Radico
RADICO KHAITAN LTD.

THE WORLD TAKES NOTE

ANNUAL REPORT

2013-2014

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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REACHING OUT TO THE WORLD

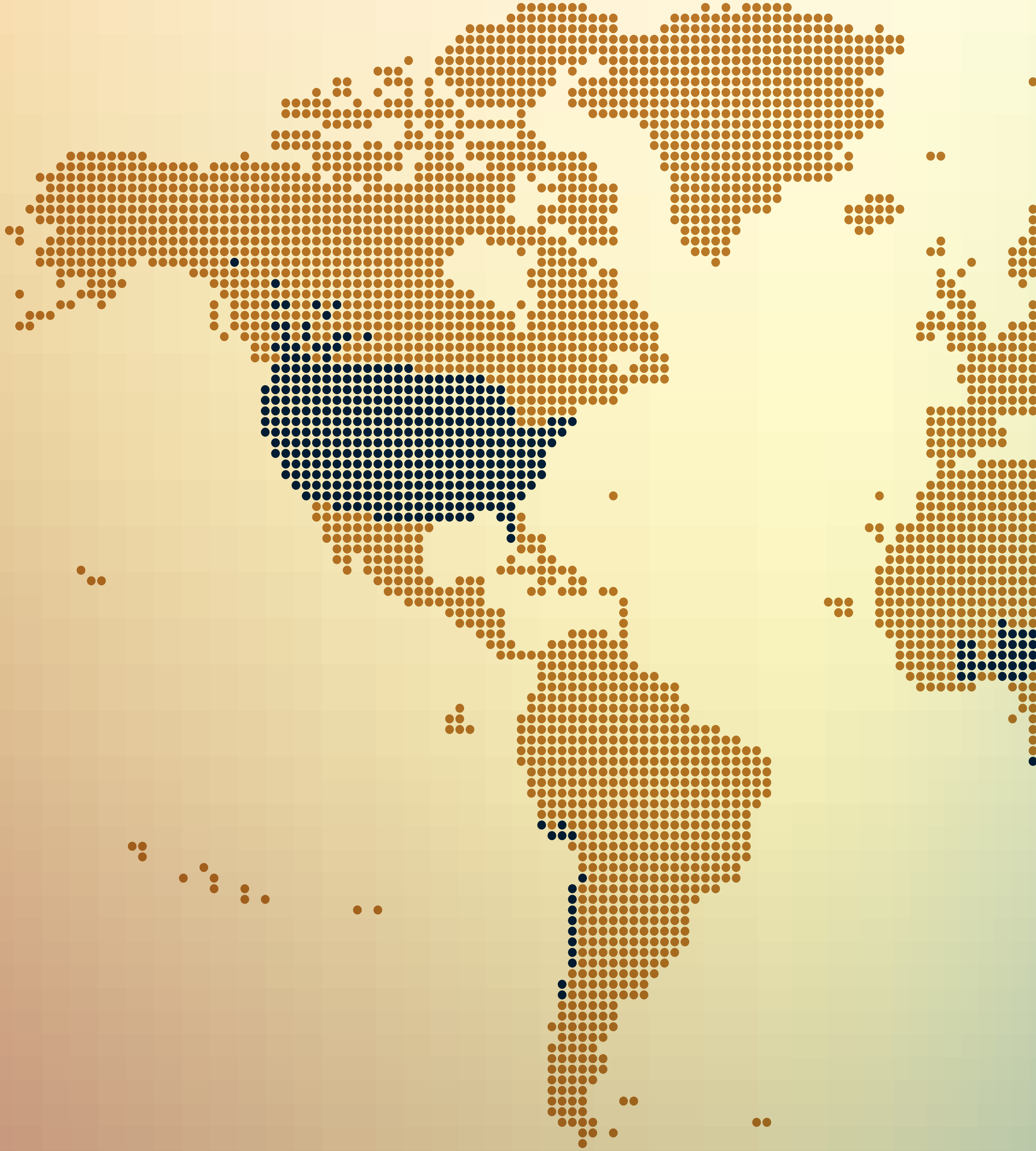
Radico Khaitan Limited stands tall amongst the key players of the Indian alcobev industry today.The company entered the world of IMFL in 1998. Through constant innovation and tapping on imminent business opportunities posed by the IMFL segment, the company has been able to achieve outstanding progress. The company has established its niche as a leading corporate organization on a global scale and expanding into newer geographies has always been a part of its core vision.

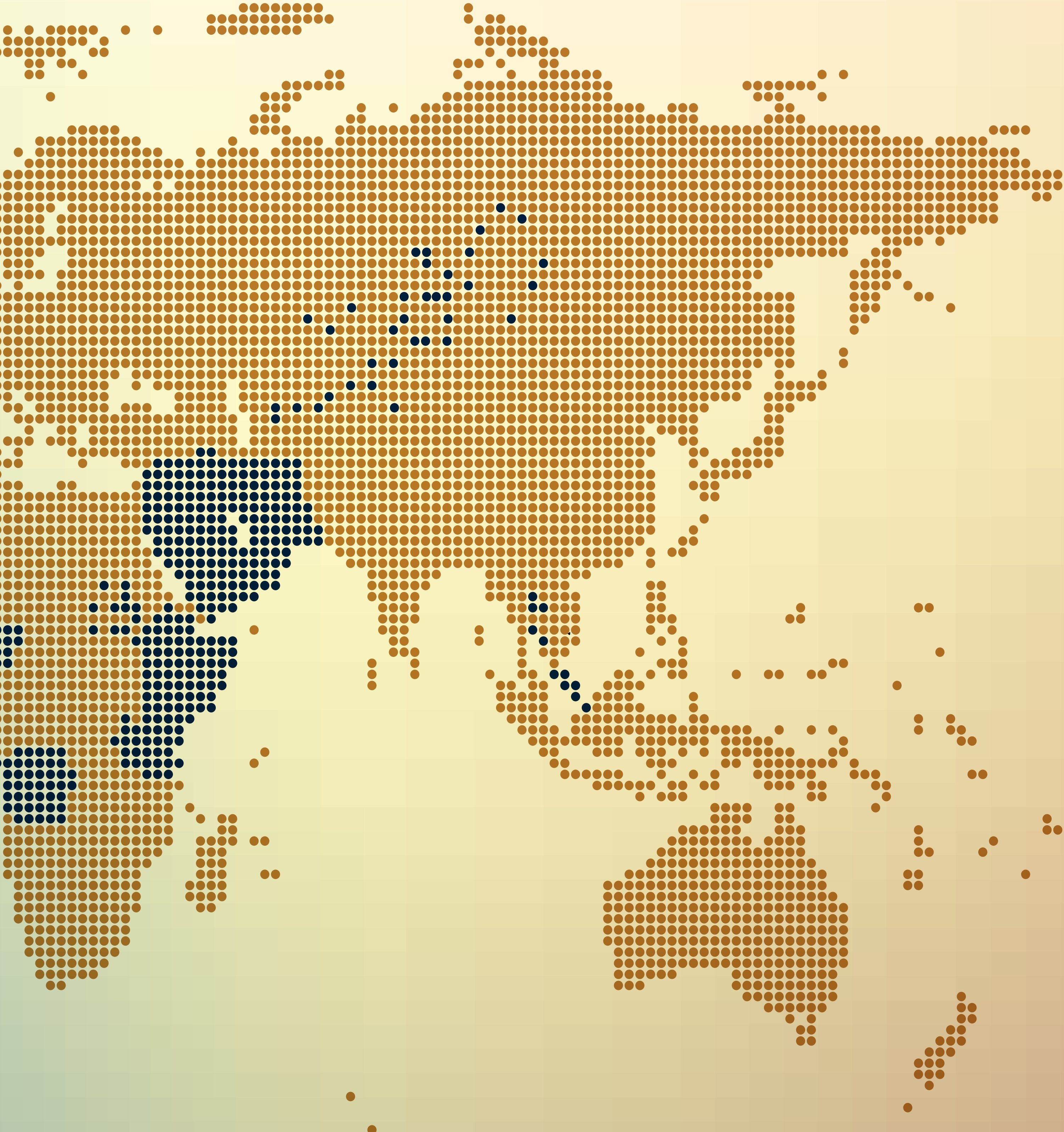
Marked by a million case success within the first year of its launch---8PM was the first brand launched by Radico Khaitan. The company took its next leap by harping on to the 'premiumisation' strategy, which took off with the launch of 'Magic Moments' vodka in 1995, and saw great success. Replicating the same strategy Radico Khaitan expanded its product portfolio in the premium category with flavoured versions of Magic Moments vodka called 'Magic Moments Remix', Morpheus Brandy, M2 Verve Vodka, M2 Verve flavoured vodka and After Dark.

Quality and innovation have always been a priority for Radico Khaitan. The company launched its first premium brand 'Magic Moments' in a frosted bottle with a unique guitar shaped glass window and direct printing on the bottle, features that do not exist in any Indian brand. Morpheus brandy is packaged in an inverted goblet shaped bottle with a 'Guala' cap, a first of its kind innovation to be done in India. Also, its first brand 8PM has undergone a makeover from being molasses to grain based whisky, which was an offering of first of its kind in that segment. Owing to the superior quality and focus on innovative offerings, many products of Radico Khaitan have received honours and accolades in both India and abroad.

While expanding its product portfolio and presence in the Indian market, Radico Khaitan also continued to fostering global ties. The company achieved a milestone in 2002, after scoring a successful collaboration for importing distributing and marketing of Carlo Rossi - The #1 bottled table wine brand in the world from the house of Ernest & Julio Gallo, California, the largest family owned winery in the world.

Having laid a strong foundation of global ties and exports in the last few years, Radico Khaitan is growing at a very healthy pace. The company gained strength from the grand success of its products in the Indian market which became a core support system that triggered the company's global expansion. Many brands from the straddle of Radico are now available in more than 50 countries world-wide and are being appreciated and consumed not only by the Indian Diaspora but also by the locals. The company is now focusing on increasing its presence in a number of developed markets in America and Asia Pacific. However, the company plans to focus on premiumisation of portfolio along with developing new products to meet the local aspirations and requirements. Investments will continue in brand building as well as opening up newer countries.





A GROWING GLOBAL PRESENCE

With our brands gaining popularity across 50 nations, our focus remains on premiumisation of our portfolio and delivering excellence in every sip for patrons in India and around the world.


M2
MAGIC
MOMENTS

MAGIC MOMENTS

Vodka

Zing up life!

An epitome of success, Magic Moments is a leading Vodka brand from the house of Radico Khaitan, which was launched in November 2005. Boasting of a premium blend with imported French grain spirits which no other brand enjoys, Magic Moments is the only triple distilled vodka in its category. Radico Khaitan used the 'Blue Ocean strategy' to identify the gap in the price points that existed in the market. Therefore, Magic Moments Vodka was launched in the premium category and filled the gap that existed between economy and super-premium offerings and hence was the right fit in the product matrix at that point of time. Magic Moments crossed the million-case mark in 2010, and by 2012, it had more than doubled and today sells more than 3 million cases a year. It has a market share of 90 percent in its price point-and 30 percent in the overall vodka market in India. Magic Moments is the fourth fastest growing vodka brand in the world and has cemented Radico Khaitan's place in the Indian spirits industry as the largest local player. According to International Wine and Spirit Research (IWSR) in 2014, approximately 35 bottles of Magic Moments are being sold every minute and 50425 liters every day. The packaging of Magic Moments vodka has been a huge hit - frosted bottle with a unique guitar shaped glass window and direct printing on the bottle, features that did not exist in any Indian brand. A special plant was set up in Haryana, Rampur Distillery to bring this technology to India. Post the success of Magic Moments, Radico Khaitan launched Magic Moments Remix Vodka - an extension of Magic Moments vodka in 6 flavors – orange, green apple, lemon, lemongrass & ginger, raspberry and chocolate. The variants have invoked extremely positive responses and currently holds 95% of market share in its operating segment. The experimental attitude of consumers and their thirst for premium variety has been the key reason behind the success. Magic Moments promises everything that a great life should have — fun, enjoyment, zest and, above all, ZING! Its promise and call for 'Zing up life!' gives the brand a different attitude and a mindset every youngster can identify with. In 2008, Hrithik Roshan was signed as the brand ambassador to promote Magic Moments Vodka owing to his international, young and energetic appeal.

After establishing a strong foothold across India, Magic Moments has also spread its wings in UK, Africa, Middle East and South East Asia. Furthermore, Radico Khaitan is also launching the brand in USA and Canada.

MORPHEUS
BRANDY

Spirit of France captured in a Goblet

In 2009, Radico Khaitan launched Morpheus Brandy, the first Indian brandy launched in the super-premium category and at a new price point, Mopreus became a category creator.

The idea behind the launch was in line with Radico Khaitan's strategy of 'premiumisation', which is based on identifying the gaps between existing range of products in a category and filling in those gaps. Radico Khaitan realized that there were no players in the super-premium segment and the industry figures suggested that these brands, sold predominantly in the South Indian markets of Kerala, Tamil Nadu, Karnataka and Andhra Pradesh, and have seen strong year-on-year growth that reflected an expanding market for the brandy category. Therefore, Morpheus was initially targeted primarily at the South Indian market.

Ever since its launch Morpheus brandy has received a positive response by end consumers and attained maximum market share in all the southern brandy consuming states of Tamil Nadu, Andhra Pradesh, Kerala, Puducherry and Karnataka, and continues to gain market share. In 2012, the brand was registered with the CSD and has experienced encouraging volume growth. Morpheus Brandy grew 58% y-o-y in the first nine months of 2011-12 and today it holds approximately 30% market share in overall brandy segment.

With opulent copper tone and lush aroma, Morpheus is packaged in inverted goblet shaped bottle. The Guala was also first of its kind innovation to be done in India. With intense fruity and floral top note, Morpheus is complemented with dried fruits like raisin and prune in the base note. Heavy bodied and sweet, it provides a lingering effect of matured wood, vanilla and raisin, promising a luxuriously smooth and long finish. Morpheus is not merely a drink; it's a statement of life.

In 2014, the brand was launched in North India as an endeavour to provide a premium offering to the emerging set of brandy customers in the north. Traditionally, brandy has always been considered as a South India phenomenon; however, with changing times and customer preferences, brandy is now slowly emerging as the new 'socially acceptable' drink in Northern India as well. Radico has always been in the forefront in creating an uncontested market space and reaching beyond the existing demand. Hence, Morpheus XO's distribution has been spread out to Delhi, Uttar Pradesh, Haryana, J&K, Rajasthan, Orissa and North East.

With a strong eye on the global market Radico Khaitan has spread the footprint of Morpheus in Africa, Middle East, and South East Asia. This global expansion is driven by the need to connect with the global consumer and build a global reputation.

8 PM

Whisky

Aath Ke Thaath

8PM was the first brand of Radico Khaitan launched in 1998. An instant success 8PM achieved a million cases in sales (a "Millionaire Brand") within the first year of its launch and received brand recognition in Limca Book of Records. Right from the time of its inception the brand 8PM has been backed by fine product quality. The grand success of 8PM can be attributed to the idea of blending Scotch with Whisky and launching the product in the upper regular segment. This became a perfect fit fulfilling the desire of aspirational Indians who wanted to drink scotch but could not afford it. Packaged in a bottle with a Guala cap with black and gold printing, the bottle was also specially designed in line with the famous scotch whiskies available.

8PM has extended itself as a brand that brings lavishness and enjoyment over the years. It's first campaign received great applaud and was nominated for the Cannes, and won the gold medal at Delhi Advertising Club and silver in the Abby Advertising awards of Mumbai Ad Club. The advertisement was simple in black-and-white, featuring two Generals of rival armies across the border finding time to share a drink at ceasefire which struck a chord with the consumers.

Adapting with the changing times and taste of the consumers, in 2007 the blend of 8PM shifted from molasses to grain based liquor, which was an offering of first of its kind in that segment. Along with this the 8PM packaging was also changed. With a more younger and vibrant grain packing, the brand underwent an imagery makeover.

Also, exploring new dimensions to its original campaign 'Aath Ke Thaath', a new campaign was made in 2007. The new communication was based on an insight that we more often than not carry our tensions along with us, which turns into a burden on our shoulders that we carry all day long. The problems and responsibilities of life, both small and big, weigh upon us. And by the end of the day, everyone desires a break from these responsibilities, even if for only a couple of hours. It got instant attention, as the visual was very striking and the background score sung by Raghubir Yadav was especially liked.

Post this campaign the new communication ideas were developed for 8PM, in which Mallika Sherawat, the bollywood starlet was signed as the brand champion for 8PM, in line with the new look and appeal of the bottle. Her popularity among the masses got the brand instant eyeballs. The campaign with Mallika was an extension of the 'Aath Ke Thaath' concept keeping the core thought same as that of the earlier campaign, the insight with the new campaign was that 8PM is the Thaath zone where fantasies can take shape.

The legacy of this brand continues to grow. With a strong foothold across India, the brand is also available across Africa, Russia, Mexico, South East Asia and Middle East.

