

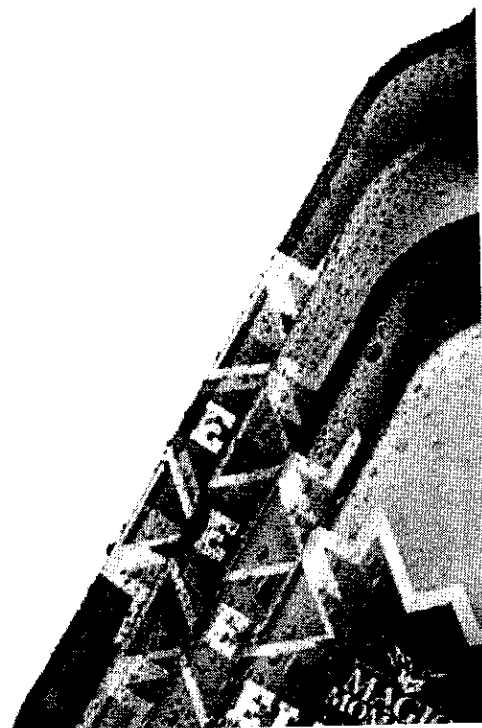


High  
on  
Innovation



*Radico*

ANNUAL REPORT  
2015-2016



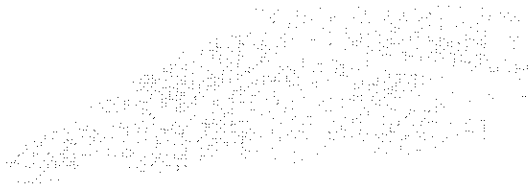


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# Leap beyond the horizon

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Radico Khaitan Limited has made its mark and stands tall amongst the key players of the Indian alcohol industry today. The company has been able to achieve outstanding progress and has established itself as a leading global organization on a global scale.

In 1998, the company entered the IMFL segment. The zest to innovate enabled the company to explore imminent business opportunities in the IMFL segment. The results achieved have been truly phenomenal and lead to its expansion into newer geographies.

While expanding its product portfolio and presence in the Indian market, Radico Khaitan also continued fostering global ties. The company achieved a milestone in 2002, after scoring a successful collaboration for importing, distributing and marketing of Carlo Rossi- The no.1 bottled table wine brand in the world from the house of Ernest & Julio Gallo, California, the largest family owned winery in the world.

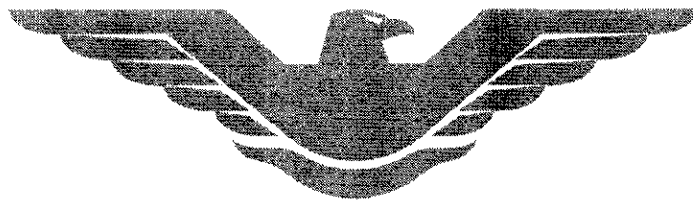
The company gained strength from the grand success of its products in the Indian market, which became a core support system that triggered the company's global expansion. Marked by a million case success within the first year of its launch - 8PM was the first brand launched by Radico Khaitan. The company took the next big step with the launch of 'Magic Moments' vodka in 2005, and saw great success. The "premiumisation" strategy made the brand even more prominent and thus, 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 being the prime driving force, has always lead the company to come up with unique and tasteful products. Radico Khaitan launched its first premium brand 'Magic Moments' in a style that no Indian brand had--frosted bottle with a unique guitar shaped glass window and direct printing on the bottle. Furthermore, the premium Morpheus brandy has a classy state-of-the-art inverted goblet shaped bottle with a 'Guala' cap.

Also, its first brand 8PM has undergone a makeover from being molasses to grain based whisky, which was first of its kind offering in that segment. Owing to the superior quality and focus on innovative offerings, many products of Radico Khaitan have received honours & accolades in both India and abroad.

Having laid a strong foundation of global ties and exports in the last few years, Radico Khaitan is growing at a very healthy pace. Many brands from the straddle of Radico are now available in more than 50 countries worldwide 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.





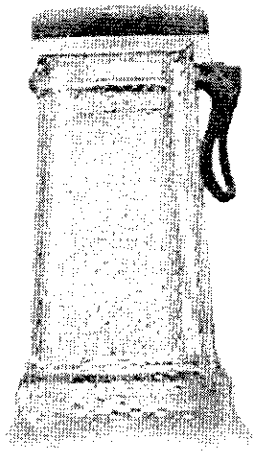
# UNBEATABLE SPIRIT

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Make ordinary, extraordinary with each sip of this finely blended premium whisky. Regal Talons has been especially made for the breed that believes in conquering and always emerge as champions at every step with their unbeatable spirit.

The fine taste of Regal Talons sets free the spirit of passion & perfection and takes one to a new level of supremacy. The smoothness of this whisky rolls on the tongue like silk and lets one savor it effortlessly, enjoying the finest things in life.





# KICK THE BORING

Exploring the wilderness within, the quest to conquer the unusual and zest to go beyond the limits; is what drives nonconformists. To kick the boring out of their lives, we have introduced a gush of raw adrenaline for them- Electra.

Electra is triple distilled & triple filtered with carbon and platinum filters. Keeping the spirit of innovation alive, this 8% vodka infused drink comes with a premium ring pull off cap, that kicks the boredom out and lets one embark on expedition to find their inner glory & stun the world.

  
**MAGIC  
MOMENTS**  
**ELECTRA**





# MAGIC MOMENTS

VODKA



## Magic Moments : zing up Life

A rage overnight, the enthralling taste of Magic Moments not only set towns buzzing but also, unleashed the thirst of making every moment grand!

Produced from the finest grains, its triple distilled process is a mark of absolute purity that simply zings up life. This premium vodka is smooth and perfectly blends with your senses, giving an enriched taste. The spirit of Magic Moments can be celebrated with various tantalizing flavours that take excellence a notch up!

No wonder, this remarkable brand of vodka is a millionaire brand of Radico Khaitan and has won many coveted laurels for the organization, including the Gold medal for 4 consecutive years in the Monde selection.

# VERVE

Vodka



## Verve Vodka: High on Verve

Using 5 stage slow filtration process with silver and platinum filters, this unique vodka possesses the ability to send you in a trance. The tantalizing aroma of its flavor and its crisp taste enabled Verve to successfully attain an 8% market share in the premium segment within first 8 months of its launch.

Verve has also been facilitated with Monde Selection Gold award in 2015 for its exemplary quality & distinctive flavours – Verve Green Apple & Verve Orange have carved a niche in the category. Verve Green Apple has the crunchy taste of freshly plucked Green Apples whereas Verve Remix Orange has a citrusy and tangy aroma of fresh and ripe oranges with a sweet taste that lingers on.

Be high on verve, be high on life!



Morpheus Brandy. Spirit of France captured in a Goblet.

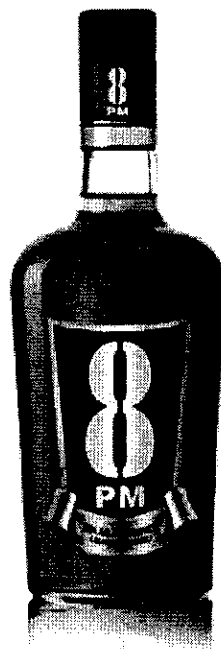
The essence of the French chateau, the green lush yards and the exoticness is superbly captured in the bottle of this premium brandy. It rolls on the tongue smoothly, awakening your senses and making the taste irresistible.

Having achieved a gold medal at the prestigious Monde Selection Award 2015, the world has taken a note its treasured legacy and trademark excellence. Morpheus, now a leader in its segment, proudly basks in the glory of its finesse and perfection with which it has been processed. The pure bliss attained with each sip is truly remarkable.

**8**

**PM**

Whisky



8 PM: Aath ka Thaath

When the hand of the clock sweeps at 8, it's time to end the wait. It unleashes a carefree streak and engulfs one into an aura of unmatched experience of true essence of "Aath ka thaath" 8 PM is a flagship brand of Radico and reflects the true essence of quality drinking blended with richness of the taste of finest quality grains. Furthermore, 8PM is the first brand in the liquor industry to make it to the LIMCA book of records for selling one million cases in the first year of its launch.

# Old Admiral

Brandy



Old Admiral For men only

Made especially for the men with pride, honour and courage. The splendid taste of this spectacular brandy celebrates greatness achieved and passion for all the good things in life. The classic taste perfectly blended with rich sensations & enthralling aroma ensures that it is savored the way it is desired & truly deserved.

# CONTESSA

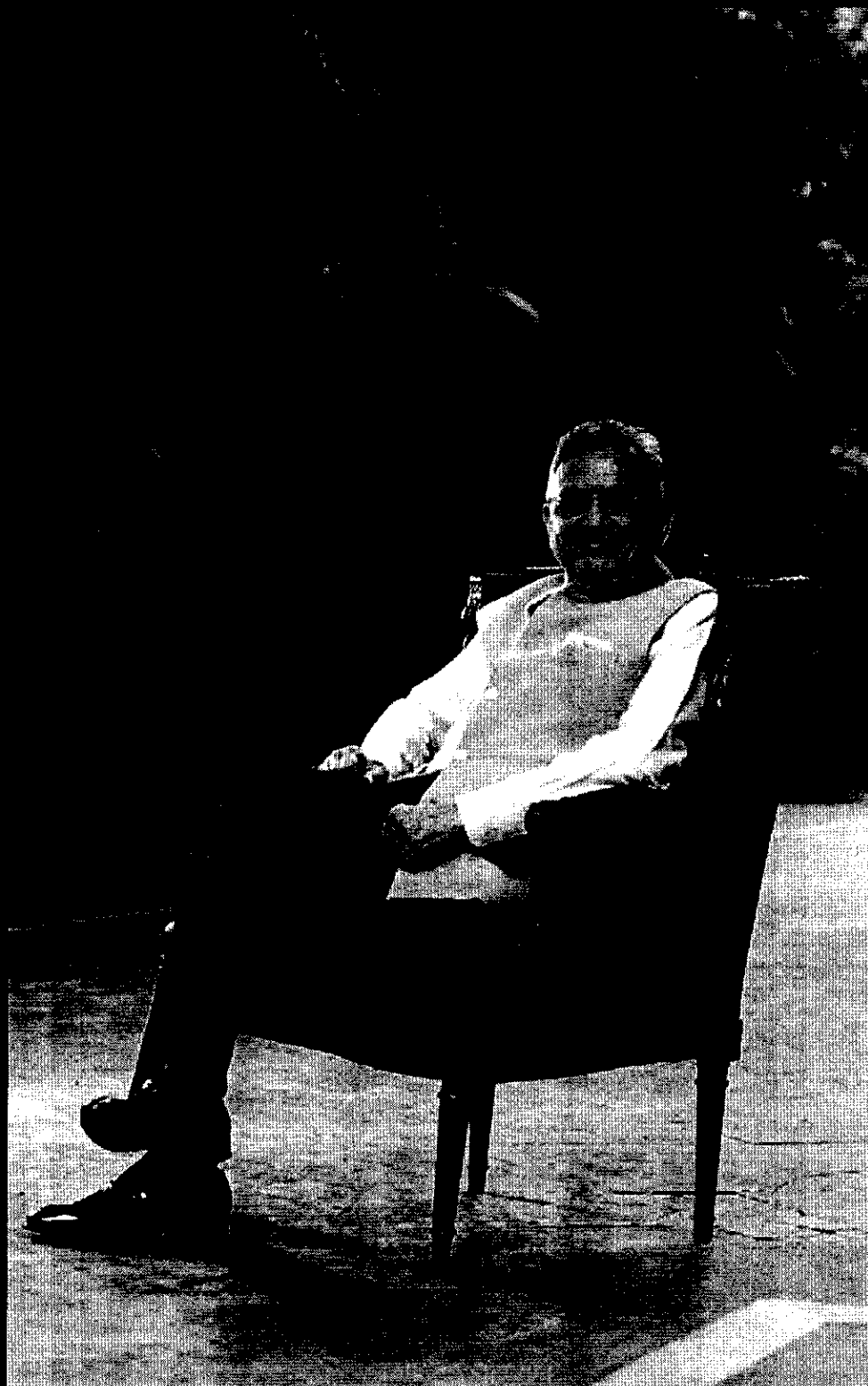
XXX Rum



*Contessa Rum . For the man of courage*

Contessa Rum is another millionaire brand from the straddle of Radico Khaitan. This brand has surpassed expectations and has garnered strong foot hold in the Indian market. Contessa has won accolades such as International Award including a Silver medal at Monde Selection 2008 and Bronze medal at International Wine and Spirit Competition in 2007 for its quality.

This rum truly reflects the real meaning of courage and the taste simply touches the right cords & reflects the true essence of bravery. It is the highest selling Rum brand in the Defence segment with a 25% market share. Now, Radico Khaitan has spread the splendid taste of this Rum in parts of Africa, South East Asia and Middle East and it recently launched in USA and Canada.



Dear Shareholders,

FY2016 was a year of consolidation at Radico Khaitan. We focused on our core strengths and delivered a sustained, profitable financial performance in an economic environment which was challenging and volatile. Our longstanding focus on premiumization coupled with cost optimization efforts resulted in improved profitability. We delivered strong EBITDA margin improvement of 165 bps.

Premiumization and innovation are at the core of our growth strategy. Over the past five years, we have launched new products or variants only in the premium category. Innovation for us applies to all aspects of our business: new products and enhanced customer experience, manufacturing, R&D, supply chain, marketing, HR and other operations. It is our habit of innovation that has enabled us to create a strong brand identity in the spirits industry in India.

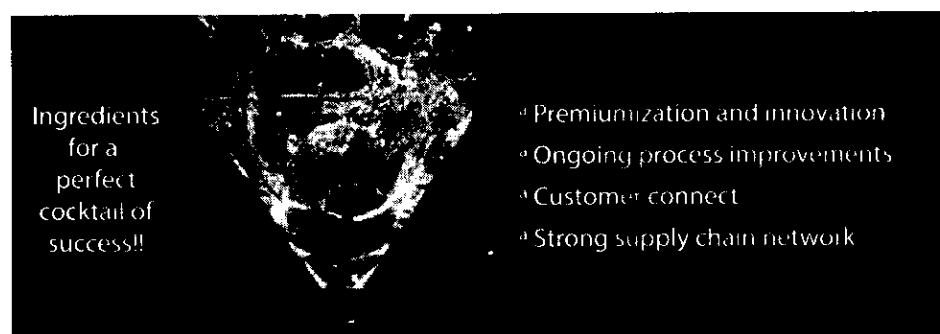
At Radico Khaitan, management has dedicated their efforts towards ongoing process improvements. Our objective is to continue to improve our efficiency with respect to our processes and cost management across all operations. This enables us to take swift action and channelize resources in the right areas for growth.

Customer connect or knowledge about the consumer's choices and preferences has been our key strength. This has led to the success of our key brands. Capitalising on the success of our Magic Moments premium vodka and to address the demand potential in the ready-to-drink market segment, we launched Magic Moment Electra during FY2016. From the product flavour, to bottle design and packaging, everything has been conceptualised and finalised after extensive research. We expect Electra to contribute to our growth in a meaningful way in the years to come.

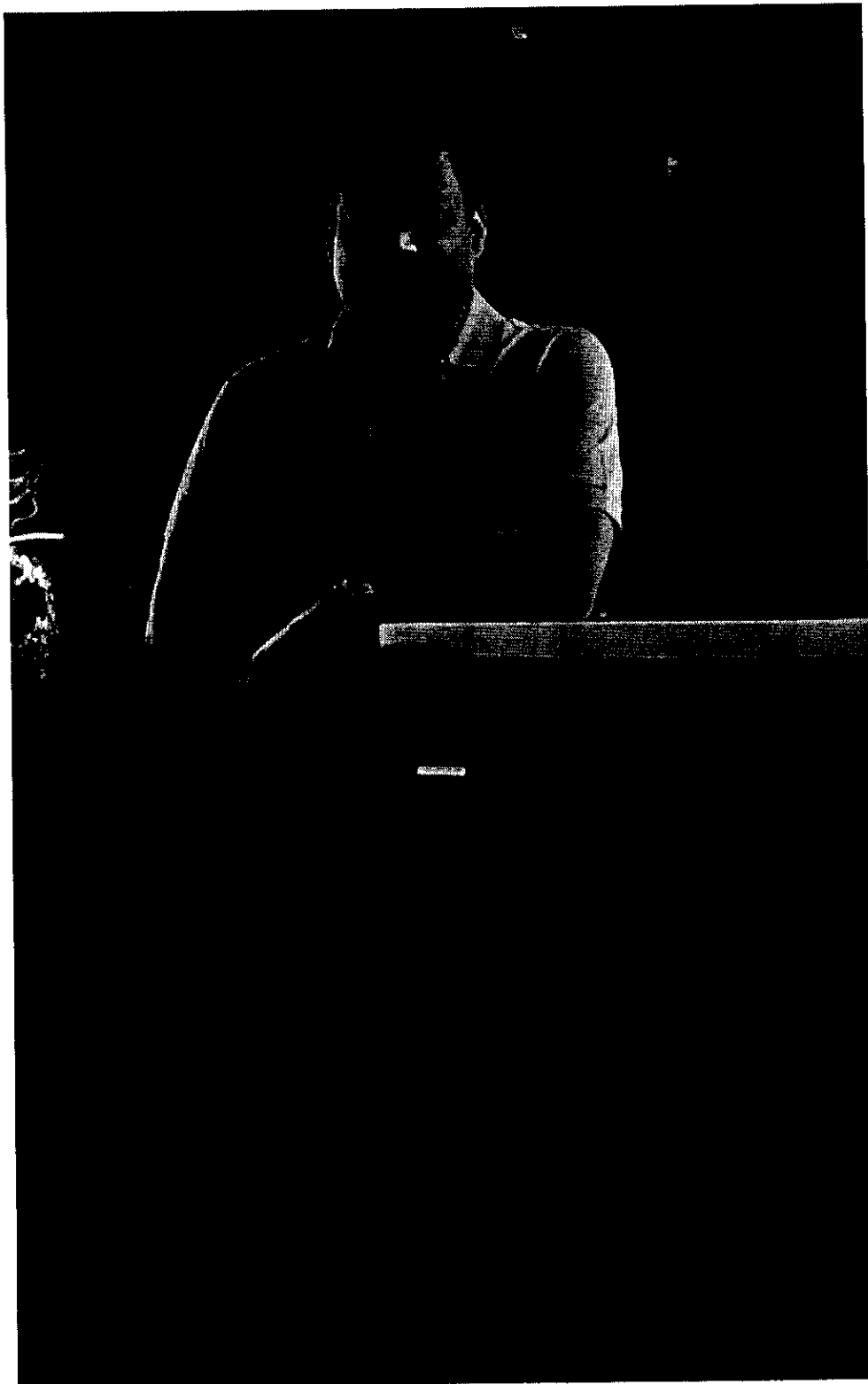
Over 20 million people enter the drinking age every year. This paves way for significant growth opportunities for our brands which are already well established. We aim to further leverage the growth potential of the Indian spirits industry through our strong supply chain network and balanced geographic presence, capturing all relevant channels across all markets to reach our consumers.

We have all the ingredients in place for a perfect cocktail of success!

Dr. Lalit Khaitan  
Chairman & Managing Director







Dear Valued Shareholders,

Radico Khaitan's revenue performance during the last fiscal year is a clear reflection of the prevailing industry trends and of our ongoing strategy of focusing on premium brands. Despite a 6.6% decline in our overall IMFL volumes, we were able to improve profitability. Our Prestige & Above category sales remained robust with a 8.9% growth. Our EBITDA grew by 14.2% to ₹195 Crore at 11% margin. This is an improvement of 165 bps over last year.

We believe in our strong values, rich heritage, commitment to consumer satisfaction and a culture of innovation. These remain the key pillars of our strength and foundation for future growth. Always striving to be the best, the Company has been able to build a highly reputable brand portfolio.

We are proud to have recently launched a single malt whisky conceptualised and developed by our R&D team. Rampur Indian Single Malt takes forward the rich heritage of Rampur, a princely state of British India and the 75 years of distillation expertise of Radico Khaitan, the pioneers of legendary spirits in India. Our passion to bring our brands' promise to life has always reaped us success and recognition globally.

Our recent launches such as ELECTRA have won substantial consumer confidence for us. The Company's existing premium products such as Magic Moments vodka and Morpheus brandy continue to gain market share and lead the respective categories in which they are placed. We are very proud of our product portfolio as it continues to win laurels at the Monde Selection Quality Awards. Radico Khaitan received the Monde Selection 2016 Grand Gold award for Magic Moments Remix Lemongrass & Ginger, and Magic Moments Remix Peach Flavoured Vodka; 10 Gold and 4 Silver awards for other brands.

I am confident that our strong product portfolio will help us capitalise on the anticipated upturn in the spirits industry. We have the building blocks in place to deliver a stronger performance and return to shareholders in the coming years.

Abhishek Khaitan  
Managing Director

## Directors' Report

Dear Members,

Your Directors are pleased to present their Thirty Second Annual Report on the business and operations together with the audited financial statement of the Company for the year ended March 31, 2016.

### Summary of Financial Performance:

(₹ in Crore)

	FY 2016	FY 2015
Net Sales (including sales from arrangements with other Distilleries / Bottling units)	1,789.17	1,846.46
Gross Profit (before depreciation and tax)	148.04	125.44
Profit before tax	107.70	87.13
Profit after tax	76.89	67.64
Prior period adjustments	0.00	0.00
Surplus brought forward from last year	88.49	98.61
Profit available for appropriation	165.66	166.25
Transfer to General Reserve	50.00	50.00
Proposed Dividend and tax thereon	12.81	12.81
Balance carried forward	102.86	88.49

### Operations Review:

FY2016 continued to be a very challenging year for global economy and in particular for the spirits industry in India. The Indian spirits industry has slowed down in recent years from double digits to low single digit volume growth. However, the high value premium segment has not been impacted by this slowdown. This trend was also reflected in the Company's performance. While, overall IMFL volume declined (6.6)% to 181.93 lakh cases in FY2016, Prestige & Above category brands registered a volume growth of 8.9% y-o-y in FY2016 to reach 44.02 lakh cases. Prestige & Above category brands as a percentage of total IMFL sales increased from 20.7% in FY2015 to 24.2% in FY2016. Net Sales declined by (3.1)% to Rs. 1,789.2 Crore.

Despite subdued sales performance, Radico Khaitan delivered a strong operating performance with EBITDA increasing by 14.2% to Rs. 194.6 Crore and EBITDA margins expanding by 165 bps to 10.9%. This was achieved through a combination of the Company's relentless focus on cost optimisation, better product mix and stabilising input price trend. Interest expenses decreased from Rs. 89.9 Crore in FY2015 to Rs. 84.7 Crore in FY2016. Net profit improved by 13.7% to Rs. 76.9 Crore with a 4.3% margin.

### Capital Structure and Liquidity:

#### Share Capital

During the year under review, the Company granted 530,000 stock options under the Employees Stock Option Scheme 2006. These shares will vest with employees in next four years.

#### General Reserve

An amount of Rs.50 Crore has been transferred to the General Reserve out of Radico Khaitan's profit of Rs.76.88 Crore for the financial year ended March 31, 2016.

### **Term Loan and Working Capital**

As of March 31, 2016, Total Debt was Rs. 851.4 Crore, Cash & Cash Equivalents were Rs. 10.6 Crore resulting in Net Debt of Rs. 840.9 Crore (vs. Rs. 838.9 Crore as of March 31, 2015). Total Debt consists of Rs. 509.9 Crore of Working Capital loans and Rs. 341.5 Crore of Long Term loans, including Long Term loans maturing within 12 months of the balance sheet date. Total Debt includes a sum of Rs. 15.5 Crore being the notional impact of the depreciation of the rupee on foreign currency loans (ECB). During FY2016, the Company reduced the Long Term ECBs from \$53.2 million to \$41.4 million. Working Capital loans increased during the same period due to seasonality impact.

