock Options outstanding account</b>		
Gross employee stock compensation for options granted in earlier years	110.76	145.12
Add : Gross compensation for options granted during the year	-	-
Less : Deferred employee stock compensation	42.02	72.41
Less : Transfer to securities premium reserve on exercise of stock options	25.85	19.66
	<b>42.89</b>	<b>53.05</b>
<b>General Reserve</b>		
Balance as per last balance sheet	20,000.00	17,000.00
Add : Transfer from Surplus	5,000.00	3,000.00
	<b>25,000.00</b>	<b>20,000.00</b>
<b>Surplus</b>		
Balance as per last balance sheet	7,496.80	5,364.74
Add : Profit for the year as per Statement of Profit and Loss	7,728.24	6,366.00
	<b>15,225.04</b>	<b>11,730.74</b>
Less : Appropriations		
Transfer to general reserve	5,000.00	3,000.00
Proposed dividend	1,063.20	1,061.63
Tax on proposed dividend	180.79	172.31
	<b>8,981.05</b>	<b>7,496.80</b>
<b>Foreign currency monetary item translation difference account</b> (Refer Note No.34)	(3,342.30)	(2,684.65)
	<b>70,161.24</b>	<b>64,187.21</b>



**Notes on Accounts** for the year ended 31<sup>st</sup> March, 2013

Particulars	Rupees in lacs	
	As at 31.03.2013	As at 31.03.2012
<b>4. LONG-TERM BORROWINGS</b>		
<b>Term Loans - Secured *</b>		
- Rupee loans from banks	11,361.88	4,400.86
- Foreign currency loans from banks	34,927.35	32,851.25
	<b>46,289.23</b>	<b>37,252.11</b>
Less : Shown in current maturities of long-term debt (Refer Note 9)		
- Foreign currency loans from banks	2,279.73	-
- Rupee loan from banks	2,611.88	3,416.63
	<b>41,397.62</b>	<b>33,835.48</b>

- 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:-

Name	ROI	Balance installments	Year of Maturity	Outstanding as on 31.03.2013	Outstanding as on 31.03.2012
State Bank of Hyderabad - Rupee Term Loan	12.95%	4 Q	Feb 2014	981.81	1,984.23
State Bank of Travancore - Rupee Term Loan			Mar 2013	-	1,666.63
State Bank of India - Rupee Term Loan	12.30%	4 Q	Mar 2014	380.07	750.00
IDBI Bank Ltd. - Rupee Term Loan	12.00%	16 Q	July 2017	5,000.00	-
State Bank of Hyderabad - Rupee Term Loan	12.70%	16 Q	Aug 2017	5,000.00	-
ICICI Bank Ltd - ECB \$ 200.00 lacs	LIBOR+3.75%	21 Q	April 2018	10,877.86	10,231.21
ICICI Bank Ltd - ECB \$ 292.17 lacs	LIBOR+3.92%	21 Q	July 2018	15,891.09	14,946.56
State Bank of India - ECB \$ 150.00 lacs	LIBOR+3.80%	8 HY	July 2018	8,158.40	7,673.48
				<b>46,289.23</b>	<b>37,252.11</b>

**5. DEFERRED TAX LIABILITIES (NET)**

Particulars	Rupees in lacs	
	As at 31.03.2013	As at 31.03.2012
<b>Deferred Tax Liabilities:</b>		
Related to fixed assets	6,971.71	6,515.26
On account of tax holiday	-	-
	<b>6,971.71</b>	<b>6,515.26</b>
<b>Deferred Tax Assets:</b>		
ECB adjustment	625.49	415.72
Provision for gratuity and leave encashment	197.98	191.14
Provision for doubtful debts and others	265.24	275.40
	<b>1,088.71</b>	<b>882.26</b>
<b>Deferred Tax Liability (Net)</b>	<b>5,883.00</b>	<b>5,633.00</b>

**Notes on Accounts** for the year ended 31<sup>st</sup> March, 2013

Particulars	Rupees in lacs	
	As at 31.03.2013	As at 31.03.2012
<b>6. LONG-TERM PROVISIONS</b>		
Provision for employee benefits.		
- Leave encashment (Refer Note 37)	433.58	402.10
	<b>433.58</b>	<b>402.10</b>

**7. SHORT-TERM BORROWINGS**

Secured - from Banks		
- Cash credit (repayable on demand)	26,042.97	27,770.79
- Others	3,000.00	-
Unsecured		
- from banks	1,500.00	-
	<b>30,542.97</b>	<b>27,770.79</b>

- 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.

**8. TRADE PAYABLES**

Due to Micro and Small enterprises (Refer Note below)	-	-
Others #	11,724.85	11,737.61
	<b>11,724.85</b>	<b>11,737.61</b>

**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.

**9. OTHER CURRENT LIABILITIES**

Current maturities of long-term debt		
- Foreign currency loans from banks	2,279.73	-
- Rupee loan from banks	2,611.88	3,416.63
Interest accrued but not due on borrowings	265.79	264.08
Interest accrued and due on borrowings	-	29.11
On account of capital goods/ services	644.32	135.08
Advances from customers and others	7,915.77	10,266.51
Unclaimed dividends #	85.70	77.30
<b>Other payables :</b>		
- Security deposits	378.74	145.35
- Accrued salary and benefits	327.05	227.17
- Statutory dues	891.35	735.22
	<b>15,400.33</b>	<b>15,296.45</b>

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



**Notes on Accounts** for the year ended 31<sup>st</sup> March, 2013

Particulars	Rupees in lacs	
	As at 31.03.2013	As at 31.03.2012
<b>10. SHORT-TERM PROVISIONS</b>		
For employee benefits.		
- Gratuity (See Note 37)	47.69	54.57
- Leave encashment (See Note 37)	128.94	132.45
Premium on redemption of FCCB	-	-
Proposed dividend	1,063.20	1,061.63
Tax on proposed dividend	180.69	172.22
For taxation (net of payments)	671.11	68.80
For excise duty on closing stock	0.01	31.30
Other contingencies	7.36	7.36
<b>Total</b>	<b>2,099.00</b>	<b>1,528.33</b>

