



EMPEE DISTILLERIES LTD



27 th Annual Report - 2010 - 2011

IMFL UNIT, MEVALOORKUPPAM, TAMILNADU



Our Tamil Nadu plant is a state-of-the art integrated re-distillation, blending and bottling facility with an installed capacity of 4,19,400 cases per month and is mainly into manufacturing of most preferred brands for premium segment in the state.

**Board of Directors**

Mr. M. P. Purushothaman	Chairman
Mr. Shaji Purushothaman	Managing Director
Ms. Nisha Purushothaman	Joint Managing Director
Mr. T. S. Raghavan	
Mr. M. K. Mohan	
Mr. M. P. Mehrotra	

**Vice President (F&A) and
Company Secretary**

Mr. R. Anand

Auditors

M/s. K.S.AIYAR & CO.,
Chartered Accountants
No.54/2, Paulwells Road
St. Thomas Mount
Chennai – 600 016.

Bankers

Andhra Bank
Union Bank of India

Factories**IMFL:**

1. Tamilnadu Unit :
Mevalookuppam Village, Sriperumpudur Taluk,
Kancheepuram District, Tamil Nadu.
2. Kerala Unit :
NIDA, Menonpara Road, Kanjikode Post
Palakkad District, Kerala.
3. Karnataka Unit :
Arabikothanur Village,
Kolar District, Karnataka.

Power Plant :

Kottadivayal Village, Aranthangi Taluk,
Pudukottai District, Tamil Nadu.

Registered Office

Empee Tower,
No. 59, Harris Road,
Pudupet
Chennai – 600 002.



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Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses in respect of their holdings in demat form through their concerned Depository Participants. Members who hold shares in physical form are requested to fill in and forward the e-mail address Registration Form given in this Annual Report to M/s.Cameo Corporate Services Ltd, No.1, Subramaniam Building, Club House Road, Chennai – 600 002.



NOTICE TO SHARE HOLDERS

NOTICE is hereby given that the 27th Annual General Meeting of Empee Distilleries Limited will be held on Thursday, the 29th September 2011 at 3.00 p.m. at Conference Hall II, IMAGE Auditorium, MRC Nagar, Raja Annamalaipuram, Chennai - 600 028, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2011, the Balance Sheet as on that date, the report of the Board of Directors and the report of the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr.M.P.Purushothaman, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr.M.K.Mohan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this annual general meeting till the conclusion of the next annual general meeting and to fix their remuneration.

By Order of the Board
For Empee Distilleries Limited

R.Anand
 Vice President (F&A) and
 Company Secretary

Place : Chennai
 Date : 11.8.2011

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll on his behalf and the proxy need not be a member. The proxy form duly completed and stamped must reach the registered office of the company not less than 48 hours before commencement of the Meeting.
2. The Register of members and share transfer books of the company will be closed from 22nd September 2011 to 29th September 2011 (Both days inclusive).
3. Members/proxies should bring the attendance slip duly filled along with copy of Annual Report for attending the meeting.
4. Members are requested to intimate changes if any, in their address to the Registrars and Share Transfer Agents of the Company at M/s. Cameo Corporate Services Limited, "Subramanian Building", V Floor, 1, Club House Road, Chennai - 600 002.
5. The Company's equity shares are listed on the Bombay Stock Exchange and National Stock Exchange of India Limited.
6. The information/details pertaining to Mr.M.P. Purushothaman and Mr.M.K.Mohan are provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges as annexure.

ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT OR SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING:

The brief resume of the Directors seeking re-appointment is given below:

Mr. M.P. Purushothaman (75)

He is presently the Chairman of our Company. He has been a Promoter-Director of our Company since inception. He has 30 years of experience with over 20 years of business in the liquor industry. He has promoted over 20 companies in the Empee Group which pertain to various industry areas such as sugars, hotels, education, property development, transport and power including alternative sources and generation of power. He is the former President of South India Hotels and Restaurants Association and of the Federation of Hotel and Restaurants Associations of India.



He holds the following Directorship and Membership in Committees of other Companies as follows:

Directorship in other Companies

1. Empee Sugars and Chemicals Ltd
2. Empee International Hotels and Resorts Ltd
3. Empee Leasing and Finance Ltd
4. South (India) Hotels Pvt Ltd
5. Aruna Exports Pvt Ltd
6. Empee Holdings Ltd
7. Appollo Alchobev Ltd
8. Aruna Constructions (India) Ltd
9. Empee Hotels Ltd
10. Shainvest Holdings Ltd
11. Universal Spirits Ltd
12. Empee Construction Co Pvt Ltd
13. Empee Power & Infrastructure Pvt Ltd
14. EDL Properties Ltd
15. Empee Hospitality Pvt Ltd
16. Empee Power Company (India) Ltd
17. Appollo Distilleries Pvt Ltd

Membership in Committee

- Audit Committee
 Audit Committee
 Nil
 Nil
 Nil
 Audit Committee
 Nil
 Nil
 Audit Committee
 Nil
 Nil
 Nil
 Nil
 Nil
 Nil
 Nil
 Nil
 Audit Committee
 Nil

He is holding 21,37,788 equity shares in the Company.

Mr. M.K. Mohan (56)

He has joined our Company as an Independent Director. He has been engaged for over 30 years in the field of finance, transportation services, construction and import and export and the manufacture of bricks. He is a Trustee of the Vishakapattanam Port Trust, a former financial trustee of Pachaiappa Trust, Former Member of Council, Corporation of Chennai, former Member of the Water Board, Chennai, Executive Member of the Tirupathi Tirumala Devasthanam, Chennai and active member of Tamil Nadu Brick Manufacturers Association.

He holds the following Directorship and Membership in Committees of other Companies as follows:

Directorship in other Companies

1. Five Star Business Credits Ltd
2. Kurunji Chit Funds Pvt Ltd
3. Emkay Holiday Inn Pvt Ltd
4. Empee Sugars and Chemicals Ltd

Membership in Committee

- Nil
 Nil
 Nil
 Share Transfer Committee

He is not holding any shares in the Company.

By order of the Board
For Empee Distilleries Limited

Place : Chennai
 Date : 11.8.2011

R.Anand
 Vice President (F&A) and
 Company Secretary



DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting their Report together with the audited Accounts for the year ended 31st March 2011.