As of March 31, 2016, Radico Khaitan had a conservative leverage with Debt/Equity ratio of 0.94x and Net Debt/EBITDA of 4.3x.

### **Capital Market Ratings:**

The Company continued to enjoy investment grade credit rating from Credit Analysis & Research Ltd (CARE) which has re-affirmed 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 A+" 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.

### **Directors:**

As per Rule 8 (5) (iii) of the Companies Accounts Rules 2014, Mr. Abhishek Khaitan got reappointed during the financial year 2015-16. There was no change in other directors and KMP's.

### **Board Meetings:**

During FY2016, the Board of Directors met 4 (four) times on 22<sup>nd</sup> May 2015, 10<sup>th</sup> August 2015, 9<sup>th</sup> November 2015 and 5<sup>th</sup> February 2016. The period between any two consecutive meetings of the Board of Directors of the Company was not more than 120 days. The details regarding composition, number of Board Meetings held and attendance of the directors during FY2016 are set out in the Corporate Governance Report as annexed with the report.

### **Meeting of Independent Directors:**

The Independent Directors of the Company met separately on 5<sup>th</sup> February 2016 without the presence of the Non-Independent Directors and the members of management. The meeting was conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company. In accordance with the Listing Agreement, following matters were, inter-alia, discussed in the meeting:

- 1) Review of the performance of Non-Independent Directors and the Board as a whole;
- 2) Review of the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- 3) Assessment the quality, quantity and timelines of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties

### **Familiarization Programme for the Independent Directors:**

Radico Khaitan has developed a well-structured orientation programme for the Independent Directors to provide them an opportunity to familiarize with the Company, its management and its operations so as to gain a clear understanding of their roles and responsibilities. This program is intended to familiarise the new Board members about the Company's strategy, products and offerings, operations and facilities, economic environment, organisation structure, human resource, finance, technology, quality and risk management. The induction

programme includes one-to-one interactive sessions with the top management team, business and functional heads among others, and also includes visit to the manufacturing facilities to understand operations and technology.

In pursuit of this, the Directors are updated on a continuing basis on developments in the corporate and industry scenario including those pertaining to regulatory and economic environment, to enable them to take well informed and timely decisions. The details of the familiarisation programme may be accessed on the Company's corporate website at [www.radicokhaitan.com](http://www.radicokhaitan.com).

#### **Declaration by Independent Directors:**

The Company has received declarations from all Independent Directors that they meet the criteria of Independence as laid down under Section 149 (6) of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 49 of the Listing Agreement. The Company keeps a policy of transparency and arm's length while dealing with its Independent Directors. No transaction was entered with Independent directors in the year which could have any material pecuniary relationship with them. Apart from sitting fee no other remuneration was given to any of the Independent Directors.

#### **Board Evaluation:**

The Board of Directors has laid down the manner in which formal annual evaluation of the performance of the Board, Committees and individual Directors has to be made. Radico Khaitan has in place a comprehensive and structured questionnaire for evaluation of the Board and its Committees, Board composition and its structure, effectiveness, functioning and information availability. This questionnaire also covers specific criteria and the grounds on which all Directors in their individual capacity will be evaluated.

The performance evaluation of the Independent directors was done by the entire Board excluding the director being evaluated. The performance evaluation of the Chairman and the Non-Independent directors was carried out by the Independent directors. The Board of Directors expressed their satisfaction with the evaluation process.

#### **Policy on Nomination, Remuneration and Board Diversity u/s 178(1)**

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members as well as diversity of the Board. Radico Khaitan recognizes the benefits and importance of having a diverse Board of Directors in terms of skill set and experience. The Company has an optimum mix of executive and non-executive, independent directors and woman director. The detail of the policy is explained in the Corporate Governance Report.

#### **Risk Management Policy:**

Risk management is embedded in Radico Khaitan's corporate strategies and operating framework. The Company has in place comprehensive risk assessment and minimization procedures, integrated across all operations and entails the recording, monitoring and controlling enterprise risks and addressing them timely and comprehensively. The risks are reviewed by the Risk Management Committee, Audit Committee and the Board from time to time and new risks are identified based on new business initiatives and the same are assessed, minimisation framework and controls are designed and appropriately implemented.

#### **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:

**Award Details:**

Name of the Brands	Wine Selection Quality Award 2016
Magic Moments Remix Lemongrass & Ginger Flavoured Vodka	Grand Gold
Magic Moments Remix Peach Flavoured Vodka	Grand Gold
Magic Moments Vodka	Gold
Magic Moments Remix Green Apple Flavoured Vodka	Gold
Morpheus Brandy	Gold
Magic Moments Remix Orange Flavoured Vodka	Gold
Magic Moments Remix Lemon Flavoured Vodka	Gold
Magic Moments Remix Chocolate Flavoured Vodka	Gold
Magic Moments Remix Raspberry Flavoured Vodka	Gold
M2 Verve Super Premium Vodka	Gold
M2 Verve Magic Moments Green Apple Premium Flavoured Vodka	Gold
M2 Verve Magic Moments Orange Premium Flavoured Vodka	Gold
Magic Moments Electra Cosmopolitan	Silver
Magic Moments Electra Appletini	Silver
Magic Moments Electra Agent Orange	Silver
Magic Moments Electra Starry Night Martini	Silver

**Employee Stock Option Scheme:**

Radico Khaitan's employee stock option scheme was implemented to provide the employees with an opportunity to share in the growth of the Company and to reinforce long term commitment. The Compensation Committee, at its meetings held on 23.11.2015, granted 530,000 stock options, to the eligible employees, as per the Employees Stock Option Scheme 2006. The particulars of the options as required by SEBI (Share Based Employee Benefits) Regulations, 2014 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, 2016. The total dividend payout for the financial year will be Rs. 106431012.00 including a dividend distribution tax of Rs. 21666849.78. This consistent dividend payout is to demonstrate our commitment towards our shareholders. The dividend is subject to approval of shareholders at the Annual General Meeting scheduled to be held on 11th July 2016 and will be paid to the shareholders whose names appear in the Register of Members as on the date of book closure, i.e. from 6.7.2016 to 11.7.2016 (both days inclusive).

**Dematerialisation:**

During the year 235,455 shares of the Company constituting 0.18% of the issued and subscribed Share Capital of the Company, were dematerialised. Around 98.07% of the shares of the Company have now been dematerialized as on March 31, 2016. 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

within the meaning of Section 73 of the Companies Act, 2013, read with the Companies (acceptance of Deposits) Rules, 2014.

#### Subsidiaries and Joint Ventures:

During the year under review, the Company has no subsidiary company. Radico Khaitan has one joint venture, namely, Radico NV Distilleries Maharashtra Limited. The Company has 36% stake in the said JV.

#### Transfer to Investor Education & Protection Fund:

Section 124 of the Companies Act, 2013 (Section 205A of the Companies Act, 1956) mandates that companies transfer dividend, that has been unclaimed for a period of seven years, from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). To ensure maximum disbursement of unclaimed dividend, the Company sends reminders to the concerned investors, before transfer of dividend to IEPF. Unclaimed dividend has been transferred to IEPF as per below table:

Financial Year	Date of Declaration of Dividend	Total Dividend (₹)	Unclaimed Dividend as on 31-3-2016 (₹)	Due Date of Transfer to IEPF account
FY 2002	16.07.2002	38,579,176.00	730,556.00	22.08.2009
FY 2003	19.07.2003	34,721,258.40	914,312.00	24.08.2010
FY 2004	17.07.2004	38,579,176.00	973,284.00	22.08.2011
FY 2005	16.11.2005	42,437,093.60	983,341.00	21.12.2012
FY 2006	25.09.2006	48,223,970.00	1,135,840.00	30.10.2013
FY 2007	26.09.2007	51,231,109.50	922,432.00	05.11.2014
FY 2008	30.09.2008	51,231,109.50	1,065,509.00	16.10.2015

#### Key Managerial Personnel:

There has been no change in Key Managerial Personnel during the year under review.

#### Remuneration of the Directors and Employees:

Radico Khaitan's remuneration policy aims at attracting and retaining high quality talent. Your Company's approach is to have performance based compensation culture. The remuneration policy, therefore, is market-led and takes into account the competitive circumstance of the business so as to attract and retain quality talent and leverage performance significantly.

The remuneration payable to each executive Director is based on the remuneration structure as determined by the Board, and is revised from time to time depending upon individual contribution, the Company's performance and the provisions of the Companies Act, 2013.

#### Particulars of Employees:

In accordance with the provisions of Section 197 (12) of the Companies Act, 2013, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees are to be set out in the Directors' Report, as an addendum thereto. During FY2016, Seven (7) persons employed throughout the year, were in receipt of remuneration of Rs. 60 lacs per annum or more amounting to Rs. 80,846,178. During FY2016, the Company had a total of 1115 employees as per Annexure B.

The above annexure is not being sent along with this Report to the Members of the Company in line with the provision of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. The aforesaid Annexure is also available for inspection by Members at the registered Office of the Company, 21 days before the 32<sup>nd</sup> Annual general meeting and up to the date of the ensuing Annual General meeting during the business hours on working days.

None of the employees listed in the said annexure is a relative of any Director of the Company. None of the employees hold (by himself or along with his spouse and dependent children) more than two percent of the equity shares of the Company.

The information required under Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2016 is given in a separate Annexure - B to this Report.

The Business Responsibility Reporting as required by Section 134 (5) of the Companies Act, 2013 is not applicable to your Company for the financial year ending March 31, 2016.

#### **Audit Report for the Year Ended FY2016:**

The observations made in the Auditors Report are self-explanatory and therefore do not call for any further comments under Section 134 of the Companies Act, 2013.

#### **Statutory Auditor:**

The Board of Directors in their meeting held on 25<sup>th</sup> May 2016 has taken on record the special notice received from a shareholder, as well as recommendation of the Audit Committee for the appointment of M/s. BGJC & Associates, Chartered Accountants (Firm Registration No. 003304N), as Statutory Auditors of the Company for a consecutive term of 5 years in place of the retiring Auditors M/s. V. Sankar Aiyar & Co. and has recommended the same to the Shareholders for their approval in the ensuing AGM. Written consent of the proposed auditors together with a certificate certifying that the appointment, if made, shall be in accordance with the conditions specified in Rule 4 of the Companies (Audit & Auditors Rules) 2014 has been received.

#### **Cost Auditor:**

As per the requirement of Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out audit of cost records relating to Industrial Alcohol every year.

The Board of Directors, on the recommendation of audit committee, has appointed Mr. S.N. Balasubramanian, Cost Accountants, as cost auditor to audit the cost accounts of the Company for the financial year 2017 at a remuneration of Rs. 1 lac plus service tax as applicable and reimbursement of out of pocket expenses. As required under the Companies Act, 2013, a resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting.

#### **Secretarial Audit:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed M/s. Tanuj Vohra & Associates, a firm of Company Secretaries in Practice (C.P. No. 5253) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as Annexure - C and forms an integral part of this Report. There is no secretarial audit qualification for the year under review.

#### **Internal Control Systems and their Adequacy:**

Radico Khaitan has an elaborate internal control system commensurate to the size of the Company and its operations. This system continuously monitors compliance to internal processes across the operations to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, that transactions are authorised, recorded and reported correctly and that operations are conducted in an efficient and cost effective manner. The policies are in place relating to financial and operational controls.

The internal audit function periodically performs audit of various processes and activities. The Audit Committee reviews the effectiveness of the Internal Control System, and also invites functional Directors and Senior



Management personnel to provide periodic updates on operational effectiveness and controls. A CEO and CFO Certificate, forming part of the Corporate Governance Report, confirms the existence and effectiveness of internal controls. The Company has appointed Grant Thornton as their internal auditors, which in turn submits quarterly reports to the Audit Committee. The Company has also appointed external agency to review the Internal Control Systems and they have in turn reported on the effectiveness and efficiency of Internal Control Systems. Being an ongoing exercise, the management continuous to work on the same.

#### **Particulars of Loans, Guarantees or Investment by the Company:**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to Financial Statements.

#### **Vigil Mechanism:**

Pursuant to the requirement of section 177 (9) & (10) of the Companies Act, 2013, Radico Khaitan has adopted a Vigil Mechanism, which allows employees of the Company to raise their concerns relating to fraud, malpractice or any other activity or event which is against the interest of the Company or society as a whole. Details of complaints received and the action taken are reviewed by the Audit Committee. The functioning of the Vigil Mechanism is reviewed by the Audit Committee from time to time. The Vigil Mechanism Policy has been uploaded on the website of the Company at [http://www.radicokhaitan.com/data\\_pdf/vigil\\_Mechanism\\_Whistle\\_Blower\\_Policy.pdf](http://www.radicokhaitan.com/data_pdf/vigil_Mechanism_Whistle_Blower_Policy.pdf)

#### **Archival Policy:**

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in line with Radico Khaitan's Policy on Determination of Materiality of Events and as per the Regulations, the Company shall disclose all such events to the Stock Exchanges and such disclosures shall be hosted on the website of the Company for a period of 5 years and thereafter the same shall be archived so as to be available for retrieval for a further period of three years by storing the same on suitable media. Thereafter the said information, documents, records may be destroyed as per the policy on preservation of documents.

#### **Related Party Transactions:**

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business and that the provisions of Section 188 of the Companies Act, 2013 are not attracted. Thus disclosure in form AOC-2 is not required. Further, there are no material related party transactions during the year under review with the Promoters, directors or Key Managerial Personnel. The Company has developed a Related Party Transactions framework through Standard Operating Procedures for the purpose of identification and monitoring of such transactions.

All Related Party Transactions are placed before the Audit Committee as also to the Board for approval. Omnibus approval was obtained on a quarterly basis for transactions which are of repetitive nature. Transactions entered into pursuant to omnibus approval are audited by the Risk Assurance Department and a statement giving details of all Related Party Transactions are placed before the Audit Committee and Board for review and approval on a quarterly basis.

The policy on Related Party Transactions as amended and approved by the Board of Directors has been uploaded on the website of the Company. The web-link of the same has been provided in the Corporate Governance Report. None of the directors has any pecuniary relationship of transactions vis-à-vis the Company.

#### **Environmental Protection Measures Taken by the Company:**

In view of the corporate responsibility on Environmental Protection, the Company has adopted a number of measures to improve in the field of environment, safety and health. Measures like standard operating procedures, training programmes for all levels of employees regarding resource conservation, housekeeping, Green Belt development and onsite emergency plan have been taken. Sustainable living is a part of long-term business strategy

and your Company continuously strives to reduce our environmental footprint, while enhancing the livelihood of millions of people across our product value chain.

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

As per Section 134 (3) (m) read with the Companies (Accounts Rules) 2014, the relevant information and data is given at Annexure – D.

- i) the steps taken or impact on conservation of energy;
- ii) the steps taken by the company for utilising alternate sources of energy;
- iii) the capital investment on energy conservation equipment;

The Company has continued its efforts to improve energy usage efficiencies and endeavours to identify and evaluate the risks associated with the future energy expansion. Furthermore, your Company views foreign exchange as a priority and engages with the overseas markets in a fair and careful manner to seek growth for the business.

#### **Corporate Social Responsibilities (CSR):**

Radico Khaitan is a responsible corporate citizen, supporting activities related to the benefit of the society as a whole. The Company is committed to improve quality of lives of people in the community its serves through long term stakeholder value creation, with special focus on empowerment of communities in rural India. As part of its CSR programmes, the Company partners with the community and addresses issues of water and sanitation, education, health and skill-building. Radico Khaitan also promotes and encourages responsible drinking through engaging with employees, taking preventative action, education & raising awareness and bringing communities on board to address local challenges at their root.

#### **Composition of the Committee:**

1. Dr. Lalit Khaitan	Chairman
2. Mr. K.P. Singh	Member
3. Mr. Ashutosh Patra	Member
4. Ms. Shailja Devi	Member

The Company's projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR policy. The Report on CSR activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as Annexure - E forming part of this Report. Apart from the CSR activities under the Companies Act, 2013.

#### **Significant and Material Orders Passed by the Regulators or Courts:**

There has been no significant and material order passed by the Regulators or Courts that would impact the going concern status of the Company and its future operations.

#### **Safety & Wellbeing of Women:**

Gender equality and women safety is a very important part of Radico Khaitan's human resource policies. The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. During the year under review, there were no sexual harassment cases reported to the Company.

#### **Directors' Responsibility Statement:**

To the best of knowledge and belief and according to the information and explanations obtained by them, your

Directors make the following statement in terms of Section 134 (3) (c) of the Companies Act, 2013.

- i) that in the preparation of the Annual Accounts for the year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the year ended on that date;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) the annual accounts have been prepared on a going concern basis;
- v) that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Extract of Annual Return:**

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return is provided in Annexure - F

**Management Discussion and Analysis for FY2016:**

Management Discussion and Analysis Report, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and forms part of this report.

**Corporate Governance Report for FY2016:**

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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, 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. The Board also appreciates the support and co-operation your Company has been receiving from its supply chain partners and others associated with the Company as its trading partners. Your Company looks upon them as partners in its progress and has shared with them the rewards of growth.

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 and on behalf of the Board**  
**Sd/-**

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

**Place: New Delhi**  
**Date: 25.05.2016**

## Annexure A

## Requirements under the SEBI (Share Based Employee Benefits) Regulations, 2014

## Summary of Status of ESOPs Granted

The position of the existing schemes is summarized as under-

Sr.No.	Particulars	Scheme 2006
<b>I. Details of the ESOS</b>		
1	Date of Shareholder's Approval	25-May-06
2	Total Number of Options approved	4,180,000
3	Vesting Requirements	10% in first year of Vest i.e. 1 year from date of grant, 25% on 2nd and 3rd vest and 40% on 4th vest
4	Exercise Price or Pricing formula (Rs.)	15% discount to closing price as per Scheme of 2006 on the date of Grant
5	Maximum term of Options granted (years)	Options to be exercised within 3 years of vesting
6	Source of shares	Primary issuance
7	Variation in terms of ESOP	Nil
<b>II. Option Movement during the year</b>		
1	No. of Options Outstanding at the beginning of the year	205,940
2	Options Granted during the year	530,000
3	Options Forfeited / lapsed during the year	4,690
4	Options Vested during the year	0
5	Options Exercised during the year	0
6	Total number of shares arising as a result of exercise of options	0
7	Money realised by exercise of options (Rs.)	0
8	Number of options Outstanding at the end of the year	731,250
9	Number of Options exercisable at the end of the year	201,250
<b>III Weighted average exercise price of Options granted during the year whose</b>		
(a)	Exercise price equals market price	Nil
(b)	Exercise price is greater than market price	Nil
(c)	Exercise price is less than market price	104.72
<b>Weighted average fair value of options granted during the year whose</b>		
(a)	Exercise price equals market price	Nil
(b)	Exercise price is greater than market price	Nil
(c)	Exercise price is less than market price	54.74

The weighted average market price of options exercised during the year

No options were exercise during the year

## IV Employee-wise details of options granted during the financial year 2015-16 to:

## (i) Senior managerial personnel :

Name	No. of options granted	Designation
Sh. K. P. Singh	60000	Whole Time Director
Sh. Dilip K Banthiya	60000	CFO
Sh. Rahul Gagera	60000	President Sales & Marketing
Sh. Sanjeev Banga	60000	President International Business
Sh. Ankur Sachdeva	60000	President Defense Business

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

Name	No. of options granted	Designation
Sh. K. P. Singh	60000	Whole Time Director
Sh. Dilip K Banthiya	60000	CFO
Sh. Rahul Gagera	60000	President Sales & Marketing
Sh. Sanjeev Banga	60000	President International Business
Sh. Ankur Sachdeva	60000	President Defense Business

- (iii) Identified employees who were granted option, during the year equal to 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	Designation
Nil		

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

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model are as follows:

1. Risk Free Interest Rate	7.43% to 7.68%
2. Expected Life	2.5 to 5.5 years
3. Expected Volatility	32.4% to 38.78%
4. Dividend Yield	0.62%
5. Price of the underlying share in market at the time of the option grant (Rs.)	123.2

**Assumptions :**

**Stock Price:** Closing price on National Stock Exchange on the date of grant has been considered

**Volatility:** The historical volatility over the expected life has been considered to calculate the fair value.

**Risk-free rate of return:** The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.

**Exercise Price:** Exercise Price of each specific grant has been considered.

**Time to Maturity:** Time to Maturity / Expected Life of options is the period for which the Company expects the options to be live.

**Expected dividend yield:** Expected dividend yield has been calculated as an average of dividend yields for five financial years preceding the date of the grant.

VI. Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20	5.76
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VII. The stock-based compensation cost calculated as per the intrinsic value method for the period April 1, 2015 to March 31, 2016 is 1438,101. If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the period April 1, 2015 to March 31, 2016 would be Rs. 222,900. The effect of adopting the fair value method on the net income and earnings per share is presented below:

**Pro Forma Adjusted Net Income and Earning Per Share**

Particulars	Rs.
Net Income as reported	768,882,356
Add: Intrinsic Value Compensation Cost	1,438,101
Less: Fair Value Compensation Cost	222,900
Adjusted Pro Forma Net Income	770,097,557
Earning Per Share: Basic	
As Reported	5.78
Adjusted Pro Forma	5.78
Earning Per Share: Diluted	
As Reported	5.76
Adjusted Pro Forma	5.76

## Annexure - B

## Disclosure in the Board's Report under Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of The Companies (Appointment &amp; Remuneration of Managerial Personnel) Rules, 2014

(i) The Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2015-16	Director's Name	Ratio to mean remuneration
	Dr. Lalit Khaitan	61.5:1
	Mr. Abhishek Khaitan	58.2:1
	Mr. Ashutosh Patra	N.A.
	Mr. K.S. Mehta	N.A.
	Dr. Raghupati Singhania	N.A.
	Mr. K.P. Singh	19.6:1
	Mr. Sarvesh Srivastava	N.A.
(ii) The Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any in the financial year 2015-16 compared to 2014-15.	Ms. Shailja Devi	N.A.
	Director's/CFO/CEO/CS/ Manager name	% age increase in remuneration
	Dr. Lalit Khaitan, Chairman & Managing Director	7.03%
	Mr. Abhishek Khaitan, Managing Director	6.70%
	Mr. K.P. Singh, Director	10%
	Mr. Dilip K. Banthiya, Chief Financial Officer	11%
(iii) Percentage increase in the median remuneration of employees in the financial year 2015-16 compared to 2014-15	Mr. Amit Manchanda, Company Secretary	10%
		9.63%
(iv) Number of permanent employees on the rolls of the Company	As on 31.03.2016	As on 31.03.2015
	1115	1150
(v) Explanation on the relationship between average increase in remuneration and the company performance	Total Revenue EBITDA & PAT increased by 3.1%, 14.2% & 13.7% respectively while average remuneration increased by 9.63%, performance of the Company, Cost of living, inflation & Industry level increase in the salaries were taken into consideration.	Total Revenue, EBITDA & PAT decreased by 0.58%, 11.9% & 5% respectively while average remuneration increased by 11.4%, High Cost of living, inflation & Industry level increase in the salaries were taken into consideration.