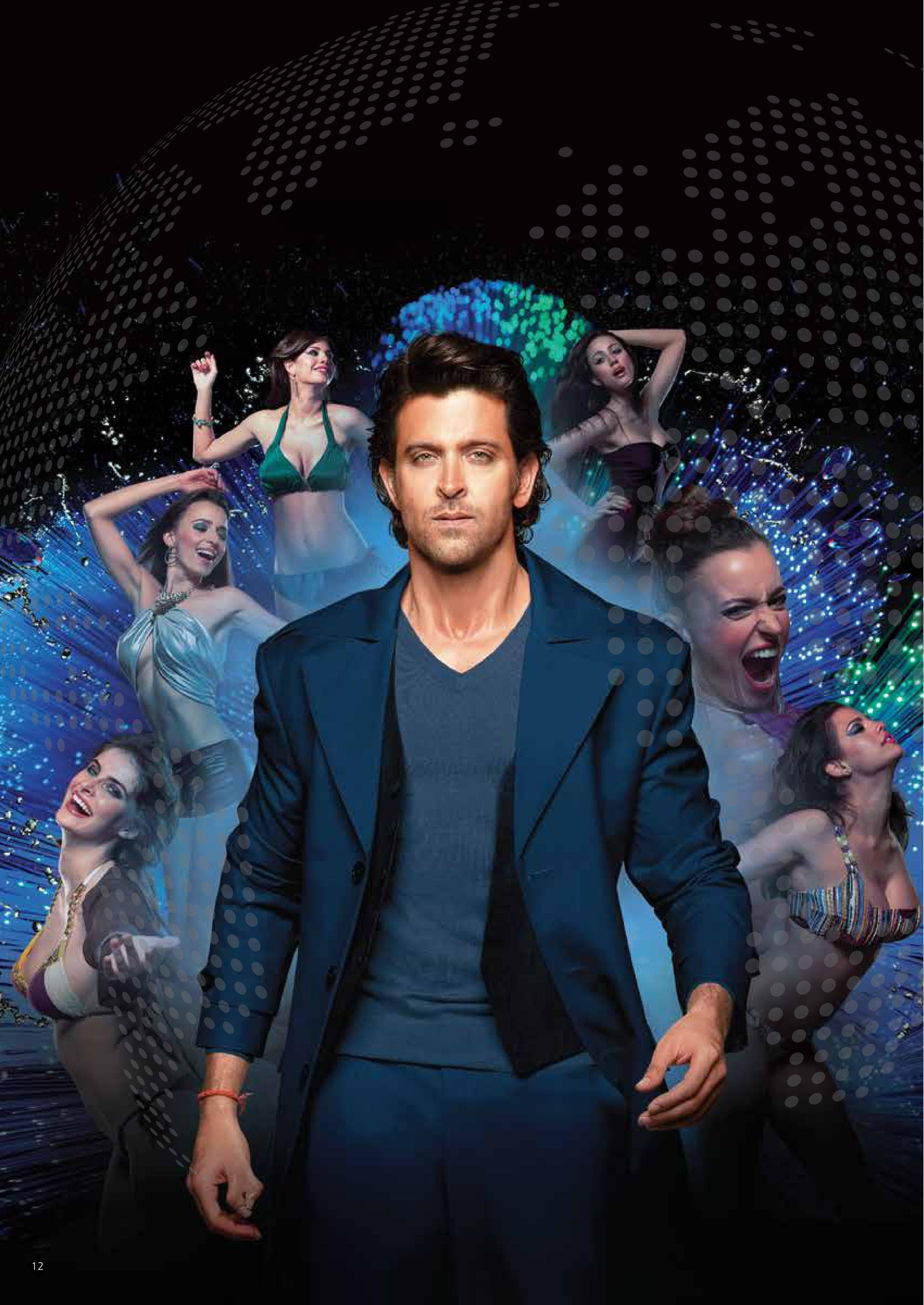
CONTESSA
XXX Rum

For the Man of Courage

Contessa Rum is another millionaire brand from the straddle of Radico Khaitan. Launched in the regular price point segment, Contessa is today the most popular and highest selling Rum brand in the Defence segment with a 25% market share.

The brand has been winning accolades at International Awards including a Silver medal at Monde Selection 2008 and a Bronze medal at International Wine and Spirit Competition in 2007 for its quality.

After its remarkable success and popularity in India, Radico Khaitan expanded brand's foothold in parts of Africa, South East Asia and Middle East and it is recently being launched in USA and Canada.



M2

VERVE

MAGIC
MOMENTS

High on Verve

Radico Khaitan enhanced its straddle of premium offerings by launching M2 Verve Magic Moments Vodka. An extension of Magic Moments Vodka, Verve, is a superior quality premium category product emblematic of youthful energy with a stylish modern appeal. Verve possesses a perfect blend of purity and smoothness with a unique 5 stage slow filtration process using silver and platinum filters.

M2 Verve was launched after many years of in-house development by the marketing and research team. Vodka was getting popular, especially amongst the younger age profile and ladies were taking to vodka and cocktails. People started preferring the white spirit, for reasons like any time drink and it does not smell. Greater disposable income coupled with increasing social drinking in urban areas led to increasing demand for Vodka brands. Globalization was also catching up and the exposure to global tastes and variety was increasing. Therefore, Verve was launched to further strengthen the foothold of Radico Khaitan in the vodka category by catering the growing demand.

Since its initial introduction in the market in October 2012, M2 Verve Magic Moments has successfully attained a remarkable place for itself. It achieved a market share of 8% in the premium segment within the first 8 months of its launch. It was felicitated with Monde Selection Gold award for its fine quality, in 2013 and 2014 consecutively.

The success of M2 Verve was an inspiration to explore the much coveted flavours that resonate with the youthful customers. In an endeavour to provide the best quality in distinctive variety, Radico has launched two new flavours of M2 Verve - Green Apple and Orange. Both the flavours have been receiving wonderful response and appreciation from our consumers. M2 Verve Green Apple has a refreshing crispy aroma accompanied with a freshly plucked Green Apple flavour. M2 Verve Remix Orange has a sweet, citrusy and zesty aroma of fresh and ripe orange with a sweet and long finish.

AFTER DARK
Whisky

One Life. Many Passions. Why Wait?

After thorough research Radico Khaitan realized that in the past decade the consumer had upgraded in all spheres of life whether it's mobiles or consumer durables or anything else. While this was partly due to rising incomes, another important factor was the wide variety of choices available. However, in the liquor world there existed a gap if the consumer was looking for a contemporary yet premium brand. The old choices were available either in the traditional or the premium segment. Thus, 'After Dark' was launched as it was a perfect fit into the category of youthful plus premium. Initially the brand was launched in the North and Eastern region, and later spread out to the other parts of India.

After Dark was Radico's answer in the premium whisky category. The brand targets young professionals who want to experience the finer things in life. With finest grain spirits blended to perfection the consumer attained ultimate satisfaction. Moreover, this premium offering contains a fine mixture of matured spirits from different continents.

The pack and its design elements are truly aspirational. The current packaging is received well and is very well appreciated. Firstly the canister is seen as a proposition that imparts the brand an international appeal aimed towards premiumness and exclusivity. The unique bottle shape and premium blue black color scheme has been appreciated. It's seen as both new & innovative in its segment, hence, making the packaging a scoring point for the Brand.

The blend has a positive response and the consumer finds it comparable and in certain cases even better than his current brand.Needless to mention, the brand signifies premiumness and is youthful and contemporary in attitude.

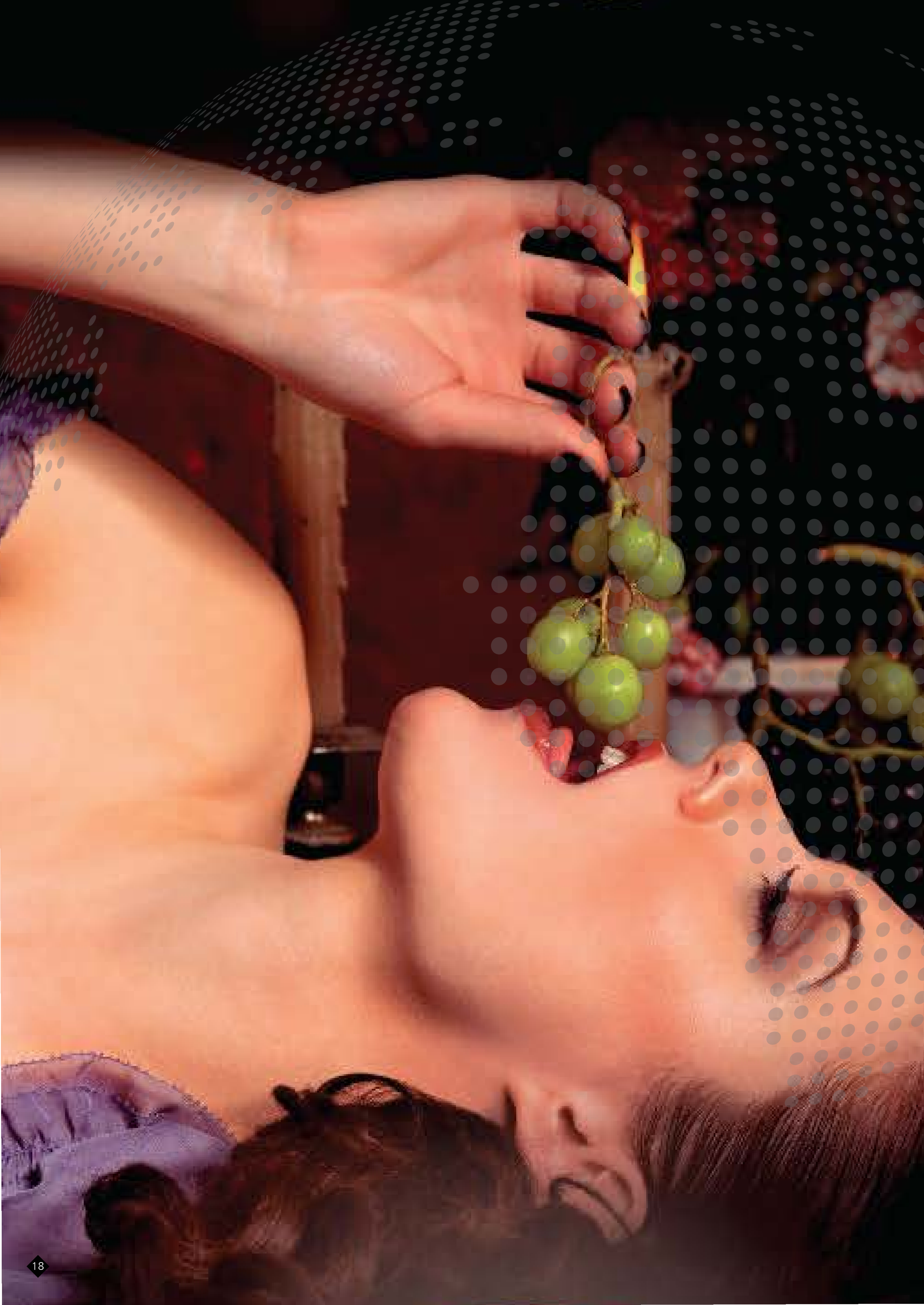
The present communication resonates the thought that every person has some distinctive passion or interest which he loves to pursue; certain activities which he is enthused with & would like to indulge into. However, everyday work or family pressures result in such passions lying quiescent; he keeps on procrastinating the thought of pursuing his desires for tomorrow. The communication "One life many passions….AFTER DARK, why wait" thus, states that we have only one life to live, and we have only this life to fulfill all our passions and desires.

Radico Khiatan has connected the global consumers to After Dark by introducing the brand in Africa, parts of South East Asia and Middle East.


Royal
WHYTEHALL
PREMIUM DELUXE
WHISKY
A PERFECT BLEND OF AGED
SCOTCH MALTS & PREMIUM INDIAN
GRAIN WHISKY
WHYTEHALL
Royal
WHYTEHALL

Royal Whytehall
Premium Deluxe Whisky

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. Apart from a strong presence in India, the brand is exported to Africa, Mexico & South America.



Old Admiral

Brandy

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

8PM
Bermuda
XXX Rum

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

A mark of
DISTINCT10N.

MONDE SELECTION AWARD

Radico Khaitan wins the coveted Monde Selection award for the 10th consecutive year.

Awards of 2014

Product Quality	Award
Magic Moments Vodka	Gold
Magic Moments Remix Flavoured Vodka Green Apple	Gold
Magic Moments Remix Flavoured Vodka Lemongrass & Ginger	Grand Gold
Magic Moments Remix Flavoured Vodka Orange	Gold
Magic Moments Remix Flavoured Vodka Lemon	Gold
Magic Moments Remix Flavoured Vodka Chocolate	Gold
Magic Moments Remix Flavoured Vodka Raspberry	Gold
M2 Verve Magic Moments Super Premium Vodka	Gold
Morpheus XO Blended Premium Brandy	Gold
M2 Verve Magic Moments Green Apple Premium Flavoured Vodka	Gold
M2 Verve Magic Moments Orange Premium Flavoured Vodka	Gold

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

Dear Shareholders,

Over the last couple of years, the overall global economy had been under significant pressure. As a result of this prolonged global slowdown, Indian economy was also impacted and the core sectors of economy such as manufacturing and infrastructure were the first to get affected. This slowdown in the economic growth coupled with persistent high levels of inflation started to hit the consumption volume as consumers began to reduce their personal expenditure. However, given this industry backdrop, companies such as Radico Khaitan who have a long established strategy of focusing on premium products were able to sustain growth and profitability. With premiumization of products coupled with brand loyalty, we were able to target consumers who have lower price sensitivities that ultimately helped drive value growth. During FY2014, Prestige & Above category brands as a percentage of total volumes increased from 16.2% in FY2013 to 18.3%.

The long term consumer growth story of India remains intact supported by a favourable demographic profile, higher disposable income, increasing urbanization and greater contribution from rural consumption. With the changing industry dynamics, our product portfolio has also evolved over the past few years to match our consumer's preferences and brand aspirations with more premium products. During the last year, we successfully launched two more flavours of our Verve Magic Moments vodka and an upgraded version of the super premium Morpheus brandy called Morpheus Blue. Within a very short period of its launch, the two flavours of Verve received the Gold award at the Monde Selection 2014 awards. In addition to these awards, two of our Magic Moments flavours received Grand Gold awards. Our Magic Moments vodka continued to lead the market and received Indspirit 2014 'Popular Product of the Year' Award. We are proud that our Magic Moments Vodka brand continues to top the consumer preference and lead the premium vodka industry in terms of market share.

In the context of a very difficult economic environment, our financial performance during FY2014 was encouraging. We recorded a revenue growth of 8% which was driven by robust performance of our Prestige & Above brands. During the last year, spirits industry experienced input cost increases and hikes in duties & taxes which also impacted the industry profitability and volumes. Despite the cost pressure, Radico Khaitan was able to sustain margins due to ongoing premiumisation strategy and relentless focus on quality, cost control and sales & distribution network.

The economic growth in India is expected to have bottomed out and has shown early signs of improvement. Radico Khaitan continues to focus on enhancing its product portfolio through investment in R&D and product development. The Company's investments in brand building over the years have resulted in establishing a strong consumer base outside India. We expect to see increasing traction in exports business through focus on more premium brands and newer geographies.

We believe that Radico Khaitan has developed a very strong brand portfolio over years and going forward, we are strongly positioned to capitalise on the long term growth of the industry. Management wishes to put on record their sincere appreciation for your continued support and look forward to a wonderful year ahead.

Consistently smooth performance is a result of spirited endeavours!

Dr. Lalit Khaitan
Chairman & Managing Director

Director's Report

Dear Members,

Your Directors are pleased to present their 30th Annual Report together with the audited financial statement of the Company for the year ended 31st March 2014.

Financial Results: **(₹ in Crore)**

	2013-14	2012-13
Sales (including sales from arrangements with other Distilleries / Bottling units)	4,337.41	3,768.42
Gross Profit (before depreciation and tax)	145.16	144.59
Profit before tax	106.40	109.28
Profit after tax	71.25	77.28
Prior period adjustments	0.00	0.00
Surplus brought forward from last year	89.81	74.97
Profit available for appropriation	161.07	152.25
Transfer to General Reserve	50.00	50.00
Proposed Dividend and tax thereon	12.45	12.44
Balance carried forward	98.61	89.81

Operations Review:

FY2014 was a very challenging year for the overall economy. Despite these short term challenges, your Company was able to sustain growth and profitability. Radico Khaitan has a long standing, successful strategy of premiumization which is evident from the performance of Prestige & Above category brands which registered a strong growth of 20.7% y-o-y in FY2014 to reach 37.17 lakh cases. Overall IMFL volume was 203.60 lakh cases, representing a growth of 7.1%. Furthermore, Prestige & Above category brands as a percentage of total IMFL sales increased from 16.2% in FY2013 to 18.3% in FY2014. Prestige & Above brands sales revenue accounted for 37% of total IMFL sales in FY2014 compared to 35% in FY2013. Net Sales was ₹1,857.2 Crore an increase of 8.2% compared to the same period last year driven by a robust performance of Prestige & Above brands. EBITDA increased by 10.7% to ₹212.6 Crore and margins improved by 26 basis points to 11.4% compared to FY2013.

Radico Khaitan's Magic Moments vodka continued to be the market leader in the fast growing premium vodka segment. Encouraged by the success of Magic Moments, the Company launched Verve super premium vodka in October 2012. In FY2014, this was followed by the launch of Verve Magic Moments Green Apple and Verve Magic Moments Orange flavoured premium vodka in North India and select states in West India. Within few months of its launch, the new variants of Verve vodka received the Gold award at the coveted Monde Selection Quality awards 2014. During the year, the Company also launched Morpheus Blue, an upgraded version of the super premium Morpheus Brandy to further strengthen its premium product offerings.