Financial Results

The performance of the company for the year ended 31st March 2011 is as follows:

(Rs. in Lacs)

Particulars	2010-11 (For the year ended 31.03.2011)	2009-10 (For the year ended 31.03.2010)
Total Income	87848.52	85473.21
Operating Profit before Interest and Depreciation	4319.78	4243.19
Less: Interest	1477.70	1012.58
Depreciation	626.26	608.50
Add: Extraordinary income	580.70	—
Profit before Tax	2796.52	2622.11
Provision for Taxation	713.51	887.00
Provision for Deferred Tax	-37.21	25.93
Profit /(Loss) After Tax	2120.22	1709.18
Profit brought forward	3502.90	3299.05
Transfer of profit to General Reserve	212.02	170.92
Proposed Dividend	950.44	1140.53
Dividend tax on proposed final dividend	157.87	193.89
Profit carried forward	4302.79	3502.89

DIVIDEND

The Board of Directors have recommended a dividend of Rs.5/- per share for the year ended 31.03.2011.

FINANCIAL PERFORMANCE

Your Company achieved a total income of Rs.878.48 crores and net profit after tax of Rs.21.20 crores during the year as against the total income of Rs.854.73 crores and net profit after tax of Rs.17.09 crores during the year ended 31st March 2010. The revenue from the Power Division was Rs.34.30 crores with a net profit of Rs.1.77 crores during the year ended 31st March 2011 as against the revenue of Rs.29.22 crores and net profit of Rs.1.38 crores during the year ended 31st March 2010.

REVIEW OF OPERATIONS

The two factories at Mevalooruppam and Palakkad produced 4873075 cases during the year ended 31st March 2011 as against the production of 4598067 cases during the year ended 31st March 2010. The sales was 4859165 cases during the year ended 31st March 2011 as against 4609076 cases during the year ended 31st March 2010.

In spite of stiff competition from new entrants in the Tamilnadu IMFL market, your Company has been able to maintain its market share.



FUTURE OUTLOOK

Your Company is in the process of carrying out expansion at the Palakkad IMFL Plant in Kerala. The implementation of the 60 KLPD grain based Distillery at Sanga Reddy, Medak District, Andhra Pradesh is in full swing and your company is confident of going into production during the second half of the current financial year 2011-12.

DIRECTORS

Mr.M.P.Purushothaman and Mr. M.K.Mohan, Directors retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

SUBSIDIARIES

The consolidated accounts of the Company includes the accounts of subsidiaries M/s. EDL Properties Ltd and M/s.Appollo Distilleries Pvt Ltd. The said accounts of the subsidiaries can be made available to the members upon request.

With reference to the qualification remarks made by the Auditors in their Audit Report on consolidated financial statements, Your Board would like to state that the consolidated accounts of the company does not include the accounts of the other subsidiary M/s.Empee Sugars and Chemicals Limited and its fellow subsidiary M/s.Empee Power Company (India) Limited as those two companies have sought for extension of their financial years, and therefore the audited figures of these two companies as on 31st March 2011 were not available for consolidation.

AUDITORS

M/s.K.S. AIYAR & Co., Chartered Accountants, the Auditors of the company retire at the ensuing Annual General Meeting and are eligible for re-appointment. The company has received a certificate from them to the effect that their re-appointment if made would be in accordance with Section 224(1B) of the Companies Act, 1956.

FIXED DEPOSITS

The Company has no public deposits.

COMPANY SECRETARY

Mr.Harihara Subramanian resigned as the Company Secretary during the year. Mr.R.Anand has been appointed as the Company Secretary with effect from 7.2.2011.

REPORT OF EMPLOYEES UNDER SECTION 217(2A)

There are no employees falling within the provision of Section 217(2A) of the Companies Act, 1956 read with companies (Particulars of Employees) Rules 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

Information regarding conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo in accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Directors) Rules 1988 is given as annexure 1 to this Report.

CORPORATE GOVERNANCE REPORT

A Report in line with the requirement of clause 49 of the Listing Agreement on the Corporate Governance practices followed by the Company and the Certificate from the Statutory Auditors on Compliance of mandatory requirements along with Management Discussion and Analysis, are given as Annexure 2 to this report.

INDUSTRIAL RELATIONS

The Industrial relations continued to remain congenial during the year.

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956 with respect to Directors responsibility.

We confirm

1. That in the preparation of the accounts for the year ended 31st March 2011, the applicable accounting standards have been followed.
2. That such Accounting Policies have been selected and applied 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 31st March 2011 and of the profit of the Company for the year ended on that date.
3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That the annual accounts for the year ended 31st March, 2011 have been prepared on a going concern basis.

ACKNOWLEDGEMENT

Your Directors also wish to express their gratitude for the continuous assistance and support extended by the Banks, Financial Institutions, Customers and Government authorities and also to the shareholders for their forbearance and their confidence in the management. Further, your Directors also place on record their deep sense of appreciation for the contributions made by employees at all levels to the growth and success of the company.

For and on behalf of the Board of Directors

Place : Chennai
Date : 11.8.2011

M.P. Purushothaman
Chairman



ANNEXURE 1 TO THE DIRECTORS' REPORT

Information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Director) Rules, 1988 and forming part of the Directors report for the year ended 31st March 2011.

A. Conservation of Energy:

The company constantly adopts energy efficient practices in its operations and implement energy saving measures wherever possible.

- AVR's, Turbo vents installed to reduce energy consumption.
- Conventional lamps have been replaced with CFL lamps maximum possible.
- Capacitors have been installed in motors to reduce power consumption.

B. Technology absorption:

1. Specific areas in which R&D carried out by the company.	Nil
2. Benefits derived as a result of the above R&D	Nil
3. Future plan of action	Nil
4. Expenditure on R&D	
a. Capital	Nil
b. Recurring	Nil
c. Total	Nil
d. Total R & D expenditure as a percentage of total turnover	Nil

Technology absorption, adaptation and innovation

1. Efforts, in brief made towards technology absorption, adaptation and innovation.	Nil
2. Benefits derived as a result of the above efforts, e.g product improvement, cost reduction, product development, import substitution.	Nil

C. Foreign Exchange earnings	Nil
Foreign Exchange outgo	Nil



ANNEXURE – 2 TO DIRECTORS REPORT

Report on Corporate Governance in terms of Clause 49 of the Listing Agreement

1. Company's Philosophy on Corporate Governance

The company firmly believes that good corporate governance is the foundation of corporate excellence. A sound governance process consists of a combination of business practices which result in enhancement of shareholder value and enable the company to fulfill its obligations to customers, employees, financiers and to the society in general. The company aims to increase and sustain its corporate value through growth and innovation. Your Company has been observing the key principles of the code and is committed to take adequate measures towards achieving full compliance of the Corporate Governance code. The areas where the Company is observing the recommendation of SEBI code are given below:

2. Board of Directors

The Board of Directors of the company consists of the following Directors.