(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	Total revenue, EBITDA & PAT increased by 3.1%, 14.2% & 13.7% respectively while average remuneration of KMP increased by 9.43%. The payments were made as per remuneration policy.		Total revenue, EBITDA & PAT decreased by 0.58%, 11.9% & 5% respectively while average remuneration of KMP increased by 11.79%. The payment were made as per remuneration policy.	
(vii) Variation in the market capitalization of the the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in the comparison to the rate at which the company came out with the last public offer.	Details	31.03.2016		31.03.2015
	Market Capitalization	1261.87 Crores		1191.36 Crores
	Price Earning Ratio as at the closing date	16.41		17.62
	Percentage Increase / decrease of market quotations of shares	(+ ) 6.33%		(-) 38.51%
	Net worth of the Company	895.76 Crores		852.13 Crores
(viii) Average percentile increase already made in in the salaries of Employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	During 2015-16		During 2014-15	
	12.63		11.14	
	The increase is based on remuneration policy of the the company that rewards people based on their contribution to the success of the company and external market competitiveness.		The increased is based on remuneration policy of the company that rewards people based on their contribution to the success of the company and external market competitiveness.	
(ix) Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company	Name of Key Managerial personnel	Remuneration for the years ended		Reason against performance of the Company
		31.03.2016 (per month)	31.03.2015 (per month)	% age change
	Mr. Abhishek Khaitan, Managing Director & Chief Executive Officer	3353800	3143200 (Perks on Actuals)	6.71%
	Mr. K.P. Singh Whole Time Director	1166628	1061758	10%
	Mr. Dilip K. Banthiya, Chief Financial Officer	1470943	1326096	11%
	Mr. Amit Manchanda, Group Head - Legal & Company Secretary	340975	309886	10%
(x) Key parameter for any variable component of remuneration availed by the Directors	Commission of Rs. 55 lacs each paid to Chairman & Managing Director and Managing Director aggregating 0.91% of the net profit calculated as per Section 198 of the Companies Act, 2013.			
(xi) Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess the highest paid director during the year.	N.A.			

The Board of Directors of the Company affirms that the remuneration is as per the remuneration policy of the Company.

## Annexure - C

To,  
The Members,  
Radico Khaitan Limited  
CIN: L26941UP1983PLC027278  
Bareilly Road, Rampur  
Uttar Pradesh-244901

We have examined the relevant registers, records and documents maintained and made available to us by Radico Khaitan Limited ("the Company") for the period commencing from 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016 for the issuance of Secretarial Audit Report for the financial year 2015-16, required to be issued under section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring various compliances but the maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion and the compliance of the provisions of Corporate and other applicable laws, rules and regulations is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Delhi, 25 May, 2016

For Tanuj Vohra & Associates  
Company Secretaries  
Tanuj Vohra  
M. No.: F5621, C.P. No.: 5253



## Secretarial Audit Report

For the Financial Year ended on 31<sup>st</sup> March, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Radico Khaitan Limited  
CIN: L26941UP1983PLC027278  
Bareilly Road, Rampur  
Uttar Pradesh-244901

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Radico Khaitan Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Radico Khaitan Limited for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;
- (vi) Other laws as specifically applicable to the Company:-
  - (a) Food Safety and Standards Act, 2006 and Rules and Regulations made thereunder;
  - (b) Fire Prevention and Fire Safety Act and Indian Standard Code of practice for selection, installation and maintenance of portable first aid fire extinguishers; and
  - (c) The Electricity Act, 2003 and Rules made thereunder.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

**We further report that** during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No change in the composition of the Board of Directors took place during the period under review.

**We further report that** adequate notice is given to all directors to schedule the Board Meetings and agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Decisions carried through by the Board do not have any dissenting views and hence, no relevant recordings were made in the minutes book maintained for the purpose.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws including Labour Laws and Environmental Laws and Rules, Regulations and Guidelines framed thereunder.

**We further report that** during the audit period there were no specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the Company's affairs.

Delhi, 25 May, 2016

For Tanuj Vohra & Associates  
Company Secretaries  
Tanuj Vohra  
M. No.: F5621, C.P. No.: 5253

## ANNEXURE - D

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

The information under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended 31<sup>st</sup> March 2015 is given here below and forms part of the Directors Report.

**A. Conservation of Energy: Conservation of Energy:**

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

1. Power saving through replacement of old tube lights with new LED lights.
2. Power saving through stoppage of two nos bore well in plant by control water uses.

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

1. Replacement of old tube lights with new LED lights into collective saving of Rs. 4.30 lacs.
2. Power saving through stoppage of two nos bore well in plant into saving of Rs.4.39 lacs.

**B. Technology absorption:****Process Improvements:**

1. Quality Management (QM) of SAP has been fully implemented at Radico plants.
2. Despatches at various units are now tacked through vehicle tracking system.
3. Automation of Sales Tax returns for Rampur plants which consists of CST, VAT, Stock Transfers etc.
4. Reverse auction for freight which help organisation to optimize the logistic challenges and make it more economically viable for business.

**Chemical & water saving -**

1. By running the process of liquidation of Grain Spirit plant at Low pH by using low pH enzymes (By Changing the Enzyme), we have saved chemical caustic soda of approx. Rs 10-12 lacs / annum for Grain spirit production.
2. Reduction in DM water consumption quantity for steam generation up to 40% through recycling of steam condensate from distillation plant and decrease in DM water consumption in distillation through lees recycling resulted into saving of Rs. 21.1 lacs.
3. By using molasses protective enzyme in molasses storage tanks to reduce deterioration of Total reducing sugar of molasses, we have saved approx. Rs 35-40 lacs / annum.

**C Foreign Exchange earning and outgo:**

Particulars of earnings and outgo of foreign exchange are given in Notes on Accounts in Schedule 43 (i) of the accounts.

**D Environment Protection:**

Increase in Bio- Composting Area - We have increased covered Bio-Composting area by about 5 acres in order to facilitate bio-composting in rainy season.

For and on behalf of the Board  
Sd/-

Dr. Lalit Khaitan  
Chairman & Managing Director  
DIN - 00238222

Place : New Delhi  
Date : 25.05.2016

## ANNEXURE E

## Segment C: Reporting of Corporate Social Responsibility (CSR)

1	*Period for which CSR is being reported	From 01.04.2015 to 31st March, 2016
2	(a) *Whether information includes information about subsidiary company(s) ___ Yes ___ No	No
	(b) If yes, then indicate number of such subsidiary company(s)	N.A.
3	(a) *Whether information includes information about any other entity(s) Yes ___ No (e.g. supplies, value chain etc.)	No
	(b) If yes, then indicate number of such entity(s)	N.A.
	(c) *Does the company have a written CSR policy - Yes ___ No. If yes, attach a copy	Yes
	(d) Brief contents of the CSR policy	Copy is available on Company's website at <a href="http://www.radicokhaitan.com/data_pdf/csr_policy.pdf">http://www.radicokhaitan.com/data_pdf/csr_policy.pdf</a>
4.	- Overview of projects or preforms proposed to be undertaken	Various projects within the framework of Schedule VII of the Companies Act, 2013.
	- Weblink of company at which CSR policy is places	<a href="http://www.radicokhaitan.com/data_pdf/csr_policy.pdf">http://www.radicokhaitan.com/data_pdf/csr_policy.pdf</a>
	- Web link projects or performs undertaken	<a href="http://www.radicokhaitan.com/investorcentre.html">http://www.radicokhaitan.com/investorcentre.html</a>
	- Others.	
5	The Composition of the CSR Committee	1. Dr. Lalit Khaitan 2. Mr. K.P. Singh 3. Mr. Ashutosh Patra 4. Ms. Shailja Devi
6	Average net profit of the Company for last three financial years.	Rs. 10621.05 lacs
7	Prescribed CSR Expenditure (two per cent of the amount as in item 6 above)	Rs. 212.42 lacs
8	Details of CSR spent during the financial year.	
	(a) Total amount to be spent for the financial year.	Rs. 284.28 lacs (including previous year unspent amount of Rs. 71.86 lacs)
	(b) Amount unspent, if any;	Rs. 73.25 lacs
	(c) Manner in which the amount spent during the financial year is detailed below.	

## Annual Report on CSR Activities

1	2	3	4	5	6	7	8
Sl. No.	CSR Project or activity Identified	Sector in which the project is covered	Projects or programs (1) local Area or other (2) Specify the state & district where projects & programs was undertaken	Amount outlay (budget) projects or programs wise	Amount spent on the projects or programs: Sub heads:- (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent:- Direct or through implementing agency
1	Health care and Medical facilities	Health care & medical	Ajeetpur, Rampur (U.P.)	2,660,000.00	2,314,545.00	2,314,545.00	Direct
2	Promotion of education through skill development programmes linked to employment	Education & Skill development	Ajeetpur, Panwaria, Ghorakhal and Rampur (U.P.)	5,232,000.00	4,256,213.00	4,256,213.00	Direct
3	Environment (Donation given to Paryawaran Jankalyan Sansthan)	Environment Protection	Rampur	15,000.00	15,000.00	15,000.00	Direct
4	Safe Drinking water facilities, sanitation, Poverty & Mal Nutrition	Eradicating Extreme hunger, poverty, water and sanitation	Rampur	530,000.00	521,012.00	521,012.00	Direct
5	Rural /Cultural development	Rural/ Cultural development	Rampur, Bazpur, Jaipur, Moradabad, Mysore and Kolkata	7,535,000.00	7,076,813.00	7,076,813.00	Direct
6	Promotion of sports activities in rural areas	Sports	Rampur, Lucknow and Ajeetpur	1,378,400.00	1,377,900.00	1,377,900.00	Direct
7	Benefits to armed forces widows and their dependents	Armed forces widows and their dependents	Delhi	50,000.00	50,000.00	50,000.00	Direct
8	Natural Calamities, Arts & Culture, Society upliftment	Natural calamity	Chennai, Noida, Delhi, Bazpur, Sikar, Timmapur, Bangalore and Sikar	5,696,000.00	5,621,336.00	5,621,336.00	Direct
	<b>Grand Total</b>			<b>23,096,400.00</b>	<b>21,232,819.00</b>	<b>21,232,819.00</b>	

## ANNEXURE - F

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
as on the financial year ended on 31<sup>st</sup> March 2016  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN: L26941UP1983PLC027278
- ii) Registration Date: 21.02.2003
- iii) Name of the Company: Radico Khaitan Limited
- iv) Category / Sub-Category of the Company: Public Limited Company
- v) Address of the Registered office and contact details:  
Radico Khaitan Limited  
Bareilly Road, Rampur - 244 901 (U.P.).
- vi) Whether listed company: Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any

Registered Office:	Delhi Office:
M/s. Karvy Computershare Private Limited Karvy Selenium Tower-B, Plot No. 31 & 32, Gachi Bowli, Financial District, Nanakramguda, Serelingampally, Hyderabad-500 032, Telangana Toll Free No.18 00 3454 001 Telephone no. 040-4067161518 Fax No. 040-23430814 Email Id: einward.ris@karvy.com	M/s. Karvy Computershare Private Limited 305, New Delhi House 27, Barakhamba Road Connaught Place New Delhi-110 001. Telephone No. 011-43681700 Fax No. 011-43681710.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Manufacturing of Alcohol & Alcoholic products	1101	98.5%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Radico NV Distilleries Maharashtra Limited D-192 to D-195, MIDC Shendra Five Star Industrial Area, Aurangabad-431 201	CIN No. U15429MH2000PLC193208	Associate	36%	2 (6)

### IV. SHARE HOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)

#### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2015)				No. of Shares held at the end of the year (As on 31.03.2016)				% Change during the year
	Demat	Physical	Total	% of total No. of shares	Demat	Physical	Total	% of total No. of shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(a) Individual/ HUF	412210	0	412210	0.31	412210	0	412210	0.31	0
(b) Central Govt	0	0	0	0	0	0	0	0	0
(c) State Govt (s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corporate	53417608	0	53417608	40.15	53417608	0	53417608	40.15	0
(e) Banks / FI	0	0	0	0	0	0	0	0	0
(f) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub total (A) (1):</b>	<b>53829818</b>	<b>0</b>	<b>53829818</b>	<b>40.46</b>	<b>53829818</b>	<b>0</b>	<b>53829818</b>	<b>40.46</b>	<b>0</b>
<b>(2) Foreign</b>									
(a) NRI individuals	0	0	0	0	0	0	0	0	0
(b) Other individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corporate	0	0	0	0	0	0	0	0	0
(d) Banks / FI	0	0	0	0	0	0	0	0	0
(e) Any other	0	0	0	0	0	0	0	0	0
<b>Sub total (A) (2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A) (1)+(A)(2)</b>	<b>53829818</b>	<b>0</b>	<b>53829818</b>	<b>40.46</b>	<b>53829818</b>	<b>0</b>	<b>53829818</b>	<b>40.46</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
(a) Mutual Funds/ UTI	13760447	3565	13764012	10.35	19074721	3565	19078286	14.34	-3.99
(b) Banks / FI	193730	2665	196395	0.15	168212	2665	170877	0.13	0.02
(c) Central Govt.(s)	0	0	0	0	0	0	0	0	0
(d) State Govt.(s)	0	31620	31620	0.02	0	31620	31620	0.02	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	0	0	0	0	0	0	0	0	0
(g) FIIs	24592645	0	24592645	18.49	30289702	0	30289702	22.77	-4.28
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B) (1)</b>	<b>38546822</b>	<b>37850</b>	<b>38584672</b>	<b>29.00</b>	<b>49532635</b>	<b>37850</b>	<b>49570485</b>	<b>37.26</b>	<b>-8.26</b>
<b>2. Non-Institutions</b>									
(a) Bodies Corporate									
(i) Indian	12789127	25325	12814452	9.63	7482007	25215	7507222	5.64	3.99
(ii) Overseas	0	0	0	0	0	0	0	0	0
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs.1 lakh.	14912853	2219128	17131981	12.88	12125258	2139938	14265196	10.72	2.16

(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	6441386	0	6441386	4.84	4329241	0	4329241	3.25	1.59
(c) Others (specify)									
i) Clearing Members	218896	0	218896	0.16	67481	0	67481	0.05	0.11
ii) Pakistani Shareholder	0	5380	5380	0.00	0	5380	5380	0.00	0.00
iii) Foreign Bodies	2604000	0	2604000	1.96	2604000	0	2604000	1.82	0.13
iv) Non Resident Indians	1045425	362755	1408180	1.06	680657	357485	1038142	0.78	0.28
Sub-total (B)(2):-	38011687	2612588	40624275	30.54	27110444	2528018	29638462	22.80	8.26
Total Public Shareholding (B)=(B) (1)+(B) (2)	76558509	2650438	79208947	59.54	76643079	2565868	79208947	59.54	0.00
C. Shares held by Custodian for CDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	130388327	2650438	133038765	100.00	130472897	2565868	133038765	100.00	0.00

## (ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year 01.04.2015			Shareholding at the end of the year 31.03.2016			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Lalit Kumar Khaitan	234295	0.18	0	234295	0.18	0	0
2	Lalit Kumar Khaitan HUF	41850	0.03	0	41850	0.03	0	0
3	Abhishek Khaitan	86065	0.06	0	86065	0.06	0	0
4	Deepshikha Khaitan	50000	0.04	0	50000	0.04	0	0
5	Shailaja Finance Ltd.	11491087	8.64	2.14	11491087	8.64	1.39	0
6	Sapphire Intrex Ltd	33888011	25.47	3.33	33888011	25.47	3.01	0
7	Classic Fintrex Pvt. Ltd.	2576100	1.94	0	2576100	1.94	0	0
8	Elkay Fiscal Services Pvt.Ltd.	66000	0.05	0	66000	0.05	0	0
9	Abhishek Fiscal Services Pvt. Ltd.	99050	0.07	0	99050	0.07	0	0
10	Rampur International Ltd	5254085	3.95	2.47	5254085	3.95	0	0
11	Smita Fiscal Pvt. Ltd.	43275	0.03	0	43275	0.03	0	0
	Total	53829818	40.46	7.94	53829818	40.46	4.40	0

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	NO CHANGE IN PROMOTERS HOLDING	N.A.	N.A.	N.A.	N.A.



(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of Share Holder	No. of Shares at the beginning of the year / end of the year	% of total shares of the Company	Date	Increase / Decrease in share holding *	Cumulative Shareholding during the Year		
						Reason	No. of Shares	% of total shares of the Company
1.	Reliance Capital Trustee Co. Ltd	11296871	8.49	31.03.2015		Opening Balance	11296871	8.49
				10.04.2015	100000	Purchase	11396871	8.57
				17.04.2015	87000	Purchase	11483871	8.63
				24.04.2015	200000	Purchase	11683871	8.78
				01.05.2015	175000	Purchase	11858871	8.91
				08.05.2015	149600	Purchase	12008471	9.03
				15.05.2015	100400	Purchase	12108871	9.10
				29.05.2015	25000	Purchase	12133871	9.12
				05.06.2015	75000	Purchase	12208871	9.18
				19.06.2015	25000	Purchase	12233871	9.20
				28.08.2015	150000	Purchase	12383871	9.31
				11.09.2015	75000	Purchase	12458871	9.36
				09.10.2015	175000	Purchase	12633871	9.50
				16.10.2015	50000	Purchase	12683871	9.53
				30.10.2015	125000	Purchase	12808871	9.63
				06.11.2015	35000	Purchase	12843871	9.65
				20.11.2015	-223939	Sale	12619932	9.49
				11.12.2015	50000	Purchase	12669932	9.52
				18.12.2015	50000	Purchase	12719932	9.56
				08.01.2016	25000	Purchase	12744932	9.58
				08.01.2016	-450000	Sale	12294932	9.24
				15.01.2016	100000	Purchase	12394932	9.32
				22.01.2016	150000	Purchase	12544932	9.43
				05.02.2016	50000	Purchase	12594932	9.47
				12.02.2016	150000	Purchase	12744932	9.58
				19.02.2016	125000	Purchase	12869932	9.67
				26.02.2016	50000	Purchase	12919932	9.71
				04.03.2016	93200	Purchase	13013132	9.78
				11.03.2016	84800	Purchase	13097932	9.85
				18.03.2016	50000	Purchase	13147932	9.88
				31.03.2016		Closing Balance	13147932	9.88
2.	HSBC Global Investment Funds	9980624	7.50	31.03.2015		Opening Balance	9980624	7.50
				06.11.2015	-300000	Sale	9680624	7.28
				18.12.2015	-500000	Sale	9180624	6.90
				25.12.2015	-178397	Sale	9002227	6.77
				01.01.2016	-200000	Sale	8802227	6.62
				08.01.2016	-41774	Sale	8760453	6.58
				15.01.2016	-1018751	Sale	7741702	5.82
				31.03.2016		Closing Balance	7741702	5.82

3.	Ashish Dhawan	4934195	3.71	31.03.2015		Opening Balance	4934195	3.71
				02.10.2015	-986839	Sale	3947356	2.97
				22.01.2016	-2000000	Sale	1947356	1.46
				31.03.2016		Closing Balance	1947356	1.46
4.	Bajaj Allianz Life Insurance Co. Ltd.	2974500	2.24	31.03.2015		Opening Balance	2974500	2.24
				28.08.2015	-2000000	Sale	974500	0.73
				04.09.2015	-974500	Sale	0	0.00
				31.03.2016		Closing Balance	0	0.00
5.	BNP Paribas Arbitrage	2829986	2.13	31.03.2015		Opening Balance	2829986	2.13
				08.05.2015	-61918	Sale	2768068	2.08
				29.05.2015	-86987	Sale	2681081	2.02
				17.07.2015	2681081	Purchase	5362162	4.03
				17.07.2015	-2681081	Sale	2681081	2.02
				25.09.2015	-21000	Sale	2660081	2.00
				18.12.2015	-150000	Sale	2510081	1.89
				31.03.2016		Closing Balance	2510081	1.89
6.	Suresh Kantilal Shah	2533417	1.90	31.03.2015		Opening Balance	2533417	1.90
				31.03.2016		Closing Balance	2533417	1.90
7.	TIMF Holdings	2450000	1.84	31.03.2015		Opening Balance	2450000	1.84
				29.01.2016	260697	Purchase	2710697	2.04
				31.03.2016		Closing Balance	2710697	2.04
8.	Birla Sun Life Trustee Co. Pvt. Ltd.	2143079	1.61	31.03.2015		Opening Balance	2143079	1.61
				23.10.2015	18000	Purchase	2161079	1.62
				05.02.2016	126270	Purchase	2287349	1.72
				05.02.2016	-131000	Sale	2156349	1.62
				31.03.2016		Closing Balance	2156349	1.62
9.	Reliance Life Insurance Co. Ltd.	1686998	1.27	31.03.2015		Opening Balance	1686998	1.27
				10.04.2015	-19292	Sale	1667706	1.25
				17.04.2015	-122039	Sale	1545667	1.16
				24.04.2015	-77393	Sale	1468274	1.10
				01.05.2015	-56	Sale	1468218	1.10
				15.05.2015	-1102	Sale	1467116	1.10
				22.05.2015	34	Purchase	1467150	1.10
				29.05.2015	-24	Sale	1467126	1.10
				12.06.2015	-929	Sale	1466197	1.10
				19.06.2015	-6003	Sale	1460194	1.10
				26.06.2015	-2171	Sale	1458023	1.10
				30.06.2015	-1464	Sale	1456559	1.09
				03.07.2015	-785	Sale	1455774	1.09
				10.07.2015	-5071	Sale	1450703	1.09
				24.07.2015	-1538	Sale	1449165	1.09
				31.07.2015	-101424	Sale	1347741	1.01
				07.08.2015	-147987	Sale	1199574	0.90
				14.08.2015	-373168	Sale	826586	0.62

				21.08.2015	-225091	Sale	601495	0.45
				28.08.2015	-17526	Sale	583969	0.44
				04.09.2015	-20680	Sale	563289	0.42
				11.09.2015	-18062	Sale	545227	0.41
				18.09.2015	-561	Sale	544666	0.41
				30.09.2015	-114115	Sale	430551	0.32
				09.10.2015	-275098	Sale	155453	0.12
				16.10.2015	-155453	Sale	0	0.00
				31.03.2016		Closing Balance	0	0.00
10.	Acacia Partners LP	1512000	1.14	31.03.2015		Opening Balance	1512000	1.14
				27.11.2015	-81000	Sale	1431000	1.08
				04.12.2015	-98200	Sale	1332800	1.00
				31.03.2016		Closing Balance	1332800	1.00

\* Increase / Decrease in Shareholding one lac and above.