Capital Structure and Liquidity:

Share Capital

During the year, the Company issued 138,385 shares on the exercise of stock options granted under the Employees Stock Option Scheme 2006. As a result of this, the outstanding, issued and paid-up equity shares increased from 132,900,380 shares as of March 31, 2013 to 133,038,765 shares as of March 31, 2014.

General Reserve

An amount of ₹ 50 Crore has been transferred to the General Reserve out of Radico Khaitan's profit of ₹ 71.3 Crore for the financial year ended March 31, 2014.

Term Loan and Working Capital

As of March 31, 2014, the Company had total debt of ₹ 903.8 Crore, Cash and Cash Equivalents were ₹ 15.3 Crore resulting in Net Debt of ₹ 888.5 Crore. Total Debt consists of ₹ 405.6 Crore of Working Capital loans and ₹ 498.3 Crore of Long Term loans, including Long Term loans maturing within 12 months of the balance sheet date. As of March 31, 2014, Radico had a conservative leverage with Debt/Equity ratio of 1.1x.

Capital Market Ratings:

The Company continued to enjoy credit rating from Credit Analysis & Research Ltd (CARE) which has reaffirmed the rating of "CARE A+"assigned for the long term facilities. CARE A+ rating is considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

CARE has re-affirmed the rating of "CARE A1+ "assigned for the short term facilities, which is considered to have very strong degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

Future Outlook and Strategy:

The ongoing developments in the Indian spirits industry and changing consumer preferences are expected to result in a structural shift from volume based growth to value driven business model. According to Euromonitor, IMFL volume is expected to reach 2,979 million liters or 331 million cases. During the 2014-18 period IMFL sales value is expected to grow at a CAGR of 7.9%. Key drivers of this growth are changing preference of customers due to rising per capita income, higher aspiration level, favourable demographic profile, increasing urbanization and better penetration. As a result of inclusion of higher number of youngsters in the working population, all the major spirits manufacturers are focused on launching new value added products to capitalize on this opportunity. Innovative packaging and consumer preferred variants are new trends to generate mass appeal. This structural change may also result in further consolidation of the industry to achieve operational efficiencies and strengthening of market position for the larger and established companies.

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 continues to make investment in developing new products and variants. Our 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:

During the year Radico Khaitan received numerous awards for its leading brands at various international events. These awards are testament to the Company's understanding of the customer preference as well as the superior quality of its products. Some of the awards received during the year were:

Indspirit 2014 'Popular Product of the Year' Award: Magic Moments vodka

Monde Selection (International Institute for Quality Selection) 2014 awards:

- Grand Gold Award: Magic Moments Remix Lemon Grass & Ginger flavoured vodka
- Gold Award: Verve Magic Moments Super Premium vodka
- Gold Award: Verve Magic Moments Green Apple Premium flavoured vodka
- Gold Award: Verve Magic Moments Orange Premium flavoured vodka
- Gold Award: Magic Moments Vodka
- Gold Award: Magic Moments vodka (5 flavours)
- Gold Award: Morpheus XO Blended Premium brandy

In addition, senior management of the Company received the following awards:

- Dr. Lalit Khaitan received the 'Legend of the Industry' award at Spiritz 2014, in addition to Radico Khaitan receiving the 'Brand Premiumisation Award' and 'Excellence in Marketing Award'

- Mr. Abhishek Khaitan received the Indspirit 2014 'Young Entrepreneur of the Year' Award

Employee Stock Option Scheme:

To provide the employees with an opportunity to share in the growth of the Company and to reinforce long term commitment, Radico Khaitan implemented the Employees ESOP Scheme in 2006.

The Compensation Committee, at its meetings held on 5.08.2013, 21.10.2013 and 12.02.2014 allotted 45,300, 52,460 and 40,625 equity shares, respectively to the eligible employees, as per the Employees Stock Option Scheme 2006.

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

Dividend:

The Company has a dividend policy that balances the dual objective of appropriately rewarding its shareholders and retaining capital to support future growth. 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, 2014. The total dividend payout for the financial year will be Rs. 12.5 Crore including a dividend distribution tax of Rs. 1.8 Crore. 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 2014 and will be paid to the shareholders whose names appear in the Register of Members as on the date of book closure, i.e. 24.9.2014.

Dematerialisation:

Around 97.89% 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.

Subsidiaries and Joint Ventures:

During the year under review, the Company has no subsidiary company.

Radico NV Distilleries Maharashtra Ltd (RNVDML), a Joint Venture (JV) of the Company has developed a state-of-the-art 120 KLPD molasses based distillery in Aurangabad, Maharashtra. It also has 50 KLPD grain based plant.

The commercial production in JV started in December 2008. RNVDML is the largest manufacturer of alcohol in the state of Maharashtra and is currently operating at optimal capacity levels. In FY2014, RNVDML received Private Sector Investment (PSI) subsidy from Government of Maharashtra of Rs. 39.8 Crore and expected subsidy to be received in FY2015 is Rs. 45 Crore.

During the year, the JV contributed Gross Sales of Rs. 367.8 Crore, an increase of 7.9% compared to same period last year. Net Sales of the JV increased by 4.2% compared to FY 2013 and stood at Rs. 250.0 Crore. Profit Before Tax during the period was at Rs. 14.9 Crore, indicating a growth of 41.4% compared to same period last year.

During FY 2014, the JV modified its distillation plant to reduce the consumption of steam in production of alcohol. RNVDML has also installed a evaporation plant with molasses alcohol plant which has the effect of reducing generation of effluent by about 80% and has made the plant a zero discharge plant.

Transfer to Investor Education & Protection Fund:

As per the Companies Act, 1956, dividends that are unclaimed for a period of seven years, statutorily get transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government and thereafter cannot be claimed by investors. To ensure maximum disbursement of unclaimed dividend, the Company sends reminders to the concerned investors, before transfer of dividend to IEPF. Pursuant to Section 205A of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1999, unclaimed dividend has been transferred to IEPF as per below table:

Financial Year	Date of Declaration	Total Dividend of Dividend	Unclaimed Dividend as on 31-3-2014	Due Date of Transfer to IEPF account
FY 2002	16.07.2002	38579176.00	730556.00	22.08.2009
FY 2003	19.07.2003	34721258.40	914312.00	24.08.2010
FY 2004	17.07.2004	38579176.00	973284.00	22.08.2011
FY 2005	16.11.2005	42437093.60	983341.00	21.12.2012
FY 2006	25.09.2006	48223970.00	1135840.00	30.10.2013

Directors:

Mr. K.P. Singh shall retire by rotation and being eligible, offers himself for reappointment at the forthcoming Annual General Meeting (AGM). Dr. Raghupati Singhania, Mr. K.S. Mehta, Mr. Ashutosh Patra and Mr. Sarvesh Srivastava, all independent directors of the Company are proposed to be reappointed / appointed at the ensuring Annual General Meeting of the Company for a period of 5 years. 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.

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.

The Company has received letters from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limits under Section 139 (1) of the Companies Act, 2013, and that they are not disqualified for re-appointment within the meaning of Section 141 of the said Act.

Audit Report for the Year Ended 2013-14:

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 2013-2014. The cost audit for the year 2013-2014 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 make improvement 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.

During the year, Radico Khaitan installed and commissioned integrated evaporators in the grain spirits plant, which converts the entire thin slop into wet cake that can be sold as cattle fodder. This has helped in bringing down the effluent discharge from grain plant to zero. The Company also installed and commissioned integrated evaporators in the molasses distillation plant resulting in reduction of spent wash generation by approximately 45%. After the effluent is passed through the RO plant, additional 45% effluent volume is reduced and only about 25% of the total effluent is left for bio-composting. Radico Khaitan has also increased the bio-composting area by 7 acres to consume more effluent in bio-composting and has reduced fresh water consumption by recycling process condensate and lees from distillation plants to fermentation.

Corporate Social Responsibilities (CSRs):

As your Company continues to serve its consumers, it does not overlook its responsibility towards society. It has been an integral part of the Company's strategy to design and implement CSR programmes in the context of your Company's businesses and encompasses much more than social outreach programs. Your Company understands its responsibility as a corporate citizen towards the community at large and has taken series of corporate social activities. The activities such as organizing eye camps, overall management of two primary schools, distribution of blankets and woollen clothes, maintenance of village roads and tree plantation, distribution of food packets to flood affected areas were undertaken in the financial year 2013-14. Your Company endeavours to raise the bar every year on the CSR front. The Company's social responsibility strategy also includes community initiatives which aim at empowering individuals through developmental initiatives such as education and livelihood support. A CSR policy in accordance with the provisions of the Companies Act, 2013 is approved by the Board in its meeting held on 30.5.2014.

Directors' Responsibility Statement:

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

i) In preparation of the Annual accounts 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 judgementsand estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company, as at the end of the accounting year and of the profit of the Company for that period.

iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) The Directors have prepared the annual accounts on a going concern basis.

Particulars of Employees:

In accordance with the provisions of Section 217 (2A), read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set out in the Directors' Report, as an addendum thereto. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and accounts, as therein set out, are being sent to all members of the Company excluding the aforesaid information about the employees. Any member, who is interested in obtaining such particulars about employees, may write to the Company Secretary at the Registered Office of the Company.

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

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

Management Discussion and Analysis for FY2014:

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 2013-14:

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/-
Dr. Lalit Khaitan
Chairman & Managing Director
DIN - 00238222

Place: New Delhi
Date: 12.08.2014

Annexure - A

Disclosure as required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as on March 31, 2014.

A.

	Particulars	ESOP Scheme
1.	Number of options granted	3,650,000
2.	The Pricing Formula	First Grant – (for current eligible employees) who would have completed at least one year of service as on the date of the grant – Per Option – 30% discount to the lower of -
		(a) latest available closing price, prior to the date of the meeting of the Compensation Committee in which options are granted, on the Stock Exchange on which the shares of the Company are listed and on which there is highest trading volume on the said date.
		(b) average of the weekly high and low prices of the equity shares of the Company during 2 weeks preceding the date of grant of option on the Stock Exchanges of which the shares are listed and on which there is highest trading volume on the said date.
		Subsequent Grants – (for future / new eligible employees) Per option – 15% discount to the latest available closing price, prior to the date of the meeting of the Compensation Committee in which options are granted, on the Stock Exchange on which the shares of the Company are listed and on which there is highest trading volume on the said date.
3.	Number of options vested	242,865
4.	Number of options exercised	1,903,549
5.	Total number of shares arising as a result of exercise of options	1,903,549
6.	Number of options lapsed	1,503,586
7.	Variation in the terms of options	Not Applicable
8.	Money realised by exercise of options (Rs.)	153,382,956
9.	Total Number of Options in force	242,865

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**	5.35
D.	**The impact on the profits and EPS of the fair value method is given in the table below -**	
		Rs.
	Profit as reported	**712,595,014**
	Add - Intrinsic Value Cost	691,454
	Less - Fair Value Cost	5,475,557
	Profit as adjusted	707,810,911
	Earning per share (Basic) as reported	5.36
	Earning per share (Basic) adjusted	5.32
	Earning per share (Diluted) as reported	5.35
	Earning per share (Diluted) adjusted	5.32
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. Installed and commissioned integrated evaporators in Grain Spirit plant converting the entire thin slop into wet cake and selling it as cattle fodder. The effluent (Sp. Wash) discharge from grain plant is Zero. After passing through the effluent through decanters, about 40% of thin slop is recycled in the process and 60% is sent through evaporators and converted into wet cake cattle fodder.

2. Installed and commissioned integrated evaporators in Molasses distillation plant and reduced generation of Sp. Wash by about 45%. After passing the effluent through R O plant another about 45% effluent volume is reduced and only about 25% of the total effluent is left for bio-composting.

3. Increased Bio-composting area on another 7 acres of land in order to consume more effluent in Bio-Composting.

4. Reduced fresh water consumption by recycling process condensate and lees from distillation plants to fermentation.

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

1. Power saving at process plants through replacement of old inefficient motors with new IE2 energy efficient motors.
2. Energy saving through temperature sensors installation for stoppage of cooling towers fans during winter season (from December to February months) in night hours.

(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. Implementation of Heat Recovery scheme, replacement of old in efficient motors with new IE2 Energy efficient motors and temperature sensors installation for stoppage of cooling towers fans resulted into collective saving of Rs.87 lacs.

2. Modification in Auto Frosting Machine No. 1 and No. 2 for improvement of productivity and modification in conveyor for safe landing of bottles for improvement in breakage collective resulted into saving of Rs.21.55 lacs.

3. Process improvement at the bottling plant by full automation of various bottling lines resulted into saving of Rs.60.54 lacs.

B. Technology absorption:

Process Improvements:

Printing plant modification on AFM-2 for size 180 ml. caps from 4 nos. to 6 nos. on each strip and modification on AFM-1 for size 750 ml. caps from 4 nos. to 5 nos. on each strip.

Benefits: Resulting into productivity improvement.

C. Foreign Exchange earning and outgo:

Particulars of earnings and outgo of foreign exchange are given in Notes on Accounts in Schedule 19 (i) of the accounts.

Place : New Delhi
Date : 12.08.2014

Dr. Lalit Khaitan
Chairman & Managing Director
DIN - 00238222

Management Discussions and Analysis for the Year 2013-14

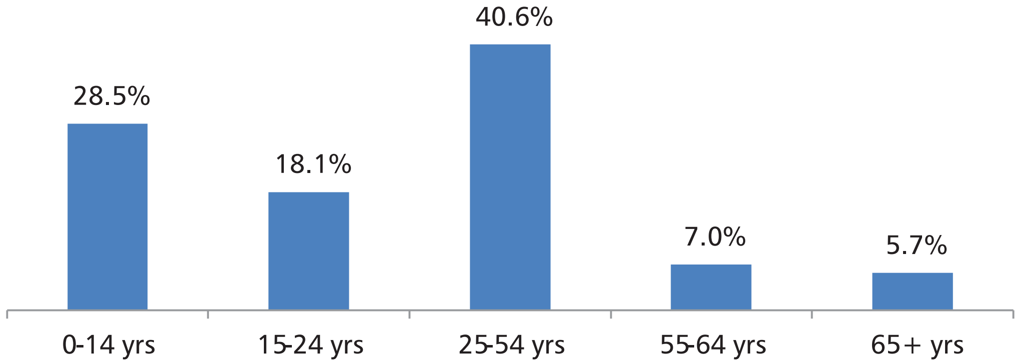
Industry Overview

The Indian Consumer Growth Story

During FY2014, the Indian economy growth slowed down significantly to below 5%. Inflation, measured by the Consumer Price Index (CPI), remained at uncomfortable high levels during the year at around 8-10%. As a result, consumers have traded-down to cheaper options or reduced the consumption volume by postponing purchases. As per a Neilsen report, FMCG sector growth in CY2013 was over 9% with just 1% volume growth well below the 18% growth in CY2012. In the recent years, premiumization has enabled manufacturers to drive value growth with consumers who have lower price sensitivities.

Despite the short term challenges, the long term consumer growth story of India remains intact. The Indian economy is expected to recover and grow by over 6% in the next fiscal year. The favourable demographic profile supported by the expected recovery in the economic activity will drive the consumer expenditure. Furthermore, the emergence of social media has resulted in creating brand awareness and focus on quality aspect of a product, primarily among the younger generation. During FY2014, India's per-capita income at current prices is estimated to have increased by 9.6% to reach $1,240. The increase in disposable income driven by a rise in the income levels is expected to drive demand for better quality and branded products. Also, the rural consumption growth has been outperforming urban levels with significantly higher incremental consumption expenditure.

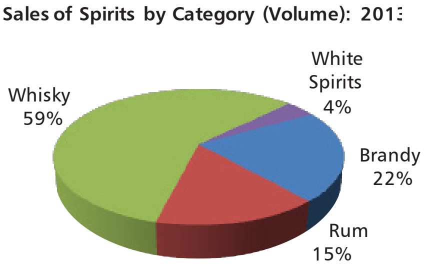
Attractive Demographics with around 60% of population between the age group 15-55 years in FY2014

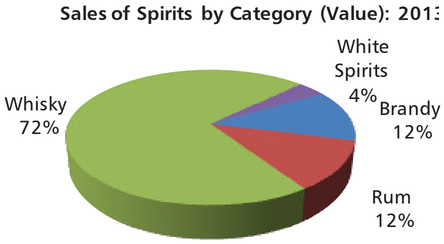


The Indian Spirits Industry

The Indian spirits industry is experiencing a structural shift from volume based growth to value based business model. As a result, the larger spirit manufacturers are focused on providing premium category brands to their customers. This trend is clearly evident from the fact that despite a volume growth of only 3.4% in 2013, the sales value increase by 8.8% compared to same period last year. Changing customer preferences and rising income levels have led this transformation. Furthermore, the ongoing development in the industry and government's continued support for the branded IMFL spirits over country liquor have driven industry premiumization. These trends are expected to continue to support the industry's focus on higher quality and premium brands. As per Euromonitor, the total IMFL sales volume during 2013 was 2,513 million liters representing 279 million cases.