**11. FIXED ASSETS** (Refer Note no. 1.04 and 1.05)

Description of Assets	Rupees in lacs										
	Gross Block				Depreciation				Net Block		
	As at 01.04.2012	Additions	Deductions	As at 31.03.2013	Upto 31.03.2012	For the year	Written back	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012	
<b>Tangible Assets</b>											
Freehold land	2,185.91	27.13	-	2,213.04	-	-	-	-	2,213.04	2,185.91	
Leasehold land	1,946.54	-	-	1,946.54	1,294.94	8.77	-	1,303.71	642.83	651.60	
Buildings	6,919.71	746.07	179.98	7,485.80	1,065.56	232.64	-	1,298.20	6,187.60	5,854.15	
Plant & equipments	48,261.61	5,687.08	1,021.85	52,926.84	12,509.08	2,628.49	548.09	14,589.48	38,337.36	35,752.53	
Office equipments	394.26	17.28	2.44	409.10	225.32	17.24	1.70	240.86	168.24	168.94	
Furniture & fittings	456.29	13.22	0.19	469.32	241.50	25.31	0.14	266.67	202.65	214.79	
Vehicles	932.10	117.81	48.61	1,001.30	269.14	89.00	31.67	326.47	674.83	662.96	
Leasehold improvements	772.95	-	-	772.95	460.53	79.41	-	539.94	233.01	312.42	
	61,869.37	6,608.59	1,253.07	67,224.89	16,066.07	3,080.86	581.60	18,565.33	48,659.56	45,803.30	
<b>Intangible Assets</b>											
Brands & trade marks	5,004.70	236.96	-	5,241.66	1,815.63	254.19	-	2,069.82	3,171.84	3,189.07	
Goodwill	955.00	-	-	955.00	382.00	47.75	-	429.75	525.25	573.00	
Softwares	866.18	84.79	-	950.97	209.87	154.67	-	364.54	586.43	656.31	
	6,825.88	321.75	-	7,147.63	2,407.50	456.61	-	2,864.11	4,283.52	4,418.38	
<b>Total</b>	<b>68,695.25</b>	<b>6,930.34</b>	<b>1,253.07</b>	<b>74,372.52</b>	<b>18,473.57</b>	<b>3,537.47</b>	<b>581.60</b>	<b>21,429.44</b>	<b>52,943.08</b>	<b>50,221.68</b>	
Previous year	57,278.75	11,770.15	353.65	68,695.25	15,388.80	3,290.30	205.53	18,473.57	50,221.68	41,889.95	

Notes:

- Gross block of Plant and equipment is net of capital subsidy of Rs 215.40 lacs received during the year 2011-12 from Ministry of New and Renewable Energy, Govt. of India.
- Additions to Plant and Equipment includes Rs.646.64 lacs, towards adjustments foreign exchange loss/ (gain) (previous year: Rs.1281.30 lacs) on long term foreign currency borrowings.

**Notes on Accounts** for the year ended 31<sup>st</sup> March, 2013

Particulars	Rupees in lacs	
	As at 31.03.2013	As at 31.03.2012
<b>12. NON CURRENT INVESTMENTS (AT COST) (UNQUOTED)</b>		
i) Trade Investments		
Equity Shares of Joint Venture Companies		
Radico NV Distilleries Maharashtra Limited - 26,59,500 (previous year: 26,59,500) equity shares of Rs. 100 each, fully paid up, (See foot notes (a) & (b) given below)	2,805.74	2,805.74
Equity Shares of Associate Company		
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
Preference Shares of Joint Venture Company		
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
	<b>5,836.19</b>	<b>5,836.19</b>
ii) Non-trade Investments		
New Urban Cooperative Bank Ltd. - 2,388 (Previous year: 2,388) equity shares of Rs. 25 each, fully paid up	0.60	0.60
Government or trust securities (Unquoted)		
6 year National Savings Certificates (Deposited with Government Departments as security)	-	1.30
	<b>0.60</b>	<b>1.90</b>
	<b>5,836.79</b>	<b>5,838.09</b>

Foot Notes

- 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 .
- 13,56,385 equity shares of Radico NV Distilleries Maharashtra Ltd. have been pledged with bank as security for loans granted to them.

**13. LONG-TERM LOANS AND ADVANCES** (Unsecured- Considered Good Unless Otherwise Stated)

Capital Advances	6,017.42	5,432.66
Security Deposits	956.16	1,068.06
Prepaid expenses	342.56	395.12
MAT credit available for set off (refer note - 36(i))	1,577.50	1,577.50
Advances recoverable in cash or kind	4.60	66.78
	<b>8,898.24</b>	<b>8,540.12</b>



**Notes on Accounts** for the year ended 31<sup>st</sup> March, 2013

Particulars	Rupees in lacs	
	As at 31.03.2013	As at 31.03.2012
<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) - (Previous year: 30,00,000) Units of Rs.10 each, fully paid up	-	300.00
SBI Dynamic Bond Fund ( Growth Plan)-155,487 (Previous year: 155,487) units of Rs.10 each, fully paid up (NAV Rs. 22.92 lacs- Previous Year Rs.20.51 lacs)	20.00	20.00
Certificate of deposit with a financial institution (SICOM Ltd)	5,000.00	5,000.00
	<b>5,022.05</b>	<b>5,322.05</b>
Less:- Diminution in value of current investments	-	26.39
	<b>5,022.05</b>	<b>5,295.66</b>

**15. INVENTORIES** (Refer Note 1.07 on valuation)

Raw materials	6,958.74	5,874.02
Stock in process	1,372.76	1,437.17
Finished goods	6,456.70	7,295.26
Stock-in-trade	304.63	278.95
Stores & spares	1,624.29	1,265.20
Packing materials	1,821.85	1,767.31
Goods in transit - Raw material	79.56	-
	<b>18,618.53</b>	<b>17,917.91</b>
Less: Provision for obsolete and non moving inventory	123.56	173.35
	<b>18,494.97</b>	<b>17,744.56</b>

**16. TRADE RECEIVABLES** (Unsecured- Considered good, unless otherwise stated)

Outstanding for a period exceeding six months from the due date		
- Unsecured, considered good	6,689.74	6,818.85
- Unsecured, considered doubtful	630.59	582.73
	<b>7,320.33</b>	<b>7,401.58</b>
Less: Provision for doubtful debts	(630.59)	(582.73)
Others	36,848.35	27,960.36
	<b>43,538.09</b>	<b>34,779.21</b>

**Notes on Accounts** for the year ended 31<sup>st</sup> March, 2013

Particulars	Rupees in lacs	
	As at 31.03.2013	As at 31.03.2012
<b>17. CASH AND BANK BALANCES</b>		
Balances with banks		
- in current accounts	1,371.32	1,004.94
- in term deposits #	266.04	1,062.77
- in unpaid dividend accounts	86.54	77.85
Cash on hand	24.85	25.08
Deposit with Post Office	-	5.00
Less: Deposits with more than 12 months maturity shown under other non-current assets	(149.07)	(71.79)
	<b>1,599.68</b>	<b>2,103.85</b>

# Deposit includes

Under lien with Government department and banks as security.	266.04	734.96
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**18. SHORT-TERM LOANS AND ADVANCES** (Unsecured- Considered good, unless otherwise stated)

Loans and advances to related parties		
- Radico NV Distilleries Maharashtra Limited (Joint Venture)	185.39	1,065.84
- Radico Global Limited (Associate)	435.12	409.25
Advances recoverable in cash or kind:		
- Considered good #	2,648.53	2,865.81
- Considered doubtful	84.41	46.44
Less: Provision for doubtful advance	(84.41)	(46.44)
Inter corporate deposits	11,900.00	7,800.00
Advances to Contract Bottling Units #		
- Considered good #	19,520.94	18,954.51
- Considered doubtful	75.00	-
Less: Provision for doubtful advance	(75.00)	-