Mr.M.P.Purshothaman	-	Promoter – Non executive
Mr.Shaji Purushothaman	-	Promoter - Executive
Ms.Nisha Prushothaman	-	Promoter - Executive
Mr.M.K.Mohan	-	Independent Non-executive
Mr.T.S.Raghavan	-	Independent Non-executive
Mr.M.P.Mehrotra	-	Independent Non-executive

The attendance of the Directors at the Board Meetings and the last AGM were as follows.

Name	No. of Board meetings attended	Whether attended last AGM	Number of other Boards in which Directorship held	Number of other Board Committees in which membership held
Mr.M.P.Purushothaman	3	Yes	17	5
Mr.Shaji Purushothaman	2	-	14	3
Ms.Nisha Purushothaman	4	Yes	8	5
Mr.T.S.Raghavan	4	Yes	8	3
Mr.M.K.Mohan	3	-	4	2
Mr.M.P.Mehrotra	4	-	18	9

Four Board Meetings were held on 29.5.2010, 6.8.2010, 9.11.2010 and 12.2.2011.

3. Audit Committee:

The Audit Committee of the Company comprises of the following Directors as members of the Committee.

Mr.T.S.Raghavan	Independent Non-Executive (Chairman)
Mr.M.P.Mehrotra	Independent Non-Executive (Member)
Ms.Nisha Purushothaman	Promoter - Executive (Member)

The terms of reference of the audit committee cover the matters specified under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred to by the Board of Directors.



Meeting and the attendance during the year were as follows :

Sl. No.	Name of Member	No. of meetings Held	No. of meetings attended
1	Mr.T.S.Raghavan	4	4
2	Ms.Nisha Purushothaman	4	4
3	Mr.M.P.Mehrotra	4	4

4. Remuneration Committee:

The Remuneration committee, comprising of Mr.M.K.Mohan, Mr.T.S.Ragavan and Ms.Nisha Purushothaman, has been constituted under the Chairmanship of Mr.M.K.Mohan to determine the quantum and components of the remuneration to be paid to the Wholetime Directors. No meeting was held during the year 2010-11.

Details of the remuneration of Executive Directors and Non-Executive Directors for the year ended 31st March 2011 are as follows:

Executive Directors/ Whole Time Directors

Name	Designation	Remuneration for the year ended 31.3.2011 (Rs. in Lacs)
Mr. Shaji Purushothaman	Managing Director	74.00
Ms. Nisha Purushothaman	Joint Managing Director	74.84

Non-Executive Directors

Name of the Director	Sitting Fee Rs.
1. Mr.M.P.Purushothaman	60,000
2. Mr.M.K.Mohan	60,000
3. Mr.T.S.Raghavan	1,20,000
4. Mr.M.P.Mehrotra	1,20,000

5. Share Transfer Cum Shareholders' / Investors' Grievance Committee:

The Share transfer cum shareholders'/Investors' Grievance and Share Transfer Committee consists of the following:

- i) Mr. M.K.Mohan Chairman of the Committee
- ii) Mr.T.S.Raghavan Member
- iii) Ms.Nisha Purushothaman Member

The Committee, inter alia, approves share transfers, transmissions and also requests for issue of duplicate certificates, split/ consolidation of shares etc and oversees all matters connected with securities transfers and other processes and meetings are held frequently. The Committee also looks into redressal of shareholders complaints related to share transfers, non receipt of balance sheets, non-receipt of dividend etc. The committee oversees the performance of the R&TA and recommends overall improvement of the quality of investor services. During the year 2010-11, fifteen complaints were received and were redressed to the satisfaction of the complaining investors. No investor complaint was pending as on 31.3.2011.



6. General Body Meetings:

The last three Annual General Meetings were held as under:

Year	Location	Date	Time	Whether special resolutions passed
2009-10	Vani Mahal, G.N.Chetty Road, T.Nagar, Chennai – 600 017.	29/9/2010	3.00 P.M.	–
2008-09	Vani Mahal, G.N.Chetty Road, T.Nagar, Chennai – 600 017.	29/9/2009	2.30 P.M.	–
2007-08	Music Academy, TTK Road, Chennai – 600 014.	8/12/2008	10.00 A.M	Yes

7. Disclosures:

- i. There were no materially significant related party transactions that may have potential conflict with the interests of company at large.
- ii. There are no non-compliance by the Company on any matter related to capital markets, during the last three years. There were no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- iii. The Company does not have a Whistle Blower policy. However no personnel has been denied access to the audit committee.
- iv. The Company has complied with all the mandatory requirements of this clause. With regard to adoption of non mandatory requirements, the non-Executive Chairman has been provided with a Chairman's office at the Company's expense and a remuneration committee has been formed to determine the remuneration of executive directors.

8. Means of communication:

The Company is publishing quarterly unaudited / annual audited financial results in the Business Standard and Makkal Kural (vernacular language). The Company has posted the quarterly/ annual results in the Company's website www.empeegroup.co.in. No presentations were made to institutional investors or to the analysts during the period.

9. General Shareholder Information:

i. AGM Date, time and venue	29th September 2011, 3.00 p.m. Conference Hall II, Image Auditorium MRC Nagar, Raja Annamalaipauram Chennai – 600 028.
ii. For the year ended 2011-12 First quarterly result Second quarterly result Third quarterly results Audited result for the year 2010-11	Before 15th August, 2011 Before 15th November, 2011 Before 15th February, 2012 Before 15th May, 2012
iii. Date of Book closure	22nd September 2011 to 29th September 2011
iv. Dividend Payment Date	Within 30 days from the date of declaration. (AGM date)
v. Listing of Stock Exchanges	National Stock Exchange of India Limited Bombay Stock Exchange Limited
vi. Stock Code National Stock Exchange of India Limited Bombay Stock Exchange Limited	EDL 532920