Traditionally, brown spirits which includes whisky, brandy and dark rum has been the major contributor towards the overall IMFL sales. During 2013, whisky constituted the largest segment with 59% of the sales volumes and 72% of the value. Whisky volumes increased by 4.4% during the year, whereas value growth was significantly higher at 9.8% compared to the same period last year. The value growth for white spirits remained flat and rum increased marginally by 1.8%. Of the total vodka sales of 76 million litres in 2013, 51% was contributed by premium and super premium category. Vodka registered a 5 year (2008-13) compounded growth of 10.8% and 13.9% in terms of volume and value, respectively. Premium category vodka volumes increased by 15.7% during 2013. Relatively higher level of social acceptance for alcohol on account of an improved lifestyle and increased consumption among women has led the growth in vodka.





During FY2013, the spirits industry experienced increases in the prices of raw materials, in particular ENA and very limited price hikes to fully absorb the cost increases. Further, during the year excise duties and VAT rates were also increased across various states which impacted volumes growth. Despite these industry trends, the larger spirits companies were able to sustain profitability due to their ongoing premiumization strategy and selective price increases. As per the Indian Sugar Mills Association (ISMA), total sugar production as of April 2014 decreased to 23.8 million tonnes from 24.6 million tonnes compared to the same period last year. This decline in the sugar production coupled with overall strong demand for molasses across user industries has resulted in ENA price increases during the year. However, capacity increases for grain based molasses is likely to ease pricing pressure in the medium term.

Industry Outlook

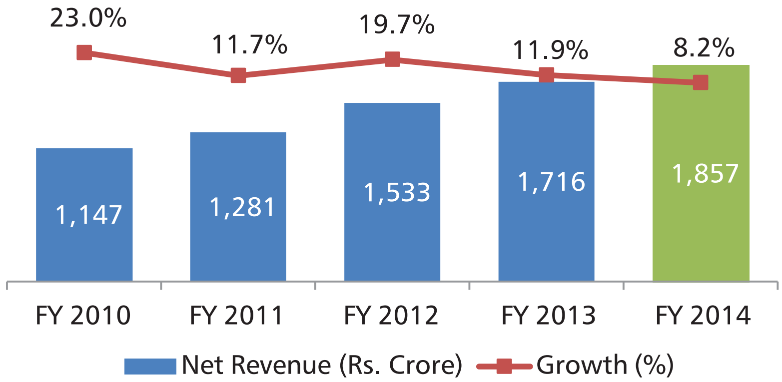
According to Euromonitor, IMFL volume is expected to reach 2,979 million liters or 331 million cases in 2018. During the 2014-18 period IMFL sales value is expected to grow at a CAGR of 7.9%. Key drivers of this growth are changing preference of customers due to rising per capita income, higher aspiration level, favourable demographic profile, increasing urbanization and better penetration. Industry's recent focus on premium brands has enabled manufacturers to find consumers who have relatively lower price sensitivities that ultimately drive value growth. Single Malt Scotch and Blended Scotch are expected to be leading the volume growth with 2014-18 CAGR of 17.7% and 12.7%, respectively. During 2013, premium and super premium category vodka accounted for more than 50% of the total vodka volumes compared with around 30% levels 5 years ago. This trend is expected to continue and share of premium category vodka will improve going forward.

The economic growth of India is expected to have bottomed out and has shown signs of improvement in the recent quarters. This economic recovery coupled with improvement in employment levels will further contribute to increase in the consumption expenditure. As a result of inclusion of higher number of youngsters in the working population, all the major spirits manufacturers are focused on launching new value added products to capitalize on this opportunity. With the anticipated economic growth revival and an attractive demographic profile of higher number of youth and women consumers, the Indian IMFL industry is expected to continue its growth momentum. Premium brands are expected to make increasing contribution in the growth of the IMFL industry.

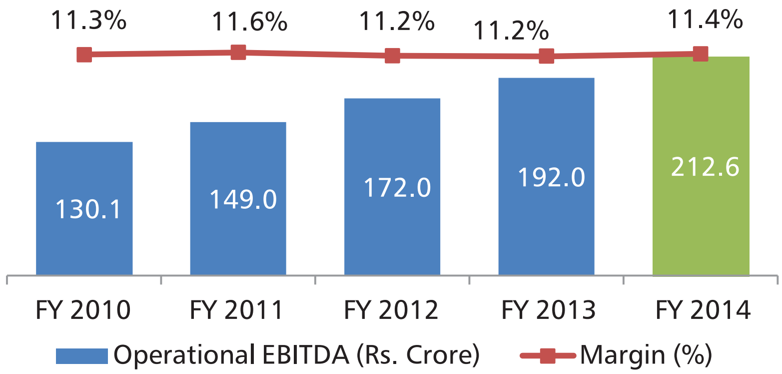
Innovative packaging and consumer preferred variants are new trends to generate mass appeal. This trend of new launches to gain market share is also expected to increase the advertisement, brand building and R&D spend across the industry. However, the focus on premium brands will absorb the increase in cost and will help the manufacturers to improve their margins. This structural change may also result in further consolidation of the industry to achieve operational efficiencies and strengthening of market position for the larger and established companies.

Performance Overview

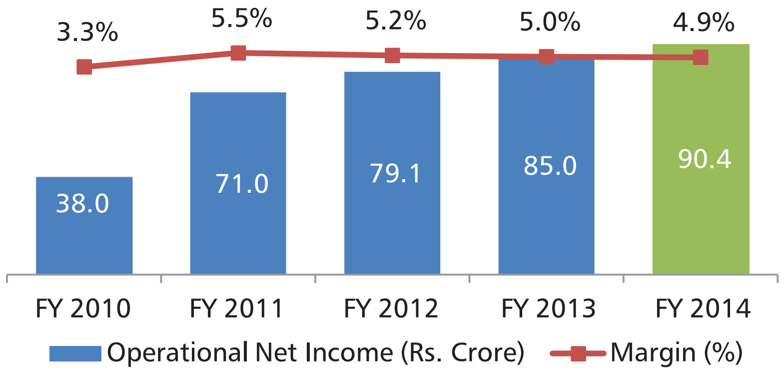
Net Sales increased by 8.2% compared to the same period last year driven by a robust performance of Prestige & Above brands. IMFL sales contributed in excess of 75% of total sales with volume growth of 7.1% and sales value growth of 14.7% during the year.



Operational EBITDA increased by 10.7% and margins improved by 26 basis points to 11.4% compared to the previous year. Margin expansion was constrained by higher ENA costs that increased by Rs. 17.6 Crore or 5.1% compared to FY2013. Advertising & Promotion expenses increased to Rs. 128.4 Crore compared to Rs. 116.4 Crore last year. These marketing campaigns reflect continued investment in both new product launches and the existing brand portfolio.



Operational Net Income increased by 6.3% compared with same period last year. Net Interest expense increased from Rs. 41.8 Crore in FY2013 to Rs. 50.0 Crore in FY2014.



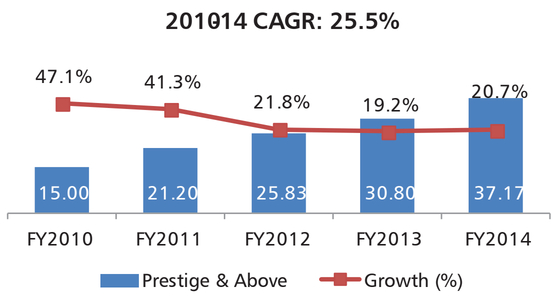
Liquidity

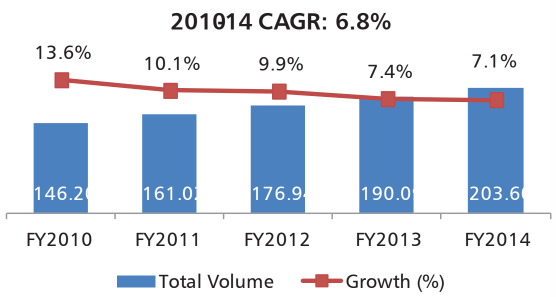
As of March 31, 2014, the Company had total debt of ₹ 903.8 Crore, Cash and Cash Equivalents were ₹ 15.3 Crore resulting in Net Debt of ₹ 888.5 Crore. Total Debt consists of Rs. 405.6 Crore of Working Capital loans and ₹ 498.3 Crore of Long Term loans, including Long Term loans maturing within 12 months of the balance sheet date. As of March 31, 2014, your Company had a conservative leverage with Debt/Equity ratio of 1.1x.

The Company's long term and short term credit facilities are rated by CARE Ratings. Radico Khaitan's long term credit facilities are rated CARE A+ (Single A Plus) and short term credit facilities are rated CARE A1+ (A One Plus).

Review of Operations

Radico Khaitan remains committed to its long standing strategy of premiumization and has consistently managed to increase the contribution of Prestige & Above brands. During the year, Prestige & Above brands accounted for 18.3% of the total IMFL sales compared to 16.2% in the same period last year with a strong growth of 20.7% over FY2013. This performance is a testament to the ongoing success of Company's premiumization strategy. Your Company achieved sales in excess of 200 lakh cases during the year.





The Company's recently launched brands such as Morpheus brandy and Verve vodka continues to receive encouraging responses from customers and have been performing as per management expectations.

Magic Moments continued to be the major driver of growth of the Prestige & Above category. It is now the market leader in the premium vodka category. Encouraged by the success of Magic Moments, the Company launched Verve super premium vodka in October 2012 which gained customer preference and secured a strong market positioning within a short period after launch. In FY2014, Radico Khaitan enhanced its premium offerings by launching Verve Magic Moments Green Apple and Verve Magic Moments Orange flavoured premium vodka in North India and select states in West India. The Company plans to gradually roll-out these flavours across India. Within few months of its launch, the variants of Verve vodka received the Gold award at the coveted Monde Selection Quality awards 2014.

Since its launch, Morpheus has been leading the super premium brandy segment in South India and has been able to maintain its leadership position supported by gradual increase in market share. During FY2014, the Company launched Morpheus Blue, an upgraded version of the super premium Morpheus Brandy to further strengthen its premium product offerings.

The Regular and Others category continued its steady performance during the year and registered a volume growth of 4.5% compared to same period last year, with a total volume of 166.43 lakh cases. This segment includes other mainline brands such as 8PM whisky, Contessa rum and Old Admiral brandy.

Environment Friendly initiatives at Rampur Plant

During the year, Radico Khaitan installed and commissioned integrated evaporators in the grain spirits plant, which converts the entire thin slop into wet cake that can be sold as cattle fodder. This has helped in bringing down the effluent discharge from grain plant to zero. The Company also installed and commissioned integrated evaporators in the molasses distillation plant resulting in reduction of spent wash generation by approximately 45%. After the effluent is passed through the RO plant, additional 45% effluent volume is reduced and only about 25% of the total effluent is left for bio-composting. Radico Khaitan has also increased the bio-composting area by 7 acres to consume more effluent in bio-composting and has reduced fresh water consumption by recycling process condensate and lees from distillation plants to fermentation.

Business Strategy

With this changing environment, Radico Khaitan's longstanding and successful premiumization strategy is expected to improve the Company's revenue and profitability in the near term. Key growth drivers include:

New Launches to Support Premiumization Strategy

During the year, the Company launched Morpheus Blue, an upgraded version of the super premium Morpheus brandy to further strengthen its premium portfolio. Radico Khaitan also expanded its premium vodka portfolio with the launch of two additional flavours of Verve Magic Moments vodka. These new flavours, Verve Magic Moments Green Apple and Verve Magic Moments Orange, were initially launched in the first phase in North India and selected states in West India. Radico Khaitan plans to gradually roll-out the brands across India. These flavours of Verve vodka are superior quality premium category products emblematic of youthful energy with a stylish modern appeal. Both the flavours possess a perfect blend of purity and smoothness with a unique five stage slow filtration process using silver and platinum filters. The Company continues to make investment in developing new products and variants.

Marketing Initiatives

In FY2014, your Company increased the reach of its existing brands: Morpheus XO's distribution has been spread out to Delhi, Uttar Pradesh, Chandīgarh, Haryana, and J&K. In the same year the brand was further extended to Eastern India with launch in Orissa and Meghalaya.

Cost Optimization

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

Exports and New International Tie-ups

Radico made its foray into the International Markets a few years ago and today is one of the leading exporters of beverage alcohol from India. Radico brands are present in over 60 countries and have built a strong equity with the consumers. Export volumes in FY2014 experienced encouraging growth compared with FY2013. The Company's investments in brand building over the past couple of years have resulted in a large consumer base outside India. During the last year, Radico Khaitan was able to increase its presence in geographies such as Middle East, Africa and South East Asia, and enter newer geographies such as US and UK with more premium products. Going forward the Company expects to increase profitability in exports business through focus on premium brands and newer geographies.

Opportunities and Threats

Opportunities

Economic Growth: The Indian economy is estimated to have increased by 4.9% in FY2014 and is expected to register growth in excess of 6% in the next fiscal year. This will result in improvement of consumer sentiments and will drive consumer expenditure.

Increase in Disposable Income: During FY2014, India's per-capita income at current prices increased by 9.6% to reach $1,240. With improvement in the economy, the per capita income is expected to increase further resulting in rise in disposable income, which will drive consumer expenditure.

Urbanization: Increasing migration to metro cities will result more urban population. The new urban population would be exposed wider choice alcoholic drinks.

Favourable Demographics: Indian population is primarily dominated by younger population. Age group of 15-55 years constitute around 60% of the population of India. Currently over 800 million Indians are currently of drinking age and another 80 million are expected to be added in the group by next five years.

Changing Customer Preferences: The improvement in disposable income has resulted in gradual change in customer preference and aspirations, which has resulted in increased demand for better quality products.

Increased Alcohol Accessibility and Availability: There has been an increase in the variety of alcohol brands and types and all of them are easily available in government-licensed outlets, government shops (monopolies), private licensed retail chains, restaurants, pubs and bars. Further, the social acceptability of alcohol has also improved in India.

Threats

Change in Legal Drinking Age: Any change in legal drinking age by government can impact the volume of IMFL. However, the consumption at lower end of legal drinking age is relatively less and may not have a significant impact on the industry volumes.

Change in Tax: Any significant change in tax rates by the government will increase the cost of IMFL and may have an adverse impact on volumes due to higher tax incidence.

Competition from International Players: As the per-capita liquor consumption is significantly lower compared to other countries, many international manufacturers are trying to penetrate Indian market. Further, the ongoing structural changes allow them to introduce their premium brands India. Such developments may have potential impact on the market share of existing players. However, Radico Khaitan has strong brand loyalty among customers and their commitment to provide customers with better quality product at relatively lower prices points provides them a competitive edge.

Risk and Concerns

Regulatory Environment

The Indian spirit industry is characterised by strict regulations which varies significantly in different states. Further, direct marketing of products is restricted through any form of media which creates major barrier to promote new as well as existing brands and is one of the prime reasons for long brand development cycle. Any policies formulated by the central or state government in areas such as production, distribution, marketing or taxation may have an adverse impact on the performance of the Company.

Increase in Raw Material Prices

Over the past few years, there has been a significant increase in the Extra Neutral Alcohol (ENA) prices and it may continue to increase. This steep increase has been primarily due its alternative use in ethanol blending and more attractive price offered by the petrochemical industry. However, the Company's capability to shift to grain based distillery insulates it against any significant increase in prices of molasses.

Regional Diversification

The Company has manufacturing and distribution presence across the country. Its strategically located manufacturing facilities and distribution centers at various locations provides easy access to key markets. Radico Khaitan's focus on expanding exports helps to further mitigate any potential geographical risk.

Foreign Exchange Rate Variations

The Company is exposed to currency risk due to any unfavourable variation in the foreign exchange as they have foreign currency debt in their balance sheet. However, Radico Khaitan takes appropriate measures to measures to minimize the risk. Furthermore, increasing export portfolio acts as a natural hedge for the foreign currency debt.

Awards and Recognitions

During the year Radico Khaitan received numerous awards for its leading brands at various international events. These awards are testament to the Company's understanding of the customer preference as well as the superior quality of its products. Some of the awards received during the year were:

Indspirit 2014 'Popular Product of the Year' Award: Magic Moments vodka Monde Selection (International Institute for Quality Selection) 2014 awards:

- Grand Gold Award: Magic Moments Remix Lemon Grass & Ginger flavoured vodka
- Gold Award: Verve Magic Moments Super Premium vodka
- Gold Award: Verve Magic Moments Green Apple Premium flavoured vodka
- Gold Award: Verve Magic Moments Orange Premium flavoured vodka
- Gold Award: Magic Moments vodka
- Gold Award: Magic Moments vodka (5 flavours: Green Apple, Orange, Lemon, Chocolate and Raspberry)
- Gold Award: Morpheus XO Blended Premium brandy

In addition, senior management of the Company received the following awards:

- Dr. Lalit Khaitan received the 'Legend of the Industry' award at Spiritz 2014, in addition to Radico Khaitan receiving the 'Brand Premiumisation Award' and 'Excellence in Marketing Award'

- Mr. Abhishek Khaitan received the Indspirit 2014 'Young Entrepreneur of the Year' Award

Internal Control Systems & Adequacy

Radico Khaitan is focused on ensuring best-in-class standards for internal control systems and is committed to the principle of prudent growth. With these objectives in view, the Company has deployed effective and efficient internal control systems within the organisation. These systems ensures compliance with applicable laws and regulations and safeguards investors' interest by ensuring the highest level of governance and periodic communication with investors through accurate and timely compilation of financial and operational data.