**Other Loans and Advances**

- Sales tax paid under protest	18.11	18.11
- Claims and Duties Recoverable from Excise Department	3,642.63	2,087.83
- Other balances recoverable from Statutory/ Government authorities	104.17	93.53
- Security Deposits	401.95	233.35
- Prepaid expenses	1,069.28	1,198.58
	<b>39,926.12</b>	<b>34,726.81</b>

# includes due from Radico NV Distilleries Maharashtra Ltd., a Joint Venture

**19. OTHER CURRENT ASSETS** (Unsecured - Considered good)

Interest accrued on		
- term deposits	37.11	50.99
- loans and advances	574.89	283.06
Accrued excise subsidy	1,141.57	1,775.73
Accrued export incentives	1,610.37	1,313.41
<b>Total</b>	<b>3,363.94</b>	<b>3,423.19</b>

**Notes on Accounts** for the year ended 31<sup>st</sup> March, 2013

Particulars	Rupees in lacs	
	Current Year	Previous Year
<b>20. REVENUE FROM OPERATIONS</b> (Refer Note 1.08 on revenue recognition)		
<b>Sale of</b>		
- Alcohol and other alcoholic products	213,568.53	160,122.82
- Pet bottles & caps	7,559.29	8,069.22
- Jaivik khad	121.48	29.90
- Printed bottles	2,262.40	2,239.17
- Others (Blends & Others)	887.98	1,207.19
<b>Sale of traded goods</b>		
- Indian Made Foreign Liquor	2,156.00	3,008.99
- Alcohol	4,163.17	7,877.45
- Imported Liquor	835.15	367.83
Income from Operations through Other Distilleries / Bottling Units	13,225.96	10,606.22
<b>Other operating revenues</b>		
- Export incentives	2,132.88	2,250.71
- Cenvat credit utilised	658.79	504.64
- Excise revenue subsidy income	323.57	1,021.63
- Power subsidy income	74.88	-
- Scrap sales	920.54	832.77
	<b>248,890.62</b>	<b>198,138.54</b>

**21. OTHER INCOME**

<b>Interest income on</b>		
- Term deposit with banks and financial institutions	514.65	794.76
- Loans and advances (including inter corporate deposits)	2,312.76	1,270.20
- Interest on income tax refunds	-	-
Dividend income on current investments	-	0.57
Profit on sale of current investments	22.55	-
Profit on sale of fixed assets	40.27	5.58
Excess provisions written back	77.06	36.87
Miscellaneous income	74.17	29.17
	<b>3,041.46</b>	<b>2,137.15</b>

**22. COST OF MATERIALS CONSUMED**

<b>Raw Materials</b>		
Opening Stock	5,874.02	2,638.22
Add: Purchases	34,629.71	31,791.65
	40,503.73	34,429.87
Less: Closing Stock	6,958.74	5,874.02
Raw material consumed	33,544.99	28,555.85
Packing materials consumed	17,897.11	18,311.23
	<b>51,442.10</b>	<b>46,867.08</b>

**Notes on Accounts** for the year ended 31<sup>st</sup> March, 2013

Particulars	Rupees in lacs	
	Current Year	Previous Year
<b>23. PURCHASE OF TRADED GOODS</b>		
Indian made foreign liquor	2,201.90	3,099.29
Alcohol	3,613.57	6,243.78
Imported Liquor	365.79	98.20
	<b>6,181.26</b>	<b>9,441.27</b>
<b>24. CHANGES IN INVENTORIES OF TRADED GOODS, FINISHED GOODS AND STOCK-IN-PROCESS</b>		
<b>Opening Stock</b>		
Stock-in-trade (Traded goods)	278.95	77.87
Finished goods	7,295.26	5,882.45
Stock in process	1,437.17	1,355.10
	<b>9,011.38</b>	<b>7,315.42</b>
<b>Less : Closing Stock</b>		
Stock-in-trade (Traded goods)	304.63	278.95
Finished goods	6,456.70	7,295.26
Stock in process	1,372.76	1,437.17
	<b>8,134.09</b>	<b>9,011.38</b>
	<b>877.29</b>	<b>(1,695.96)</b>

**25. EMPLOYEE BENEFITS EXPENSE** (Refer Note 1.11 on employee benefits)

Salaries, wages and allowances	6,987.92	6,291.41
Contribution to provident and other funds	465.23	426.02
Gratuity	100.82	89.77
Employee stock options scheme - (Refer Note 2)	15.68	(17.03)
Staff welfare expenses	303.33	273.38
	<b>7,872.98</b>	<b>7,063.55</b>

**26. FINANCE COSTS**

Interest expense	6,828.59	5,711.73
Other borrowing costs	176.99	103.50
	<b>7,005.58</b>	<b>5,815.23</b>

**27. DEPRECIATION AND AMORTIZATION EXPENSE**

Depreciation of tangible assets	3,080.86	2,866.81
Amortisation of intangible assets	456.61	423.49
	3,537.47	3,290.30
Less: Transfer from revaluation reserve	6.36	6.36
	<b>3,531.11</b>	<b>3,283.94</b>



**Notes on Accounts** for the year ended 31<sup>st</sup> March, 2013

Particulars	Rupees in lacs	
	Current Year	Previous Year
<b>28. OTHER EXPENSES</b>		
Power and fuel	3,914.14	3,655.00
Stores and spares consumed	3,003.18	2,831.47
Repairs and maintenance		
- Building	82.52	104.03
- Plant and equipment	1,110.00	1,023.52
- Others	190.50	167.68
Machinery and other hire charges	191.67	153.60
Insurance	414.41	301.27
Rent	432.80	309.88
Rates and taxes	2,308.01	2,102.23
Travelling - Directors	95.68	79.90
- Others	883.61	825.49
Directors' fee	5.15	3.85
Foreign exchange fluctuations (net)	1,099.84	336.34
Provision for obsolete and non moving inventory	40.89	113.63
Obsolete and non moving inventory written off	-	28.26
Charity and donation	23.03	23.86
Provision for doubtful debts / advances	160.83	73.07
Bad debts / advances written off	2.12	43.44
Less : Adjusted against provision	-	(25.18)
Bio composting expenses	651.94	453.75
Professional Fee & retainership expenses	425.05	574.05
Communication	191.29	194.61
Sundry balances written off	66.18	47.13
Provision for diminution in value of investment	(26.39)	11.73
Loss on sale / write off of assets	483.09	93.03
Bank charges	60.59	94.57
Other overheads	1,767.33	1,683.51
Selling and distribution:		
- Freight outwards	4,890.97	4,859.18
- Supervision charges - after sales	997.59	716.04
- Supervision charges to supervisors	1,119.19	1,071.88
- Rebate discount and allowance	4,821.83	3,152.90
- Advertisement & sales promotion	11,634.79	10,699.10
	<b>41,041.83</b>	<b>35,802.82</b>
<b>29. EXCEPTIONAL ITEMS</b>		
Loss on sale of non current investment (Trade) (of Diageo Radico Distilleries Private Limited - a Joint Venture)	-	1,249.89
	-	<b>1,249.89</b>