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	<b>Dr. Lalit Kumar Khaitan</b>				
	At the beginning of the year	234295	0.18	234295	0.18
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	234295	0.18	234295	0.18
2.	<b>Mr. Abhishek Khaitan</b>				
	At the beginning of the year	86065	0.06	86065	0.06
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	86065	0.06	86065	0.06

3.	<b>Dr. Raghupati Singhania</b>				
	At the beginning of the year	0	0	0	0
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease	-	-	-	-
	(e.g. allotment / transfer / bonus / sweat equity etc.):				
	At the end of the year	0	0	0	
4.	<b>Mr. Karna Singh Mehta</b>				
	At the beginning of the year	1500	0.001	1500	0.001
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease	-	-	-	-
	(e.g. allotment / transfer / bonus / sweat equity etc.):				
	At the end of the year	1500	0.001	0.001	0.001
5.	<b>Mr. Ashutosh Patra</b>				
	At the beginning of the year	0	0	0	0
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease	-	-	-	-
	(e.g. allotment / transfer / bonus / sweat equity etc.):				
	At the end of the year	0	0	0	0
6.	<b>Mr. Sarvesh Srivastava</b>				
	At the beginning of the year	0	0	0	0
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease	-	-	-	-
	(e.g. allotment / transfer / bonus / sweat equity etc.):				
	At the end of the year	0	0	0	
7.	<b>Ms. Shailja Devi</b>				
	At the beginning of the year	0	0	0	0
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease	-	-	-	-
	(e.g. allotment / transfer / bonus / sweat equity etc.):				
	At the end of the year	0	0	0	0

8	<b>Mr. K P Singh</b>				
	At the beginning of the year	891	0.00	891	0.00
	Purchase of shares on 07.08.2015	2000	0.002	2000	0.002
	Purchase of shares on 15.01.2016	21	0.000	21	0.000
	Purchase of shares on 22.01.2016	2979	0.002	2979	0.002
	At the end of the year	5891	0.00	5891	0.004
9.	<b>Mr. Dilip Kumar Banthiya</b>				
	At the beginning of the year	32721	0.025	32721	0.025
	Sale of shares on 17.04.2015	5000	0.004	5000	0.004
	At the end of the year	27721	0.021	27721	0.021
10.	<b>Mr. Amit Manchanda</b>				
	At the beginning of the year	0	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00

#### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount #	73,925.59	11,000.00	0.00	84,925.59
ii) Interest due but not paid	68.13	69.26	0.00	137.39
iii) Interest accrued but not due	260.99	0.00	0.00	260.99
<b>Total (i+ii+iii)</b>	<b>74,254.71</b>	<b>11,069.26</b>	<b>0.00</b>	<b>85,323.97</b>
Change in Indebtedness during the Financial year:				
Addition		4,498.65	0.00	4,498.65
Reduction	(-)4,280.27	(-) 0,000.00	0.00	(-)4,280.27
Net Change	(-)4,280.27	4,498.65	0.00	218.38
Indebtedness at the end of the Financial year:				
i) Principal Amount #	69,645.32	15,498.65	0.00	85,143.97
ii) Interest due but not paid	30.04	88.94	0.00	118.98
iii) Interest accrued but not due	240.46	00.00	0.00	240.46
<b>Total (i+ii+iii)</b>	<b>69,915.82</b>	<b>15,587.59</b>	<b>0.00</b>	<b>85,503.41</b>

# Secured Loans, outstanding as on 31.03.2015 Rs.73,925.59 lacs includes ECB Loan of \$ 53.23 mn. valued at Rs.62.59 per USD, and outstanding as on 31.03.2016 Rs.69,645.32 Lac includes ECB Loan of \$ 41.40 mn. valued at Rs.66.3329 per USD.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. in lakhs)

Sl. No	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Dr. Lallit Khaitan Chairman & Managing Director	Mr. Abhishek Khaitan, Managing Director	Mr. K. P. Singh Whole Time Director	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	358.39	337.10	117.05	813.04
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	22.23	19.14	30.52	71.89
	(c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961				
2.	Stock Option	N.A.	N.A.	N.A.	N.A.
3.	Sweat Equity	N.A.	N.A.	N.A.	N.A.
4.	Commission - as % of profit - others, specify...	55.00	55.00	N.A.	110.00
5.	Others, please specify: - Retiral benefits	27.68	26.63	5.63	59.94
	<b>Total (A) (1+2+3+4+5)</b>	<b>463.30</b>	<b>437.87</b>	<b>153.20</b>	<b>1054.87</b>
	Ceiling as per the Act	605.51	605.51	605.51	1332.12

### B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount (Rs.)
		Mr. Ashutosh Patra	Mr. K.S. Mehta	Dr. Raghupati Singhania	Mr. Sarvesh Srivastava	
1.	<b>Independent Directors</b>					
	Fee for attending board/ committee meetings	3,40,000/-	95,000/-	1,40,000/-	2,95,000/-	8,70,000/-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>3,40,000/-</b>	<b>95,000/-</b>	<b>1,40,000/-</b>	<b>2,95,000/-</b>	<b>8,70,000/-</b>
2.	<b>Other Non-Executive Directors</b>					
	Fee for attending board / committee meetings	80,000/-	-	-	-	80,000/-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	<b>80,000/-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80,000/-</b>
	Total Managerial Remuneration	-	-	-	-	-
	<b>Total (B)=(1+2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,50,000/-</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:**  
(Rs. in lakhs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Dilip K. Banthiya, Chief Financial Officer	Mr. Amit Manchanda, Company Secretary	TOTAL
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	148.18	30.98	179.16
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	6.64	2.60	9.24
	(c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	N.A.	N.A.	N.A.
2.	Stock Option	N.A.	N.A.	N.A.
3.	Sweat Equity	N.A.	N.A.	N.A.
4.	Commission - as % of profit - others, specify...	N.A.	N.A.	N.A.
5.	Others, please specify: - Retiral Benefits	7.85	2.48	10.33
	Total (A)	162.67	36.06	198.73
	Ceiling as per the Act	N.A.	N.A.	N.A.

**VII. PENALTIES /PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief description	Details of Penalty / Punishment / Compounding fees imposed	Authority(RD/ NCLT/Court)	Appeal made, if any (give details)
<b>A.</b>	<b>COMPANY</b>				
	Penalty Punishment Compounding		None		
<b>B.</b>	<b>DIRECTORS</b>				
	Penalty Punishment Compounding		None		
<b>C.</b>	<b>OTHER OFFICERS IN DEFAULT</b>				
	Penalty Punishment Compounding		None		

## Management Discussions and Analysis for the Year 2015-16

### Industry Overview

#### *Macroeconomic Overview and the India Consumption Story*

The global economic recovery remained slow and fragile during CY2015. According to the International Monetary Fund's (IMF's) April 2016 World Economic Outlook, global output grew at 3.1% in CY2015. The global economic growth during the year was impacted by increasing financial turbulence, softening of industrial activities in the advanced economies and ongoing pressures in the major emerging economies. Unfavourable demographic trends, low productivity growth and legacies from the global financial crisis continued to impact the pickup in activity for the advanced economies. As a result, the advanced economies recorded a modest growth of 1.9% in CY2015. The Euro Area registered a growth of 1.6% during the calendar year. The risk of a de-anchoring of inflation expectations coupled with huge debt overhangs in several countries in the region remains a concern. China, the largest economy in the world on purchasing power parity basis, is currently transitioning towards a more sustainable growth based on consumption and services. In CY2015, the Chinese economy recorded a growth of 6.9% compared to 7.3% in the preceding year. The emerging market and developing economies slowed down further from 4.6% in CY2014 to 4.0% in CY2015.

Overall, the global output is anticipated to grow by 3.2% in CY2016 and further improve to 3.5% in CY2017. The economic recovery is projected to strengthen in CY2017 and beyond, driven primarily by emerging market and developing economies, as conditions gradually start to normalize.

Indian economy continued to build on the initial momentum generated during the last fiscal year. Improvement in domestic consumption driven by better consumer sentiment and easing of inflation benefited the economy. As per Fitch Ratings, India's GDP is expected to grow at 7.5% in FY2016 and accelerate to 7.7% the next fiscal. Going ahead, the domestic demand is also expected to accelerate upon execution of the 7<sup>th</sup> Pay Commission and One Rank One Pension (OROP) recommendations.

The FMCG sector is one of the key components of domestic consumption in India. For the last decade, the Indian FMCG sector has been growing at a compounded annual growth rate (CAGR) of 11.9%. It is expected to grow further at a CAGR of 20.6% to touch US\$ 103.7 billion during 2016-2020.

The improvement in the overall macro-economic scenario coupled with India's favourable demographic profile supports the attractiveness of the long term consumer growth story. In addition, various initiatives undertaken by the government such as 'Jan Dhan Yojana' and the direct transfer of subsidies are expected to provide impetus to the growth. Easing of inflation is also anticipated to have a positive effect on the purchasing power and support the consumer growth story.

#### *The Indian Spirits Industry*

The Indian spirits industry has slowed down in recent years from double digits to low single digit growth in volumes. However, the high-value premium segment has not been impacted by this slowdown. As such, the slowdown has been felt entirely in the regular segment, where profitability is significantly lower. The operating environment has not been supportive to the industry performance. Increase in excise duties and input costs without corresponding price increases have been some of the key issues faced by the industry. Furthermore, a ban in the states of Kerala and most recently Bihar have had a negative impact on the industry volumes, particularly in the regular category.

Most of the leading IMFL companies are now driving premium category sale volumes. With respect to the regular category, companies aim to grow these brands only where it is profitable to do so. Certain manufacturers have even resorted to franchise model whereby manufacturing and distribution is outsourced to a franchisee that has a lower cost structure.

As per Euromonitor International, IMFL volume declined by 1.7% during CY2015 to 285 million cases<sup>2</sup>. Despite this subdued volume, sales value increased marginally by 0.7% compared to CY2015. This clearly reflects the changing industry trends towards premium segment volume growth.

In the short term, the spirits industry has faced a lot of challenges. Growing disposable incomes, rapid urbanization

1. Includes Germany, France, Italy and Spain.

2. One case equal to 9 liters.



of rural population, greater acceptance of social drinking, higher proportion of young population entering the drinking age as well as commitments to the World Trade Organization to reduce quantitative restrictions on alcohol imports, had the cumulative effect of global IMFL majors identifying India as one of their top markets. The entry of multinationals into the Indian spirits market provided additional impetus to the industry transition towards premium and newer products.

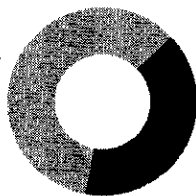
During CY2015, whisky volumes decreased by 0.6%, whereas value growth was at 1.5% compared to the same period last year. Brandy, White Spirits and Rum, all registered volume declines compared to the last year.

Brown spirits which includes whisky, brandy and rum continues to be the largest segment comprising 96.4% of market share by volume in CY2015. The remaining 3.6% includes white spirits such as vodka and gin. In terms of geographic split, South India forms 46% of the IMFL volume sales followed by 21% share each from North India and West India.

Within the White Spirits category, vodka continued to demonstrate growth with sales for the year at 70 million litres. Over the past five years, the overall vodka category has registered a compounded growth of 5.3% whereas in comparison premium vodka volume has grown at 9.7%. During the same period, flavoured vodka demonstrated a strong growth rate of 12.1%. Vodka is positioned as a drink for women and the younger generation, which has led to the strong volume growth. During CY2015, premium and super premium category vodka accounted for about 52.7% of the total vodka volumes compared with around 42.8% five years ago. This trend is expected to continue and the share of premium category vodka is anticipated to increase further.

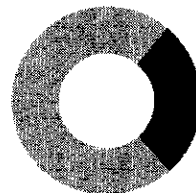
Sales of Spirits by Category (Volume): 2015

Whisky	Brandy
60.0%	21.7%
White Spirits	Rum
3.6%	14.7%



Sales of Spirits by Category (Value): 2015

Whisky	Brandy
72.5%	12.0%
White Spirits	Rum
5.5%	10.0%



Despite a sharp decline in the prices of crude oil and other commodities, there has been no fall in ethanol prices as the government has supported these prices through increased blending norms into petrol, which has increased demand. With weak monsoons in the past two years, even the production of cane has been impacted, causing supply-side issues as well. However, during FY2015, the key input prices, i.e. Extra Neutral Alcohol (ENA) and glass bottle, which have been increasing started to stabilize. This was a welcome relief in an otherwise difficult environment. Industry margins are expected to improve with the expected price increases that the state governments may allow from time to time.

India is in the process of revamping its indirect tax structure through the proposed implementation of the Goods and Service Tax (GST). Though GST is expected to be a major positive to the economy and to most of industries, spirits industry is expected to be adversely impacted by it as alcoholic beverages is kept out of its purview. Once GST is implemented, the alcoholic beverages will have a different taxation system whereas the input raw materials such as ENA and glass bottle will follow GST and hence there will be complexities in claiming credit of the tax paid on raw materials. This may adversely affect the cost of production and margins for the manufacturers.

#### ***The Indian Spirits Industry Outlook***

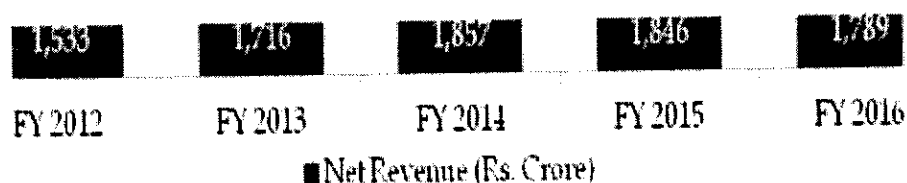
After a de-growth in 2015, IMFL volumes are expected to rebound and register a growth of 4.7% in 2016. IMFL consumption in India is expected to reach 3,141 million litres or 349 million cases by CY2020 representing a 2016-20 CAGR of 4.0%. During the same period, IMFL consumption value is expected to grow at 5.8%. To drive premiumization further, companies will need to invest in brand rejuvenation and upgrading the existing regular category brands with premium variants. Industry players will also need to focus on further enhancing the sales & distribution platform to provide optimum outreach to their products.

The recent ban on spirits in the states of Kerala and Bihar indicates that 'prohibition' may find its way back in the political manifesto. However, it has been seen that historically prohibition on spirits has not been sustainable as, in addition to loss of state revenue, it leads to increase in illicit alcohol demand which poses a bigger threat. Reversal of

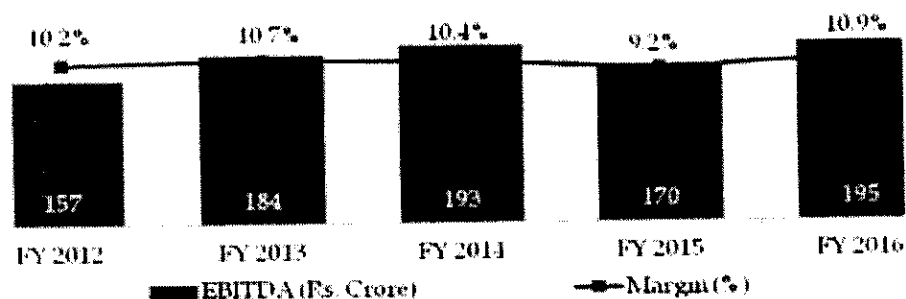
recent ban is possible in few years but in the interim it may have an adverse impact on the industry volumes particularly on the regular segment.

### Performance Overview

Net Sales (including CBU sales) decreased by 3.1% to Rs. 1,789 Crore which is a clear reflection of the current industry trends. Total IMFL volume declined by 6.6% primarily due to reduced focus on the low margin category brands in Tamil Nadu. However, the Prestige & Above brands volume continued its robust performance and increased by 8.9%. As a percentage of total IMFL volumes, these brands now contribute 24.2% compared to 20.7% last fiscal year.

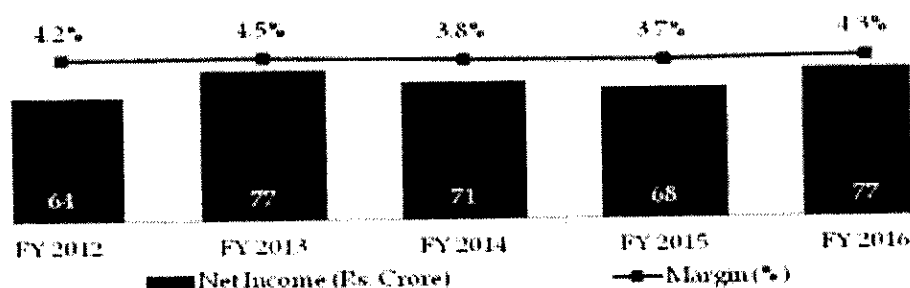


Operational EBITDA increased by 14.2% and margins improved by 165 basis points to 10.9% compared to the previous year. Margin for the year benefitted due to better product mix and ongoing cost optimization efforts. Overall, raw material prices, in particular ENA and glass bottle, have remained stable during FY2016 and are expected to remain at these levels in the near term.



During FY2016, the Company's joint venture (JV) in Maharashtra, Radico NV Distilleries Maharashtra Ltd. paid dividend on its cumulative preference shares. Radico Khaitan received a dividend of Rs. 6 Crore from its preference shares in the JV which has been included under Other Income. Radico Khaitan holds a 36% strategic stake in this JV which became debt free in FY2016.

Net Income increased by 13.7% over FY2015. This growth is despite an increase in effective tax rate (ETR) from 22.4% in FY2015 to 28.6% in FY2016. Interest Expenses declined from Rs. 89.9 Crore in FY2015 to 84.7 Crore FY2016 as a result of ongoing long term debt reduction.



### Liquidity

As of March 31, 2016, Total Debt was Rs. 851.4 Crore, Cash & Cash Equivalents were Rs. 10.6 Crore resulting in Net

Debt of Rs. 840.9 Crore (vs. Rs. 838.9 Crore as of March 31, 2015). Total Debt consists of Rs. 509.9 Crore of Working Capital loans and Rs. 341.5 Crore of Long Term loans, including Long Term loans maturing within 12 months of the balance sheet date. Total Debt includes a sum of Rs. 15.5 Crore being the notional impact of the depreciation of the rupee on foreign currency loans (ECB). During FY2016, the Company reduced the Long Term ECBs from \$53.2 million to \$41.4 million.

### Credit Rating

Radico Khaitan'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).

CARE A+ rated instruments are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. CARE A1+ rated instruments are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry the lowest credit risk.

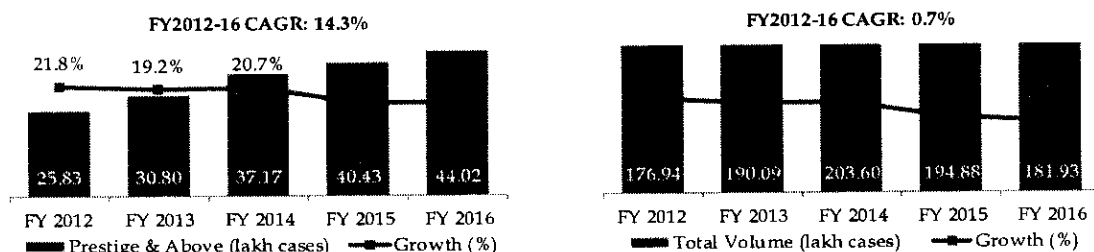
As per CARE, the ratings continue to derive strength from Radico Khaitan's strong nationwide presence in the IMFL segment, established brands along with consistent growth in scale of operations, comfortable financial risk profile and adequate liquidity position in the form of unencumbered liquid reserves and unutilized working capital lines available with the Company.

### Segment Wise or Product Wise Performance

The Company has only one major operational business segment viz. liquor and related products, which accounts for more than 90% of the total turnover of the Company.

### Review of Operations

Capitalising on the opportunities that arise out of the structural changes in the spirits industry in India and the success of Radico Khaitan's Magic Moments Premium Vodka product line, the Company launched Electra, a ready-to-drink (RTD) product during the year. Results of the Company's efforts are evident from its increased contribution of the Prestige & Above brands. During the year, Prestige & Above brands accounted for 24.2% of the total IMFL sales compared to 20.7% in the same period last year with a growth of 8.9% over FY2015.



### Business Strategy

Over the years, Radico Khaitan has evolved from being just a distiller of spirits to a leading IMFL company with highly reputable brands portfolio. Understanding of consumer preferences and product innovation remains the core of the Company's growth strategy:

### R&D, Innovation and New Product Launches

At Radico Khaitan, innovation is imbibed in the very culture of the organization. This focus on innovation coupled with an integrated R&D effort has enabled the Company to adapt to the changing trends and ensure top of the mind recall by its customers. In addition, our wide array of portfolio across category offers our loyal consumers a choice for all occasions and provides us an edge over prevailing competition. Radico Khaitan is one of the largest spirits companies in India with four 'Millionaire' brands in its portfolio. The Company launched ten new brands over the past decade. Of these new brands, the Company launched six brands in past five years and all of them in the premium category.

In May 2016, Radico Khaitan launched two new whiskies: Rampur Indian Single Malt and Regal Talons Semi Premium Whisky. While the launch of a single malt is a testament to our R&D and product development capabilities, Regal Talons is targeted at filling the gap in the Company's premium whisky portfolio and capturing the

opportunities in the largest segment of the Indian spirits industry. Magic Moments Electra, a ready to drink (RTD) offering launched in June 2015 gained significant traction within a few months of its launch in the North and North Eastern states of India. It has received positive feedback from the consumers and trade channels. Post this encouraging feedback, the Company is in the process of launching Electra on pan India level. Radico Khaitan's Magic Moments vodka has a leading market share of the Indian vodka industry. With the pan India launch, Electra is expected to capitalise on the success of Magic Moments vodka in the coming years. Recent new launches, together with the existing strong portfolio, are expected to lead the way for profitable growth and a promising future for the Company.

#### ***Cost Optimization***

ENA and packaging material form a major portion of the total cost of goods. Radico Khaitan's significant distillation capacity of 157 million litres 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 Partnerships***

Over the years, the Company has made investments in brand building which has created a large consumer base outside India. Radico Khaitan has made outstanding progress in building the brand equity and consumer loyalty in the overseas markets. Today, the Company has become a truly global brand and exports its products over 50 countries worldwide. In FY2016, export volumes in the premium category brands experienced strong growth compared with FY2015. Radico Khaitan's products have gained strong foothold across both the developed markets such as the US and Europe and developing economies in Africa and Middle East. Radico Khaitan also has collaboration with international players such as Ernest & Julio Gallo of California, one of the largest wineries in the world for distribution of their wines in India.

#### ***Supply Chain Management***

Radico Khaitan has 33 bottling units spanning across the entire country, of which 5 belong to the Company and 28 are contract bottling units. These widespread manufacturing locations coupled with consumers spread across the country requires it to maintain a comprehensive supply and distribution platform. In addition to a strong sales and distribution network, the Company leverages information technology and advanced demand forecasting to ensure timely delivery of its products to the customers. The Company's products are sold through over 45,000 retail and 5,000 on-premise outlets. Apart from wholesalers, a total of around 300 employees divided into four zones, each headed by a regional profit centre head, ensure an adequate on-the-ground sales and distribution presence across the country. Radico Khaitan continues to strive to build flexibility across the supply chain to ensure reliable volume deliveries in a timely and cost-effective manner.

#### ***Deleveraging of Balance Sheet***

Over the past couple of years, Radico Khaitan has been focused on free cash flow generation and consequent debt reduction. Over the last two years, the Company reduced its Long Term Debt significantly from Rs. 498.3 Crore at the end of FY2014 to Rs. 341.5 Crore currently. The Company has made significant investment in building capacities and capabilities and now focus is on sweating the assets. This will result in further debt reduction and enhancement in returns to shareholders.

#### ***Opportunities and Threats***

##### ***Opportunities***

**Economic Growth:** Indian economy has emerged as the only bright spot in the prevailing subdued macroeconomic scenario globally. Furthermore, India has become the fastest growing economy surpassing China. One of the prime drivers for this growth is higher domestic consumption.

**Improvement in Disposable Income:** Growth of the Indian economy coupled with various initiatives undertaken by the government such as 'Jan Dhan Yojana' and the direct transfer of subsidies is expected to improve the disposable income. Furthermore, execution of the 7<sup>th</sup> Pay Commission and OROP is also anticipated to result in higher disposable income in the hands of consumers.

**Rural vs. Urban Consumption:** Rural population holds key for driving overall consumption in India as it accounts

for nearly 70% of the total population. Improved transportation and communication network has exposed rural population with urban counterparts, which has led to craving for a better livelihood. Moreover, the increase in disposable income of rural India due to improved rural farm yields, investment in infrastructure, creation of National Agricultural Mission and direct cash transfer scheme is expected to drive consumption demand strongly. Rural liquor consumption has increased at a 5 year CAGR of 7.0% compared to 3.6% in urban region. This trend of fast growing rural consumption is expected to continue in the near term. The Company continues to invest in improving its distribution network across rural markets with an ongoing focus on the urban market.

**Favourable Demographics:** The demographic profile of India is skewed towards a younger population with the age group of 18-55 years constituting around 60%. Currently over 840 million Indians are of drinking age and another 65 million are expected to be added in the group by CY2019. Empirically it has been proven that whenever a nation has had a high working population, its GDP growth per capita has been positively correlated with changes in the relative size of the working-age population. This is primarily due to the greater contribution of the highly productive young work force.

**Changing Consumer Preferences:** Increased awareness of the younger generation due to better education and a focus on quality of lifestyle supported by improved disposable income has resulted in the gradual change in consumer preferences towards better quality products.

**Increased Alcohol Accessibility and Availability:** There has been an increase in the variety of alcohol and brands with most of them easily available in government licensed outlets, government shops, private licensed retail chains, restaurants, pubs and bars. Furthermore, the social acceptability of alcohol has improved in India.