The Audit Committee reviews effectiveness of the internal control system, and also invites functional Directors and senior management personnel to provide updates on operating effectiveness and controls, from time to time. A CEO and CFO Certificate, forming part of the Corporate Governance Report, confirms the existence and effectiveness of internal controls and reiterates their responsibilities to report deficiencies to the Audit Committee and rectify the same. The Company has appointed Grant Thornton as their internal auditors and submits quarterly reports to the Audit Committee.

Human Resource Management

Radico Khaitan understands that the human resource is critical for the overall growth and success of the organization. The Company emphasizes on identifying talented individuals, provide technical training to enhance their skills and develop business leaders for future. The human resource management system of the Company 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. 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 1,451 personnel. There are no financial or commercial transactions that have resulted in a potential conflict of interest between senior management and the Company. During the fiscal year there has been no loss of production at any of the Company's manufacturing facilities due to industrial unrest.

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/-
Dr. Lalit Khaitan
Chairman & Managing Director
DIN - 00238222

Place: New Delhi
Date: 12.08.2014

Report on Corporate Governance

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance is about commitment to values and ethical business conduct. It is all about how an organization runs its business keeping in mind its objectives, philosophy and social responsibility. Your Company is committed to sound principles of Corporate Governance with respect to all its procedures, policies and practices. 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 organization views Corporate Governance in its widest sense almost like a trusteeship, a progressive philosophy and ideology ingrained in the corporate culture. 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:

Radico has a broad based Board of Directors, constituted in compliance with the Companies Act, 1956 and listing agreements entered with stock exchanges and in accordance with Good Corporate practices. The Board functions either as a full Board or through its Committees constituted to oversee specific operational areas.

As on date, the Board of Directors comprises of eight (8) Directors of which four (4) are Non-Executive / Independent Directors, one (1) is Non-Executive / Non Independent Director woman director while three (3) are Executive Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement and represents the optimum combination of professionalism, knowledge and experience.

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, 2014, five (5) 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 were held were as follows:

Date (s) on which meeting(s) were held		
28th May, 2013	5th August 2013	21st October 2013
7th November 2013	12th February 2014	

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 and Mrs. Shailja Saraf	5	No	-	-	-
Mr. Abhishek Khaitan	Managing Director	Son of Dr. Lalit Khaitan and brother of Mrs. Shailja Saraf	5	No	-	-	-
Mr. K.P. Singh	Whole Time Director	Not related to any of the Directors	1	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	0	No	8	5	-
Mr. Ashutosh Patra	Non executive / Independent	Not related to any of the Directors	5	No	-	-	-
Mr. Mahendra Kumar Doogar ***	Non executive / Independent	Not related to any of the Directors	5	Yes	-	-	-
Mr. Sarvesh Srivastava ****	Non executive / Independent	Not related to any of the Directors	-	-	-	-	-
Mrs. Shailja Saraf****	Non executive / Independent	Daughter of Dr. Lalit Khaitan and sister of Mr. Abhishek Khaitan	-	-	-	-	-

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.

(***) Mr. Mahendra Kumar Doogar ceased to be Director w.e.f 30.5.2014.

(****) Appointed as an additional directors in the Board Meeting held on 30.5.2014 and proposed for the approval of shareholders in the ensuing Annual General Meeting.

Tenure:

In Compliance of Section 152 of the Companies Act, 2013 and Clause 49 of the Listing Agreement post ensuing Annual General Meeting except the Chairman & Managing Director and Independent Directors, all other Directors of the Company are liable to retire by rotation. One-third of the said rotational directors are liable to retire every year and if eligible, can 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 2013-2014.

Reappointment of Independent Directors:

In terms of Section 149 of the Act, read with the Companies (Appointment and Qualification of Directors), Rules 2014, the Independent Directors shall hold office for a period of upto 5 consecutive years and shall not be liable to retire by rotation. They may be appointed for a maximum of two consecutive terms of upto 5 years each. In terms of revised Clause 49 of the Listing Agreement, which will be applicable from 1st October 2014, persons who have already serve as Independent Directors on the Board of a Company for 5 years or more can be appointed for only one term of 5 years.

Accordingly, the Board of Directors in their meeting held on 12.8.2014 recommended for the approval of the shareholders for the appointment of Dr. Raghupati Singhania, Mr. K.S. Mehta and Mr. Ashutosh Patra as an independent directors not liable to retire by rotation at the ensuing Annual General Meeting of the Company.

Name of Director	Dr. Raghupati Singhania	Mr. K.S. Mehta	Mr. Ashutosh Patra
Date of Birth	08.12.1946	15.01.1946	15.03.1946
Date of Appointment	28.01.2003	10.03.2003	28.01.2003
Expertise in special functional areas	Industrialist	Finance and Management	Litigation and Consulting
Qualifications	B.Sc.	B.Com. (Hons.), FCA, AC, ACIL (London)	M.A. LLM
List of outside directorship as on 31st March, 2014	(1) JK Tyre & Industries Ltd. (2) J.K. Fenner (India) Ltd. (3) JKT & I Employees Welfare Association Ltd. (4) JK Lakshmi Cement Ltd. (5) Bengal & Assam Company Ltd. (6) JK Agri Genetics Ltd. (7) DCM Engineering Ltd. (8) Henry F. Cockill & Sons Ltd.	(1) Transport Corporation of India Ltd. (2) IFCI Venture Capital Funds Ltd.	NIL
Chairman / Member of the Committee of other companies as on 31st March, 2014	(1) J.K. Fenner (India) Ltd. (2) JKT&I Employees Welfare Association Ltd. (3) JK Lakshmi Cement Ltd. (4) Bengal & Assam Company Ltd. (5) JK Agri Genetics Ltd.	NIL	NIL
No. of shares held	NIL	NIL	NIL

Reappointment of Director retiring by rotation:

Mr. K.P. Singh is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer himself for reappointment.

A brief resume of Mr. K.P. Singh, Director, seeking re-appointment in the forthcoming AGM in terms of Clause 49 IV (G) of Listing Agreement is given below:

Name	Mr. K.P. Singh
Date of Birth	01.01.1952
Date of Appointment	28.01.2003
Expertise in special functional areas	Qualified technocrat with over 36 years of experience in the liquor industry
Qualifications	B.Sc. & DIFAT
List of outside directorship as on 31st March 2013	Radico NV Distilleries Maharashtra Ltd.
Chairman / Member of the Committee of other companies as on 31st March 2014	NIL
No. of shares held	2891

COMMITTEES OF THE BOARD:

Currently, there are seven (7) Committees of the Board, namely: Audit Committee, Nomination and Remuneration Committee, Stakeholder's Relationship Committee, ESOP Compensation Committee, Finance Committee, Corporate Social Responsibility (CSR) Committee and Operations 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. Sarvesh Srivastava, Dr. Raghupati Singhania and Mr. Ashutosh Patra. Mr. Sarvesh Srivastava and Dr. Raghupati Singhania shall be considered to be persons having Accounting or related Financial Management expertise and Mr. Ashutosh Patra being a law graduate, shall be considered as financially literate.

The Audit Committee invites the Chairman & Managing Director, Managing Director, Chief Financial Officer and 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, 2014 are as follows:

Date(s) on which the meeting(s) were held	
28th May, 2013	7th November 2013
5th August 2013	12th February 2014

Name	**Meeting details**	
	Held	**Attended**
Mr. Mahendra Kumar Doogar (Ceased)	4	4
Dr. Raghupati Singhania	4	0
Mr. Ashutosh Patra	4	4

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

1. 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.

2. 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.

3. Recommending to the Board of Directors, the appointment of Cost Auditor for the Company.

4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

a. 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;

b. 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;

c. Compliance with listing and other legal requirements relating to financial statements;

d. Disclosure of any related party transactions; and

e. Qualifications in the draft audit report, if any.

5. Reviewing with management quarterly, half-yearly, nine-months and annual financial statements, standalone as well as consolidated before submission to the Board for approval.

6. Reviewing with the management performance of statutory and internal auditors.

7. Discussion with the internal auditors on any significant findings and follow-up thereon.

8. 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.

9. Reviewing reports furnished by the internal auditors and statutory auditors and ensuring suitable follow-up thereon.

10. Reviewing the Company's financial and risk management policies.

11. Reviewing with the management and the Statutory Auditors anticipated changes in the Accounting Standards.

12. Review of the Whistle Blower mechanism of the Company as per the Whistle Blower Policy; and

13. 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 AND REMUNERATION COMMITTEE:

Composition and terms of reference:

As on date, the Nomination and Remuneration Committee comprises of four (4) Directors, viz., Dr. Raghupati Singhania (Chairman of the Committee) , Mr. K.S. Mehta, Dr. Lalit Khaitan, 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 Director 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 Remuneration Committee decides the remuneration payable to the Chairman & Managing Director, Managing Director, Whole Time Director and Key Managerial Personnel's, 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 2013-2014:
Executive Directors: **(₹ in lacs)**

S.No.	Name of director	Salary	Commission	Perquisites & allowances	Retiral benefits*	No. of Stock options	Tenure
1	Dr. Lalit Khaitan	287.35	NIL	25.69	50.38	NIL	NIL
2	Mr. Abhishek Khaitan	276.17	NIL	18.48	47.50	NIL	NIL
3	Mr. K.P. Singh	86.97	NIL	11.39	10.16	NIL	NIL

* Contributions to Provident Fund and Superannuation Fund.

Non Executive Directors*:

S.No.	Name	Sitting Fees (in Rs.)
1	Mr. K.S. Mehta	75,000/-
2	Mr. Ashutosh Patra	2,15,000/-
3	Dr. Raghupati Singhania	NIL
4	Mr. Mahendra Kumar Doogar	1,85,000/-

*Non executive directors were paid sitting fees of ₹15,000/- for attending each meetings of the Board and ₹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 tock options except the above mentioned sitting fees.

STAKEHOLDER'S RELATIONSHIP COMMITTEE:

The Board of Directors of the Company has constituted the Stakeholder's Relationship 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 Stakeholder's Relationship Committee previously named as Shareholders' Grievances 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, 2014 are as follows:

Date(s) on which the meeting(s) were held	
28th May, 2013	7th November 2013
5th August 2013	12th February 2014

Name	Meeting details	
	Held	Attended
Mr. Ashutosh Patra	4	4
Mr. Mahendra Kumar Doogar	4	4
Mr. K.P. Singh	4	1

The terms of reference of the Committee include the following:

1. To specifically look into queries and complaints received from the shareholders, Lenders and other stakeholders of the Company.

2. To oversee the performance of the Registrar and Transfer Agent of the Company and

3. 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
M. No. FCS6615
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, 2014 are given as follows:

Nature of Complaints	**Received during the year**
Non-receipt of Dividend warrants	584
Non-receipt of Share Certificate(s) lodged for transfer / splitting of the share certificates etc.	124
Letters received from Stock Exchange(s) / SEBI	9
Others/Miscellaneous	33
Total	750

All the aforesaid complaints were responded to by the Company appropriately and there were no pending complaints at the end of the financial year 2013-2014.

All the requests, queries and complaints received during the financial year ended 31st March, 2014, 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 Complaints**	**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

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

As per the provision of Section 135 of the Companies Act, 2013, every Company having networth of Rs.500 Crores or more or turnover of Rs.1000 Crores or more or net profit of Rs.5 Crores or more during any financial year is required to constitute a CSR Committee of the Board consisting three or more directors, at least one of whom shall be an Independent Director.

The Board of Directors in their meeting held on 30th May 2014 constituted CSR Committee comprises of four (4) Directors. The Members of the Committee are Dr. Lalit Khaitan, Mr. K.P. Singh, Mr. Ashutosh Patra (Independent Director) and Mrs. Shailja Saraf.

The purpose of the Committee is to formulate and monitor the CSR Policy of the Company. The Committee will monitor the activities/functioning / identifying the areas of CSR activities, programmes and execution of initiates as per the policy.

The constitution of CSR Committee and the CSR Policy of the Company is available on our website i.e. www.radicokhaitan.com

Subsidiary Companies:

During the year under review, the Company did not have any subsidiary.

CEO / CFO Certification:

As required by Clause 49(V) of the Listing Agreement, the CEO / CFO Certificate for the financial year 2013-14 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 30th May 2014.

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
2012-2013	Rampur Distillery, Bareilly Road Rampur – 244 901 (U.P.)	30th September 2013	1.00 P.M.	2
2011-2012	Rampur Distillery, Bareilly Road Rampur – 244 901 (U.P.)	24th September 2012	1.00 P.M.	NIL
2010-2011	Rampur Distillery, Bareilly Road Rampur – 244 901 (U.P.)	9th September 2011	1.00 P.M.	3

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.

Postal Ballot:

In pursuant to the Board Meeting dated 21.10.2013 the Company took shareholders' approval for hiving of the IMFL business of the Company. The approval was sought through postal ballot and was received on 13.12.2013. However, the Company did not firm-up its intention, or made any final decision or conclude any definitive arrangement, in connection with the hiving off of the IMFL business. In near future if any such decision is taken the shareholders' approval will be freshly sought accordingly.

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:

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 / Vigil Mechanism Policy:

The Board of Directors in their meeting held on 30th May 2014 approved and adopted a Vigil Mechanism 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. Radico endeavours to provide its employees a secure and fearless working environment, they are free to report any instance of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. A copy of the policy is placed on the internal server and on the website of the company.

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. From time to time information is provided to the women employees to feel empowered and work in free environment.

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, 2014.

(e) Unclaimed Suspense Account:

The Company has transferred 5630 number of unclaimed shares to the respective shareholders from the unclaimed suspense account. Details of transfer are as under:

(i) Outstanding shares lying in the unclaimed suspense account at the beginning of the year: 880627

(ii) Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year: 8

(iii) Number of shareholders to whom shares were transferred from the unclaimed suspense account during the year: 8

(iv) Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year: 2585 and 874997.

At the beginning of the financial year, there was no investor complaint that was unresolved. During the year, the company received 9 investor complaints, all of which were resolved and as such there was no unresolved investor complaint as at 31st March 2014.

(f) Secretarial Audit:

As the measure of good Corporate Governance, the Board of Directors in their meeting held on 30th May 2014 appointed M/s. Tanuj Vohra & Associates, Practicing Company Secretaries to conduct Secretarial Audit of the records of the Company. The Secretarial Audit Report shall confirm that the Company has complied with all the applicable provisions of the Companies Act, 2013, listing agreement with the Stock Exchanges and other statutory compliances applicable to the Company.

g) 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 Hindustan, Moradabad edition.

Quarterly results taken on record and published in the newspapers during 2013-2014:

Quarter ended	Date of Board Meetings	Date of Publication in Newspapers	
		Business Standard (English) New Delhi edition	**Amar Ujala / Hindustan (Hindi) Moradabad edition**
30th June, 2013	05.08.2013	06.08.2013	Amar Ujala dated 07.08.2013
30th September, 2013	07.11.2013	08.11.2013	Hindustan dated 09.11.2013
31st December, 2014	12.02.2014	13.02.2014	Hindustan dated 13.02.2014
31st March 2014	30.05.2014	31.05.2014	Hindustan dated 31.05.2014

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	**Mas Services Ltd.**
Plot No.J-1, Block B-1	T-34, 2nd Floor
Mohan Co-operative Industrial Area	Okhla Industrial Area
Mathura Road	Phase – II
New Delhi – 110 044.	New Delhi – 110 020.
Tel. No.+91 11 40975400/444/500/555	Tel. No. 26387282-83
Fax No.+91 11 41678841-42	Fax No. 26387384
Email:info@radico.co.in	Email: info@masserv.com

General Shareholder Information

30th Annual General Meeting of the Company:

Date	30th day September 2014
Venue	Rampur Distillery, Bareilly Road Rampur – 244 901, Uttar Pradesh.
Time	1.00 P.M.