**Notes on Accounts** for the year ended 31<sup>st</sup> March, 2013

Particulars	Rupees in lacs	
	Current Year	Previous Year
<b>30. EARNING PER SHARE</b>		
Profit after tax attributable to equity share holders (after deducting prior period and extra ordinary items) - for Basic EPS	7,728.24	6,366.00
Profit after tax attributable to equity share holders (after deducting prior period and extra ordinary items) - for Diluted EPS	7,743.92	6,348.97
Basic weighted average no. of equity shares of Rs. 2/- each	132,778,852	132,635,816
Diluted weighted average no. of equity shares of Rs. 2/- each	133,199,175	133,292,140
Basic earning per share (Rs)	5.82	4.80
Diluted earning per share (Rs)	5.81	4.76
Since the potential equity on account of ESOP was anti dilutive in the previous year, the diluted earning remains the same as Basic (Rs)		

Particulars	Rupees in lacs	
	2012-13	2011-12
<b>31. ESTIMATED AMOUNT OF CAPITAL COMMITMENTS ( NET OF ADVANCES )</b>		
	2,664.35	2,169.19

**32. CONTINGENT LIABILITIES NOT PROVIDED FOR:**

i) Claims against the Company , not acknowledged as debts		
(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	6.86
(f) Disputed Penalty U/S 10 for purchase of HSD ( Diesel) -matter under appeal	3.02	3.02
(g) Disputed Excise matters	401.23	442.68
(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 2012, being contested and under appeal	10,865.61	8,259.47
	<b>11,488.67</b>	<b>8,923.98</b>
In respect of the items above, future cash outflows are determinable only on receipt of judgements / decisions pending at various forums / authorities.		



**Notes on Accounts** for the year ended 31<sup>st</sup> March, 2013

**32. CONTINGENT LIABILITIES NOT PROVIDED FOR: (contd.)**

Particulars	Rupees in lacs	
	2012-13	2011-12
ii) Guarantee/ security given to Banks on behalf of Radico NV Distilleries Maharashtra Ltd:		
(a) Corporate Guarantee	5,640.00	4,140.00
(b) Against pledge of Company's Fixed Deposit for demand loan	-	450.00
(c) As co-obligant for vehicle loan	75.04	110.74
iii) The Company 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.1845.16 lacs (Previous year Rs.1811.76 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.		
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 :	2,631.25	3,366.98
iv) Madhya Pradesh State Industrial Development Corporation Ltd. in February 2007 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 has taken suitable steps to contest the recovery proceedings.		
v) Under the "Receivable buyout" facility of Rs 4500.00 lacs sanctioned by IDBI Bank Ltd. against trade receivables from Canteen Stores Department, the amount availed and outstanding as on 31st March, 2013 have been set off against the receivables and advances to CBUs. The amount outstanding as on the Balance Sheet date is :	3,869.77	3,599.35

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.

**Notes on Accounts** for the year ended 31<sup>st</sup> March, 2013

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 had 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 646.64 lacs (previous year Rs 1281.30 lacs) 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.4114.11 lacs (debit) (previous year Rs.2981.51 lacs), as on 31.03.2013, a sum of Rs 771.81 lacs (previous year 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 454.72 lacs. (Previous Year: Rs.322.69 lacs). Amount due within one year Rs 328.96 lacs.

**36. INCOME TAX -**

- i) Provision for Income Tax for the year has been made as per normal provisions of the Income Tax Act, 1961. The MAT credit to the extent of Rs. 703.28 lacs will be adjusted thereagainst. The Company can avail the benefit of unutilized MAT credit 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 received notices under section 153A of the Income Tax Act, 1961 in respect of A.Y's 2005-06 to 2010-11 and u/s 143(2) for scrutiny assessment for assessment year 2011-12. The assessment proceedings are currently in progress. In view of the ongoing assessment proceedings, 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 Statement of profit and loss. The amount debited to profit & loss account is Rs. 100.82 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.

	Rupees in lacs	
	31.03.2013	31.03.2012
<b>Leave Encashment</b>		
A Economic assumptions		
i) Discounting rate	8.00%	8.50%
ii) Future salary increase	5.50%	6.00%
iii) Expected rate of return on plan assets	0.00%	0.00%
B Break up of expenses		
a) Current service cost	66.32	66.24
b) Interest cost	42.76	40.28
c) Net actuarial (gain)/ loss recognized in the period	0.45	36.22
d) Expenses recognized in the statement of profit & loss	109.53	142.74
C Change in present value of obligation		
a) Present value of obligation as at the beginning of the period 01/04/2012	534.55	473.90
b) Interest cost	42.76	40.28
c) Current service cost	66.32	66.24
d) Benefits paid	(81.56)	(82.09)
e) Actuarial (gain)/loss on obligation	0.45	36.22
f) Present value of obligation as at the end of period 31/03/2013	562.52	534.55



**Notes on Accounts** for the year ended 31<sup>st</sup> March, 2013

**37. EMPLOYEE BENEFITS : AS-15 (contd.)**

	Rupees in lacs	
	31.03.2013	31.03.2012
<b>Gratuity</b>		
<b>A Economic assumptions</b>		
a) Discounting rate	8.00%	8.00%
b) Future salary increase	5.00%	5.00%
c) Expected rate of return on plan assets	9.40%	9.40%
<b>B Break up of expenses</b>		
a) Current service cost	65.40	57.60
b) Interest cost	60.81	52.15
c) Expected return on plan assets	(66.29)	(57.03)
d) Net actuarial (gain)/ loss recognized in the period	40.90	37.05
e) Expenses recognized in the statement of profit & loss	100.82	89.77
<b>C Change in present value of obligation</b>		
a) Present value of obligation as at the beginning of the period 01/04/2012	760.10	652.01
b) Interest cost	60.81	52.15
c) Current service cost	65.40	57.60
d) Benefits paid	(55.18)	(38.71)
e) Actuarial (gain)/loss on obligation	40.90	37.05
f) Present value of obligation as at the end of period 31/03/2013	872.03	760.10
<b>D Change in fair value of plan assets</b>		
a) Fair value of plan assets at the beginning of the year	705.53	621.81
b) Expected return on plan assets	66.29	57.03
c) Contributions	107.70	65.40
d) Benefits paid	(55.18)	(38.71)
e) Fair value of plan assets at the end of the year	824.34	705.53
f) Liability recognised in the balance sheet	47.69	54.57
<b>(iii) The Company in addition has recognised as expense the following:-</b>		
a) Contribution to recognised Provident Fund (including Family Pension)	292.79	269.11
b) Contribution to LIC towards Superannuation.	144.84	131.42
c) Medical insurance premium.	116.46	103.12
d) Contribution to Employees State Insurance	27.60	25.49