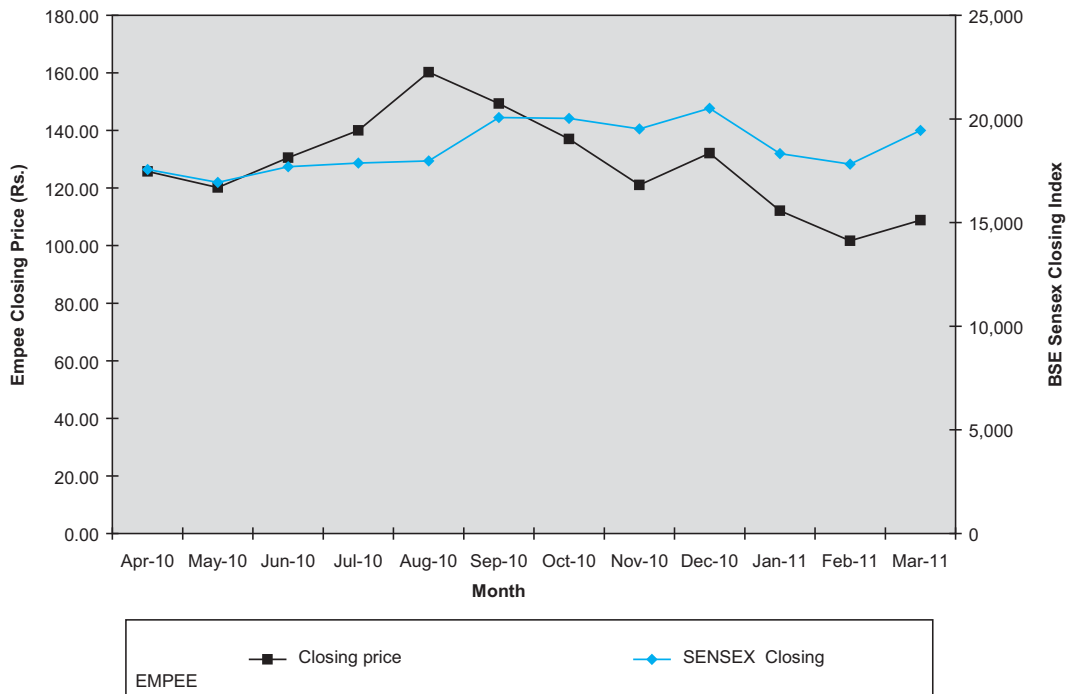


**vii. Market Price Data: High/Low during each month of the period 2010-11
(Bombay Stock Exchange Ltd)**

Month	High (Rs.)	Low (Rs.)
April 2010	135.00	110.30
May 2010	128.85	106.25
June 2010	133.00	113.25
July 2010	146.40	125.05
August 2010	178.00	138.20
September 2010	176.95	144.35
October 2010	152.00	131.00
November 2010	152.00	119.00
December 2010	136.80	113.00
January 2011	135.00	110.00
February 2011	115.95	99.05
March 2011	119.30	100.25

viii. Performance in comparison to broad based indices such as BSE Sensex, CRISIL index etc.

Empee Vs. BSE Sensex





ix. Registrars and Share Transfer Agents	M/s.Cameo Corporate Services Limited No.1, Subramaniam Building, Club House Road, Chennai – 600 002
x. Share Transfer system	Share transfers are registered and returned within a period of 30 days from the date of receipt, by the Committee which meets every week.

xi. Distribution of shareholding as on 31st March 2011

No. of equity shares held	No. of folios	No. of shares held	% of share-holding
1 to 100	31791	1208599	6.36
101 to 500	4185	1024224	5.39
501 to 1000	618	488720	2.57
1001 to 2000	275	407223	2.14
2001 to 3000	92	235573	1.24
3001 to 4000	38	136473	0.72
4001 to 5000	29	135555	0.71
5001 to 10000	69	506891	2.67
10001 and above	50	14865635	78.20
Total	37147	19008893	100.00

xii. Shareholding pattern as on 31st March 2011.

No. of equity shares held	No. of folios	No. of shares held	% of share-holding
Promoters	2	8445260	44.43
Directors and their relatives	7	5285082	27.80
FIs/ Banks	3	23436	0.12
Foreign Institutional Investors	1	1000	0.01
Private Corporate Bodies	475	829367	4.36
Indian Public	36320	4296788	22.61
NRIs and OCBs	339	127960	0.67
Total	37147	19008893	100.00

xiii. Dematerialisation of shareholding and liquidity	98.73% of total equity share capital is held in dematerialized form with NSDL and CDSL.
xiv. Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity	Nil
xv. Plant locations	<p>1. Tamilnadu Unit : Mevaloorkuppam, Sriperumpudur, Kancheepuram, Tamil Nadu.</p> <p>2. Kerala Unit : Kanjikode, Palakad District, Kerala.</p> <p>3. Karnataka Unit : Arabikothanur Village, Kolar District, Karnataka.</p> <p>4. Power Plant: Aranthangi Taluk, Pudukkottai District, Tamilnadu.</p>



xvi. Address for correspondence	'EMPEE TOWER', 59, Harris Road Pudupet, Chennai – 600 002 E-mail ID: investor.empeedistilleries@empeegroup.co.in
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Chief Executive Officer and Chief Financial Officer Certificate:

The Managing Director and the Vice President (Finance & Accounts) have submitted to the Board of Directors the certification as per clause 49(V) of the Listing Agreement, pertaining to CEO / CFO Certification for the financial year ended 31st March 2011.

Declaration under Clause 49 of the Listing Agreement

I, confirm that the Company has, in respect of the year ended 31st March 2011, received from the members of the Board and Senior Management Personnel of the Company, a declaration of compliance with the code of conduct as applicable to them.

Place : Chennai
Date :11.8.2011

M.P.Purushothaman
Chairman

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH CORPORATE GOVERNANCE

To the Members of Empee Distilleries Limited

1. We have examined the compliance with the conditions of Corporate Governance by Empee Distilleries Limited ("the Company") for the year ended 31.03.2011, as stipulated in Clause 49 of the Listing agreement of the said Company with Stock Exchanges in India, with the relevant records and documents maintained by the company and furnished to us and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Based on the aforesaid examination and according to the information and 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.

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.

K S Aiyar & Co
Chartered Accountants
Regn No 100186 W.

Date: 11/8/2011
Place: Chennai

S Kalyanaraman
Partner
Membership No 200565



MANAGEMENT ANALYSIS AND DISCUSSION REPORT

i. Industry structure and developments

The IMFL industry in India is subject to strict licensing and regulations by the concerned State Governments. The IMFL market was estimated at 175 million cases during the last financial year. In terms of value, IMFL's market share is estimated to be around Rs.55,000 crores. The total IMFL market is estimated to have grown at 8 to 10% in value terms over the last financial year. In volume terms, the market has grown by 10% approx. from 160 million cases in financial year 2010-11.

ii. Opportunities and Threats

With a change of State Government in Tamilnadu, the policy regarding new brands is not yet decided. As a result, your company is not able to introduce about 5 new brands already approved by all the concerned departments. This may affect the Company's plans to improve profitability since the new brands approved are in the premium segment.