Financial Calendar:

Financial year: 1st April to 31st March

For the year ended 31st March, 2014, quarterly financial results were announced on:

5th August 2013	First Quarter
7th November 2013	Second Quarter and Half Yearly
12th February 2014	Third Quarter and Nine Months
30th May 2014	Fourth Quarter and Annual

For the year ending 31st March, 2015, quarterly financial results will be announced as per the tentative schedule detailed below:

Not later than 15th August 2014	First Quarter
Not later than 15th November 2014	Second Quarter and Half Yearly
Not later than 15th February 2015	Third Quarter and Nine Months
Not later than 30th May 2015	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:

1. Bombay Stock Exchange Ltd.(BSE)
   Phiroze Jeejeebhoy Towers
   Dalal Street, Mumbai – 400 001.

2. 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 2014-15 to the stock exchange(s) on which Company's shares are listed. The Company has also paid custodial fees for the year 2014-15 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:

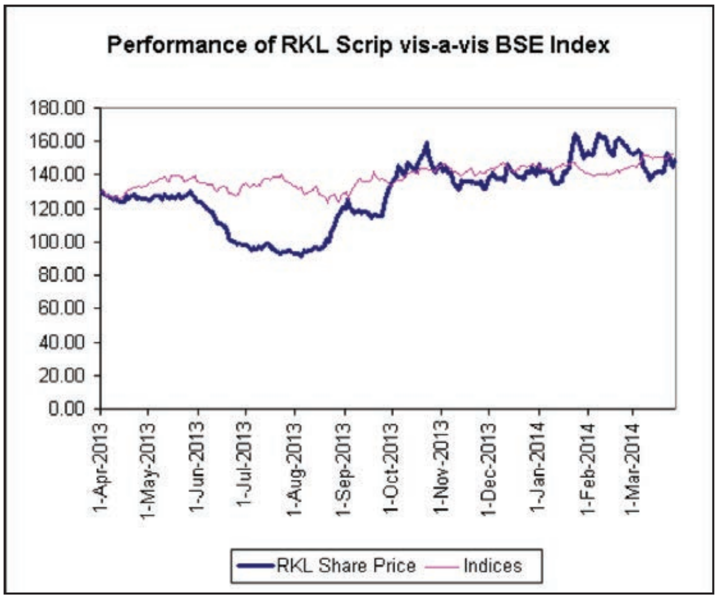
The monthly high and low prices and volumes of your Company's shares at BSE and NSE for the year ended 31st March, 2014 are given as follows:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (No. of Shares)	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
2013						
April	136.00	122.75	287635	132.00	118.00	1314453
May	133.85	121.15	992293	134.15	121.10	1698268
June	127.00	97.10	915651	126.50	97.10	1480611
July	102.70	88.65	537955	103.40	91.80	1812530
August	123.00	90.15	1160360	122.85	90.55	4517614
September	134.40	113.60	2768874	134.70	112.10	7978962
October	161.25	132.45	4328910	161.30	132.25	11679468
November	149.20	129.00	1384021	148.80	128.95	3487258
December	150.15	135.00	1300467	149.65	134.50	3303491
2014						
January	171.50	129.50	8657789	171.80	128.60	20951946
February	167.55	148.55	3615283	167.40	148.50	11377495
March	159.40	130.20	3545938	159.90	130.55	10808429

Note: High and low are in Rupees per traded share. Volume is the total monthly volume of trade in Radico Khaitan's 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 2013 -14 (based on month end closing).

The shares of the Company are traded in the B 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 Stakeholders Relationship 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, 2014 is as follows:

S. No.	Category of Shareholders	Total No. of Shares	% of Total no. of Shares
1.	Promoters	53829818	40.46
2.	Mutual Funds & UTI	10780581	8.10
3.	Insurance Companies, Banks, State Financial Corporation	202402	0.15
4.	FIIs	30129490	22.65
5.	Private Corporate Bodies	15455741	11.62
6.	Indian Public	21605260	16.24
7.	NRIs/OCBs	987551	0.74
8.	State Government	31620	0.03
9.	Others	16302	0.01
	Total	**133038765**	**100.00**

Distribution of shareholding of the Company by number of shares held as on 31st March, 2014 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	24517	91.05	1924053	4762205	6686258	5.03
2501	5000	1299	4.82	501585	1890232	2391817	1.80
5001	10000	549	2.04	249760	1742392	1992152	1.50
10001	20000	236	0.88	67955	1681901	1749856	1.32
20001	30000	76	0.28	10850	962361	973211	0.73
30001	40000	44	0.16	15500	775484	790984	0.59
40001	50000	41	0.15	0	930701	930701	0.70
50001	100000	49	0.18	31620	1734124	1765744	1.33
100001	ABOVE	112	0.44	0	115758042	115758042	87.00
TOTAL		**26923**	**100.00**	**2801323**	**130237442**	**133038765**	**100.00**

Other Information:

Corporate Identification Number (CIN No.): L26941UP1983PLC027278

Unclaimed Dividend / Shares:

In terms of Sections 124 of the Companies Act, 2013, 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 from the Company.

In accordance with Clause 5A II of the Listing Agreement, the Company has sent three reminders to the shareholders whose share certificates are lying unclaimed with the Company.

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/-
Dr. Lalit Khaitan
Chairman & Managing Director
DIN - 00238222

Place: New Delhi
Date: 12.08.2014

Annexure to Report on Corporate Governance for the year ended 31st March, 2014

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, firmation(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, 2014.

Abhishek Khaitan
Managing Director
DIN - 00772865

New Delhi
Date: 12.08.2014

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, 2014, 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 with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

4. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place : New Delhi
Date : 12th August 2014

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

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 31st March 2014 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") read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 31st March 2014;
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 read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

e) On the basis of written representations received from the directors as on 31st March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31.03.2014 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 (4A) 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)

Place: New Delhi
Dated: 30-May-2014

M.S. BALACHANDRAN
Partner
Membership No: 024282

ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE TO THE SHAREHOLDERS OF RADICO KHAITAN LIMITED FOR THE YEAR ENDED 31st MARCH, 2014

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.1776.83 lacs as interest free unsecured working capital advance under a specific manufacturing and selling arrangement and Rs.1037.96 lacs as interest-free unsecured advance to a joint venture company. The maximum amounts outstanding during the year aggregated to Rs2399.46 lacs and year end outstanding balance aggregated to Rs.2814.79 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 31st March, 2014, which were outstanding for a period of more than six months from the date they became payable.

(b) According to the records of the Company and the information and explanation given to us, there are no dues of income-tax, wealth tax, custom duty and cess, which have not been deposited on account of any dispute. Details of disputed dues in respect of sales tax, excise duty and service tax of different years, which have remained unpaid as on 31st March, 2014, for which appeals are pending are as under:

Nature of Dues	**Year(s)**	**Amount (₹ in Lacs)**	**Forum where pending**
Sales Tax / Entry Tax	1998-99 & 1999-00	4.12	Revision before Allahabad High Court
	1999-00	1.27	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	59.01	Allahabad High Court – Lucknow Bench
Service Tax	July 2003 to March 2012 (including interest and penalty)	1,08,65.61	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.1044 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.35.34 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 lacs taken during the year were applied for the purpose for which the loans were obtained.

xvii According to the information and explanations given to us, the cash flow statements examined by us and on an overall examination of the financial statements of the Company, we report that funds raised on short term basis have been not been used for long term investments.

xviii During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.

xix As the Company has no outstanding debentures during the year, the question of creating securities or charge does not arise.

xxi 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.

xxii Based on the audit procedure performed and the representation obtained from the management, we report that no case of material 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)

Place: New Delhi
Dated: 30-May-2014

M.S. BALACHANDRAN
Partner
Membership No: 024282

BALANCE SHEET

Balance Sheet as at 31st March 2014

Rupees in lacs

Particulars	Note No	As at 31.03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	2,660.78	2,658.01
Reserves and surplus	3	75,445.95	70,161.24
		78,106.73	72,819.25
Non-current liabilities			
Long-term borrowings	4	42,358.35	41,397.62
Deferred tax liabilities (Net)	5	6,953.00	5,883.00
Other long term liabilities -Security Payable		122.24	4.17
Long-term provisions	6	521.84	433.58
		49,955.43	47,718.37
Current liabilities			
Short-term borrowings	7	40,555.02	30,542.97
Trade payables	8	12,755.55	11,724.85
Other current liabilities	9	16,334.42	15,400.33
Short-term provisions	10	3,864.07	2,099.00
		73,509.06	59,767.15
Total		**201,571.22**	**180,304.77**
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	11	53,067.82	48,659.56
- Intangible assets	11	3,982.20	4,283.52
- Capital work-in-progress (at cost)		812.06	532.74
Non-current investments	12	5,836.79	5,836.79
Long-term loans and advances	13	13,652.31	20,798.24
Other non-current assets - deposits with banks	17	201.90	149.07
		77,553.08	**80,259.92**
Current assets			
Current investments	14	5,000.00	5,022.05
Inventories	15	21,031.25	18,494.97
Trade receivables	16	52,331.67	43,538.09
Cash and bank balances	17	1,528.51	1,599.68
Short-term loans and advances	18	40,347.54	28,026.12
Other current assets	19	3,779.17	3,363.94
		124,018.14	100,044.85
Total		**201,571.22**	**180,304.77**
Significant Accounting Policies	**1**		
Other Notes on Accounts	**30 to 45**		

For and on behalf of Board

As per our report of even date
For V. Sankar Aiyar & Co.
Chartered Accountants
ICAI Firm Regn. No. 109208 W

M. S. Balachandran
Partner
Membership No. 024282

Place : New Delhi
Dated : 30th May 2014

Dilip K. Banthiya
Chief Financial Officer

Amit Manchanda
Group Head - Legal &
Company Secretary

Ajay K. Agarwal
President (Finance & Accounts)

Dr. Lalit Khaitan
Chairman & Managing Director

Abhishek Khaitan
Managing Director

Directors

Statement of Profit and Loss for the year ended 31st March 2014

	Note No	Current Year	Previous Year
		Rupees in lacs	
INCOME			
Revenue from operations	20	304,510.79	248,890.62
Less : Excise duty		159,340.56	123,051.69
		145,170.23	125,838.93
Other income	21	3,648.30	3,041.46
		148,818.53	**128,880.39**
EXPENSES			
Cost of materials consumed	22	66,652.34	51,442.10
Purchase of stock-in-trade	23	2,204.59	6,181.26
Change in inventories of finished goods, work-in-progress and stock-in-trade	24	(3,546.81)	877.29
Employee benefits expense	25	9,317.97	7,872.98
Finance costs	26	8,480.95	7,005.58
Depreciation and amortization expense	27	3,875.34	3,531.11
Other expenses	28	51,193.20	41,041.83
		138,177.58	**117,952.15**
Profit for the year before exceptional items & tax		10,640.95	10,928.24
Less : Exceptional Items		-	-
Profit for the year before taxation		10,640.95	10,928.24
Less : Tax expense			
- Current tax		3,200.00	2,950.00
- For earlier years (written back)		(755.00)	-
- Deferred tax liability / (assets)		1,070.00	250.00
Profit for the year after tax		**7,125.95**	**7,728.24**
Basic Earnings per share in Rs. (face value of Rs. 2/- each)	29	5.36	5.82
Diluted Earnings per share in Rs. (face value of Rs. 2/- each)		5.35	5.81
Significant Accounting Policies	1		
Other Notes on Accounts	30 to 45		

For and on behalf of Board

As per our report of even date

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 : 30th May 2014

Ajay K. Agarwal
President (Finance & Accounts)

Directors

Cash Flow for the year ended 31st March, 2014

	Current Year	Previous Year
A. Cash Flow From Operating Activities		
Profit before provision for tax	10,640.95	10,928.24
Add:		
Depreciation and amortization expense	3,875.34	3,531.11
Finance cost	8,480.95	7,005.58
Foreign Exchange loss considered in other expenses	1,805.40	771.81
Employees Compensation (ESOP)	8.22	15.68
Loss on sale of assets	254.52	483.09
Adjustment for provision for diminution in value of Investment	-	(26.39)
Adjustment for provision for non-moving stock	(16.69)	(49.79)
Adjustment for provision for doubtful debtors and advances	116.21	160.83
	25,164.90	22,820.16
Less:		
Interest income	(3,480.58)	(2,827.41)
Dividend on investments	(0.21)	-
Profit on sale of assets	(0.36)	(40.27)
Profit on sale of investment	(3.15)	(22.55)
Operating Profit Before Working Capital Changes	**21,680.60**	**19,929.93**
Adjustment For Working Capital Changes:		
(Increase)/Decrease in inventories	(2,519.59)	(700.62)
(Increase)/Decrease in trade receivables	(8,876.53)	(8,806.76)
(Increase)/Decrease in other receivables	480.07	337.19
(Increase)/Decrease in loans and advances	3,668.54	(13,470.39)
(Decrease)/increase in trade and other payables	1,923.48	(1,545.16)
	16,356.57	(4,255.81)
Less: Taxes paid	(2,643.40)	(2,347.69)
Net Cash From Operating Activities	**13,713.17**	**(6,603.50)**
B. Cash Flow From Investing Activities		
Addition to fixed assets (including work-in-progress)	(7,448.25)	(6,332.05)
Sale of fixed assets	57.72	228.65
Purchase of investments	-	-
Sale of investments	25.20	323.85
(Increase)/ Decrease in loans given	(9,350.00)	7,800.00
Interest income	2,585.28	2,549.46
Dividend income	0.21	-
Net Cash Generated (Used) in Investing Activities	**(14,129.84)**	**4,569.91**

	Current Year	Previous Year
C. Cash Flow From Financing Activities		
Increase / (Decrease) in share capital (including share premium)	118.09	140.42
Proceeds from long term borrowings (INR)	5,000.00	10,000.00
Repayment of long term borrowings (INR)	(2,611.88)	(3,038.98)
Repayment of long term borrowings (ECB)	(2,501.15)	-
Short term borrowings (net)	10,012.05	2,772.18
Investment in non-current fixed deposits with banks	(52.83)	(77.28)
Interest on borrowings	(8,373.99)	(7,032.98)
Dividend on equity shares(including tax)	(1,244.79)	(1,233.94)
Net Cash Generated/ (Used) in Financing Activities	**345.50**	**1,529.42**
Net increase/(Decrease) in Cash and Cash Equivalents	**(71.17)**	**(504.17)**
Balance at the beginning of the year	1,599.68	2,103.85
Balance at the end of the year:	1,528.51	1,599.68
	(71.17)	(504.17)

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 : 30th May 2014

Ajay K. Agarwal
President (Finance & Accounts)

Directors

1 Significant Accounting Policies - 2013-14

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

a) Cost of Leasehold land and leasehold improvements are amortised over the period of lease.

b) 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.

c) On additions costing less than Rs.5000, depreciation is provided at 100% in the year of addition.

d) Depreciation on amount added on revaluation of assets is transferred from Revaluation Reserve.

Intangible assets

e) 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.

f) Softwares are amortised over a peiod 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, 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.

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 country liquor and IMFL stocks, applicable State excise duty/ export duty is provided on the basis of state-wise despatches identified. In the case of Rectified Spirit/ ENA, it is not ascertainable as to how much would be converted finally into country liquor or IMFL or sold as such and also to which particular state or exported outside India. Duty payable in such cases is not determinable (as it varies depending on the places to which they are despatched and the form in which these are despacthed). Hence, 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. In the case long term foreign currency monetary items, relating to acquisition of depreciable capital assets, the resultant gain or loss is adjusted to cost of respective capital asset and in the case of other long term foreign currency monetary items, the resultant gain or loss is transferred to 'Foreign currency monetary item translation difference account' and transferred to revenue over the period of long term foreign currency monetary item. In the case of other monetary foreign currency items, the resultant gain or loss are adjusted to the statement of Profit & Loss. 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.

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 31.03.2014

	Rupees in lacs	
	As at 31.03.2014	As at 31.03.2013
2 Share Capital		
Authorised		
17,00,00,000 (Previous year 17,00,00,000) equity shares of Rs. 2/- each	3,400.00	3,400.00
60,00,000 (Previous year 60,00,000) preference shares of Rs. 100/- each	6,000.00	6,000.00
	9,400.00	**9,400.00**
Issued, subscribed and fully paid		
13,30,38,765 (PY 13,29,00,380) equity shares of Rs. 2/- each	2,660.78	2,658.01
	2,660.78	**2,658.01**

a. The Company has issued only one class of shares, referred to as equity shares having a par value of Rs. 2/- Each holder of equity shares is entitled to one vote per share.

b. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

c. During the year ended March 31, 2014, 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, 2014 amounted to Rs.1245.19 lacs (previous year Rs. 1,243.95 lacs) including corporate dividend tax of Rs. 180.88 lacs (previous year Rs. 180.79 lacs).

d. Reconciliation of the number of shares	No. of Shares	No. of Shares
Outstanding at the beginning of the year	132,900,380	132,703,879
Add: Issued during the year under ESOP Scheme	138,385	196,501
Outstanding at the end of the year	133,038,765	132,900,380

e. Shares held by each shareholder holding more than 5% shares		No. of Shares		No. of Shares
Sapphire Intrex Ltd.	25.47%	33,888,011	25.50%	33,888,011
Shailaja Finance Ltd.	8.64%	11,491,087	8.65%	11,491,087
HSBC Global Investment Funds Mauritius Ltd.	7.50%	9,980,624	8.37%	11,124,125
Reliance Capital Trustee Company Ltd.	6.24%	8,305,811	6.54%	8,695,127

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 31.03.2014 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	1,503,586	1,464,513
Options exercised upto the year end	1,903,549	1,765,164
Option outstanding at the year end	242,865	420,323
Exercise price (weighted average)	Rs. 80.58	Rs. 80.20

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

	Rupees in lacs	
	As at 31.03.2014	**As at 31.03.2013**
3 Reserves and Surplus		
Capital Reserve		
Balance as per last balance sheet	1,213.68	1,213.68
Preference Shares Redemption Reserve		
Balance as per last balance sheet	20.02	20.02
Securities Premium Reserve		
Balance as per last balance sheet	37,330.32	37,166.37
Add : Receipts on exercise of employee stock options	115.32	138.10
Add : Transfer from employee stock option outstanding account	23.64	25.85
	37,469.28	37,330.32
Revaluation Reserve		
Balance as per last balance sheet	915.58	921.94
Less : Transfer being depreciation on revalued assets (Refer Note 27)	6.36	6.36
	909.22	915.58
Employee Stock Options outstanding account		
Gross employee stock compensation for options granted in earlier years	69.78	110.76
Add : Gross compensation for options granted during the year	-	-
Less : Deferred employee stock compensation	18.67	42.02
Less : Transfer to securities premium reserve on exercise of stock options	23.64	25.85
	27.47	42.89
General Reserve		
Balance as per last balance sheet	25,000.00	20,000.00
Add : Transfer from Surplus	5,000.00	5,000.00
	30,000.00	25,000.00
Surplus		
Balance as per last balance sheet	8,981.05	7,496.80
Add : Profit for the year as per Statement of Profit and Loss	7,125.95	7,728.24
	16,107.00	15,225.04
Less : Appropriations		
Transfer to general reserve	5,000.00	5,000.00
Dividend paid relating to earlier year #	0.84	-
Tax on above #	0.06	-
Proposed dividend	1,064.31	1,063.20
Tax on proposed dividend	180.88	180.79
	9,860.91	8,981.05