**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.

**Notes on Accounts** for the year ended 31<sup>st</sup> March, 2013

**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) Radico NV Distilleries Maharashtra Limited  
(2) Radico Global Limited ( Associate)
- III Key Management 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

	31.03.2013	31.03.2012
<b>Key Management Personnel :</b>		
Dr. Lalit Khaitan , Chairman & Managing Director		
Remuneration	184.13	187.32
Mr. Abhishek Khaitan , Managing Director		
Remuneration	146.50	147.81
Mr. K.P.Singh , Whole Time Director		
Remuneration	88.91	88.43
Mrs. Deepshikha Khaitan (wife of Mr Abhishek Khaitan)		
Remuneration	14.25	10.53
Mrs. Shailaja Saraf ( Daughter of Dr Lalit Khaitan )		
Remuneration	8.78	7.94
Mr. Padmanabh Mandelia ( Grand son of Dr Lalit Khaitan )		
Remuneration	17.65	10.61
<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 (excluding service tax of Rs 4.91 lacs borne by the Company.)	60.00	60.00
<b>Associates and Joint Ventures</b>		
Radico NV Distilleries Maharashtra Limited		
Sale of Goods	510.41	562.12
Reimbursement of IT support charges ( Cr )	39.33	44.12
Tie-up operation income (net of bottling charges)	1,267.22	1,238.68
Interest income on loan given	18.49	56.38
Purchase of materials	4,576.73	7,597.48
Investment in share capital	-	393.74
Receivable	1,341.27	3,028.86
Guarantee/ Security given by Radico Khaitan Limited	5,715.04	4,700.74
Radico Global Ltd.		
Loan outstanding at the end of the year	435.11	409.25
Interest accrued and outstanding at the end of the year	58.06	25.25
Interest income for the year	26.18	31.88



**Notes on Accounts** for the year ended 31<sup>st</sup> March, 2013

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	Rupees in lacs	
	Radico NV Distilleries	Maharashtra Ltd.
	Unaudited 31.03.2013	Audited 31.03.2012
% Ownership Interest	36.00%	36.00%
a Assets	10,668.43	10,233.26
b Liabilities	5,523.82	7,205.73
c Income	8,722.34	7,146.45
d Expenses	8,345.23	6,773.55
e Contingent Liabilities	570.00	562.80
f Capital Commitments	636.85	1.41

**41. REMUNERATION TO AUDITORS**

Particulars	Rupees in lacs	
	31.03.2013	31.03.2012
a Audit Fee	20.00	20.00
Certification of Statements	4.90	3.50
Service tax	3.49	2.42
Expenses for audit and other work	3.83	4.47
b Cost Audit Fee	0.84	0.58
Expenses for Cost Audit	0.20	0.16

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* Capacity	Production
				per annum
1. Molasses / Grain / Malt spirit*	KL/BL AT 94%	102,460	102,460	82,826
				(85,886)
				(102,460)
	KL/AL	96,312	96,312	77,856
				(80,733)
				(96,312)
2. Bio gas	000 'M3	No licence required		32,621
				(37,397)
3. Pet bottles	NOS./1000	No licence required	600,000	573,717
			(600,000)	(572,362)

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

**Notes on Accounts** for the year ended 31<sup>st</sup> March, 2013

43. QUANTITATIVE AND OTHER INFORMATION (contd.)

b) Opening Stock, Closing Stock & Turnover

	Unit	Opening Stock		Closing Stock		Turnover	
		Qty	Value	Qty	Value	Qty	Value
		Rupees in lacs					
1. Alcohol products							
(a) Rectified spirit	KL/AL	1,601	449.01	1,198	344.48	4,141	1,144.55
		(2,244)	(537.19)	(1,601)	(449.01)	(7,841)	(2,610.67)
(b) Silent spirit	KL/AL	2,512	846.78	2,027	677.00	34,579	17,127.98
		(702)	(213.53)	(2,512)	(846.78)	(37,411)	(16,852.87)
(c) Cane juice spirit	KL/AL					74	54.20
						(160)	(80.96)
(d) Malt spirit	KL/AL	1,742	3,037.30	1,455	2,805.29	110	242.70
		(1,933)	(2,809.31)	(1,742)	(3,037.30)	(179)	(341.35)
(e) Grain spirit	KL/AL	1,998	874.67	2,140	1,056.61	18,549	7,993.97
		(1,823)	(756.19)	(1,998)	(874.67)	(17,041)	(6,790.10)
(f) Ethanol	KL/AL	937	324.78	0	0.11	1,479	400.41
		(523)	(152.12)	(937)	(324.78)	(2,778)	(752.22)
2. Other alcohol products							
(a) Denatured spirit	KL/AL	1	0.29	1	0.30	0	-
		(1)	(0.35)	(1)	(0.29)	(0)	(0.00)
(b) Indian made foreign liquor	AL	1,149,080	1,472.07	981,039	1,436.91	26,514,605	120,096.64
		(1,040,132)	(1,194.65)	(1,149,080)	(1,472.07)	(24,748,547)	(95,584.91)
(c) Country liquor	AL	121,469	79.31	16,882	10.60	13,269,248	72,680.47
		(82,107)	(50.56)	(121,469)	(79.31)	(9,107,726)	(47,702.15)
(d) Imported Alcoholic products (Beer & Wine)	BOTTLES	54,268	146.17	39,663	120.33	310,157	835.15
		(45,625)	(47.45)	(54,268)	(146.17)	(99,812)	(367.83)
3. Pet bottles and Caps	NOS.	8,149,010	138.32	11,174,120	200.20	370,536,991	7,559.29
		(9,035,744)	(189.30)	(8,149,010)	(138.32)	(414,580,222)	(8,069.22)
4. Jaivik Khad	Qtls	284,988	205.51	175,753	109.50	176,965	121.48
		(14,354)	(9.67)	(284,988)	(205.51)	(63,122)	(29.90)
5. Others							3,297.15
							(3,740.39)
6. Other operating income							17,336.63
							(15,215.97)
<b>Total:</b>			<b>7,574.21</b>		<b>6,761.33</b>		<b>248,890.62</b>
			(5,960.32)		(7,574.21)		(198,138.54)

Note: Figures in brackets are those of previous year.