**Price Increases:** The Company is focusing on achieving price increases in various regional markets in which it operates. Any price increases achieved will help improve the revenues as well as profitability.

#### **Threats**

**Change in Legal Drinking Age:** Any government regulation aimed to increase the legal drinking age in India can have an adverse impact on the volume demand of IMFL. However, the consumption at the lower end of the legal drinking age is relatively less and may not have any significant impact on the industry volumes.

**Change in Tax:** Taxes on alcohol are levied only by the state governments and account for a large portion of their tax revenues. Therefore, any significant tax increase can result in higher retail prices, thus impacting overall demand of IMFL. Currently a significant portion of the retail price comprises of various taxes. Although, the implementation of GST is expected to streamline the current taxation system, it may have an adverse impact on the spirits industry.

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

#### **Prohibition**

The recent ban on spirits in the states of Kerala and Bihar indicates that 'prohibition' may find its way back in the political manifesto. Recently, Tamil Nadu has also initiated steps for reduction in the number of outlets selling liquor in the state. However, it has been seen that historically prohibition on spirits has not been sustainable as, in addition to loss of state revenue, it leads to increase in illicit alcohol demand which poses a bigger threat. Reversal of recent ban is possible in few years but in the interim it may have an adverse impact on the industry volumes particularly on the regular segment.

#### **Risk and Concerns**

##### **Regulatory Environment**

Indian alcohol industry continues to be the most regulated sectors in India. The industry is subject to different laws and regulations varying from state to state. The complexity of state regulation makes an intricate tax and licensing environment. It restricts economies of scale and diminishes the capability of new manufacturers/products to achieve national distribution and gain competitive advantage. Furthermore, a ban on direct advertising creates major barriers to promote new as well as existing brands. Any policy 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***

Lower-than-anticipated sugarcane production and/or any sharp rise in prices of molasses or ENA will have an impact on the Company's profitability. ENA prices may also increase due its alternative use in ethanol blending and a more attractive price offered by the petrochemical industry. However, the Company's capability to shift to a 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 provide easy access to key markets. Apart from a wide spread presence, strategic location also helps to avoid the high taxes levied on inter-state movement of finished and in-process liquor. Radico Khaitan's focus on expanding exports will help to further mitigate any potential geographical risk.

#### ***Foreign Exchange Rate Variations***

Radico Khaitan has a portfolio of foreign currency debt for which it is subject to currency and interest rate risk. The Company has adopted risk management practices to monitor and address its foreign currency exposure. The increasing export portfolio acts as a natural hedge for the Company's foreign currency debt.

#### ***Awards and Recognitions***

During the year, Radico Khaitan received numerous awards for its leading brands. These awards are a testament to the Company's adaptability to changing consumer preferences as well as the superior quality of its products. The Company received the Monde Selection 2016 Grand Gold award for Magic Moments Remix Lemongrass & Ginger, and Magic Moments Remix Peach Flavoured Vodka; 10 Gold and 4 Silver awards for other brands.

#### ***Internal Control Systems & Adequacy***

Radico Khaitan has an elaborate internal control system commensurate to the size of the Company and its operations. This system continuously monitors compliance to internal processes across the operations to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, that transactions are authorised, recorded and reported correctly and that operations are conducted in an efficient and cost effective manner.

The Internal Control system aims to make sure that the business operations function efficiently and applicable laws, rules, regulations and policies of the Company are followed. The internal audit function periodically performs audit of various processes and activities. The Audit Committee reviews the effectiveness of the Internal Control system, and also invites functional Directors and Senior Management personnel to provide periodic updates on operational effectiveness and controls. 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, which in turn submits quarterly reports to the Audit Committee.

#### ***Information Technology (IT)***

Information Technology is core to the Company's processes, improvement and transformational initiatives. Furthermore, a seamless flow of information across all operations is essential to the success of a consumer products company. Hence, Radico Khaitan continues to explore and implement new emerging technologies for furthering business objectives. IT is accordingly managed through a robust governance process that covers value delivery, cost optimisation, technology management, support and education. The Information Technology systems in the Company form the backbone for carrying out all the business processes, for communication and collaboration. It also provides information for effective decision making, monitoring and management control.

The company has fully implemented Quality Management (QM) of SAP along with most desired reports which consist of Incoming materials Quality, characters based on rejection and acceptance, Quality certificates, Setup time analyst action for bottling line and the major output of this module i.e. SIX SIGMA report directly from SAP. The company has also installed dispatches tracking through vehicle tracking system. The system helps to track the start to end vehicle movement and also confirm the completeness of the journey. System also track halting time so that it can capture the mis use of vehicle if any. The vehicle system has been integrated with ERP (SAP) system to make sure the

entire cycle to be completed so that all the processes can be sync with one system. Automation of various Tax returns which consists of CST, VAT, Stock transfer has been created, which will help organization to submit the challan online and get the authoritative information on line and time to make sure smooth operations. The system provide the complete set of requirement which not even help to reduce time but at the same time to increase the productivities.

#### **Human Resource Management**

The Radico Khaitan family comprises of over 1,500 employees. The Company fully recognizes the fact that the human resource function is the foundation for persistent change during the phase of a rapid growth and transition. Radico Khaitan strives to achieve this by continuously providing opportunities to challenge, enrich, and fulfil the aspirations of the employees so that they can maximise their true potential. The Company regularly conducts training, talent management and performance enhancement programmes.

Within its purview, Radico Khaitan's human resource function includes the attraction and retention of talent, skills development, reward and recognition, performance management and employee engagement is realized through a number of key initiatives, systems and processes. This approach to human resource management has resulted in extremely low attrition and reflects the constructive relationship between the Company and its employees. There are no financial or commercial transactions that have resulted in a potential conflict of interest between Senior Management and the Company. 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 & on behalf of the Board  
Sd/-

Dr. Lalit Khaitan  
Chairman & Managing Director  
DIN - 00238222

Place: New Delhi  
Date: 25.05.2016

## Report on Corporate Governance

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance is about ensuring transparency, disclosure and reporting that conforms fully to the existing laws of the country and to promote ethical conduct of business throughout organization. The philosophy of the Company in relation to corporate governance is to ensure transparency in all its operations, make disclosures and enhance shareholder value without compromising on compliance of with the laws and regulations

Your Company is committed to sound principles of Corporate Governance with respect to all its procedures, policies and practices. 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 Board of Directors fully supports corporate governance practices and actively participates 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 governance processes and systems of your Company have strengthened over a period of time resulting in constant improvisation of sustainable and profitable growth.

The Company has complied with the requirements of the new listing agreement 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, 2013, 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.

The Board of Directors of the Company as on 31<sup>st</sup> March 2016 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 Regulation 17(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and represents the optimum combination of professionalism, knowledge, experience and consists of eminent individuals from industry, technical, legal and financial areas.

The details of the Directors being re-appointed on retirement by rotation at the ensuing Annual General Meeting, as required pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, are mentioned in the Notice to the Annual General Meeting, forming part of the Report. The brief profile of the Board Members is given in the website of the Company ([www.radicokhaitan.com](http://www.radicokhaitan.com)).

#### Number of Board Meetings:

During the financial year ended 31<sup>st</sup> March, 2016, four (4) meetings of the Board of Directors were held and the maximum time gap between two (2) meetings did not exceed four (4) months. The dates on which the Board Meetings were held were as follows:

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

22 <sup>nd</sup> May 2015	10 <sup>th</sup> August 2015	9 <sup>th</sup> November 2015	5 <sup>th</sup> February 2016
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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, Board level Committees and Chairmanship in more than five (5) such 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 and Regulation 17(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Name of the Director	Composition & Category 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	At the last AGM		Committee Member	Committee Chairman
Dr. Lalit Khaitan	Chairman / Promoter / Executive / Managing Director	Father of Mr. Abhishek Khaitan and Ms. Shailja Devi	4	Leave sought	-	-	-
Mr. Abhishek Khaitan	Promoter / Executive / Managing Director	Son of Dr. Lalit Khaitan and brother of Ms. Shailja Devi	4	Leave sought	-	-	-
Mr. K.P. Singh	Executive / Whole Time Director	Not related to any of the Directors	4	Yes	1	-	-
Mr. K.S. Mehta	Non-executive / Independent	Not related to any of the Directors	2	No	2	1	1
Dr. Raghupati Singhania	Non-executive / Independent	Not related to any of the Directors	2	No	8	1	1
Mr. Ashutosh Patra	Non-executive / Independent	Not related to any of the Directors	4	Yes	-	-	-
Mr. Sarvesh Srivastava	Non-executive / Independent	Not related to any of the Directors	4	Yes	-	-	-
Ms. Shailja Devi	Non-executive Non-Independent	Daughter of Dr. Lalit Khaitan and sister of Mr. Abhishek Khaitan	2	No	-	-	-

Notes:

(\*) Excludes directorship and committee membership in Radico Khaitan Limited. Also excludes directorship in Private Limited Companies, foreign Companies and companies under Section 8 of the Companies Act, 2013.

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

**Tenure:**

In Compliance of Section 152 of the Companies Act, 2013 at 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, offer themselves for re-appointment.

**Board Procedures:**

The Board meets at regular intervals to discuss and decide on business strategies / policies and review the financial position of the Company.

The Board Meetings are governed by a structured Agenda. The Agenda along with comprehensive notes and background material are circulated 7 days 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 Part A of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 within stipulated period under the Companies Act, 2013. 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 Part A of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Independent Directors:**

The Non-Executive Independent Directors fulfill the conditions of independence specified in Section 149 (6) of the Companies Act, 2013 and Rules made thereunder and meet with requirement of Regulation 25 (Obligation with respect to independent Directors) and Regulation 17(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with the Stock Exchanges. A formal letter of appointment to Independent Directors as provided in Companies Act, 2013 and the Listing Agreement has been issued and disclosed on the website of the Company viz. [www.radicokhaitan.com/investorcenter.html](http://www.radicokhaitan.com/investorcenter.html)

**Familiarisation programme for Directors:**

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Director is also explained in detail the Compliance required from him under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant regulations and affirmation taken with respect to the same. The Chairman and Managing Director also have one to one discussion with the newly appointed director to familiarize him with the Company's operations. Further, the Company has put in place a system to familiarize the Independent directors about the Company, its products, business and the on-going events relating to the Company.

The familiarization programme as attended by the Independent Directors has been put on the website of the Company at [www.radicokhaitan.com/investorcenter.html](http://www.radicokhaitan.com/investorcenter.html)

**Conflict of interests:**

Each Director informs the Company on an annual basis about the Board and the Committee positions he/she occupies in other companies including Chairmanships and notifies changes during the year. Members of the Board while discharging their duties, avoid conflict of interest in the decision making process. The members of the Board restrict themselves from any discussions and voting in transactions that they have concern or interest.

**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 2015-2016.

**Reappointment of Director retiring by rotation:**

During the year Mr. Abhishek Khaitan was appointed as Director in the AGM held on 30 Sept. 2015, liable to retire by rotation. Ms. Shailja Devi, Non Executive Non Independent Director (Women Director), is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer herself for reappointment. There is no remuneration paid to Ms. Shailja Devi.

A brief resume of Ms. Shailja Devi, Non Executive Non Independent Director, seeking re-appointment in the forthcoming AGM in terms of Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 is given below:

<b>Name</b>	<b>Ms. Shailja Devi</b>
<b>Date of Birth</b>	12.12.1969
<b>Date of Appointment</b>	30.05.2014
<b>Expertise in special functional areas</b>	Ms. Shailja Devi carries rich experience in handling the sales & exports of various products in overseas, duty free market and overseas joint venture and collaborations.
<b>Qualifications</b>	Post Graduate
<b>List of outside directorship as on 31<sup>st</sup> March 2016</b>	1. M/s. Aisha-Avika Enterprises Pvt. Ltd. 2. M/s. Dev Kiran Trading Company Pvt. Ltd. 3. M/s. Abhideep Estates Pvt. Ltd. 4. M/s. Nature's Treat Foods Pvt. Ltd.
<b>Chairman / Member of the Committee of other companies as on 31<sup>st</sup> March 2016</b>	NIL
<b>No. of shares held</b>	NIL

**Committees of the Board:**

Currently, there are eight (8) Committees of the Board, namely: Audit Committee, Nomination and Remuneration Committee, Stakeholder's Relationship Committee, ESOP Compensation Committee, Corporate Social Responsibility (CSR) Committee, Risk Management Committee, Committee of Independent Directors and Committee of Directors. The Board has decided 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 Committees mandatory under the Companies Act and listing agreement 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-Chairperson of the Committee, Dr. Raghupati Singhania and Mr.

Ashutosh Patra. All Members of the Audit Committee are financially literate and bring in expertise in the fields of finance, taxation, economics, industry and risk.

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 in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Listing Agreement and Section 177 of the Companies Act, 2013.

The details as to the date(s) on which the meetings were held and attendance of the Committee members during the financial year ended 31<sup>st</sup> March, 2016 are as follows:

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

20<sup>th</sup> May, 2015                      9<sup>th</sup> November 2015  
10<sup>th</sup> August 2015                  5<sup>th</sup> February 2016

Name	Meeting details Held	Attended
Mr. Sarvesh Srivastava	4	4
Dr. Raghupati Singhania	4	2
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 134 of the Companies Act, 2013;
  - 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, cost auditor 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, forex policy, management discussion and analysis, significant related party transactions.
11. Reviewing with the management and the Statutory Auditors anticipated changes in the Accounting Standards.
12. Review of the Vigil Mechanism and Whistle Blower mechanism of the Company;
13. The Audit Committee has power to investigate any activity within its terms of reference, to seek information from employees and to obtain outside financial and legal advice; and
14. Any other matter referred to by the Board of Directors.

Apart from the above, 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 team 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. The Company Secretary acts as Secretary to the Audit Committee as required by Regulation 18 (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

#### **Nomination and Remuneration Committee:**

##### **Composition and terms of reference:**

As on date, the Nomination and Remuneration Committee comprises of three (3) Directors, viz., Dr. Raghupati Singhania (Chairman of the Committee), Mr. K.S. Mehta and Mr. Ashutosh Patra. The Committee's terms of reference includes reviewing and recommending to the Board the salary, commission, other benefits, service agreements and employment conditions of the Whole-time and the Managing Director and to approve the selection, appointment and remuneration of relatives of Directors for holding an office or place of profit pursuant to Section 178 of the Companies Act, 2013 and Clause 49 of the listing agreement and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

##### **Meeting and Attendance:**

The Nomination and Remuneration Committee met one time during the year on 5.2.2016. The necessary quorum was present for the meeting. The Table below provides the attendance of the Nomination and Remuneration Committee members:

Sl. No.	Name	Position	Category	No. of Meeting attended
1.	Dr. Raghupati Singhania	Chairman	Non-Executive Independent	1 of 1
2.	Dr. Lalit Khaitan*	Member	Executive	1 of 1
3.	Mr. Ashutosh Patra	Member	Non-Executive Independent	1 of 1
4.	Mr. K.S. Mehta	Member	Non-Executive Independent	0 of 1

\* ceased to be member on 05.02.2016.

##### **Terms of reference:**

The Board has framed the Remuneration and Nomination Committee Charter which ensures effective compliance of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement and Regulation 19 and part D of

Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board has clearly defined terms of reference for the Remuneration and Nomination committee, which are as follows:

1. Reviewing the overall compensation policy, service agreements and other employment conditions of Managing / Whole-time Director(s) and Senior Management (one level below the Board);
2. to help in determining the appropriate size, diversity and composition of the Board;
3. to recommend to the Board appointment / re-appointment and removal of Directors;
4. to frame criteria and determining qualifications, positive attributes and independence of Directors, Continue or extend the terms of appointment of Independent Director.
5. to recommend to the Board remuneration payable to the Directors (while fixing the remuneration to Executive Directors the restrictions contained in the Companies Act, 2013 is to be considered);
6. to create an evaluation framework for Independent Directors and the Board;
7. to provide necessary reports to the chairman after the evaluation process is completed by the Directors;
8. to assist in developing a succession plan for the Board;
9. to assist the Board in fulfilling responsibilities entrusted from time to time;
10. delegation of any of its powers to any Members of the Committee or the Compliance Officer.

**Details of remuneration to all the Directors in the Financial Year 2015-16:**

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.

**Executive Directors:-**

(Rs. in lacs)

Sl. No.	Name of director	Salary	Commission	Perquisites and allowances	Retiral benefits*	No. of Stock options	Tenure
1.	Dr. Lalit Khaitan	358.39	55	22.23	27.68	Nil	5 Years
2.	Mr. Abhishek Khaitan	337.10	55	19.14	26.63	Nil	5 Years
3.	Mr. K.P. Singh	117.05	Nil	30.52	5.63	Nil	5 Years

\* Contributions to Provident Fund and Superannuation Fund.

**Non Executive Directors\*:**

Sl. No.	Name	Sitting Fees (in Rs.)
1.	Mr. K.S. Mehta	95,000/-
2.	Mr. Ashutosh Patra	3,40,000/-
3.	Dr. Raghupati Singhania	1,40,000/-
4.	Mr. Sarvesh Srivastava	2,95,000/-
5.	Ms. Shailja Devi	80,000/-

\* Non executive directors were paid sitting fees of Rs. 40,000/- for attending each meetings of the Board and Rs.15,000/- for Committees thereof and reimbursement of local conveyance.

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

The Company has adopted remuneration criteria for Non Executive Directors in compliance with Regulation 46(2)(f) of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015.

**Performance evaluation**

Pursuant to the provisions of the Companies Act, 2013 Clause 49 of the Listing Agreement *and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015*, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Board Committees. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Chairman and Managing Director and the Non-Independent Directors was carried out by the Independent Directors. The Directors express their satisfaction with the evaluation process.

**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 31<sup>st</sup> March, 2016 are as follows:

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

22 <sup>nd</sup> May, 2015	9 <sup>th</sup> November 2015
10 <sup>th</sup> August 2015	5 <sup>th</sup> February 2016

Name	Meeting details Held	Attended
Mr. Ashutosh Patra (Chairman)	4	4
Mr. Sarvesh Srivastava (Member)	4	4
Mr. K.P. Singh (Member)	4	4

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.
4. To fix record date / book closure of share / debenture transfer book of the Company from time to time.

**NAME AND DESIGNATION OF THE COMPLIANCE OFFICER:**

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

Details pertaining to the number of complaints received and responded and the status thereof during the financial year ended 31st March, 2016 are given as follows:

Nature of Complaints	Received during the year
Non-receipt of Dividend warrants	83
Non-receipt of Share Certificate(s) lodged for transfer / splitting of the share certificates etc.	71
Letters received from Stock Exchange(s) / SEBI	4
Others/Miscellaneous	576
<b>Total</b>	<b>734</b>

All the aforesaid complaints were responded to by the Company appropriately and there were no pending complaints at the end of the financial year 2015-2016.

All the requests, queries and complaints received during the financial year ended 31<sup>st</sup> March, 2016, were duly addressed and solved to the satisfaction of the members and no queries are pending for resolution on that date.

The Company provided Shareholder services in the following time frame:

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

**Corporate Social Responsibility (CSR) Committee:**

Pursuant to Section 135 of the Companies Act, 2013, the Board of Directors in their meeting held on 30<sup>th</sup> 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 Ms. Shailja Devi.



The purpose of the Committee is to formulate and monitor the CSR Policy of the Company and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013. The Committee monitors and gives guidance on various CSR activities to be undertaken by the Company. The constitution of CSR Committee and the CSR Policy of the Company is available on our website i.e. [www.radicokhaitan.com](http://www.radicokhaitan.com)

#### Meeting and Attendance:

*The CSR Committee met during the year on 05.02.2016. The necessary quorum was present for the meeting. The Composition of the CSR Committee as at March 31, 2016 and the details of meeting of the Committee are as under:*

Sl. No.	Name	Position	Category	No. of Meeting attended
1.	Dr. Lalit Khaitan	Chairman	Executive	1 of 1
2.	Mr. K.P. Singh	Member	Executive	1 of 1
3.	Mr. Ashutosh Patra	Member	Non-Executive Independent	1 of 1
4.	Ms. Shailja Devi	Member	Non-Executive Non Independent	0 of 1

#### Subsidiary Companies:

During the year under review, the Company did not have any subsidiary as defined under 2(ZM) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 49 of the listing agreement.

#### Independent Directors' Meeting:

During the year under review, the Independent Directors met on 5.2.2016, inter alia, to discuss:

- (1) The Board is not doing the things what is required to be done.
- (2) The Board is doing something which it is not required to be done.
- (3) Certain things which the Board is doing, but it can do better.
- (4) Roles of responsibilities of each of Independent Directors and expectations from one to another.
- (5) Expectations from the Promoters.
- (7) Promoters need to provide an environment under which all Members are able to perform.
- (8) Any terms and difference between the Independent Committee Members.

All Independent Directors were present for this Meeting.

#### CEO / CFO Certification:

As stipulated under Regulation 17(8) of SEBI (Listing Obligation and disclosure Requirements) Regulation 2015, the CEO / CFO Certificate for the financial year 2015-16 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 10<sup>th</sup> May 2016.

**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
2014-2015	Rampur Distillery Bareilly Road Rampur - 244 901 (U.P.)	30 <sup>th</sup> September 2015	1.00 P.M.	Nil
2013-2014	Rampur Distillery Bareilly Road Rampur - 244 901 (U.P.)	30 <sup>th</sup> September 2014	1.00 P.M.	3
2012-2013	Rampur Distillery Bareilly Road Rampur - 244 901 (U.P.)	30 <sup>th</sup> September 2013	1.00 P.M.	2

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

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

Your Company has not entered into any materially significant related party transaction that may have potential conflict with interest of the listed entity at large.

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.

The Company's Policy on Related Party Transactions has been duly approved by the Board in its meeting dated 5.2.2016 and uploaded on its website at [www.radicokhaitan.com](http://www.radicokhaitan.com)

**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 (Indian Accounting Standard) Rules, 2015 (as amended) and relevant provisions of the Companies Act, 2013. 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 Schedule III of the Companies Act, 2013.

**4. Details of compliance with mandatory and non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 49 of the Listing Agreement :**

Your Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 30<sup>th</sup> 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. No personnel has been denied access to the audit committee. A copy of the policy is placed on the internal server and on the website of the company i.e. [www.radicokhaitan.com](http://www.radicokhaitan.com).

**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 SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code of Conduct has been posted on the website of the Company [www.radicokhaitan.com](http://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, 2016.

**e) Unclaimed Suspense Account:**

The Company has transferred 8640 numbers of unclaimed shares to the respective shareholders from the unclaimed suspense account. Details of transfer are as under:

- (i) Aggregate number of shareholders and Outstanding shares lying in the unclaimed suspense account at the beginning of the year: 2575 and 863232.
- (ii) Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year: 15.
- (iii) Number of shareholders to whom shares were transferred from the unclaimed suspense account during the year: 15.
- (iv) Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year: 2560 and 854592.

- (v) Voting rights on the shares lying in the unclaimed suspense account shall remain frozen till the rightful owner of such shares claims the shares.

At the beginning of the financial year, there was no investor complaint that was unresolved. During the year, the company received 2 investor complaints, all of which were resolved and as such there was no unresolved investor complaint as at 31<sup>st</sup> March 2016.

**f) Secretarial Audit:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules made thereunder, the Company had appointed M/s. Tanuj Vohra & Associates, Company Secretaries to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for FY 2015-16 is annexed, which forms part of the Directors Report as Annexure - C. There were no qualifications, reservation or adverse remarks in the Secretarial Audit Report of 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 The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2011. 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 Economic Times all editions, Business Standard, Delhi and Mumbai editions and Hindustan, Moradabad edition.