Represents dividend paid on shares allotted subsequent to year end, but before declaration of dividend

Foreign currency monetary item translation difference account (Refer Note No.33)	(4,054.63)	(3,342.30)
	75,445.95	**70,161.24**

	Rupees in lacs As at 31.03.2014	As at 31.03.2013
4 Long-term Borrowings		
Term Loans - Secured # (see not below)		
- Rupee loans from banks	8,750.00	11,361.88
- Rupee loans from others	5,000.00	-
- Foreign currency loans from banks	36,075.52	34,927.35
	49,825.52	**46,289.23**
Less : Shown in current maturities of long-term debt (Refer Note 9)		
- Rupee loan from banks	2,500.00	2,611.88
- Rupee loans from others	882.35	-
- Foreign currency loans from banks	4,084.82	2,279.73
	42,358.35	**41,397.62**

 # Notes

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 instalments	Year of Maturity	Outstanding as on 31.03.2014	Outstanding as on 31.3.2013
State Bank of Hyderabad - Rupee Term Loan			Feb 2014	-	981.81
State Bank of India - Rupee Term Loan			Mar 2014	-	380.07
IDBI Bank Ltd. - Rupee Term Loan	12.00%	14 Q	July 2017	4,375.00	5,000.00
State Bank of Hyderabad - Rupee Term Loan	13.70%	14 Q	Aug 2017	4,375.00	5,000.00
Aditya Birla Finance Ltd.	12.18%	17 Q	Aug 2018	5,000.00	-
ICICI Bank Ltd - ECB $ 200.00 lacs	LIBOR+3.75%	17 Q	April 2018	10,817.97	10,877.86
ICICI Bank Ltd - ECB $ 292.17 lacs	LIBOR+3.92%	18 Q	July 2018	16,242.58	15,891.09
State Bank of India - ECB $ 150.00 lacs	LIBOR+3.80%	8 HY	July 2018	9,014.97	8,158.40
				49,825.52	46,289.23

	As at 31.03.2014	As at 31.03.2013
5. Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities:		
Related to fixed assets	8,488.74	6,971.71
	8,488.74	6,971.71
Deferred Tax Assets:		
ECB adjustment	939.13	625.49
Provision for gratuity and leave encashment	273.27	197.98
Provision for doubtful debts and others	323.34	265.24
	1,535.74	1,088.71
Deferred Tax Liability (Net)	6,953.00	5,883.00
6 Long-term Provisions		
Provision for employee benefits.		
- Leave encashment (Refer Note 36)	521.84	433.58
	521.84	**433.58**

	Rupees in lacs	
	As at 31.03.2014	As at 31.03.2013
7 Short-term Borrowings		
Secured - from Banks #		
- Cash credit (repayable on demand)	34,055.02	26,042.97
- Others	1,500.00	3,000.00
Unsecured		
- from banks	5,000.00	1,500.00
	40,555.02	**30,542.97**

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 #	12,755.55	11,724.85
	12,755.55	**11,724.85**

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		
- Rupee loan from banks	2,500.00	2,611.88
- Rupee loan from others	882.35	-
- Foreign currency loans from banks	4,084.82	2,279.73
Interest accrued but not due on borrowings	323.79	265.79
Interest accrued and due on borrowings	48.96	-
On account of capital goods/ services	423.27	644.32
Advances from customers and others	6,198.95	7,915.77
Unclaimed dividends #	93.11	85.70
Other payables :		
- Security deposits	387.20	378.74
- Accrued salary and benefits	355.71	327.05
- Statutory dues	1,036.26	891.35
	16,334.42	**15,400.33**

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

10. Short-term Provisions

For employee benefits.		
- Gratuity (See Note 36)	84.36	47.69
- Leave encashment (See Note 36)	172.84	128.94
Proposed dividend	1,064.31	1,063.20
Tax on proposed dividend	180.88	180.69
For taxation (net of payments)	-	671.11
For excise duty on closing stock	2,354.32	0.01
Other contingencies	7.36	7.36
	3,864.07	**2,099.00**

11. Fixed Assets
(Refer Note no. 1.04 and 1.05)

(Rupess in lacs)

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	Upto 31.03.2013	For the year	Written back	Upto 31.03.2013	As at 31.03.2014	As at 31.03.2013
Tangible Assets										
Freehold land	2,213.04	13.52	-	2,226.56	-	-	-	-	2,226.56	2,213.04
Leasehold land	1,946.54	-	-	1,946.54	1,303.71	8.77	-	1,312.48	634.06	642.83
Buildings	7,485.80	21.70	-	7,507.50	1,298.20	247.47	-	1,545.67	5,961.83	6,187.60
Plant & equipments	52,926.84	7,941.87	356.54	60,512.17	14,589.48	2,958.39	156.72	17,391.15	43,121.02	38,337.36
Office equipments	409.10	21.74	17.25	413.59	240.86	13.13	16.99	237.00	176.59	168.24
Furniture & fittings	469.32	33.07	1.27	501.12	266.67	28.29	1.02	293.94	207.18	202.65
Vehicles	1,001.30	98.92	233.44	866.78	326.47	88.01	121.89	292.59	574.19	674.83
Leasehold improvements	772.95	-	-	772.95	539.94	66.62	-	606.56	166.39	233.01
	67,224.89	**8,130.82**	**608.50**	**74,747.21**	**18,565.33**	**3,410.68**	**296.62**	**21,679.39**	**53,067.82**	**48,659.56**
Intangible Assets										
Brands & trade marks	5,241.66	-	-	5,241.66	2,069.82	254.23	-	2,324.05	2,917.61	3,171.84
Goodwill	955.00	-	-	955.00	429.75	47.75	-	477.50	477.50	525.25
Softwares	950.97	169.70	-	1,120.67	364.54	169.04	-	533.58	587.09	586.43
	7,147.63	**169.70**	**-**	**7,317.33**	**2,864.11**	**471.02**	**-**	**3,335.13**	**3,982.20**	**4,283.52**
Total	**74,372.52**	**8,300.52**	**608.50**	**82,064.54**	**21,429.44**	**3,881.70**	**296.62**	**25,014.52**	**57,050.02**	**52,943.08**
Previous year	**68,695.25**	**6,930.34**	**1,253.07**	**74,372.52**	**18,473.57**	**3,537.47**	**581.60**	**21,429.44**	**52,943.08**	**50,221.68**

Notes:

a) Additions to Plant and Equipment includes Rs.1131.59 lacs, towards adjustments foreign exchange loss/ (gain) (previous year: Rs.646.64 lacs) on long term foreign currency borrowings.

b) Additions to Plant and Equipment includes Rs.126.26 lacs, towards capitalization of interest.

	Rupees in lacs As at 31.03.2014	As at 31.03.2013
12 Non Current Investments		
(At cost) (Unquoted)		
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 - 89,964 (Previous year: 89,964) 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 (See foot note (a) given below)	2,000.00	2,000.00
	5,836.19	5,836.19
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
	0.60	0.60
	5,836.79	**5,836.79**

Foot Notes

a) No provision has been made for diminution in the value of investments in Radico Global Ltd. and Radico NV Distilleries Maharashtra Ltd., as in the opinion of the management, the investments have been made on a long term basis and are of strategic nature and the diminution is considered temporary in nature .

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

	As at 31.03.2014	As at 31.03.2013
13 Long-term loans and advances		
(Unsecured- Considered good unless otherwise stated)		
Capital Advances	10,164.20	17,917.42
Radico NV Distilleries Mahashtra Limited (Joint Venture)	1,000.00	-
Security Deposits	1,137.08	956.16
Prepaid expenses	239.80	342.56
Income Tax (Net of provisions)	152.29	-
MAT credit available for set off (refer note - 35)	952.50	1,577.50
Advances recoverable in cash or kind	6.44	4.60
	13,652.31	**20,798.24**

	Rupees in lacs As at 31.03.2014	As at 31.03.2013
14 Current Investments		
(At lower of cost or fair value)		
Non Trade - Unquoted		
i) Equity Shares		
Rayalaseema Paper Mills Ltd - NIL (Previous year: 16,901) equity shares of Rs.10 each, fully paid up,	-	2.05
ii) Units of Mutual Funds		
SBI Dynamic Bond Fund (Growth Plan)- NIL (Previous year: 155,487) units of Rs.10 each, fully paid up (NAV Rs. NIL - Previous Year Rs.22.92 lacs)	-	20.00
Certificate of deposit with a financial institution (SICOM Ltd)	5,000.00	5,000.00
	5,000.00	**5,022.05**
Less:- Diminution in value of current investments	-	-
	5,000.00	**5,022.05**
15 Inventories		
(Refer Note 1.07 on valuation)		
Raw materials	5,769.29	6,958.74
Stock in process	1,440.86	1,372.76
Finished goods	10,174.05	6,456.70
Stock-in-trade	65.99	304.63
Stores & spares	1,873.28	1,624.29
Packing materials	1,763.57	1,821.85
Goods in transit - Raw material	51.08	79.56
	21,138.12	18,618.53
Less: Provision for obsolete and non moving inventory	106.87	123.56
	21,031.25	**18,494.97**
16 Trade Receivables		
(Unsecured- Considered good, unless otherwise stated)		
Outstanding for a period exceeding six months from the due date		
- Unsecured, considered good	10,780.58	6,689.74
- Unsecured, considered doubtful	713.54	630.59
	11,494.12	7,320.33
Less: Provision for doubtful debts	(713.54)	(630.59)
Others	41,551.09	36,848.35
	52,331.67	**43,538.09**

	Rupees in lacs	
	As at 31.03.2014	**As at 31.03.2013**
17 Cash and Bank Balances		
Balances with banks		
- in current accounts	1,255.96	1,371.32
- in term deposits #	349.78	266.04
- in unpaid dividend accounts	93.47	86.54
Cash on hand	31.20	24.85
Less: Deposits with more than 12 months maturity shown under other non-current assets	(201.90)	(149.07)
	1,528.51	**1,599.68**
# Deposit includes		
Under lien with Governmant department and banks as security.	349.78	266.04
18. Short-term Loans and Advances		
(Unsecured- Considered good, unless otherwise stated)		
Loans and advances to related parties		
- Radico NV Distilleries Mahashtra Limited (Joint Venture)	37.96	185.39
- Radico Global Limited (Associate)	480.80	435.12
Advances recoverable in cash or kind:		
- Considered good #	2,830.52	2,952.29
- Considered doubtful	117.67	84.41
Less: Provision for doubful advance	(117.67)	(84.41)
Inter corporate deposits	9,350.00	-
Advances to Contract Bottling Units #		
- Considered good #	20,956.53	19,217.18
- Considered doubtful	75.00	75.00
Less: Provision for doubful advance	(75.00)	(75.00)
Other Loans and Advances		
- Sales tax paid under protest	17.88	18.11
- Claims and Duties Recoverable from Excise Department	4,905.18	3,642.63
- Other balances recoverable from Statutory/ Government authorities	165.27	104.17
- Security Deposits	283.74	401.95
- Prepaid expenses	1,319.66	1,069.28
	40,347.54	**28,026.12**
# includes due from Radico NV Distilleries Maharashtra Ltd., a Joint Venture	1,776.83	1,155.88
19 Other current assets		
(Unsecured - Considered good)		
Interest accrued on		
- term deposits	48.72	37.11
- loans and advances	1,458.58	574.89
Accrued excise subsidy	-	1,141.57
Accrued export incentives	2,209.65	1,610.37
Unamortised premium on forward Contracts	62.22	-
	3,779.17	**3,363.94**

	Rupees in lacs	
	Current Year	**Previous Year**
20 Revenue from Operations		
(Refer Note 1.08 on revenue recognition)		
Sale of		
- Alcohol and other alcoholic products	274,219.82	213,568.53
- Pet bottles & caps	6,532.18	7,559.29
- Jaivik khad	132.27	121.48
- Printed bottles	2,194.45	2,262.40
- Others (Blends & Others)	1,418.15	887.98
Sale of traded goods		
- Indian Made Foreign Liquor	1,160.30	2,156.00
- Alcohol	1,197.52	4,163.17
- Imported Liquor	642.41	835.15
Income from Operations through Other Distilleries / Bottling Units	13,062.43	13,225.96
Other operating revenues		
- Export incentives	2,155.29	2,132.88
- Cenvat credit utilised	694.18	658.79
- Excise revenue subsidy income	-	323.57
- Power subsidy income	-	74.88
- Scrap sales	1,101.79	920.54
	304,510.79	**248,890.62**
21 Other Income		
Interest income on		
- Term deposit with banks and financial institutions	505.53	514.65
- Loans and advances (including inter corporate deposits)	2,975.05	2,312.76
Dividend income on current investments	0.21	-
Profit on sale of current investments	3.15	22.55
Profit on sale of fixed assets	0.36	40.27
Excess provisions written back	107.11	77.06
Miscellaneous income	56.89	74.17
	3,648.30	**3,041.46**
22. Cost of Materials Consumed		
Raw Materials		
Opening Stock	6,958.74	5,874.02
Add: Purchases	40,786.30	34,629.71
	47,745.04	40,503.73
Less: Closing Stock	5,769.29	6,958.74
Raw material consumed	41,975.75	33,544.99
Packing materials consumed	24,676.59	17,897.11
	66,652.34	**51,442.10**

	Current Year	Previous Year
	Rupees in lacs	
23. Purchase of Traded Goods		
Indian made foreign liquor	982.84	2,201.90
Alcohol	1,082.57	3,613.57
Imported Liquor	139.18	365.79
	2,204.59	**6,181.26**
24. Changes in Inventories of Traded goods,Finished Goods and Stock-in-process		
Opening Stock		
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
	8,134.09	9,011.38
Less : Closing Stock		
Stock-in-trade (Traded goods)	65.99	304.63
Finished goods	10,174.05	6,456.70
Stock in process	1,440.86	1,372.76
	11,680.90	8,134.09
	(3,546.81)	**877.29**
25. Employee Benefits Expense (Refer Note 1.11 on employee benefits)		
Salaries, wages and allowances	8,314.13	6,987.92
Contribution to provident and other funds	522.78	465.23
Gratuity	138.45	100.82
Employee stock options scheme - (Refer Note 2)	8.22	15.68
Staff welfare expenses	334.39	303.33
	9,317.97	**7,872.98**
26. Finance Costs		
Interest expense	8,288.58	6,828.59
Other borrowing costs	192.37	176.99
	8,480.95	**7,005.58**
27. Depreciation and amortization expense		
Depreciation of tangible assets	3,410.68	3,080.86
Amortisation of intangible assets	471.02	456.61
	3,881.70	3,537.47
Less: Transfer from revaluation reserve	6.36	6.36
	3,875.34	3,531.11

	Rupees in lacs	
	Current Year	Previous Year
28. Other expenses		
Power and fuel	2,758.75	3,914.14
Stores and spares consumed	3,299.30	3,003.18
Repairs and maintenance		
- Building	105.93	82.52
- Plant and equipment	1,360.03	1,110.00
- Others	174.77	190.50
Machinery and other hire charges	184.53	191.67
Insurance	373.49	414.41
Rent	456.95	432.80
Rates and taxes	2,958.15	2,308.00
Travelling - Directors	82.02	95.68
- Others	872.92	883.61
Directors' fee	4.75	5.15
Foreign exchange fluctuations (net)	2,093.08	1,099.84
Obsolete and non moving inventory written off	17.57	40.89
Less : Adjusted against provision	(16.95)	-
Charity and donation	28.98	23.03
Provision for doubtful debts / advances	595.29	160.83
Bad debts / advances written off	690.91	2.12
Less: Adjusted against provision	(479.08)	-
Bio composting expenses	412.86	651.94
Professional Fee & retainership expenses	674.20	425.05
Communication	179.50	191.29
Sundry balances written off	116.85	66.18
Provision for diminution in value of investment	-	(26.39)
Loss on sale / write off of assets	254.52	483.09
Bank charges	40.21	60.59
Increase / (Decrease) of excise duty on Finished Goods	2,354.32	0.01
Bottling charges relating to leased units	1,064.18	79.48
Other overheads	1,916.24	1,687.85
Selling and distribution:		
- Freight outwards	6,253.11	4,890.97
- Supervision charges - after sales	1,107.16	997.59
- Supervision charges to supervisors	1,052.72	1,119.19
- Rebate discount and allowance	7,362.40	4,821.83
- Advertisement & sales promotion	12,843.54	11,634.79
	51,193.20	**41,041.83**

	Rupees in lacs	
	Current Year	**Previous Year**
29 Earning per Share		
Profit after tax attributable to equity share holders (after deducting prior period and extra ordinary items) - for Basic EPS	7,125.95	7,728.24
Profit after tax attributable to equity share holders (after deducting prior period and extra ordinary items) - for Diluted EPS	7,134.17	7,743.92
Basic weighted average no. of equity shares of Rs. 2/- each	132,958,289	132,778,852
Diluted weighted average no. of equity shares of Rs. 2/- each	133,240,227	133,199,175
Basic earning per share (Rs)	5.36	5.82
Diluted earning per share (Rs)	5.35	5.81

Since the potential equity on account of ESOP was anti dilutive in the previous year, the diluted earning remains the same as Basic (Rs)

Other Notes on Accounts

		2013-14	2012-13
		Rupees in lacs	
30	Estimated amount of Capital commitments (Net of advances)	68.22	2,664.35
31	**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	33.04	32.44
(c)	Disputed liability relating to payment of late re-calibration fees on verification and stamping of manufaturing 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 Sales/Entry/Purchase Tax matters under appeal	9.88	9.88
(f)	Disputed Excise matters	392.64	401.23
(g)	Disputed Stamp duty claim arising out of amalgamation, being contested	80.00	80.00
(h)	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	10,865.61
		11,480.68	**11,488.67**

In respect of the items above, future cash outflows are determinable only on receipt of judgements / decisions pending at various forums / authorities.