Notes on Accounts for the year ended 31<sup>st</sup> March, 2013

43. QUANTITATIVE AND OTHER INFORMATION (contd.)

Rupees in lacs

	Unit	Current Year		Previous Year	
		Quantity	Value	Quantity	Value
<b>c) Purchases: -</b>					
- Indian Made Foreign Liquor	Cases	176,462	2,201.90	272,724	3,099.29
- Imported Liquors (Wine & Beer)	Bottles	310,846	365.79	113,460	98.20
- Alcohol	BL	8,708,950	3,613.57	18,181,200	6,243.78
			<b>6,181.26</b>		<b>9,441.27</b>
<b>d) Consumption of raw materials</b>					
(i) Molasses	Qtls	2,454,330	10,185.01	2,737,421	10,762.58
(ii) Cane juice	Qtls	10,798	46.75	10,878	43.15
(iii) Barley Malt	Qtls	9,410	259.78	14,689	362.69
(iv) Sorghum	Qtls	3,993	50.11	-	-
(v) Broken Rice	Qtls	589,897	7,429.50	551,216	5,770.56
(vi) Millet (Bajra)	Qtls	134,345	1,373.29	162,187	1,378.83
(vii) Malt /Malt Scotch/Grain/Graipe Spirits		-	353.92	-	575.69
(viii) Rectified spirit / Extra Neutral Alcohol		-	5,192.75	-	1,420.37
(ix) Resin	KG	8,010,595	7,932.52	7,996,044	7,613.10
(x) Others		-	721.36	-	628.88
			<b>33,544.99</b>		<b>28,555.85</b>

Rupees in lacs

	31.03.2013	31.03.2012
<b>e) Value of imports calculated on CIF basis:</b>		
Raw materials	623.06	520.99
Components & spare parts	197.89	118.75
Purchases (Wine & Beer)	365.79	98.21
Capital goods	1,318.36	1,373.53
<b>f) Expenditure in foreign currency on account of</b>		
Foreign travel & subscriptions	106.11	71.87
Interest/Financial exp. on FCCB/ECB	1,547.94	1,510.73
Premium on FCCB	-	4,564.83
Professional fee	28.41	29.68
Commission paid / Insurance paid	24.61	13.86
Loan to an Associate Company	-	409.25
Freight	1,453.62	1,392.03
Others	12.19	3.63

Notes on Accounts for the year ended 31<sup>st</sup> March, 2013

43. QUANTITATIVE AND OTHER INFORMATION (contd.)

g) Value of imported and indigenous raw materials, spare parts components and stores consumed during the year Rupees in lacs

	Raw Materials		Others	
	Value	% of total Consumption	Value	% of total Consumption
Imported	623.07	1.86	197.89	1.11
	(520.99)	(1.82)	(118.75)	(0.65)
Indigenous	32,921.92	98.14	17,699.22	98.89
	(28,034.86)	(98.18)	(18,192.48)	(99.35)
	<b>33,544.99</b>	<b>100.00</b>	<b>17,897.11</b>	<b>100.00</b>
	(28,555.85)	(100.00)	(18,311.23)	(100.00)

Note: Figures in brackets are those of previous year.

Rupees in lacs

	31.03.2013	31.03.2012
<b>h) Remittance in foreign currency (NIL)/ or to the mandate banks on account of dividends to non residents</b>		
(i). Number of non resident shareholders	18	18
(ii). Number of shares held by them	15,500	15,500
(iii). Dividend (Rs in lacs)	0.12	0.11
(iv) Year to which the dividend relates	2011-12	2010-11
<b>i) Earnings in foreign exchange - Export of goods on FOB basis.</b>	<b>21,200.38</b>	<b>23,965.33</b>

44 FOREIGN CURRENCY EXPOSURE

	Currency	31.03.2013 Amount (lacs)	31.03.2012 Amount (lacs)
<b>a Hedged by way of forward exchange contracts:</b>			
NIL			
<b>b Not hedged:</b>			
Borrowings - ECB			
ICICI Bank Ltd.-Bahrain	US\$	200.00	200.00
ICICI Bank Ltd.-Bahrain	US\$	292.17	292.17
State Bank of India - Singapore	US\$	150.00	150.00
Interest payable on ECB/FCCB	US\$	4.78	5.20
Loan given	US\$	8.00	8.00
Export Receivables	US\$	41.55	107.90
Export Receivables	Euro	-	0.10
Advance from Customers	US\$	79.09	180.00
Advance recoverable in cash or kind	US\$	0.08	-
Balance with banks	US\$	1.43	5.50
<b>c There are no derivative contracts outstanding as on the balance sheet date.</b>			

**Notes on Accounts** for the year ended 31<sup>st</sup> March, 2013

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 :**

	Rupees in lacs	
	31.03.2013	31.03.2012
Gross Sales	141,177.02	113,539.63
Net Sales	59,018.92	49,534.70
Cost of Sales	41,362.87	35,006.91
Gross Profit	17,656.05	14,527.79
Expenses	4,430.09	3,921.56
Income	13,225.96	10,606.23

ii) The balance due from distilleries under the arrangement, Rs 19595.94 lacs (Previous year Rs 18954.51 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. Such advances include Rs.1889.38 lacs (net of Rs.75 lacs provided) in respect of units which are closed and considered good and recoverable. The management is taking steps to recover the amount.

46. The Board of Directors in their meeting held on 8th February, 2013 have re-appointed to Dr L.K. Khaitan, Mr Abhishek Khaitan and Mr K. P. Singh as Chairman & Managing Director, Managing Director and Whole Time Director respectively for a period of 5 years w.e.f. 20th February, 2013 subject to the approval of shareholders and any other regulatory approvals that may be necessary. Necessary resolutions will be placed before the shareholders in the ensuing Annual General Meeting.

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

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 : 28/05/2013

**Dilip K. Banthiya**  
Chief Financial Officer

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

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

For and on behalf of Board

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

**Abhishek Khaitan**  
Managing Director

Directors

## NOTICE

### FOR THE 29TH ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting of the Members of Radico Khaitan Limited (RKL), will be held on 30th day of September, 2013 at 1.00 p.m. at the registered office of the Company at Rampur Distillery, Bareilly Road, Rampur - 244 901 (U.P.) to transact the following businesses:

#### Ordinary Business:

- To receive, consider and adopt the Audited Accounts of the Company consisting of the Balance Sheet as at 31st March 2013 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.
- To declare dividend.
- To appoint a director in place of Mr. Ashutosh Patra, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a director in place of Mr. K.P. Singh, who retires by rotation and being eligible, offers himself for re-appointment.
- 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 is hereby 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 shall be fixed by the Board of Directors."

#### Special Business:

- To re-appoint Dr. Lalit Khaitan, as Chairman & Managing Director and in this regard to consider and if thought fit, to pass, with or with out modification(s), the following resolution as a Special Resolution:

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII

and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the re-appointment of Dr. Lalit Khaitan, as Chairman & Managing Director of the Company, for a period of 5 (five) years with effect from 20th February 2013, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof."

"RESOLVED further that the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

- To re-appoint Mr. Abhishek Khaitan, as Managing Director and in this regard to consider and if thought fit, to pass, with or with out modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the re-appointment of Mr. Abhishek Khaitan, as Managing Director of the Company, for a period of 5 (five) years with effect from 20th February 2013, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms



and conditions and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof."

"RESOLVED further that the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

8. To re-appoint Mr. K.P. Singh, as Whole-time Director designated as Director (Operations) 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 in accordance with the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the re-appointment of Mr. K.P. Singh, as Whole-time Director, designated as Director (Operations) of the Company, for a period of 5 (five) years with effect from 20th February 2013, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof."