**Quarterly results taken on record and published in the newspapers during 2015-2016:**

Quarter ended	Date of Board Meetings	Date of Publication in Newspapers	
		Economic Times All Editions Business Standard Delhi & Mumbai Edition	Hindustan (Hindi) Moradabad edition
30 <sup>th</sup> June, 2015	10.08.2015	11.08.2015	11.08.2015
30 <sup>th</sup> September, 2015	09.11.2015	10.11.2015	10.11.2015
31 <sup>st</sup> December, 2015	05.02.2016	06.02.2016	06.02.2016
31 <sup>st</sup> March 2016	10.05.2016	11.05.2016	11.05.2016

- b) The results of the Company are also posted up on the Company's corporate website: [www.radicokhaitan.com](http://www.radicokhaitan.com). The Company's official news releases where these financial results are also published 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. Karvy Computershare Private Limited., by sending a letter signed by the shareholders on addresses given below and intimate changes in the e-mail address from time to time.

**Radico Khaitan Limited**

Plot No.J-1, Block B-1

Mohan Co-operative Industrial Area, Mathura Road, New Delhi - 110 044.

Tel. No. +91 11 40975400/444/500/555

Fax No. +91 11 41678841-42

Email: info@radico.co.in

**M/s. Karvy Computershare Private Limited**

Registered Office:

M/s. Karvy Computershare Private Limited

Karvy Selenium Tower-B, Plot No. 31 & 32, Gachi Bowli,

Financial District, Nanakramguda, Serelingampally,

Hyderabad-500 032, Telangana

Ph. no. +91 040 6716 1518

www.karvycomputershare.com

Toll Free No. 18 00 3454 001

Fax No. 040-23430814

Email Id: einward.ris@karvy.com

**M/s. Karvy Computershare Private Limited**

Delhi Office:

305, New Delhi House, 27, Barakhamba Road, Connaught Place, New Delhi - 110 001.

Telephone No. 011- 43681700

Fax No. 011-43681710.

*The Company has complied with the corporate governance requirements as specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

## General Shareholder Information

**a) Company Registration details:**

The Company is registered in the State of Uttar Pradesh, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L26941UP1983PLC027278.

**b) Date, time and venue of the 32<sup>nd</sup> Annual General Meeting:**

11<sup>th</sup> day of July, 2016 at 1.00 p.m. at Rampur Distillery, Bareilly Road, Rampur - 244 901, Uttar Pradesh.

**c) Financial Year:**

Company follows the Financial Year Beginning from 1<sup>st</sup> April of every year and ends on 31<sup>st</sup> March of the next subsequent year.

**d) Dividend payment date:**

Dividend payout date has been provided in the Notice convening the AGM sent along with this Annual Report.

**e) Listing on Stock Exchanges:**

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

Name of Stock Exchange	Address	Code
1. Bombay Stock Exchange Ltd.(BSE)	Floor 25, P.J. Towers, Dalal Street, Mumbai - 400 001.	532497
2. National Stock Exchange of India Ltd. (NSE)	Exchange Plaza, 5 <sup>th</sup> Floor, Plot no.C/1, G Block Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.	RADICO

The Company has paid the listing fees for the financial year 2016-17 to the stock exchange(s) on which Company's shares are listed. The Company has also paid custodial fees for the year 2016-17 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.

**f) Stock price data:**

The monthly high and low prices and volumes of your Company's shares at BSE and NSE for the year ended 31<sup>st</sup> March, 2016 are given as follows:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (No. of Shares)	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
2015						
April	102.45	86.00	1249826	102.40	85.60	4506687
May	93.80	85.75	511050	94.00	85.80	2065039
June	88.50	78.10	480773	89.60	78.70	2055965

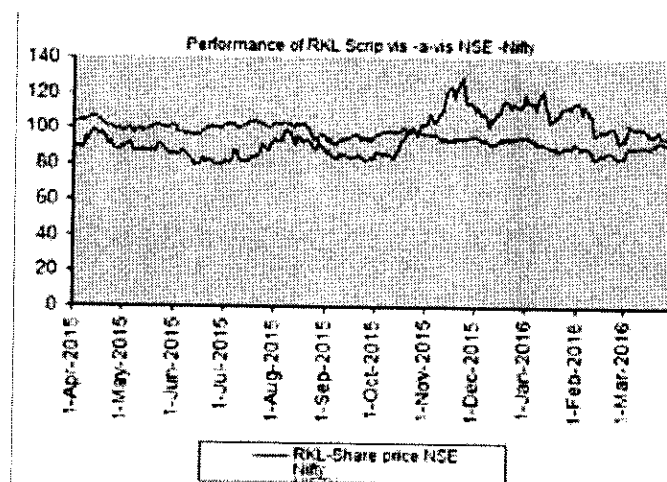
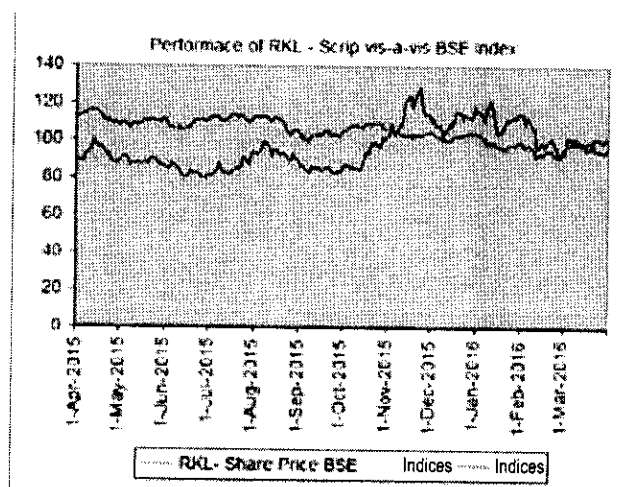
July	96.00	80.10	2815232	95.90	80.15	7920710
August	105.30	83.10	3780070	105.00	83.00	8881581
September	90.45	81.20	815618	90.35	81.00	2236312
October	105.50	83.50	1482080	105.60	83.20	7061753
November	130.90	100.00	4970006	130.70	99.10	22088190
December	120.00	99.20	1631795	120.25	99.20	8612535
2016						
January	126.00	97.70	5022466	125.90	97.60	10858601
February	117.95	90.15	944004	117.95	90.10	4132830
March	103.80	87.95	521489	103.90	92.75	4026925

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 2015-16 (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.

Performance of the share price of the Company in comparison to BSE Sensex and NSE Nifty:



**g) Registrar and Transfer Agent:**

Karvy Computershare Private 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 Karvy Computershare Private Limited, Registrar and Transfer Agent of the Company at the following address:

Registered Office:	Delhi Office:
M/s. Karvy Computershare Private Limited Karvy Selenium Tower-B, Plot No. 31 & 32, Gachi Bowli, Financial District, Nanakramguda, Serelingampally, Hyderabad-500 032, Telangana Toll Free No.18 00 3454 001 Telephone no. 040-67162222 Fax No.040-23001153 Email Id: einward.ris@karvy.com	M/s. Karvy Computershare Private Limited 305, New Delhi House 27, Barakhamba Road Connaught Place New Delhi - 110 001. Telephone No. 011-43681700 Fax No.011-43681710.

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

**h) Registered Office:**

Bareilly Road, Rampur - 244 901, Uttar Pradesh.

**i) Website:**

www.radicokhaitan.com

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

info@radico.co.in

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

**k) For the year ending 31<sup>st</sup> March, 2017, quarterly financial results will be announced as per the tentative schedule detailed below:**

Not later than 15 <sup>th</sup> August 2016 Not later than 15 <sup>th</sup> November 2016 Not later than 15 <sup>th</sup> February 2017 Not later than 30 <sup>th</sup> May 2017	First Quarter Second Quarter and Half Yearly Third Quarter and Nine Months Fourth Quarter and Annual
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**l) Date of Book Closure:**

Book Closure dates have been provided in the Notice convening the AGM sent along with this Annual Report.

**m) 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, 2013 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 Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 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.

**n) DISTRIBUTION OF SHAREHOLDINGS:**

The distribution of shareholding of the Company as on 31<sup>st</sup> March, 2016 is as follows:

Sl. No.	Category of Shareholders	Total No. of Shares	% of Total no. of Shares
1.	Promoters	53829818	40.46
2.	Mutual Funds	19078286	14.34
3.	Banks, Indian Financial Institution	170877	0.13
4.	FII's	32714502	24.59
5.	Private Corporate Bodies	7081527	5.32
6.	Indian Public	19093993	14.36
7.	NRI's/OCBs	1038142	0.78
8.	State Government	31620	0.02
	<b>Total</b>	<b>133038765</b>	<b>100.00</b>

**DISTRIBUTION OF SHAREHOLDING OF THE COMPANY BY NUMBER OF SHARES HELD AS ON 31ST MARCH, 2016 IS AS FOLLOWS:**

Share Holding of Nominal Value of		Shareholders		Shares		% Total	
Rs.	Rs.	Number	% to Total Shares	Physical shares	Dematerialised shares	Total shares	% to Total
UPTO 1	5000	31607	96.68	2222178	8061867	10284045	7.73
5001	10000	597	1.83	223345	1954466	2177811	1.64
10001	20000	217	0.66	62375	1564582	1626957	1.22
20001	30000	65	0.20	10850	785433	796283	0.60
30001	40000	37	0.11	15500	640403	655903	0.49
40001	50000	22	0.07	0	518405	518405	0.39
50001	60000	12	0.04	0	340293	340293	0.26
60001	100000	35	0.11	31620	1391058	1422678	1.07
100001	ABOVE	101	0.31	0	115216390	115216390	86.60
<b>TOTAL</b>		<b>32693</b>	<b>100.00</b>	<b>2565868</b>	<b>130472897</b>	<b>133038765</b>	<b>100.00</b>

p) **Unclaimed Dividend / Shares:**

In terms of Section 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 para ( C ) schedule VI (Manner of dealing with unclaimed shares)** 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.

q) **Transfer to Investor Education & Protection Fund:**

As per the Companies Act, 2013, 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 of Dividend	Total Dividend	Unclaimed Dividend as on 31-3-2015	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
FY 2007	26.09.2007	51231109.50	922432.00	05.11.2014
FY 2008	30.09.2008	51231109.50	1065509.00	16.10.2015

r) **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.

Plant locations: (Please refer Last page of Annual report).

Address for correspondence: (Please refer Last page of Annual report)

Place: New Delhi

Date: 25.05.2016

For and on behalf of the Board  
sd/-

Dr. Lalit Khaitan

Director

DIN - 00238222

**Annexure to Report on Corporate Governance for the year ended 31<sup>st</sup> March, 2016**

**DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT**

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31<sup>st</sup> March, 2016.

New Delhi

Date: 25.05.2016

Abhishek Khaitan

Managing Director

DIN - 00772865

## **Auditors' Report on Corporate Governance**

### **TO THE SHAREHOLDERS OF RADICO KHAITAN LIMITED**

1. We have examined the compliance of conditions of Corporate Governance by Radico Khaitan Limited for the year ended March 31<sup>st</sup>, 2016, 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  
Dated: 10-May-2016**

**(M.S. BALACHANDRAN)  
Partner  
(M. No: 024282)**

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF RADICO KHAITAN LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **RADICO KHAITAN LIMITED** ("the Company"), which comprise the **Balance Sheet** as at 31<sup>st</sup> March 2016, the Statement of Profit & Loss and the 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 judgment, 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting principles used and the reasonableness of the accounting estimates made by the company's Directors, 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 on the financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31<sup>st</sup> March 2016, and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

- 1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure A" a statement on the matters specified in the paragraphs 3 and 4 of the said Order.
- 2 As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash flow statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and information and according to the explanations given to us and such checks as we considered necessary:
    - i. *The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31(i) to 31(iv) to the financial statements.*
    - ii. There are no long-term contracts including derivative contracts, requiring provision for material foreseeable losses, under the applicable law or accounting standards.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

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

**Place: New Delhi**  
**Dated: 10-May-2016**

**(M.S. BALACHANDRAN)**  
**Partner**  
**(M. No:024282)**

**Annexure-A referred to in the Independent Auditors' Report to the members of the Radico Khaitan Limited on the financial statements for the year ended 31 March 2016.**

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information, read with our comment in (c) below.
- (b) The Company has carried out physical verification of its assets in the major plant locations situated at Rampur & Bazpur and also of the assets located at its Delhi Office. We are informed that, prima facie, there are no major discrepancies. However, the reconciliation process of the physically verified assets with SAP maintained fixed assets register is under process. Hence discrepancies, if any, will be adjusted in books once such reconciliation is complete. We are informed that the physical verification of assets at other locations would be carried out in the next financial year. The Company has drawn out a policy of verifying its fixed assets once in three years, which in our opinion, is reasonable in relation to the size of the Company.
- (c) According to the information and explanations given to us and the records examined by us, we report that the title deeds comprising of the immovable properties of land and building are held in the name of the Company. However, the Company is in the process of reconciling the land documents with financial records. Hence, the discrepancies, if any, would be ascertained on completion of the reconciliation.
- (ii) 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. We are informed that no material discrepancy were noticed on such verification.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of clause 3(iii)(a),(b)&(c) of the Order are not applicable.
- (iv) The Company has not given any loan or provided any guarantee or security to parties covered under section 185 of the Companies Act, 2013. In respect of loans, investments, guarantees and security the Company has complied with the provisions of section 186 of the Companies Act, 2013 except to the extent and for reasons explained in note no.45(e).
- (v) The Company has not accepted deposits from the public within the meaning of sections 73 or 76 of the Act and hence clause (v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of accounts maintained by the Company, pursuant to rules made under sub-section (1) of section 148 of the Act 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.
- (vii) (a) According to the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, employees' State Insurance, Income-tax, Sales-tax, Service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. There were no arrears of undisputed statutory dues as at 31<sup>st</sup> March, 2016, which were outstanding for a period of more than six months from the date they became payable.
- (b) The disputed statutory dues of different years relating to income tax, sales tax, service tax or duty of excise or value added tax or cess, which have remained unpaid as on 31<sup>st</sup> March, 2016 for which appeals are pending as under:

Nature of the Dues	Amount (Rs.lacs)	Period to which the amount relates	Forum where dispute is pending
Sales Tax / Entry Tax/ VAT	4.12	1998-99 & 1999-00	Revision before Allahabad High Court
	1.27	1999-00	Trade Tax Tribunal, Moradabad
	23.24	2012-13, 2013-14	AP High Court
	1,863.50	2007-08	DVAT
Kerala Commercial Tax	84.13	2014-15	Kerala High Court
Excise Duty	17.37	1981	Allahabad High Court - Lucknow Bench
	92.38	1995 to 2005	Allahabad High Court - Lucknow Bench (Bank Guarantee issued)
	59.01	2005-06 to 2008-09	Allahabad High Court - Lucknow Bench
	19.28	1997-98	High Court of Rajasthan
	18.44	2014-15	High Court of Rajasthan
Custom duty	10.73	2015	Commissioner of Customs (Appeals)
Service Tax	15,371.50	July 2003 to March 2012 (including interest and penalty)	CESTAT, Delhi

- (viii) 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 or debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not taken any term loans during the year. The Company has not raised moneys by way of public offer (including debt instruments).
- (x) Based on the audit procedures performed and 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.
- (xi) The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, all the transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 to the

extent applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of clause 3(xiv) of the Order are not applicable.
- (xv) According to the information and explanations given to us and the representation obtained from the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause 3(xv) of the Order are not applicable.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934..

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

Place: New Delhi  
Dated: 10-May-2016

(M.S. BALACHANDRAN)  
Partner  
(M. No:024282)

**Annexure-B referred to in the Independent Auditors' Report to the members of the Radico Khaitan Limited on the financial statements for the year ended 31 March 2016.**

We have audited the internal financial controls over financial reporting of the Company as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

**(M.S. BALACHANDRAN)**  
Partner  
(M. No:024282)

Place: New Delhi  
Dated: 10-May-2016

## Balance Sheet as at 31st March 2016

Particulars	Note No	Rupees in lacs	
		As at 31.03.2016	As at 31.03.2015
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' funds</b>			
Share capital	2	2,660.78	2,660.78
Reserves and surplus	3	87,786.08	80,267.62
		<u>90,446.86</u>	<u>82,928.40</u>
<b>Non-current liabilities</b>			
Long-term borrowings	4	19,758.46	32,601.53
Deferred tax liabilities (Net)	5	7,435.21	7,152.21
Other long term liabilities- Security Payable		113.61	70.61
Long-term provisions	6	717.72	588.70
		<u>28,025.00</u>	<u>40,413.05</u>
<b>Current liabilities</b>			
Short-term borrowings	7	50,993.17	41,241.30
Trade payables	8	-	-
Total outstanding dues of micro enterprises and small enterprise's		-	-
Other Enterprises		14,901.39	12,422.02
Other current liabilities	9	25,536.91	27,439.78
Short-term provisions	10	4,646.23	4,251.43
		<u>96,077.70</u>	<u>85,354.53</u>
<b>Total</b>		<b><u>214,549.56</u></b>	<b><u>208,695.98</u></b>
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
- Tangible assets	11	55,054.53	54,196.55
- Intangible assets	11	2,653.07	3,077.92
- Capital work-in-progress (at cost)		190.89	80.30
Non-current investments	12	4,806.34	4,806.34
Long-term loans and advances	13	22,422.59	14,386.00
Other non-current assets	14	194.55	223.30
		<u>85,321.97</u>	<u>76,770.41</u>
<b>Current assets</b>			
Current investments	15	5,000.00	5,000.00
Inventories	16	23,269.99	21,302.70
Trade receivables	17	54,893.54	47,780.87
Cash and bank balances	18	1,139.17	1,032.76
Short-term loans and advances	19	42,423.37	51,335.84
Other current assets	20	2,501.52	5,473.40
		<u>129,227.59</u>	<u>131,925.57</u>
<b>Total</b>		<b><u>214,549.56</u></b>	<b><u>208,695.98</u></b>

Significant Accounting Policies  
Other Notes on Accounts

1  
31 to 48

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 : 10<sup>th</sup> May, 2016

Ajay K. Agarwal  
President (Finance & Accounts)

Directors

**Statement of Profit and Loss for the year ended 31st March 2016**

		Rupees in lacs	
	Note No	Current Year	Previous Year
<b>INCOME</b>			
Revenue from operations	21	360,387.37	321,256.23
Less : Excise duty		206,077.85	172,416.95
		154,309.52	148,839.28
Other income	22	3,813.99	4,498.58
		<b>158,123.51</b>	<b>153,337.86</b>
<b>EXPENSES</b>			
Cost of materials consumed	23	70,986.72	67,078.19
Purchase of stock-in-trade	24	1,665.11	4,147.04
Change in inventories of finished goods, work-in-progress and stock-in-trade	25	(590.57)	734.28
Employee benefits expense	26	13,102.23	11,951.05
Finance costs	27	8,471.30	8,994.49
Depreciation and amortization expense	28	4,034.13	3,831.74
Other expenses	29	49,684.73	47,888.34
		<b>147,353.65</b>	<b>144,625.13</b>
<b>Profit for the year before exceptional items &amp; tax</b>		10,769.86	8,712.73
Less : Exceptional Items		-	-
<b>Profit for the year before taxation</b>		10,769.86	8,712.73
<b>Less : Tax expense</b>			
- Current tax		2,735.00	1,750.00
- Deferred tax liability / (assets)		283.00	199.21
- Tax for previous Years		63.00	-
<b>Profit for the year after tax</b>		<b>7,688.86</b>	<b>6,763.52</b>
<b>Basic Earnings per share in Rs. (face value of Rs. 2/- each)</b>	30	5.78	5.08
<b>Diluted Earnings per share in Rs. (face value of Rs. 2/- each)</b>	30	5.76	5.08
<b>Significant Accounting Policies</b>	1		
<b>Other Notes on Accounts</b>	31 to 48		

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 : 10<sup>th</sup> May, 2016

Ajay K. Agarwal  
President (Finance & Accounts)

Directors

**Cash Flow for the year ended 31st March, 2016**

	<u>Current Year</u>	<u>Previous Year</u>
<b>A. Cash Flow From Operating Activities</b>		
Profit before provision for tax	10,769.86	8,712.73
<u>Adjustment:</u>		
Depreciation and amortization expense	4,034.13	3,831.74
Finance cost	8,471.30	8,994.49
Foreign Exchange loss considered in other expenses	1,096.82	1,952.21
Employees Compensation ( ESOP)	13.76	13.62
Loss on sale of assets	290.86	499.40
Loss on sale of Investment		260.87
Increase / (Decrease) of excise duty on Finished Goods	252.82	-
Adjustment for provision for non-moving stock	(57.24)	117.61
Adjustment for provision for doubtful debtors and advances	(122.70)	0.23
Interest income	(3,103.66)	(3,926.90)
Dividend on investments	(600.00)	(460.82)
Profit on sale of assets	(12.22)	(0.25)
<b>Operating Profit Before Working Capital Changes</b>	<b>21,033.73</b>	<b>19,994.93</b>
Adjustment For Working Capital Changes:		
(Increase)/Decrease in inventories	(1,910.05)	(389.06)
(Increase)/Decrease in trade receivables	(7,506.46)	5,025.57
(Increase)/Decrease in other receivables	2,164.41	(782.81)
(Increase)/Decrease in loans and advances	(6,625.33)	(4,550.59)
(Decrease)/increase in trade & Other payables	(2,380.15)	7,570.37
	4,776.15	26,868.41
Less: Taxes paid	(2,075.30)	(1,829.35)
<b>Net Cash From Operating Activities</b>	<b>2,700.85</b>	<b>25,039.06</b>
<b>B. Cash Flow From Investing Activities</b>		
Addition to fixed assets (including work-in-progress)	(4,313.43)	(4,924.70)
Sale of fixed assets	22.64	47.81
Sale of Investment	-	769.58
ICD- Given	(3,550.00)	(13,825.00)
ICD- Repaid	10,845.00	6,185.00
Interest income	3,939.88	2,994.08
Dividend income	600.00	460.82
<b>Net Cash Generated (Used) in Investing Activities</b>	<b>7,544.09</b>	<b>(8,292.41)</b>

	<u>Current Year</u>	<u>Previous Year</u>
<b>C. Cash Flow From Financing Activities</b>		
Repayment of long term borrowings (INR)	(3,676.47)	(3,382.35)
Repayment of long term borrowings (ECB)	(6,422.72)	(4,332.27)
Short term borrowings (net)	9,751.87	686.28
Finance cost	(8,510.23)	(8,968.87)
Dividend on equity shares(including tax)	(1,280.98)	(1,245.19)
<b>Net Cash Generated/ (Used) in Financing Activities</b>	<u><b>(10,138.53)</b></u>	<u><b>(17,242.40)</b></u>
<b>Net increase/(Decrease) in Cash and Cash Equivalents</b>	<u><b>106.41</b></u>	<u><b>(495.75)</b></u>
Balance at the beginning of the year #	1,032.76	1,528.51
Balance at the end of the year: #	<u>1,139.17</u>	<u>1,032.76</u>
	<u>106.41</u>	<u>(495.75)</u>

# Includes Rs. 118.08 Lacs (Previous Year Rs. 105.37 lacs) related to Unclaimed Dividend (0.00)

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 : 10<sup>th</sup> May, 2016**

**Ajay K. Agarwal**  
**President (Finance & Accounts)**

**Directors**

## 1 **Significant Accounting Policies - 2015-16**

### 1.01 **Basis of preparation of financial statements**

The financial statements are prepared under historical cost convention, on accrual basis and in accordance with the generally accepted accounting principle (GAAP) in India and comply with the accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.

### 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 provided as per Schedule II to the Companies Act, 2013, on straight line method with reference to the useful life of the assets specified therein.
- c) On additions costing less than Rs.5000, depreciation is provided at 100% on pro-rata basis.
- d) Depreciation on amount added on revaluation of assets is transferred from Revaluation Reserve to Surplus.