Due to increase in the cost of all the inputs like bottles, caps, labels, transport charges etc, there is a strain on the overall profitability of the company.

As regards, Kerala operations, since the Government has not accorded any price revision in the yearly tender, and the price of the raw materials are increasing almost by 40-50%, here again the overall margins are on the decline.

iii. Segment-wise or product-wise performance

During the year ended 31.3.2011, the Company produced 48,73,075 cases as against the production of 45,98,067 cases during the year ended on 31.3.2010. The sales was 48,59,165 cases during the year as against 46,09,076 cases sold in the year ended 31.3.2010.

The power division produced 6,01,94,210 units during the year ended 31.3.2011 and generated a sales revenue of 33.97 crores and profit before tax of Rs.1.42 crores as against production of 4,96,15,400 units, sales revenue of Rs.29.22 crores and profit before tax of Rs.1.38 crores during the year ended 31.3.2010.

iv. Financial performance and Outlook

The financial performance and outlook is furnished in the Directors' Report.

v. Risks and concerns

The liquor industry in India is highly Government regulated in terms of constraints on manufacturing, storage as well as distribution. The industry faces threats of prohibition, high excise duties, exorbitant import duty, restrictions on advertisement, restrictions on inter-state movement, besides there are barriers on control over distribution and monopoly status of the State Government which is the sole purchaser of the product.

The existing distilleries use molasses based spirit as their basic raw material. Considering the impetus given to ethanol blending program by the Central Government, a demand-supply mismatch may push up cost and high supply of the raw material.

vi. Internal control systems and their adequacy

The company has a well established internal control system in the form of well documented policies, authorization guidelines commensurate with the level of responsibility and standard operating procedures to ensure proper functioning of operations. Moreover your company appointed independent internal auditors during the year ended 31st March 2011 to periodically review and make continuous assessment of the adequacy and effectiveness of the internal control and systems. The Board, Audit Committee and the Management review the findings and recommendation of the Internal Auditors and take appropriate action wherever necessary.

During the year the Company has obtained ISO 9001 - 2008 Certification from TUV NORD CERT GmbH for its operations at the following locations : 1. IMFL Plant at Mevalooruppam, Tamil Nadu 2. IMFL Plant at Kanjikode, Palakkad, Kerala 3. Power Plant at Aranthangi, Tamil Nadu.

vii. Cautionary Statement:

Statements in the Management discussion and analysis report outlining the Company's estimates, perceptions and expectations may be forward looking statements within the meaning of applicable laws and regulations. The Actual results may differ materially from those expressed hereinabove due to certain factors which may be beyond the control of the Company.



AUDITORS' REPORT TO THE SHAREHOLDERS OF EMPEE DISTILLERIES LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH 2011

1. We have audited the attached Balance Sheet of M/s. EMPEE DISTILLERIES LIMITED, as at 31st March 2011 and also the Profit & Loss Account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and as amended by the Companies (Auditor's Report) Order, 2004 issued by the Central Government of India, in terms of sub-section (4A) of Section 227 of the Companies Act, 1956; we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph III above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - ii) In our opinion, the Company has kept proper books of account as required by law, so far, as it appear from our examination of such books;
 - iii) The Financial Statements dealt with by this Report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this Report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) On the basis of the written representations received from the directors as on 31st March, 2011, and taken on record by the Board, we report that none of the directors is disqualified as on 31st March, 2011, from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with the attached schedules and notes forming part of accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) In the case of Balance Sheet, of the state of affairs of the Company as on 31st March 2011;
 - (b) In the case of the Profit and Loss account, of the Profit for the year ended on that date.
 - (c) In the case of the Cash flow statement of the cash flows for the year ended on that date

K S Aiyar & Co
Chartered Accountants
Regn No 100186 W.

S Kalyanaraman
Partner
Membership No 200565

Date: 11/8/2011
Place: Chennai



ANNEXURE TO AUDITOR'S REPORT

(Referred to in para (iii) of our report of even date)

- (1) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of all fixed assets.
 - (b) Physical verification of fixed assets was carried out by the management during the year as per its programme of verification which, in our opinion is reasonable having regard to the size of the company and the nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion do not constitute a substantial part of the fixed assets of the company and such disposals have, in our opinion not affected the going concern status of the company.
- (2) In respect of its inventories:
 - (a) As explained to us, the inventory has been physically verified by the Management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) According to the information and explanations given to us, in our opinion, the Company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and the book records were not material, having regard to the size of the operation of the company.
- (3) According to the information and explanations given to us with regard to loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, we report as follows:
 - (a) During the year the company has been granted unsecured loan to parties covered under section 301 said above. The maximum amount involved at any time during the year and the year end balance of the loan granted is Rs. 5108.11 Lacs
 - (b) In our opinion, the rate of interest and other terms and conditions on which loan has been granted are not prima facie prejudicial to the interest of the company.
 - (c) The principal amounts, are repayable on demand and there is no repayment schedule. No rate of interest has been charged during the year.
 - (d) As at the end of the financial year, there is no overdue amount in excess of Rs.1 lakh in respect of loans
- (4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to its sale of goods and services. Further on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have



neither come across nor have been informed of any continuing failure to correct major weakness in the above said internal control system.

- (5) In respect of contracts or arrangements entered in the register maintained in pursuance of section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to Section 301 that needs to be entered into the register, maintained under the said section have been so entered.
- (b) Where the transactions made in pursuance of contracts entered in the register maintained under section 301 of the Companies Act, 1956, and exceeding the value of Rupees five Lacs in respect of any party during the year have been made at prices which are reasonable having regard to the relevant market prices at the relevant time.
- (6) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits attracting the provisions of section 58 A and 58 AA of the Companies Act, 1956 or any other relevant provisions of the Act. The guidelines issued with regard to the acceptance of deposits are not applicable to the Company.
- (7) In our opinion, the Company has its internal audit system to commensurate with the size and nature of its business.
- (8) To the best of our knowledge, and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- (9) In respect of statutory dues:
- (a) According to the records of the Company and the information and explanations given to us, the Company was regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income-tax deducted at source and service tax. However, the dues have been deposited during the year itself and there are no arrears existing in this regard.
- (b) There is a disputed liability in regard to Statutory dues as detailed below :

Particulars	Period to which the matter pertains	Forum where dispute is pending	Rs. (In Lacs)
Disputed Income Tax	2005-06	Appellate Tribunal	Rs.270.82
Disputed Income Tax	2008-09	Commissioner of Income Tax	Rs.53.51
Disputed Income Tax	2009-10	Commissioner of Income Tax	Rs.42.24

- (10) The Company does not have accumulated losses as at 31.03.2011. The company has not incurred any cash losses during the current year.
- (11) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and other financial institutions.
- (12) In our opinion and according to our examination of records of the Company, no loans or advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.