"RESOLVED further that the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

"RESOLVED further that the appointment of Mr. K.P. Singh for 5 years shall be liable to retire by rotation within the meaning of Section 255 & 256 of the Companies Act, 1956 and accordingly the Board is hereby authorized to reconsider the appointment at the time of rotation."

9. To consider and if thought fit, to pass, with or without modification(s), the following as Special Resolution:

"RESOLVED that pursuant to provisions of Section 314 (1) of the Companies Act, 1956 read with Directors' Relatives (Office or Place of Profit) Rules, 2003 and other applicable provisions and also subject to such other consents, approval, sanctions, if required, the consent of the Company be and is hereby accorded for the reappointment of Mrs. Deepshikha Khaitan as Corporate Relationships Manager for a period of 5 years w.e.f. 1st June, 2013 at the remuneration not exceeding the prescribed limits"

"RESOLVED further that Mrs. Deepshikha Khaitan shall be in the exclusive employment of the Company and will not hold office or a place of profit in any other Company during the period of her tenure."

"RESOLVED further that the Board of Directors or any Committee thereof be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution including revision in the remuneration from time to time within the limit as prescribed."

By order of the Board  
for Radico Khaitan Limited

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

Place : New Delhi  
Date : 5th August 2013

## 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) Mr. Ashutosh Patra and Mr. K.P. Singh, 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, 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 24th September 2013 to 30th September 2013 (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 29th October 2013 to those Members whose names shall appear on the Company's Register of Members on 30th September 2013. 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, 2003-04 and 2004-05 to the Investor Education and Protection Fund (the IEPF) established by the Central Government.

Dividends for the financial year ended 31.03.2006 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 to 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

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

Place : New Delhi  
Date : 5th August 2013



## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice.

#### Item Nos. 6, 7 & 8

Dr. Lalit Khaitan and Mr. Abhishek Khaitan have been the Chairman & Managing Director and Managing Director of the Company respectively since 20th February 2008. The term of their offices has since been expired on 19th February 2013.

The term of office of Shri K.P. Singh, Whole-time Director, designated as Director (Operations) of the Company has since been expired on 19th February 2013.

The present proposal is to seek the members' approval for the re-appointment of and remuneration payable to Dr. Lalit Khaitan, as Chairman & Managing Director, Mr. Abhishek Khaitan, as Managing Director and Mr. K.P. Singh, as Whole-time Director, designated as Director (Operations), in terms of the applicable provisions of the Companies Act, 1956.

The Board of Directors of the Company (the "Board"), on the recommendation of Nomination Committee at its meeting held on 8th February 2013 has, subject to the approval of Members, re-appointed Dr. Lalit Khaitan, Mr. Abhishek Khaitan and Mr. K.P. Singh for a further period of 5 years from the expiry of their respective term, on the remuneration determined by the Nomination Committee AKA Remuneration Committee of the Board at its meeting held on 8th February 2013.

Dr. Lalit Khaitan being over the age of 70 years as on the date of this Resolution, so a special Resolution is required to be passed in terms of Schedule XIII.

Broad particulars of the terms of re-appointment of and remuneration payable to Dr. Lalit Khaitan, Mr. Abhishek Khaitan and Mr. K.P. Singh are as under:

Dr. Lalit Khaitan, Mr. Abhishek Khaitan and Mr. K.P. Singh are interested in the resolutions set out respectively at Item Nos.6, 7 & 8 of the Notice, which pertain to their respective re-appointments and remuneration payable to each of them.

#### (1) Dr. Lalit Khaitan:

##### I. Remuneration:

- a) **Salary:** Rs.15,00,000/- p.m. in the scale of Rs.15,00,000/- – Rs.2,00,000/- – Rs.23,00,000/-.

Board of Directors of the Company may decide such accelerated increments as may be deemed appropriate at its absolute discretion.

#### b) Allowances and Perquisites:

##### i) **Special Allowance:** Rs.7,00,000/- per month.

##### ii) **Housing:**

- a) Residential accommodation OR House Rent Allowance @ Rs.1,20,000/- per month (can be increased / decreased by adjusting against special allowance if there is change in house rental).
- b) Expenses pertaining to gas, electricity, water and other utilities will be borne/ reimbursed by the Company.

##### iii) **Contribution to Provident Fund:** Company's contribution to Provident Fund equivalent to 12% of salary or up to such an amount permissible under the law and as may be decided by the Board of Directors from time to time.

##### iv) **Contribution to Superannuation Fund:** Company's contribution to Superannuation Fund equivalent to 15% of salary or up to such an amount permissible under the law and as may be decided by the Board of Directors from time to time.

##### v) **Medical Reimbursement:** Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalisation, nursing home and surgical charges for himself and his family. In case of any medical treatment abroad, the travelling, boarding and lodging expenses for patient and attendant are also payable.

##### vi) **Club Memberships:** Subscription or Reimbursement of membership fees for clubs in India and/or abroad, including admission and life membership fees.

##### vii) **Personal Accident Insurance:** Personal accident insurance policy in accordance with the scheme applicable to senior employees of the Company.

##### viii) **Gratuity:** Gratuity payable shall be as per applicable laws.

##### ix) **Leave:** Leave with full pay or encashment thereof as per the rules of the Company. Encashment of the unavailed leave being allowed at the end of the tenure.

##### **Explanation:**

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rule, perquisites shall be evaluated at actual cost.

##### c) **Commission:** Commission at the rate of upto 1% (one per cent) of the net profits of the Company for each financial year and approved by the Shareholders subject to the Board's recommendation to make payment in this regard.

##### d) **Amenities:**

##### i) **Conveyance facilities:** The Company shall provide suitable conveyance facilities as may be required by the Chairman & Managing Director.

##### ii) **Communication facilities:** The Company shall provide telephone, telefax and other communication facilities at the Chairman & Managing Director's residence.

#### II. Overall Remuneration:

The aggregate of salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under Sections 198 and 309 and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force or such amendment thereof in the provisions or law as applicable.

#### (2) Mr. Abhishek Khaitan:

##### I. Remuneration:

##### a) **Salary:** Rs.14,00,000/- p.m. in the scale of Rs.14,00,000/- – Rs.1,80,000/- – Rs.21,20,000/-.

Board of Directors of the Company may decide such accelerated increments as may be deemed appropriate at its absolute discretion.

##### b) **Allowances and Perquisites:**

##### i) **Special Allowance:** Rs.7,00,000/- per month.

##### ii) **Housing:**

- a) Residential accommodation OR House Rent Allowance @ Rs.1,20,000/- per month (can be increased / decreased by adjusting against special allowance if there is change in house rental).
- b) Expenses pertaining to gas, electricity, water and other utilities will be borne/ reimbursed by the Company.