		2013-14	2012-13
ii)	**Guarantee/ security given to Banks on behalf of Radico NV Disilleries Maharashtra Ltd:**		
	a) Corporate Guarantee	1,044.00	5,640.00
	b) As co-obligant for vehicle loan	35.34	75.04

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.1709.24 lacs (Previous year Rs.1845.16 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.

	2013-14	2012-13
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 :	1,406.25	2,631.25

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. The writ petition filed by Company before Madhya Pradesh high court has been partly allowed by confirming the recovery of Rs 167.32 lacs against it. However, the division bench of Madhya Pradesh high court has stayed the recovery proceedings intiated by local collector office. The court has ordered to maintain Rs 100 lacs in State Bank of India till the final adjudication of the matter. The matter is since sub-judice.

v)	Under the "Receivable buy out" facility of Rs 4500.00 lacs sectioned by IDBI Bank Ltd. against trade receivables from Canteen Stores Department, the amount availed and outstanding as on 31st March, 2014 have been set off against the receivables and advances to CBUs. The amount outstanding as on the Balance Sheet date is :	2,749.42	3,869.77

vi) The Commissioner Service Tax New Delhi had issued further show cause notice on 12.05.2014 on the Company demanding Service Tax of Rs.2647.22 Lacs plus interest and penalty under business auxiliary service for the period April 2012 to March 2013. The Company is in the process of replying to the show cause notice.

32 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.

33 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 excercised 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 1131.59 lacs (previous year Rs 646.640 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.5524.02 lacs (debit) (previous year Rs.4114.11 lacs), as on 31.03.2014, a sum of Rs 1469.39 lacs (previous year Rs.771.81 lacs) has been debited to loss on foreign exchange fluctuation account during the year.

34 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 473.03 lacs. (Previous Year: Rs.454.72 lacs). Amount due within one year Rs 407.80 lacs.

35 **Income Tax** -

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.625.00 lacs has been adjusted there against. The Company can avail the benefit of unutilized MAT credit of Rs 952.50 lacs within the period provided in law

36 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. 138.45 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	
	Leave Encashment	**31.03.2014**	**31.03.2013**
A	**Economic assumptions**		
i)	Discounting rate	8.50%	8.00%
ii)	Future salary increase	6.00%	5.50%
iii)	Expected rate of return on plan assets	0.00%	0.00%
B	**Break up of expenses**		
a)	Current service cost	75.77	66.32
b)	Interest cost	45.00	42.76
c)	Net actuarial (gain)/ loss recognized in the period	95.72	0.45
c)	Expenses recognized in the statement of profit & loss	216.49	109.53
C	**Change in present value of obligation**		
a)	Present value of obligation as at the beginning of the period 01/04/2013	562.51	534.55
b)	Interest cost	45.00	42.76
c)	Current service cost	75.77	66.32
d)	Benefits paid	(84.32)	(81.56)
e)	Actuarial (gain)/loss on obligation	95.72	0.45
f)	Present value of obligation as at the end of period 31/03/2014	694.68	562.52

	Gratuity		
A	**Economic assumptions**		
i)	Discounting rate	8.00%	8.00%
ii)	Future salary increase	5.00%	5.00%
iii)	Expected rate of return on plan assets	9.40%	9.40%
B	**Break up of expenses**		
a)	Current service cost	72.06	65.40
b)	Interest cost	69.76	60.81
c)	Expected return on plan assets	(73.40)	(66.29)
d)	Net actuarial (gain)/ loss recognized in the period	70.03	40.90
e)	Expenses recognized in the statement of profit & loss	138.45	100.82
		-	
C	**Change in present value of obligation**		
a)	Present value of obligation as at the beginning of the period 01/04/2013	872.03	760.10
b)	Interest cost	69.76	60.81
c)	Current service cost	72.06	65.40
d)	Benefits paid	(71.81)	(55.18)
e)	Actuarial (gain)/loss on obligation	70.03	40.90
f)	Present value of obligation as at the end of period 31/03/2014	1,012.07	872.03
D	**Change in fair value of plan assets**		
a)	Fair value of plan assets at the beginning of the year	824.34	705.53
b)	Expected return on plan assets	73.40	66.29
c)	Contributions	101.77	107.70
d)	Benefits paid	(71.81)	(55.18)
e)	Fair value of plan assets at the end of the year	927.71	824.34
f)	Liability recognised in the balance sheet	84.36	47.69

		Rupees in lacs 31.03.2014	31.03.2013
(iii)	**The Company in addition has recognised as expense the following:-**		
a)	Contribution to recognised Provident Fund (inlcuding Family Pension)	326.06	292.79
b)	Contribution to LIC towards Superannuation.	168.73	144.84
c)	Medical insurance premium.	107.59	116.46
d)	Contribution to Employees State Insurance	27.99	27.60

37 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.

38 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 Manangement personnel :	(1) Dr. Lalit Khaitan , Chairman & Managing Director (2) Mr. Abhishek Khaitan , Managing Director (3) Mr. K.P.Singh , Whole Time Director
	Relatives :	(1) Mrs. Deepshikha Khaitan (Wife of Mr Abhishek Khaitan) (2) Mrs. Shailaja Saraf (Daughter of Dr Lalit Khaitan) (3) Mr. Padmanabh Mandelia (Grand son of Dr Lalit Khaitan)

B Transaction with above in the ordinary course of business :

	Rupees in lacs 31.03.2014	31.03.2013
Key Manangement Personnel :		
Dr. Lalit Khaitan , Chairman & Managing Director		
Remuneration	363.43	184.13
Mr. Abhishek Khaitan , Managing Director		
Remuneration	342.17	146.50
Mr. K.P.Singh , Whole Time Director		
Remuneration	108.54	88.91
Mrs. Deepshikha Khaitan (wife of Mr Abhishek Khaitan)		
Remuneration	14.18	14.25
Mrs. Shailaja Saraf (Daughter of Dr Lalit Khaitan)		
Remuneration	8.64	8.78
Mr. Padmanabh Mandelia (Grand son of Dr Lalit Khaitan)		
Remuneration	19.27	17.65

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

Sapphire Intrex Ltd.		
Security Receivable	60.00	60.00
Rent Paid (excluding service tax of Rs 4.08 lacs borne by the Company.)	60.00	60.00
Associates and Joint Ventures		
Radico NV Distilleries Maharashtra Limited		
Sale of Goods	414.43	510.41
Reimbursement of IT support charges (Cr)	40.13	39.33
Tie-up operation income (net of bottling charges)	1,257.61	1,267.22
Interest income on loan given	-	18.49
Purchase of materials	2,175.71	4,576.73
Investment in share capital	-	-
Receivable	2,814.79	1,341.27
Payable	42.76	
Guarantee/ Security given by Radico Khaitan Limited	1,079.34	5,715.04
Radico Global Ltd.		
Loan outstanding at the end of the year	480.80	435.11
Interest accrued and outstanding at the end of the year	93.01	58.06
Interest income for the year	29.34	26.18

39 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	**Radico NV Distilleries Maharashtra Ltd.**	
		Unaudited **31.03.2014**	Unaudited **31.03.2013**
	% Ownership Interest	36.00%	36.00%
a	Assets	12,223.05	10,668.43
b	Liabilities	5,381.82	5,523.82
c	Income	9,005.58	8,722.34
d	Expenses	8,467.99	8,345.23
e	Contingent Liabilities	712.15	570.00
f	Capital Commitments	192.44	636.85

		31.03.2014	**31.03.2013**
40	**Remuneration to Auditors**		
a	Audit Fee	22.50	20.00
	Certification of Statements	6.00	4.90
	Service tax	3.52	3.49
	Expenses for audit and other work	3.83	3.83
b	Cost Audit Fee	1.29	0.84
	Expenses for Cost Audit	0.07	0.20

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

42 Quantitative and other information

a) Particulars of Capacity and Production

Particulars	Unit	Licensed Capacity per annum	Installed* Capacity per annum	Production
1. Molasses / Grain / Malt spirit *	KL/BL AT 94%	102,460	102,460	90,773
		(102,460)	(102,460)	(82,826)
	KL/AL	96,312	96,312	85,327
		(96,312)	(96,312)	(77,856)
3. Bio gas	000 'M3	No licence required		38,361
				(32,621)
4. Pet bottles	NOS./1000	No licence required	600,000	495,547
			(600,000)	(573,717)

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

b) Opening Stock, Closing Stock & Turnover

Particulars	Unit	Opening Stock Qty	Opening Stock Value	Closing Stock Qty	Closing Stock Value	Turnover Qty	Turnover Value
1. Alcohol products							
(a) Rectified spirit	KL/AL	1,198	344.48	296	96.96	2,134	693.96
		(1,601)	(449.01)	(1,198)	(344.48)	(4,141)	(1,144.55)
(b) Silent spirit	KL/AL	2,027	677.00	5,369	2,073.83	30,567	15,770.36
		(2,512)	(846.78)	(2,027)	(677.00)	(34,579)	(17,127.98)
(c) Cane juice spirit	KL/AL					91	63.35
						(74)	(54.20)
(d) Malt spirit	KL/AL	1,455	2,805.29	1,274	2,513.04	321	669.38
		(1,742)	(3,037.30)	(1,455)	(2,805.29)	(110)	(242.70)
(e) Grain spirit	KL/AL	2,140	1,056.61	3,058	1,485.38	15,650	7,184.87
		(1,998)	(874.67)	(2,140)	(1,056.61)	(18,549)	(7,993.97)
(f) Ethanol	KL/AL	0	0.11	0	0.09	-	-
		(937)	(324.78)	(0)	(0.11)	(1,479)	(400.41)
2. Other alcohol products							
(a) Denatured spirit	KL/AL	1	0.30	1	0.27	-	-
		(1)	(0.29)	(1)	(0.30)	(0)	(0.00)
(b) Indian made foreign liquor	AL	981,039	1,436.91	1,155,704	3,866.20	38,618,907	166,470.98
		(1,149,080)	(1,472.07)	(981,039)	(1,436.91)	(26,514,605)	(120,096.64)
(c) Country liquor	AL	16,882	10.60	24,427	17.24	14,121,350	85,606.30
		(121,469)	(79.31)	(16,882)	(10.60)	(13,269,248)	(72,680.47)
(d) Imported Alcoholic products	BOTTLES	39,663	120.33	8,977	17.42	158,840	642.41
		(54,268)	(146.17)	(39,663)	(120.33)	(310,157)	(835.15)
3. Pet bottles and Caps	NOS.	11,174,120	200.20	8,308,610	164.99	272,801,485	6,533.64
		(8,149,010)	(138.32)	(11,174,120)	(200.20)	(370,536,991)	(7,559.29)
4. Jaivik Khad	Qtls	175,753	109.50	9,096	4.63	218,179	132.27
		(284,988)	(205.51)	(175,753)	(109.50)	(176,965)	(121.48)
5. Others							4,831.38
							(3,297.15)
6. Other operating income							15,911.89
							(17,336.63)
Total:			6,761.33		10,240.04		304,510.79
			(7,574.21)		(6,761.33)		(248,890.62)

Note: Figures in brackets are those of previous year.

	Unit	Current Year Quantity	Current Year Value	Previous Year Quantity	Previous Year Value
c) Purchases: -					
- Indian Made Foreign Liquor	Cases	61,375	982.84	176,462	2,201.90
- Imported Liquors	Bottles	129,354	139.18	310,846	365.79
- Alcohol	BL	2,486,000	1,082.57	8,708,950	3,613.57
			2,204.59		6,181.26
d) Consumption of raw materials					
(i) Molasses	Qtls	2,875,826	13,731.96	2,454,330	10,185.01
(ii) Cane juice	Qtls	16,974	54.98	10,798	46.75
(iii) Barley Malt	Qtls	15,950	432.85	9,410	259.78
(iv) Sorghum	Qtls	28,277	361.94	3,993	50.11
(v) Broken Rice	Qtls	434,687	6,064.29	589,897	7,429.50
(vi) Millet (Bajra)	Qtls	182,997	2,175.97	134,345	1,373.29
(vii) Maize	Qtls	78,330	1,032.67	-	-
(viii)Malt /Malt Scotch/Grain/Graipe Spirits		-	1,137.10	-	353.92
(ix) Rectified spirit / Extra Neutral Alcohol		-	8,307.37	-	5,192.75
(x) Resin	KG	7,240,132	7,756.31	8,010,595	7,932.52
(xi) Press Mud	Qtls	425,326	165.87	-	-
(x) Others		-	754.44	-	721.36
			41,975.75		33,544.99
e) Value of imports calculated on CIF basis:					
Raw materials			575.93		623.06
Components & spare parts			155.88		197.89
Purchases			426.68		365.79
Capital goods			-		1,318.36
f) Expenditure in foreign currency on account of					
Foreign travel & subscriptions			51.23		106.11
Interest/Financial exp. on ECB			1,565.80		1,547.94
Professsional fee			30.67		28.41
Commission paid / Insurance paid			24.72		24.61
Loan to an Associate Company			-		-
Freight			2,292.14		1,453.62
Others			12.39		12.19

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

	Raw Materials Value	Raw Materials % of total Consumption	Others Value	Others % of total Consumption
Imported	575.93	1.37	155.88	0.63
	(623.07)	(1.86)	(197.89)	(1.11)
Indigenous	41,399.82	98.63	24,520.71	99.37
	(32,921.92)	(98.14)	(17,699.22)	(98.89)
	41,975.75	100.00	24,676.59	100.00
	(33,544.99)	(100.00)	(17,897.11)	(100.00)

Note: Figures in brackets are those of previous year.

			31.03.2014	31.03.2013
h)	Remittance in foreign currency (NIL)/ or to the mandate banks on account of dividends to non residents			
	(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	0.12
	(iv) Year to which the dividend relates		2012-13	2011-12
i)	Earnings in foreign exchange - Export of goods on FOB basis.		24,297.84	21,200.38

43	**Foreign currency exposure**		**31.03.2014**	**31.03.2013**
		Currency	**Amount (lacs)**	**Amount (lacs)**
a	**Hedged by way of forward exchange contracts:**			
	Borrowings (including interest) - ECB			
	ICICI Bank Ltd.-Bahrain	US$	50.41	-
	State Bank of India - Singapore	US$	3.21	-
b	**Not hedged:**			
	Borrowings - ECB			
	ICICI Bank Ltd.-Bahrain	US$	165.00	200.00
	ICICI Bank Ltd.-Bahrain	US$	248.35	292.17
	State Bank of India - Singapore	US$	150.00	150.00
	Interest payable on ECB/FCCB	US$	-	4.78
	Loan given	US$	8.00	8.00
	Export Receivables	US$	68.06	41.55
	Advance from Customers	US$	61.60	79.09
	Advance recoverable in cash or kind	US$	-	0.08
	Balance with banks	US$	0.54	1.43

44 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 it's close supervision. The marketing is entirely the responsiblity 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.

		31.03.2014	31.03.2013
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 :		
	Gross Sales	142,292.37	141,177.02
	Net Sales	53,659.00	59,018.92
	Cost of Sales	36,889.95	41,362.87
	Gross Profit	16,769.05	17,656.05
	Expenses	3,706.62	4,430.09
	Income	13,062.43	13,225.96

ii) The balance due from distilleries under the arrangement, Rs 21031.53 lacs (Previous year Rs 19292.18 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.1927.94 lacs in respect of units which are closed and considered good and recoverable. The management is taking steps to recover the amount.

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

As per our report of even date		**For and on behalf of Board**
For V. Sankar Aiyar & Co. **Chartered Accountants** **ICAI Firm Regn. No. 109208 W**	**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 : 30th May 2014**	**Ajay K. Agarwal** **President (Finance & Accounts)**	**Directors**

Notes

Corporate Profile

BOARD OF DIRECTORS:

Dr. Lalit Khaitan
Chairman & Managing Director

Abhishek Khaitan
Managing Director

K.P. Singh
Wholetime Director

Dr. Raghupati Singhania

Karna Singh Mehta

Ashutosh Patra

Sarvesh Srivastava

Shailja Saraf

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.
Aditya Birla Finance Ltd.

OUR WEBSITE:

www.radicokhaitan.com

RADICO KHAITAN LIMITED

Regd. 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: +91-11-41678841/42

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