- (13) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society and therefore the provisions of sub-clause (xiii) are not applicable to the Company.
- (14) The Company is not dealing in or trading in shares, securities, debentures and other investments and accordingly, the provisions of sub-clause (xiv) are not applicable to the Company.
- (15) Based on our audit and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (16) Based on our audit and according to the information given to us, the term loans availed by the company have been applied for the purposes for which the loans were obtained.
- (17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, no funds were raised on short-term basis have not been used for long-term investment.
- (18) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (19) During the year the Company has not raised any money through issue of debentures.
- (20) During the year the Company has not raised any money through public issue.
- (21) According to the information and explanations given to us, based upon the audit procedures performed and representations made by the management we report that no fraud on or by the company has been noticed or reported during the course of our audit.

K S Aiyar & Co
Chartered Accountants
Regn No 100186 W.

S Kalyanaraman
Partner
Membership No 200565

Date: 11/8/2011
Place: Chennai



BALANCE SHEET AS AT 31ST MARCH 2011

Particulars	Schedules	As at 31.03.2011 (Rs. in Lacs)	As at 31.03.2010 (Rs. in Lacs)
SOURCE OF FUNDS			
Share Capital	1	1,900.89	1,900.89
Reserves & Surplus	2	24,686.59	23,687.32
Secured Loan	3	10,020.40	6,815.39
Unsecured Loan	4	4,553.50	1,960.49
Deferred Tax Liabilities		1,211.52	1,248.74
TOTAL		42,372.90	35,612.83
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		12,781.38	11,426.72
Less: Accumulated Depreciation		3,251.55	2,616.96
Net Block		9,529.83	8,809.76
Add: Capital Work in Progress		5,334.14	1,310.10
		14,863.97	10,119.86
Investments	6	21,515.41	18,501.69
Current Assets, Loans & Advances			
Inventories	7	2,745.74	1,953.67
Sundry Debtors	8	3,371.89	2,156.41
Cash & Bank Balances	9	559.71	228.97
Loans & Advances	10	6,666.98	7,637.91
		13,344.32	11,976.95
Less:			
Current Liabilities & Provisions	11	7,377.64	5,016.35
Net Current Assets		5,966.68	6,960.60
Miscellaneous Expenditure	12	26.84	30.68
TOTAL		42,372.90	35,612.83
Significant accounting policies and notes on financial statements	22		

As per our report of even date annexed

For K.S. Aiyar & Co.
Chartered Accountants
(Firm Regn.No.100186)

(S. Kalyanaraman)
Partner (M.No. 200565)

Place : Chennai
Date : 11.08.2011

M.P. Purushothaman
Chairman

Nisha Purushothaman
Jt.Mg.Director

Shaji Purushothaman
Managing Director

R. Anand
V.P. (Finance & Accts.) &
Company Secretary



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

Particulars	Schedule	Year ended 31.03.2011 (Rs. in Lacs)	Year ended 31.03.2010 (Rs. in Lacs)
INCOME			
Sales Income	13	83,492.88	82,226.71
Income from Sale of Power		3,430.79	2921.58
		86923.67	85,148.29
Other Income	14	587.69	281.47
Increase / (Decrease) in Stocks	15	337.16	43.46
Total		87848.52	85,473.22
EXPENDITURE			
Raw material	16	19,008.01	17,429.53
Manufacturing expenses		930.46	1,132.46
Rent, Rates & Taxes	17	59,192.75	58,515.14
Employee cost	18	1,168.59	1,112.21
Administrative Expenses	19	760.07	633.37
Selling & Distribution Expenses	20	2,468.86	2,407.33
Total		83,528.74	81,230.02
Profit Before Interest, Depreciation, Tax and Extra-ordinary items		4,319.78	4,243.19
Financial Cost	21	1,477.70	1,012.58
Depreciation		626.26	608.50
Profit before Tax and Extra-ordinary items		2,215.82	2,622.11
Provision for Taxation			
- Current tax		713.51	887.00
- Deferred tax Assets		-37.21	25.93
Profit after Tax		676.30	912.93
Profit on Sale of Investment		1,539.52	1,709.18
Profit after Tax and Extraordinary Income		580.70	0.00
Profit brought forward		2,120.22	1,709.18
Transfer of profit to General Reserve		3,502.90	3,299.05
Interim Dividend paid		212.02	170.92
Dividend Distribution tax paid		—	—
Proposed Final dividend		—	—
Dividend Distribution tax on final dividend		950.44	1,140.53
Profit and Loss Account		157.87	193.89
EPS before extraordinary items		4,302.79	3,502.90
EPS after extraordinary items		8.10	8.99
Significant accounting policies and notes on financial statements	22	11.15	8.99

As per our report of even date annexed

For K.S. Aiyar & Co.
Chartered Accountants
(Firm Regn.No.100186)

(S. Kalyanaraman)
Partner (M.No. 200565)

Place : Chennai
Date : 11.08.2011

M.P. Purushothaman
Chairman

Nisha Purushothaman
Jt.Mg.Director

Shaji Purushothaman
Managing Director

R. Anand
V.P. (Finance & Accts.) &
Company Secretary



SCHEDULES TO THE ACCOUNTS

Particulars	As at 31.03.2011 (Rs. in Lacs)	As at 31.03.2010 (Rs. in Lacs)
SCHEDULE 1		
Share Capital		
Authorised:		
3,00,00,000 Equity Shares of Rs.10/- each	3,000.00	3000.00
Issued, Subscribed & Paid-up		
1,90,08,893 Equity Shares of Rs.10/- each	1,900.89	1900.89
	1,900.89	1900.89
SCHEDULE 2		
Reserves & Surplus		
Share Premium Account	17,414.59	17,414.59
Fixed Assets Revaluation Reserve	1,672.06	1,684.70
General Reserve	1,297.15	1,085.14
Profit & Loss Account	4,302.79	3,502.90
	24,686.59	23,687.32
SCHEDULE 3		
Secured Loans		
Term Loan from Banks & Financial Institutions	7,055.83	4,802.03
Working Capital Loans	2,937.23	2,013.36
Secured Loans from Banks	27.34	0.00
	10,020.40	6,815.39
SCHEDULE 4		
Unsecured Loans		
Loan from NBFCs	4,553.50	1,960.49