##### iii) **Contribution to Provident Fund:** Company's contribution to Provident Fund equivalent to 12% of salary or up to such an amount permissible under the law and as may be decided by the Board of Directors from time to time.

##### iv) **Contribution to Superannuation Fund:** Company's contribution to Superannuation Fund equivalent to 15% of salary or up to such an amount permissible under the law and as may be decided by the Board of Directors from time to time.

##### v) **Medical Reimbursement:** Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalisation, nursing home and surgical charges for himself and his family. In case of any medical treatment abroad, the travelling, boarding and lodging expenses for patient and attendant are also payable.

##### vi) **Club Memberships:** Subscription or Reimbursement of membership fees for clubs in India and/or abroad, including admission and life membership fees.

##### vii) **Personal Accident Insurance:** Personal accident insurance policy in accordance with the scheme applicable to senior employees of the Company.

##### viii) **Gratuity:** Gratuity payable shall be as per applicable laws.

##### ix) **Leave:** Leave with full pay or encashment thereof as per the rules of the Company. Encashment of the unavailed leave being allowed at the end of the tenure.



**Explanation:**

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rule, perquisites shall be evaluated at actual cost.

c) **Commission:** Commission at the rate of upto 1% (one per cent) of the net profits of the Company for each financial year and approved by the Shareholders subject to the Board's recommendation to make payment in this regard.

d) **Amenities:**

- i) Conveyance facilities: The Company shall provide suitable conveyance facilities as may be required by the Managing Director.
- ii) Communication facilities: The Company

shall provide telephone, telefax and other communication facilities at the Managing Director's residence.

II. **Overall Remuneration:**

The aggregate of salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under Sections 198 and 309 and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force or such amendment thereof in the provisions or law as applicable.

(3) **Mr. K.P. Singh:**

(a) **Basic Salary:** Rs.2,84,327/- per month with such increase as may be approved by the Board of Directors from time to time.

**Note:**

1. Reimbursement of Petrol Expenses will be as per the Company policy at the rates prevailing in the Market from time to time on production of bills in original. However, the value mentioned above is a notional value for the purpose of calculation.
2. Car Maintenance will be as per Company Car Policy, on production of actual bills. However, the above given value is a notional value for the purpose of calculation. In case an employee opt to car lease, then Car maintenance cost will not be considered as a part of CTC.
- (c) Perquisites: Unless the context otherwise requires, perquisites are classified into three categories, 'A', 'B' and 'C' as follows:

**Category 'A'**

**Housing**

- (1) The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962.
- (2) Medical expenditure incurred for himself and family upto a ceiling Rs.2,84,327/- per annum or Rs.14,21,635/- during his tenure as Whole time Director. The Medical Expenses upto Rs.14,21,635/- can be reimbursed either in lump sum or periodically or may be accumulated upto the period of 5 years.
- (3) Leave Travel Concessions facility in accordance with Company's Scheme for self and family once in a year subject to a maximum of Rs.2,84,327/- per annum.
- (4) Personal Accident Insurance: Premium Rs.33,452/- per annum.

Explanation: For the purpose of Category 'A' "Family" means spouse, dependent children and parents.

**Category 'B'**

- (1) Contribution to Provident Fund, Superannuation Fund will not be included in the computation of ceiling on perquisites to the extent these are either singly or put together not taxable under the Income Tax Act, 1956

- (2) Gratuity payable shall be as per applicable laws.

**Category 'C'**

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Mr. K.P. Singh.

In case of inadequacy or absence of profits the remuneration payable shall be governed as per the provisions of Schedule XIII of the Companies Act, 1956."

The notice carries the abstract of the terms of the re-appointment of Dr. Lalit Khaitan, Mr. Abhishek Khaitan and Mr. K.P. Singh, u/s 302 of the Companies Act, 1956 and accordingly circulated by the Company to all the Members.

**Item No. 9**

Members are informed that Mrs. Deepshikha Khaitan was appointed as Corporate Relationships Manager of the Company w.e.f. 1st June 2008 for a tenure of 5 years and the tenure of 5 years is expiring from 1st June 2013.

Pursuant to the provisions of Section 314 of the Companies Act 1956, the approval of the Shareholders by way of Special Resolution is required for the re-appointment of Mrs. Deepshikha Khaitan for a further period of 5 years w.e.f. 1st July 2013.

Dr. Lalit Khaitan and Mr. Abhishek Khaitan shall be deemed to be concerned or interested in the resolution.

The resolutions are accordingly recommended for the approval of the Shareholders.

The Board recommends the Resolutions set out at Item nos.6 to 9 of the notice for your approval.

By order of the Board  
for Radico Khaitan Limited

Amit Manchanda

Place : New Delhi  
Date : 5th August 2013

Group Head – Legal &  
Company Secretary

(b) **Allowances:** As mentioned in the table hereunder, with such increase as may be decided by the Board at its sole discretion from time to time during his tenure or as per the policy of the Company.

(Amount in Rs.)

PARTICULARS	SALARY W.e.f. 1.4.2012 (per month)
HRA/CO LEASE	139479
ATTENDANT ALLOWANCE	10000
SPECIAL ALLOWANCE	205494
BOOKS & PERIODICALS	2500
ELECTRICITY REIMB (AT ACTUALS)	2500
PERKS (AS PER ELIGIBILITY)	
CAR LEASE/CO CAR	32000
PETROL REIMB (AT ACTUALS)	21000
DRIVER SALARY	17500
CAR MAINT (AT ACTUALS)	10000
OTHER BENEFITS	
LTA	23694
MEDICAL REIMB	1250
MEDICAL INSURANCE	2904
STATUTORY BENEFITS	
PF	34119
SAF (Eligibility as per Co. Policy)	42649
GRATUITY	14216
GROSS SALARY (A + B)	559305





NOTES

Lined area for notes.



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 ..... 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 29th Annual General Meeting of the Company to be held on Monday,
September 30th, 2013 at 1.00 p.m. and at any adjournment thereof.

Signed this ..... day of ..... 2013

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 29th Annual General Meeting to be held on Monday, September 30, 2013 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 .....

## Corporate Profile

### BOARD OF DIRECTORS:

Dr. Lalit Khaitan  
Chairman & Managing Director

Abhishek Khaitan  
Managing Director

K.P. Singh  
Whole Time 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  
Uttaranchal.

S. No.59  
Timmapur 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.

### COST AUDITORS:

Mr. S.N. Balasubramanian  
Cost Accountant  
Flat No: H -301,  
Green Valley Apartment  
Plot No.18, Sector-22  
Dwarka, New Delhi -110 077.

### 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 Ltd.  
Yes Bank Ltd.

### OUR WEBSITE:

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



**RADICO KHAITAN LIMITED**

Registered Office:

Bareilly Road, Rampur, U.P.-244901

Corporate office:

Plot No. J-1, Block B-1, Mohan Co-op. Industrial Area

Mathura Road, New Delhi-110044

Ph: +91-11-40975400/5500, Fax: +91-11-41768841/42

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