#### **Intangible assets**

- e) Based on the anticipated future economic benefits, the life of Brands & Trade Mark and Goodwill are amortised over twenty year on straight line method.
- f) Softwares are amortised over a period of three 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. 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 and the form in which these are despatched). 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 over the period of contract and exchange difference on such contracts, i.e. difference between the exchange rate at the reporting / settlement date and the exchange rate on the date of inception / the last reporting date, is recognized as income / expenses for the period.

**1.13 Derivative Transactions**

These transactions are undertaken to hedge the cost of borrowing and comprise of principal / interest rate swaps. The income / expenses are recognised as & 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 incurrence.

**1.16 Taxation**

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

**1.17 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 31.03.2016**

	Rupees in lacs	
	<u>As at</u> <u>31.03.2016</u>	<u>As at</u> <u>31.03.2015</u>
<b>2 Share Capital</b>		
<u>Authorised</u>		
17,00,00,000 (Previous year 17,00,00,000) equity shares of Rs. 2/- each	3,400.00	3,400.00
60,00,000 (Previous year 60,00,000) preference shares of Rs. 100/- each	6,000.00	6,000.00
	<u>9,400.00</u>	<u>9,400.00</u>
<u>Issued, subscribed and fully paid</u>		
13,30,38,765 (PY 13,30,38,765) equity shares of Rs. 2/- each	2,660.78	2,660.78
	<u>2,660.78</u>	<u>2,660.78</u>

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

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

c. During the year ended March 31, 2016, the amount of dividend per share recognized for distribution to equity shareholders is Rs. 0.80 (previous year Rs. 0.80) per share.

<u>d. Reconciliation of the number of shares</u>	<u>No. of Shares</u>	<u>No. of Shares</u>
Outstanding at the beginning of the year	133,038,765	133,038,765
Add: Issued during the year under ESOP Scheme	-	-
Outstanding at the end of the year	<u>133,038,765</u>	<u>133,038,765</u>

<u>e. Shares held by each shareholder holding more than 5% shares</u>	<u>No. of Shares</u>	<u>No. of Shares</u>
Sapphire Intrex Ltd.	25.47% 33,888,011	25.47% 33,888,011
Shailaja Finance Ltd.	8.64% 11,491,087	8.64% 11,491,087
Reliance Capital Trustee Company Ltd.	9.88% 13,147,932	8.49% 11,296,871
HSBC Global Investment Funds Mauritius Ltd.	5.82% 7,741,702	7.50% 9,980,624

**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 41,80,000 equity options upto 31.03.2016 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.

<u>Summary of Stock Option</u>	<u>No. of stock</u> <u>option</u>	<u>No. of stock</u> <u>option</u>
Option granted upto the year end	4,180,000	3,650,000
Options forfeited upto the year end	1,545,201	1,540,511
Options exercised upto the year end	1,903,549	1,903,549
Option outstanding at the year end	731,250	205,940
Exercise price (weighted average)	Rs. 80.58	Rs. 80.58

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. 26) includes Rs.13.76 lacs debit (Previous year Rs.13.62 lacs debit) being the amortisation of deferred employee compensation.

	Rupees in lacs	
	As at 31.03.2016	As at 31.03.2015
<b>3 Reserves and Surplus</b>		
<u>Capital Reserve</u>		
Balance as per last balance sheet	1,213.68	1,213.68
<u>Preference Shares Redemption Reserve</u>		
Balance as per last balance sheet	20.02	20.02
<u>Securities Premium Reserve</u>		
Balance as per last balance sheet	37,469.28	37,469.28
<u>Revaluation Reserve</u>		
Balance as per last balance sheet	870.75	909.22
Less : Transfer to surplus being depreciation on revalued assets	28.88	38.47
	841.87	870.75
<u>Employee Stock Options outstanding account</u>		
Gross employee stock compensation for options granted in earlier years	138.58	41.09
Less : Deferred employee stock compensation	83.73	-
	54.85	41.09
<u>General Reserve</u>		
Balance as per last balance sheet	35,000.00	30,000.00
Add : Transfer from Surplus	5,000.00	5,000.00
	40,000.00	35,000.00
<u>Surplus</u>		
Balance as per last balance sheet	8,849.16	9,860.91
Less : Adjustment relating to Depreciation ( See note 28)	-	(1,494.29)
Add : Transfer from revaluation reserve being depreciation on revalued assets	28.88	-
Add : Profit for the year as per Statement of Profit and Loss	7,688.86	6,763.52
	16,566.90	15,130.14
Less : Appropriations		
Transfer to general reserve	5,000.00	5,000.00
Proposed dividend	1,064.31	1,064.31
Tax on proposed dividend	216.67	216.67
	10,285.92	8,849.16
<u>Foreign currency monetary item translation difference account</u>	(2,099.54)	(3,196.36)
(Refer Note 34)		
	<b>87,786.08</b>	<b>80,267.62</b>

Rupees in lacs

**As at**  
**31.03.2016**      **As at**  
**31.03.2015**

#### 4 Long-term Borrowings

##### Term Loans - Secured # ( see note below )

- Rupee loans from banks	3,750.00	6,250.00
- Rupee loans from others	2,941.18	4,117.65
- Foreign currency loans from banks (ECB)	27,459.62	33,316.64
	<b>34,150.80</b>	<b>43,684.29</b>

Less : Shown in current maturities of long-term debt (Refer Note 9)

- Rupee loan from banks	2,500.00	2,500.00
- Rupee loans from others	1,176.47	1,176.47
- Foreign currency loans from banks	10,715.87	7,406.29
	<b>19,758.46</b>	<b>32,601.53</b>

##### # 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 31.03.2016	Outstanding as on 31.03.2015
IDBI Bank Ltd. - Rupee Term Loan	11.50%	06 Q	July 2017	1,875.00	3,125.00
State Bank of Hyderabad - Rupee Term Loan	11.30%	06 Q	Aug 2017	1,875.00	3,125.00
Aditya Birla Finance Ltd.	11.88%	10 Q	Aug 2018	2,941.18	4,117.65
ICICI Bank Ltd (ECB): Outstanding: \$123.00 lakhs	LIBOR+3.75%	09 Q	April 2018	8,158.95	10,014.53
ICICI Bank Ltd (ECB): Outstanding \$197.22 lakhs	LIBOR+3.92%	10 Q	July 2018	13,081.97	15,087.07
State Bank of India (ECB): Outstanding \$93.75 lakhs	LIBOR+3.80%	5 HY	July 2018	6,218.70	8,215.04
				<b>34,150.80</b>	<b>43,684.29</b>

#### 5 Deferred Tax Liabilities (Net)

##### Deferred Tax Liabilities:

Related to fixed assets	9,011.79	8,914.44
	<b>9,011.79</b>	<b>8,914.44</b>

##### Deferred Tax Assets:

ECB adjustment	918.74	987.90
Provision for gratuity and leave encashment	462.65	383.03
Provision for doubtful debts and others	195.19	391.30
	<b>1,576.58</b>	<b>1,762.23</b>

Deferred Tax Liability (Net)	<b>7,435.21</b>	<b>7,152.21</b>
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#### 6 Long-term Provisions

Provision for employee benefits.		
- Leave encashment (Refer Note 37)	717.72	588.70
	<b>717.72</b>	<b>588.70</b>

	Rupees in lacs	
	As at 31.03.2016	As at 31.03.2015
<b>7 Short-term Borrowings</b>		
<u>Secured - from Banks #</u>		
- Cash credit (repayable on demand)	34,660.17	30,241.30
<u>Unsecured- from Banks</u>		
- Rupee loans	15,498.65	11,000.00
- Foreign Currency Loans	834.35	-
	<b>50,993.17</b>	<b>41,241.30</b>

# 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 #	14,901.39	12,422.02
	<b>14,901.39</b>	<b>12,422.02</b>

# 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	2,500.00
- Rupee loan from others	1,176.47	1,176.47
- Foreign currency loans from banks	10,715.87	7,406.29
Interest accrued but not due on borrowings	240.46	260.99
Interest accrued and due on borrowings	118.98	137.38
On account of capital goods/ services	877.06	331.35
Advances from customers and others	6,698.32	13,707.89
Unclaimed dividends #	117.72	105.01
<u>Other payables :</u>		
- Security deposits	490.15	583.83
- Accrued salary and benefits	708.15	299.48
- Statutory dues	1,893.73	931.09
	<b>25,536.91</b>	<b>27,439.78</b>

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

#### 10 Short-term Provisions

For employee benefits.		
- Gratuity (See Note 37)	355.89	262.30
- Leave encashment (Refer Note 37)	269.79	221.40
Proposed dividend	1,064.31	1,064.31
Tax on proposed dividend	216.67	216.67
For excise/custom duty on closing stock	2,732.21	2,479.39
Other contingencies	7.36	7.36
	<b>4,646.23</b>	<b>4,251.43</b>

11 Fixed Assets  
(Refer Note 1.03, 1.04 and 1.05)

Description of Assets	Gross Block			Depreciation			Net Block			
	As at 01.04.2015	Additions	Deductions	As at 31.03.2016	Upto 31.03.2015	For the year	Written back	Upto 30.06.2015	As at 31.03.2016	As at 31.03.2015
<b>Tangible Assets</b>										
Freehold land	2,226.56	14.02	-	2,240.58	-	-	-	-	2,240.58	2,226.56
Leasehold land	1,946.54	-	-	1,946.54	1,321.58	8.26	-	1,329.84	616.70	624.96
Buildings	7,960.11	432.52	-	8,392.63	2,025.55	290.84	-	2,316.39	6,076.24	5,934.56
Plant & equipments	64,731.50	4,203.19	513.38	68,421.31	20,091.19	3,086.11	227.86	22,949.44	45,471.87	44,640.31
Office equipments	430.76	17.26	5.23	442.79	392.45	20.39	4.60	408.24	34.55	38.31
Furniture & fittings	521.08	18.52	0.07	539.53	390.29	38.60	0.07	428.82	110.71	130.79
Vehicles	891.00	51.86	31.45	911.41	424.48	111.96	16.32	520.12	391.29	466.52
Leasehold improvements	772.95	2.14	-	775.09	638.41	24.09	-	662.50	112.59	134.54
	79,480.50	4,739.51	550.13	83,669.88	25,283.95	3,580.25	248.85	28,615.35	55,054.53	54,196.55
<b>Intangible Assets</b>										
Brands & trade marks	5,241.66	-	-	5,241.66	2,689.39	286.90	-	2,976.29	2,265.37	2,552.27
Goodwill	955.00	-	-	955.00	772.65	18.23	-	790.88	164.12	182.35
Softwares	1,370.68	29.03	-	1,399.71	1,027.38	148.75	-	1,176.13	223.58	343.30
	7,567.34	29.03	-	7,596.37	4,489.42	453.88	-	4,943.30	2,653.07	3,077.92
<b>Total</b>	87,047.84	4,768.54	550.13	91,266.25	29,773.37	4,034.13	248.85	33,558.65	57,707.60	57,274.47
<b>Previous year</b>	82,064.54	6,135.91	1,152.61	87,047.84	25,014.52	5,364.50	605.65	29,773.37	57,274.47	57,050.02

Notes:  
Additions to Plant and Equipment includes Rs.565.70 lacs, towards adjustment of foreign exchange loss/ (gain) (previous year: Rs.479.45 lacs) on long term foreign currency borrowings.

	Rupees in lacs	
	As at 31.03.2016	As at 31.03.2015
<b>12 Non Current Investments</b>		
(At cost) (Unquoted)		
<b>i) Trade Investments</b>		
<u>Equity Shares of Joint Venture Company</u>		
Radico NV Distilleries Maharashtra Limited - 26,59,500 (previous year: 26,59,500) equity shares of Rs. 100 each, fully paid up, (See foot note given below)	2,805.74	2,805.74
<u>Preference Shares of Joint Venture Company</u>		
Radico NV Distilleries Maharashtra Limited - 20,00,000 (Previous year: 20,00,000) 10% cumulative, non-convertible preference shares of Rs.100 each, fully paid up	2,000.00	2,000.00
	<u>4,805.74</u>	<u>4,805.74</u>
<b>ii) Non-trade Investments</b>		
New Urban Cooperative Bank Ltd. - 2,388 (Previous year: 2,388) equity shares of Rs. 25 each, fully paid up	0.60	0.60
	<u>0.60</u>	<u>0.60</u>
	<u>4,806.34</u>	<u>4,806.34</u>
<u>Foot Note</u>		
Nil Equity shares (Previous year: 13,56,385) of Radico NV Distilleries Maharashtra Ltd. have been pledged with a bank as security for loans granted to them		
<b>13 Long-term loans and advances</b>		
(Unsecured- Considered good unless otherwise stated )		
Capital Advances	3,107.89	10,605.17
Radico NV Distilleries Maharashtra Limited (Joint Venture)	-	1,000.00
Security Deposits	8,550.22	1,426.94
Prepaid expenses	98.22	166.62
Income Tax ( Net of provisions )	308.44	231.64
MAT credit available for set off (refer note - 36)	153.00	952.50
Advances recoverable in cash or kind (refer note - 33(ii) )	10,204.82	3.13
	<u>22,422.59</u>	<u>14,386.00</u>
<b>14 Other non- current assets</b>		
Balances with banks (Refer note-18)	178.63	223.30
Interest accrued on	15.92	-
- term deposits	<u>194.55</u>	<u>223.30</u>

		Rupees in lacs	
		<u>As at</u> <u>31.03.2016</u>	<u>As at</u> <u>31.03.2015</u>
<b>15 Current Investments</b>			
(At lower of cost or fair value)			
<b>Non Trade - Unquoted</b>			
Certificate of deposit with a financial institution (SICOM Ltd)		<u>5,000.00</u>	<u>5,000.00</u>
		<b>5,000.00</b>	<b>5,000.00</b>
<b>16 Inventories</b>			
(Refer Note 1.07 on valuation)			
Raw materials		7,357.70	6,894.53
Stock in process		1,923.95	1,411.35
Finished goods		9,278.07	9,362.29
Stock-in-trade		335.17	172.98
Stores & spares		1,909.98	1,834.03
Packing materials		2,627.70	1,852.00
Goods in transit - Raw material		4.66	-
		<u>23,437.23</u>	<u>21,527.18</u>
Less: Provision for obsolete and non moving inventory		<u>167.24</u>	<u>224.48</u>
		<b>23,269.99</b>	<b>21,302.70</b>
<b>17 Trade Receivables</b>			
(Unsecured- Considered good, unless otherwise stated)			
Outstanding for a period exceeding six months from the due date		10,575.22	9,068.08
- Unsecured, considered good		632.56	238.77
- Unsecured, considered doubtful		<u>11,207.78</u>	<u>9,306.85</u>
		(632.56)	(238.77)
Less: Provision for doubtful debts			
		44,318.32	38,712.79
Others		<u>54,893.54</u>	<u>47,780.87</u>

	Rupees in lacs	
	As at 31.03.2016	As at 31.03.2015
<b>18 Cash and Bank Balances</b>		
Balances with banks	664.77	717.70
- in current accounts	502.42	414.81
- in term deposits #	118.08	105.37
- in unpaid dividend accounts	32.53	18.18
Cash on hand		
Less: Deposits with more than 12 months maturity shown under other non-current assets	(178.63)	(223.30)
	<b>1,139.17</b>	<b>1,032.76</b>
 # Deposit includes Under lien with Government department and banks as security.	 502.42	 414.81
<b>19 Short-term Loans and Advances</b> (Unsecured- Considered good, unless otherwise stated)		
Loans and advances to related parties	-	29.07
- Radico NV Distilleries Maharashtra Limited (Joint Venture)		
Advances recoverable in cash or kind:	2,045.36	2,422.52
- Considered good #	134.52	117.67
- Considered doubtful	(134.52)	(117.67)
Less: Provision for doubtful advance	9,695.00	16,990.00
Inter corporate deposits (See note 45)		
Advances to Contract Bottling Units #	14,631.86	16,874.63
- Considered good #	16.66	550.00
- Considered doubtful	(16.66)	(550.00)
Less: Provision for doubtful advance		
<b>Other Loans and Advances</b>	212.29	163.04
- Amount paid under protest	12,939.72	13,054.05
- Claims and duties adjustable from Excise Department	420.21	111.11
- Other balances recoverable from Statutory/ Government authorities	530.71	29.79
- Security Deposits	1,948.22	1,661.63
- Prepaid expenses		
	<b>42,423.37</b>	<b>51,335.84</b>
 # includes due from Radico NV Distilleries Maharashtra Ltd., a Joint Venture	-	1,281.44
# includes due from officer of the Company	25.67	-
<b>20 Other current assets</b> (Unsecured - Considered good)		
Interest accrued on	41.45	43.42
- term deposits	1,546.53	2,396.70
- loans and advances	911.86	2,263.70
Accrued export incentives		
Other Receivables considered Good		769.58
- Sales consideration of Investments receivable from a corporate	-	-
- Unamortised premium on forward Contracts	1.68	-
	<b>2,501.52</b>	<b>5,473.40</b>



	Rupees in lacs	
	<u>Current Year</u>	<u>Previous Year</u>
<b>21 Revenue from Operations</b>		
(Refer Note 1.08 on revenue recognition)		
<u>Sale of</u>		
- Alcohol and other alcoholic products	336,726.25	290,527.60
- Pet bottles & caps	5,954.42	6,820.88
- Jaivik khad	250.60	184.39
- Printed bottles	1,862.34	2,192.45
- Others (Blends & Others)	534.36	513.43
<u>Sale of traded goods</u>		
- Indian Made Foreign Liquor	705.06	966.65
- Alcohol	263.97	3,384.74
- Imported Liquor	889.37	454.85
Income from Operations through Other Distilleries / Bottling Units (See note no.47)	9,630.10	11,822.15
<u>Other operating revenues</u>		
- Export incentives	1,175.54	2,277.15
- Cenvat credit utilised	984.75	718.22
- SAD Refund received	25.57	-
- Scrap sales	1,385.04	1,393.72
	<u>360,387.37</u>	<u>321,256.23</u>
<b>22 Other Income</b>		
<u>Interest income on</u>		
- Term deposit with banks and financial institutions	511.85	506.82
- Loans and advances (including inter corporate deposits)	2,591.81	3,420.08
- Interest on income tax refunds	7.84	-
Dividend income on non-current (trade) investments	600.00	460.82
Profit on sale of fixed assets	12.22	0.25
Excess provisions written back	68.69	22.08
Miscellaneous income	21.58	88.53
	<u>3,813.99</u>	<u>4,498.58</u>
<b>23 Cost of Materials Consumed</b>		
<u>Raw Materials</u>		
Opening Stock	6,894.53	5,769.29
Add: Purchases	43,498.86	44,064.77
	50,393.39	49,834.06
Less: Closing Stock	7,357.70	6,894.53
Raw material consumed	43,035.69	42,939.53
Packing materials consumed	27,951.03	24,138.66
	<u>70,986.72</u>	<u>67,078.19</u>

		Rupees in lacs	
		<u>Current Year</u>	<u>Previous Year</u>
<b>24 Purchase of Traded Goods</b>			
Indian made foreign liquor		664.18	941.64
Alcohol		246.15	2,829.29
Imported Liquor		754.78	376.11
		<u>1,665.11</u>	<u>4,147.04</u>
<b>25 Changes in Inventories of Traded goods, Finished Goods and Stock-in-process</b>			
<u>Opening Stock</u>		172.98	65.99
Stock-in-trade (Traded goods)		9,362.29	10,174.05
Finished goods		1,411.35	1,440.86
Stock in process		<u>10,946.62</u>	<u>11,680.90</u>
<u>Less : Closing Stock</u>		335.17	172.98
Stock-in-trade (Traded goods)		9,278.07	9,362.29
Finished goods		1,923.95	1,411.35
Stock in process		<u>11,537.19</u>	<u>10,946.62</u>
		<u>(590.57)</u>	<u>734.28</u>
<b>26 Employee Benefits Expense</b>			
(Refer Note 1.11 on employee benefits)			
Salaries, wages and allowances		11,916.75	10,638.17
Contribution to provident and other funds		526.85	583.28
Gratuity		281.34	376.34
Employee stock options scheme - (Refer Note 2)		13.76	13.62
Staff welfare expenses		363.53	339.64
		<u>13,102.23</u>	<u>11,951.05</u>
<b>27 Finance Costs</b>			
Interest expense		8,159.27	8,777.43
Other borrowing costs		312.03	217.06
		<u>8,471.30</u>	<u>8,994.49</u>
<b>28 Depreciation and amortization expense</b>			
Depreciation of tangible assets		3,580.25	4,210.21
Amortisation of intangible assets		453.88	1,154.29
		<u>4,034.13</u>	<u>5,364.50</u>
Less:- Adjusted against Surplus		-	1,494.29
Less: Transfer from revaluation reserve		-	38.47
		<u>4,034.13</u>	<u>3,831.74</u>

	Rupees in lacs	
	<u>Current Year</u>	<u>Previous Year</u>
<b>29 Other expenses</b>		
Power and fuel	2,863.09	2,918.67
Stores and spares consumed	2,810.00	3,289.01
Repairs and maintenance		
- Building	105.51	116.44
- Plant and equipment	1,366.12	1,247.03
- Others	200.12	188.00
Machinery and other hire charges	10.51	12.32
Insurance	366.09	435.62
Rent	522.54	465.81
Rates and taxes	3,812.35	2,773.91
Travelling - Directors	135.51	90.43
- Others	1,030.76	928.97
Directors' fee	15.50	12.80
Foreign exchange fluctuations (net)	2,509.02	2,059.79
Provision for Non-moving/ obsolete Inventory	-	117.60
Obsolete and non moving inventory written off	57.23	-
Less : Adjusted against provisions	(57.23)	-
Charity and donation	17.40	13.80
Corporate Social Responsibility Expenses (Refer note.46)	211.03	138.74
Provision for doubtful debts / advances	582.55	475.00
Bad debts / advances written off	2,498.20	606.12
Less: Adjusted against provision	(705.26)	(474.77)
Bio composting expenses	65.89	321.05
Professional Fee & retainership expenses	678.15	452.58
Communication	185.97	185.04
Sundry balances written off	93.89	83.30
Loss on Sale of Non-current (Trade) Investment	-	260.87
Loss on sale / write off of assets	290.86	607.23
Bank charges	35.30	49.62
Increase / (Decrease) of excise duty on Finished Goods	252.82	66.14
Other overheads	2,447.68	2,086.25
Selling and distribution:		
- Freight outwards	6,500.09	6,829.68
- Supervision charges - after sales	599.76	1,032.80
- Supervision charges to supervisors	788.17	916.71
- Rebate discount and allowance	7,799.32	8,848.49
- Advertisement & sales promotion	11,595.79	10,733.29
	<b><u>49,684.73</u></b>	<b><u>47,888.34</u></b>

Rupees in lacs		
	<u>Current Year</u>	<u>Previous Year</u>
<b>30 Earning per Equity Share</b>		
Equity shares of face value Rs. 2 each		
Profit after tax attributable to equity share holders (after deducting prior period and extra ordinary items) - for Basic EPS	7,688.86	6,763.52
Profit after tax attributable to equity share holders (after deducting prior period and extra ordinary items) - for Diluted EPS	7,702.62	6,777.14
<u>Reconciliation of basic and diluted shares in computing earning per share</u>		
Number of shares considered as basic weighted average shares outstanding	133,038,765	133,038,765
Effect of dilutive common equivalent shares (Refer Note 2)	731,250	205,940
Number of shares considered as weighted average shares and potential shares outstanding	133,770,015	133,244,705
Basic earning per share (Rs)	5.78	5.08
Diluted earning per share (Rs)	5.76	5.08

**Other Notes on Accounts**

	Rupees in lacs	
	<u>2015-16</u>	<u>2014-15</u>
31 Estimated amount of Capital commitments ( Net of advances )	518.23	1,525.08
32 <b>Contingent Liabilities not provided for:</b>		
i) <b>Claims against the Company , not acknowledged as debts</b>		
(a) Disputed liability relating to ESI Contribution	0.89	0.89
(b) Disputed liability relating to PF contribution of contractor labour	33.04	33.04
(c) Disputed liability relating to payment of late re-calibration fees on verification and stamping of manufacturing vats/tanks installed at distillery.	88.00	88.00
(d) Disputed claim relating to refund of export duty on rectified spirit	10.62	10.62
(e) Disputed VAT/Sales/Entry Tax matters under appeal	1,999.75	2,078.08
(f) Disputed Excise matters	378.79	349.52
(g) Disputed Stamp duty claim arising out of amalgamation, being contested	80.00	80.00
(h) Disputed demand from customers	12.70	-
(i) Disputed customs duty	10.73	-
(j) 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	15,371.50	15,371.50
	<u>17,986.02</u>	<u>18,011.65</u>

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

- ii) 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 the Company. However, the division bench of Madhya Pradesh high court has stayed the recovery proceedings initiated 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.
- iii) The Company has filed legal suits against recovery of its dues from trade receivable, contract bottlers and other parties aggregating to Rs.2077.31 lacs (Previous year:Rs.1376.39 lakhs), which are in the opinion of Management recoverable and no material losses are foreseen.
- iv) 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.
- v) During the year, as a result of certain dispute between the Income Tax Department and Andhra Pradesh State Breweries Corporation Ltd (APBCL), the Department had attached the stocks lying with APBCL. Later on in the writ petition filed by the Company and on direction of Andhra Pradesh High Court the stock was sold and proceeds remitted back to the company. However in subsequent development on appeal by the Income Tax Department, the Division Bench ordered for redeposit of sales proceeds back to the separate account directed to be maintained by the Court. The Company has filed an appeal before the Hon'ble Supreme Court which stayed the re-deposit of sales proceeds. The amount of sales proceeds aggregating to Rs.588.09 lacs may have to be redeposited back by the Company, till the disposal of the matter by the appropriate court. However, the same is recoverable from APBCL

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

- vi) **Guarantee/ security given to Banks on behalf of Radico NV Distilleries Maharashtra Ltd:**
- |   |   |        |
|---|---|--------|
| Corporate Guarantee (for loans availed by the JV Company) | - | 237.60 |
|---|---|--------|

- vii) Under the "Receivable buyout" facility of Rs 11000.00 lacs sectioned by IDBI Bank Ltd. against trade receivables from Canteen Stores Department & State Corporation (direct sales/sales through Contract Bottling Units), the amount availed and outstanding as on 31st March, 2016 have been set off against the receivables and advances to CBUs. The amount outstanding as on the Balance Sheet date is :

10,993.07                      5,999.85

- 33 i) In the opinion of the Management, trade receivables exceeding three years (Rs.3243.01 lakhs - Previous year: Rs.2954.58 lakhs) are considered good and recoverable in view of the legal steps being taken for recovery.

ii) The Company entered into an agreement dated 11th November 2011 for purchase of land & building for a lumpsum consideration of Rs 80.00 crores. The purchase consideration was paid subject to vacation of mortgage with payment of interest by the party on the consideration till the transfer of the property in the name of the Company. Since the party had not fulfilled the obligation, the matter was referred to an arbitrator in December 2015. Subsequently, the party has agreed to repay the advance with accrued interest over a period of five years. Consent terms have been filed with the Arbitrator and the matter was reserved for award. The party has agreed for the continuing use of the asset by the company till the entire amount is returned. In the opinion of the management, the advance is considered good and recoverable.

iii) In the opinion of the Management and to the best of their knowledge and belief, the value on realisation of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.