SCHEDULE TO THE ACCOUNTS FOR THE YEAR ENDED 31.03.2011

SCHEDULE 5 : FIXED ASSETS

(Rs. in Lacs)

Name of the asset	Gross Block			Depreciation				Net Block as on 31.03.2011	Net Block as on 31.03.2010
	Opening Balance 01.04.2010	Additions	Deletions	Closing Balance 31.03.2011	Opening Balance 01.04.2010	For the year	Adjustments		
Land	1,671.03	221.72	0.00	1,892.75	0.00	0.00	0.00	0.00	1,671.03
Buildings	2,128.31	594.78	0.00	2,723.09	437.92	73.98	0.00	511.90	1,690.40
Plant & Machinery	6,899.05	392.91	0.00	7,291.96	1,717.10	506.35	0.00	2,223.45	5,181.96
Computer	233.74	11.81	0.00	245.55	128.88	23.87	0.00	152.75	104.86
Furniture & Fittings	25.43	8.29	0.00	33.72	18.51	1.00	0.00	19.50	6.91
Motor Vehicles	378.55	120.75	6.56	492.74	289.34	28.20	4.83	312.71	89.21
Office Equipments	90.61	10.96	0.00	101.57	25.21	6.05	0.03	31.24	65.39
Total	11,426.72	1,361.22	6.56	12,781.38	2,616.96	639.45	4.86	3,251.55	8,809.76
Previous Year	10,895.73	545.30	14.28	11,426.72	2,018.98	608.50	10.52	2,616.96	8,876.75

* Depreciation for the year amounting Rs.13.19 Lacs is charged to Fixed Assets Revaluation Reserve A/c.



SCHEDULES TO THE ACCOUNTS

	As at 31.03.2011 (Rs. in Lacs)	As at 31.03.2010 (Rs. in Lacs)
SCHEDULE 6		
INVESTMENTS		
QUOTED INVESTMENTS		
Andhra Bank Investment (Cost 1000 Equity shares) Market value (as on 31.03.2011 Rs.1.51 Lacs)	0.96	0.96
Empee Sugars & Chemicals Limited (Subsidiary Company) Cost (26622102 Equity shares) Market value (as on 31.03.2011 Rs.18688.71 Lacs)	159.73	168.73
UNQUOTED INVESTMENTS		
EDL Properties Ltd (Subsidiary Company) 750000 shares @ Rs.10 each	75.00	75.00
Appollo Distilleries Pvt. Ltd (Subsidiary Company) 14089400 shares @ Rs.10 each	1,408.94	0.00
Empee Hotels Limited (66,49,997 shares)	3,990.00	815.00
Share application money in Subsidiaries		
Empee Sugars & Chemicals Limited	12,736.50	12427.00
Appollo Distilleries Pvt Ltd	1,068.22	873.94
Share application money in Other Companies		
Empee Power & Infrastructure Pvt Ltd	1,188.57	1188.57
Empee Hotels Limited	435.00	2500.00
Others	450.00	450.00
25000 Preference shares of Rs.10/- each of Ceat Finance Ltd	2.50	2.50
	21,515.41	18,501.69
SCHEDULE 7		
INVENTORIES		
Finished Goods	552.44	347.72
Raw Materials	1,987.71	1,532.79
Work in Progress	205.59	73.15
	2,745.74	1,953.67



SCHEDULES TO THE ACCOUNTS

	As at 31.03.2011 (Rs. in Lacs)	As at 31.03.2010 (Rs. in Lacs)
SCHEDULE 8		
SUNDRY DEBTORS		
(Unsecured but considered good)		
Outstanding for a period exceeding six months	25.16	96.61
Other Debts	3,346.73	2,059.80
	3,371.89	2,156.41
SCHEDULE 9		
CASH AND BANK BALANCE		
Cash in hand	40.69	98.81
Cash at Bank in current accounts	519.01	130.16
	559.71	228.97
SCHEDULE 10		
LOANS & ADVANCES		
Advance Recoverable in cash or in kind or for the value to be received (unsecured but considered good)		
Loans and advances		
Advance to Suppliers & others	6,297.48	4,701.71
Loans and advances to Subsidiary (Empee Sugars & Chemicals Limited)	0.00	2,655.00
Prepaid Expenses	42.19	23.59
Deposits		
Deposit with Government departments	118.54	103.57
Other deposits	208.78	154.03
	6,666.98	7,637.91
SCHEDULE 11		
CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors		
Sundry Creditors for Supplies	1,485.07	1,072.35
Trade Deposits and advance from customers	1,210.57	33.40
Other current liabilities	3,232.94	2,420.98
Provisions	1,449.06	1,489.63
	7,377.64	5,016.35
SCHEDULE 12		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)	26.84	30.68
	26.84	30.68



SCHEDULES TO THE ACCOUNTS

	Year ended 31.03.2011 (Rs. in Lacs)	Year ended 31.03.2010 (Rs. in Lacs)
SCHEDULE 13		
SALES		
Sales - Basic	25,858.68	24,927.52
Excise Duty collected	28,108.91	27,916.26
VAT collected	29,525.28	29,382.92
	83,492.88	82,226.71
SCHEDULE 14		
OTHER INCOME		
Dividend received	133.16	0.05
Making charges	265.13	126.04
Scrap sales	30.49	42.10
Miscellaneous Income	158.90	113.28
	587.69	281.47
SCHEDULE 15		
Increase / (Decrease) in Stocks		
Closing Stock:		
Finished Goods	552.44	347.72
Work-in-progress	205.59	73.15
	758.03	420.87
Opening Stock:		
Finished Goods	347.72	287.82
Work-in-progress	73.15	89.60
	420.87	377.41
Increase / (Decrease) in closing stock	337.16	43.46
SCHEDULE 16		
RAW MATERIAL CONSUMPTION		
A. Opening Stock		
- Raw Materials	1,532.79	2,021.63
Total	1,532.79	2,021.63
Raw Materials (including chemicals & packing materials)	19,462.93	16,940.69
C. Closing Stock		
- Raw Materials	1,987.71	1,532.79
	1,987.71	1,532.79
RAW MATERIALS CONSUMED (A+B-C)	19,008.01	17,429.53