- 34 Pursuant to the amendment by way of addition of paras 46 and 46A to AS-11 on effect of changes in foreign exchange rates, the Company had exercised the option of deferring the foreign exchange fluctuation gain / loss in respect of the accounting periods commencing from 01.04.2007. Further, such foreign exchange differences relating to acquisition of depreciable capital assets have been adjusted to the cost of such assets and depreciated over the balance life of the assets.

As a result, foreign exchange loss (including arising on account of loan repayment) of Rs 565.70 lacs (previous year Rs 479.45 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.2806.35 lacs (debit) (previous year Rs.4229.45 lacs), as on 31.03.2016, a sum of Rs 706.85 lacs (previous year Rs.1033.09 lacs) has been debited to loss on foreign exchange fluctuation account during the year.

### 35 Operating Lease

The Company has taken premises on operating lease

- i) Lease rental recognised during the year

546.04                      489.57

- ii) The minimum non-cancellable lease outstanding at the balance sheet date in respect of assets

#### Particulars

Within one year of the balance sheet date  
Due in a period between one year and five years  
Due after five years

516.07                      366.61  
1,409.87                      462.90  
55.67                      109.26

- iii) General description of lease terms:

Lease rentals are charged on the basis of terms and conditions.  
Assets are given on lease for a period of one to ten years.

### 36 Income Tax -

The Company can avail the benefit of unutilized MAT credit of Rs 153.00 lacs within the period provided in law.

**37 Employee Benefits - AS-15**

- (i) The Company has taken a policy with Life Insurance Corporation of India (LIC) for meeting the accruing liability on account of gratuity. The contributions made towards the policy are considered in arriving at the actuarial liability.
- (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.

**Leave Encashment - (Non funded)**

	Rupees in lacs	
	31.03.2016	31.03.2015
<b>A Economic assumptions</b>		
i) Discounting rate	8.00%	7.75%
ii) Future salary increase	5.50%	5.25%
iii) Expected rate of return on plan assets	0.00%	0.00%
<b>B Break up of expenses</b>		
a) Current service cost	91.28	79.81
b) Interest cost	62.78	59.05
c) Net actuarial (gain)/ loss recognized in the period	125.86	61.53
c) Expenses recognized in the statement of profit & loss	279.92	200.39
<b>C Change in present value of obligation</b>		
a) Present value of obligation as at the beginning of the period 01/04/2015	810.10	694.68
b) Interest cost	62.78	59.05
c) Current service cost	91.28	79.81
d) Benefits paid	(102.51)	(84.97)
e) Actuarial (gain)/loss on obligation	125.86	61.53
f) Present value of obligation as at the end of period 31/03/2016	987.51	810.10

**Gratuity - (Funded)**

<b>A Economic assumptions</b>		
i) Discounting rate	8.00%	8.00%
ii) Future salary increase	5.50%	5.00%
iii) Expected rate of return on plan assets	9.00%	9.40%
<b>B Break up of expenses</b>		
a) Current service cost	122.15	80.05
b) Interest cost	132.82	80.97
c) Expected return on plan assets	(105.76)	(87.00)
d) Net actuarial (gain)/ loss recognized in the period	132.13	302.32
e) Expenses recognized in the statement of profit & loss	281.34	376.34
<b>C Change in present value of obligation</b>		
a) Present value of obligation as at the beginning of the period 01/04/2015	1,437.38	1,012.07
b) Interest cost	132.82	80.97
c) Current service cost	122.15	80.05
d) Benefits paid	(89.47)	(38.03)
e) Actuarial (gain)/loss on obligation	129.45	302.32
f) Present value of obligation as at the end of period 31/03/2016	1,732.33	1,437.38
<b>D Change in fair value of plan assets</b>		
a) Fair value of plan assets at the beginning of the year	1,175.08	927.71
b) Expected return on plan assets	105.76	83.50
c) Contributions	187.74	198.40
d) Benefits paid	(89.47)	(38.03)
e) Actuarial (gain)/loss on plan assets	(2.67)	3.50
f) Fair value of plan assets at the end of the year	1,376.44	1,175.08
g) Liability recognised in the balance sheet	355.89	262.30

	Rupees in lacs	
	31.03.2016	31.03.2015
(iii) The Company in addition has recognised as expense the following:-		
a) Contribution to recognised Provident Fund (including Family Pension)	408.81	367.62
b) Contribution to LIC towards Superannuation.	82.54	181.70
c) Medical insurance premium.	85.06	91.96
d) Contribution to Employees State Insurance	35.50	33.96

### 38 Segment reporting :

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

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

#### A Related parties and their relationship :

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

(1) Sapphire Intrex Ltd.

#### II Associates and Joint Ventures

(1) Radico NV Distilleries Maharashtra Limited

#### III Key Management personnel :

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

Relatives :

(1) Mrs. Deepshikha Khaitan (Wife of Mr Abhishek Khaitan)

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

##### Key Management Personnel :

Dr. Lalit Khaitan , Chairman & Managing Director

Remuneration

31.03.2016 31.03.2015

463.30 382.88

Mr. Abhishek Khaitan , Managing Director

Remuneration

437.87 358.22

Mr. K.P.Singh , Whole Time Director

Remuneration

153.20 132.63

Mrs. Deepshikha Khaitan (wife of Mr Abhishek Khaitan)

Remuneration

14.29 14.27

Mrs. Shailaja Saraf ( Daughter of Dr Lalit Khaitan )

Remuneration

- 2.83

Sitting Fees

0.80 -

Mr. Padmanabh Mandelia ( Grand son of

Dr Lalit Khaitan )

Remuneration

32.74 22.95



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.)	64.58	64.08

**Associates and Joint Ventures**

**Radico NV Distilleries Maharashtra Limited**

Sale of Goods	222.62	503.95
Sale of Fixed assets	2.04	-
Purchase of Fixed assets	51.00	-
Loan refund received	1,000.00	-
Lease rent paid	3.50	-
Reimbursement of IT support charges ( Cr )	31.72	31.12
Tie-up operation income (net of bottling charges)	480.58	1,558.43
Dividend Income on Preference Shares	600.00	460.82
Purchase of materials	3,026.34	3,770.84
Receivable	-	2,310.52
Payable	135.96	22.79
Guarantee/ Security given by Radico Khaitan Limited	-	237.60

**Radico Global Ltd. (ceased to be associated since 28-03-2015)**

Interest income for the year	-	27.41
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- 40 The details of the Company's interest in its Joint Ventures, having Joint Control, as per the requirements of AS-27 on Financial Reporting of Interest in Joint Ventures are as under : (Un-audited)

Particulars	Radico NV Distilleries Maharashtra Ltd.	
	Unaudited 31.03.2016	Unaudited 31.03.2015
% Ownership Interest	36.00%	36.00%
a Assets	16,175.60	12,801.64
b Liabilities	3,778.88	4,331.74
c Income	9,975.42	10,475.40
d Expenses	9,768.53	9,926.14
e Contingent Liabilities	250.70	229.94
f Capital Commitments	243.20	49.56

**41 Remuneration to Auditors**

a Audit Fee	26.50	22.50
Certification of Statements	6.00	6.00
Service tax	4.69	3.52
Expenses for audit and other work	3.75	5.11
b Cost Audit Fee	1.18	1.24
Expenses for Cost Audit	0.06	0.34

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

## 43 Quantitative and other information

a) Particulars of Capacity and Production	Unit	Licensed	Installed*	Production
		Capacity per annum		
1. Molasses / Grain / Malt spirit *	KL/BL AT 94%	102,460	102,460	84,208
		(102,460)	(102,460)	(80,137)
	KL/AL	96,312	96,312	79,156
		(96,312)	(96,312)	(75,328)
3. Bio gas	000 'M3	No licence required		29,888
				(29,180)
4. Pet bottles	NOS./1000	No licence required		514,325
				(600,000)
				(532,188)

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

## b) Opening Stock, Closing Stock &amp; Turnover

	Unit	Opening Stock		Closing Stock		Turnover	
		Qty	Value	Qty	Value	Qty	Value
1. Alcohol products							
(a) Rectified spirit	KL/AL	374	117.18	553	165.37	722	209.51
		(296)	(96.96)	(374)	(117.18)	(259)	(79.66)
(b) Silent spirit	KL/AL	5,439	2,073.88	4,705	1,730.04	26,678	12,984.13
		(5,369)	(2,073.83)	(5,439)	(2,073.88)	(29,336)	(16,429.58)
(c) Cane juice spirit	KL/AL					92	65.19
						(137)	(82.02)
(d) Malt spirit	KL/AL	963	2,174.20	964	2,253.99	378	1,018.60
		(1,274)	(2,513.04)	(963)	(2,174.20)	(323)	(749.33)
(e) Grain spirit	KL/AL	2,413	1,119.30	1,190	689.00	15,262	6,674.07
		(3,058)	(1,485.38)	(2,413)	(1,119.30)	(16,037)	(7,461.75)
(f) Ethanol	KL/AL	(0)	(0)	214,258	68.80	2,399	1,095.40
		(0)	(0.09)	-	-	(0)	(0.00)
2. Other alcohol products							
(a) Denatured spirit	KL/AL	1	0.27	1	0.29	-	-
		(1)	(0.27)	(1)	(0.27)	(0)	(0.00)
(b) Indian made foreign liquor	AL	948,085	3,773.13	1,302,638	4,288.33	43,014,864	203,088.05
		(1,155,704)	(3,866.20)	(948,085)	(3,773.13)	(38,785,929)	(171,179.39)
(c) Country liquor	AL	7,473	4.43	-	-	15,447,678	112,490.73
		(24,427)	(17.24)	(7,473)	(4.43)	(14,978,203)	(98,771.07)
(d) Imported Alcoholic products	BOTTLES	30,894	96.56	86,800	302.02	211,798	889.37
		(8,977)	(17.42)	(30,894)	(96.56)	(109,027)	(454.85)
3. Pet bottles and Caps	NOS.	11,027,451	176.15	6,962,388	115.22	264,526,780	5,954.42
		(8,308,610)	(164.99)	(11,027,451)	(176.15)	(288,208,565)	(6,820.88)
4. Jaivik Khad	Qlts	163	0.17	163	0.18	33,838,790	250.60
		(9,096)	(4.64)	(163)	(0.17)	(247,861)	(184.39)
5. Others							2,456.28
							(2,832.07)
6. Other operating income							13,201.02
							(16,211.24)
<b>Total:</b>			9,535.27		9,613.24		360,387.37
			(10,240.04)		(9,535.27)		(321,256.23)

Note: Figures in brackets are those of previous year.

	Unit	Current Year		Previous Year	
		Quantity	Value	Quantity	Value
c) Purchases: -					
- Indian Made Foreign Liquor	Cases	38,147	664.18	54,534	941.64
- Imported Liquors	Bottles	269,808	754.78	130,944	376.11
- Alcohol	BL	600,000	246.15	5,727,000	2,829.29
			<u>1,665.11</u>		<u>4,147.04</u>
d) Consumption of raw materials					
(i) Molasses	Qtl's	2,236,773	10,956.13	2,101,363	11,999.78
(ii) Cane juice	Qtl's	13,026	50.04	10,737	41.21
(iii) Barley Malt	Qtl's	18,893	492.53	14,559	381.94
(iv) Sorghum	Qtl's	-	-	354	4.00
(v) Broken Rice	Qtl's	722,133	9,634.97	426,311	5,963.04
(vi) Millet (Bajra)	Qtl's	30,211	352.47	119,464	1,324.72
(vii) Maize	Qtl's	84,203	1,001.37	325,211	4,077.23
(viii) Malt /Malt Scotch/Grain/Graipe Spirits		-	1,712.83	-	1,431.97
(ix) Rectified spirit / Extra Neutral Alcohol		-	11,223.88	-	9,006.16
(x) Resin	KG	7,468,856	5,825.71	7,738,753	7,400.13
(xi) Press Mud	Qtl's	1,539,761	666.88	1,058,539	423.40
(x) Others		-	1,118.88	-	885.95
			<u>43,035.69</u>		<u>42,939.53</u>
e) Value of imports calculated on CIF basis:					
Raw materials			726.65		676.39
Components & spare parts			79.74		141.69
Purchases			356.61		346.21
Capital goods			796.68		151.56
f) Expenditure in foreign currency on account of					
Foreign travel & subscriptions			105.01		77.99
Interest/Financial exp. on ECB			1,369.10		1,525.97
Professional fee			29.41		32.47
Commission paid / Insurance paid			3.21		24.89
Freight			1,499.09		1,655.34
Others			93.51		17.22
g) Value of imported and indigenous raw materials, spare parts components and stores consumed during the year					
		Raw Materials		Others	
		Value	% of total Consumption	Value	% of total Consumption
Imported		726.65	1.69	79.74	0.29
		(676.39)	(1.58)	(141.69)	(0.59)
Indigenous		42,309.04	98.31	27,871.29	99.71
		(42,263.14)	(98.42)	(23,996.97)	(99.41)
		<u>43,035.69</u>	<u>100.00</u>	<u>27,951.03</u>	<u>100.00</u>
		<u>(42,939.53)</u>	<u>(100.00)</u>	<u>(24,138.66)</u>	<u>(100.00)</u>
Note: Figures in brackets are those of previous year.					
h) Remittance in foreign currency (NIL)/ or to the mandate banks on account of dividends to non residents			<u>31.03.2015</u>		<u>31.03.2015</u>
(i). Number of non resident shareholders			16		16
(ii). Number of shares held by them			14,880		14,260
(iii). Dividend ( Rs in lacs)			0.11		0.11
(iv) Year to which the dividend relates			2014-15		2013-14
i) Earnings in foreign exchange - Export of goods on FOB basis.			19,194.59		25,855.64

**44 Foreign currency exposure****a Hedged by way of forward exchange contracts:****Borrowings (including interest) - ECB**

IN USD

Currency Type	Foregin Currency (In Lacs)	31.03.2016	Foregin Currency (In Lacs)	31.03.2015
		Amount (lacs)		Amount (lacs)
US\$	10.00	663.33	10.00	625.91

**b Not hedged:****Borrowings - ECB**

In USD

In Euro

Interest payable on ECB/FCCB

Export Receivables

Export Receivables

Advance from Customers

Advance from Customers

Advance recoverable in cash or kind

Other receivable

Balance with banks

US\$	404.00	26,796.29	532.29	32,690.73
EURO	11.11	834.35	-	-
US\$	3.61	239.20	4.17	260.99
US\$	90.72	6017.56	119.35	7,470.05
EURO	0.65	48.85	0.08	5.33
US\$	-	-	100.17	6,269.53
EURO	-	-	0.05	3.38
US\$	-	-	3.24	202.79
US\$	-	-	44.98	2,815.33
US\$	0.28	18.25	0.82	51.17

**45 Information under 186(4) of the Companies Act, 2013****(a) Loans given:**

i) To a Joint Venture Company (interest free long term working capital advance)

ii) In the form of unsecured short-term Inter corporate Deposits \*

**(b) Investments made - as disclosed under Note.12 & 15****(c) Guarantee given: - as disclosed in Note no.32(vi)****\* Notes:**

All loans are given to unrelated entities at interest rates ranging from 11% to 14%

All the loans are provided for business purposes of respective entities, repayable on demand with prepayment option to the borrower.

**(d) Securities given: - as disclosed in foot note to Note No.12****(e) ICDs include Rs. 6100 lakhs (of which balance confirmation Rs.4600 lakhs as on the balance sheet date is held), on which interest income for the year amounting to Rs.589 lakhs have not been accounted for in view of financial stress of the borrowing parties, who have requested for waiver of the same. The management will continue to take efforts and is hopeful to realise the ICDs and interest outstanding of Rs.946 lakhs thereon. In the circumstances, the Company is of the view that section 186(7) the Companies Act, 2013 is not contravened.**

As on 31.3.2015	Given during the year	Repaid during the year	Balance as on 31.3.2016
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1,000.00	-	1,000.00	-
16,990.00	3,550	10,845.00	9,695.00

**46 Corporate Social Responsibility Expenses**

i) Gross amount required to be spent during the year (including Rs. 71.86 lacs unspent balance as on 31-03-2015)

284.28 210.60

ii) Amount spent during the year

For construction / acquisition of assets

For other purposes

16.68 37.50

194.35 101.24

iii) Unspent amount as on 31-03-2016

73.25 71.86

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

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

	<b>31.03.2016</b>	<b>31.03.2015</b>
Gross Sales	100,952.86	131,056.52
Net Sales	35,191.90	48,032.44
Cost of Sales	23,760.00	32,857.32
Gross Profit	11,431.90	15,175.12
Expenses	1,801.80	3,352.97
Income	9,630.10	11,822.15

- ii) The balance due from distilleries under the arrangement, Rs 14648.52 lacs (Previous year Rs 17424.63 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. 1570.44 lacs (previous year Rs.1992.96 lacs) in respect of units which are closed and considered good and recoverable. The management is taking steps to recover the amount.

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

As per our report of even date

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

M. S. Balachandran  
Partner  
Membership No. 024282

Place : New Delhi  
Dated : 10<sup>th</sup> May, 2016

Dilip K. Banthiya  
Chief Financial Officer

Amit Manchanda  
Group Head - Legal &  
Company Secretary

Ajay K. Agarwal  
President (Finance & Accounts)

For and on behalf of Board

Dr. Lalit Khaitan  
Chairman & Managing Director

Abhishek Khaitan  
Managing Director

Directors

## Corporate Profile

<p><b>BOARD OF DIRECTORS:</b></p> <p>Dr. Lalit Khaitan Chairman &amp; Managing Director</p> <p>Abhishek Khaitan Managing Director</p> <p>K.P. Singh Wholetime Director</p> <p>Dr. Raghupati Singhania</p> <p>Karna Singh Mehta</p> <p>Ashutosh Patra</p> <p>Sarvesh Srivastava</p> <p>Shailja Devi</p> <p><b>GROUP HEAD – LEGAL &amp; COMPANY SECRETARY:</b></p> <p>Amit Manchanda</p>	<p><b>REGISTERED OFFICE:</b></p> <p>Bareilly Road Rampur – 244 901 (U.P.).</p> <p>Phone No.0595-2350601, 2350602 Fax No.0595-2350009</p> <p>Email:Rampur@radico.co.in</p> <p><b>CORPORATE OFFICE:</b></p> <p>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</p> <p><b>WORKS:</b></p> <p>Rampur Distillery Bareilly Road Rampur – 244 901 (U.P.).</p> <p>Plot No.B-24, A-25, Shri Khatushyamji Industrial Complex Reengus Dist. Sikar – 332 404 Rajasthan.</p> <p>A-1/A-2/B-3, Bazpur Industrial Area Phase – I, P.O. Sultanpur Patti Bazpur Dist. Udham Singh Nagar – 262 123 Uttarakhand.</p> <p>S. No.59 Timmerpur Village Palmakul Post - 509 325 Shadnagar Tq. Mahaboobnagar Dist. Hyderabad Andhra Pradesh.</p> <p>44 KM Stone Delhi Rohtak Road Village &amp; Post Rohad Bahadurgarh. Dist. Jhajjar - 124501 Haryana.</p>	<p><b>AUDITORS:</b></p> <p>M/s. V. Sankar Aiyar &amp; Co. Chartered Accountants Satyam Cinema Building, 2<sup>nd</sup> Floor Ranjit Nagar Commercial Complex New Delhi – 110 008.</p> <p><b>INTERNAL AUDITORS:</b></p> <p>M/s. Grant Thornton 21<sup>st</sup> Floor, DLF Square, Jacaranda Marg, DLF Phase II, Gurgaon – 122 002.</p> <p><b>COST AUDITORS:</b></p> <p>Mr. S.N. Balasubramanian Cost Accountant Flat No: H -301, Green Valley Apartment Plot No.18, Sector-22 Dwarka New Delhi -110 077.</p> <p><b>BANKERS AND FINANCING INSTITUTIONS:</b></p> <p>Punjab National Bank State Bank of India AXIS Bank Ltd. State Bank of Mysore Kotak Mahindra Bank Standard Chartered Bank State Bank of Travancore State Bank of Hyderabad IDBI Bank Ltd. ICICI Bank Ltd. Yes Bank Ltd. Aditya Birla Finance Ltd. Lakshmi Vilas Bank Ltd.</p> <p><b>OUR WEBSITE:</b> www.radicokhaitan.com</p>
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**RADICO KHAITAN LIMITED**

**Regd. Office:** Bareilly Road, Rampur, U.P.-244901

**Corporate Office:**

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