SCHEDULES TO THE ACCOUNTS

	Year ended 31.03.2011 (Rs. in Lacs)	Year ended 31.03.2010 (Rs. in Lacs)
SCHEDULE 17		
RENT, RATES & TAXES		
Excise Duty	28,108.95	28,002.82
Excise Label	346.66	364.18
VAT	29,525.28	29,382.95
Label Registration/Approval Fee	4.97	41.24
Rent	29.97	23.42
Rates & Taxes	1,176.92	700.52
	59,192.75	58,515.14
SCHEDULE 18		
EMPLOYEE COST		
Salary & Allowances	1,020.01	1,005.88
Contribution to PF & ESI	47.31	38.21
Staff Welfare Expenses	58.57	47.16
Bonus and Exgratia	42.69	20.96
	1,168.59	1,112.21
SCHEDULE 19		
ADMINISTRATIVE EXPENSES		
Audit Fees	6.50	0.50
Bank Charges	48.67	34.48
Postage & Telegram	2.81	15.44
Printing and Stationery	18.00	18.05
Repairs and Maintenance	21.88	39.05
Donations	8.93	12.26
Sitting Fee	3.60	2.40
Telephone Expenses	26.87	25.75
Managerial Remuneration	148.85	145.52
Consulting charges	37.44	72.04
Travelling Expenses	41.68	13.70
Travelling Expenses - Directors	12.90	28.06
Miscellaneous Expenses	222.66	206.66
Discounting charges	159.28	19.46
	760.07	633.37



SCHEDULES TO THE ACCOUNTS

	Year ended 31.03.2011 (Rs. in Lacs)	Year ended 31.03.2010 (Rs. in Lacs)
SCHEDULE 20		
SELLING & DISTRIBUTION EXPENSES		
Advertisement & Publicity	4.31	2.99
Travelling Expenses - Marketing	19.02	41.35
Freight & Handling charges	506.77	491.49
Loading & Unloading charges	94.77	72.54
Sales promotion expenses	45.10	85.69
Cash Discount	668.15	775.26
Other selling expenses	1,130.74	938.01
	2,468.86	2,407.33
SCHEDULE 21		
FINANCIAL CHARGES		
Interest on Term loans	700.27	505.85
Interest on Working capital	220.80	173.01
Interest - Others	556.63	333.71
	1,477.70	1,012.58



SCHEDULE - 22

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS

I. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements have been prepared under historical cost convention and following the accrual method of accounting in accordance with the applicable mandatory accounting standards notified by the companies (Accounting Standards) Rules, 2006 and the relevant provisions of Companies Act, 1956. The accounting is on the basis of going concern concept.

2. Use of Estimates

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting year. Differences between the actual results and the estimates are recognized in the year in which the results are known / materialized.

3. Revenue Recognition

All income and expenditure are accounted for on accrual basis as stated herein except in respect of such items as are specifically mentioned hereunder and in the notes.

Sales Income is accounted inclusive of excise duty and sales tax wherever applicable but net of trade discounts. The corresponding duties and taxes are included under Rent, rates and taxes. The above policy is consistently followed by the Company.

Other Income – a) Interest Income is accounted at applicable coupon rates on respective investments, on time basis. b) Dividend income is accounted as and when received.

4. Fixed Assets and Depreciation/Amortization

Fixed assets are stated at cost less accumulated depreciation / amortization. Direct costs are capitalized until fixed assets are ready for use. These costs include freight, installation costs, duties and taxes and other directly attributable costs incurred to bring the assets to their working condition for intended use. Borrowing costs directly attributable to acquisition of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

Depreciation on fixed assets is provided using the straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956.

Depreciation is calculated on a pro-rata basis for assets purchased / sold during the year with reference to the month in which the fixed assets are put to use or commissioned. Individual assets costing less than Rs. 5000 are depreciated in full in the year of acquisition.

Capital Work-in-progress comprises outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date. Capital work-in progress is stated at cost.

5. Impairment of Fixed Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than



its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

6. Cash flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated.

7. Investments

Long term investments are stated at cost less provision for diminution in value other than temporary if any, in the opinion of the management. Short term investments are valued at cost or fair value whichever is lower.

8. Inventories

Inventories are stated as under:

- a) Finished Goods: At cost or net realizable value whichever is lower.
- b) Work-in-Progress: At all direct costs and applicable production overheads to bring the goods to the present location and condition.
- c) Raw materials and Stores & Spares: At landed cost on First-in – First-Out basis.

9. Foreign Currency Transaction

Foreign Exchange transactions are recorded at the exchange rates prevailing at the time of transaction.

Assets and Liabilities expressed in Foreign currencies (to the extent not covered against exchange fluctuations) are translated into Indian Rupees at the exchange rate prevailing at the Balance Sheet date and any loss or gain arising there from has been included in Finance charges as per the provisions of Accounting Standards 16 and 11(Revised) issued by The Institute of Chartered Accountants of India.

10. Prior Period and Extra Ordinary Items

Prior Period and Extra Ordinary items having material impact on the financial affairs of the Company are disclosed, wherever applicable. There is no major deviation in the accounting policy during the current year.

11. Taxation

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law), deferred tax charge or credit (reflecting the tax effects of the timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted by the balance Sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

Current tax and deferred tax assets and liabilities are offset to the extent to which the Company has a legally enforceable right to set off and they relate to taxes on income levied by the same governing taxation laws.

Tax on distributable profits payable by the company in accordance with the provisions of Income-tax Act, 1961 is disclosed in accordance with the guidance note on Accounting for Corporate Dividend Tax issued by the ICAI.



12. Borrowing Costs

Borrowing costs that are attributable to acquisition or construction of qualifying assets are included as part of the cost of such assets.

13. Provisions

The company recognizes provision when there is a present obligation of the enterprise arising from past events, settlement of which is expected to result in a outflow from the enterprise of resources embodying economic benefits which can be measured only by using a substantial degree of estimation.

Provision for contractual obligation has been provided for in accounts based on management`s assessment of the probable outcome with reference to the available information supplemented by experience of similar transactions.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in the financial statements.

14. Earnings Per Share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard-20. Basic earnings per equity share have been computed dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings during the year adjusted for effects of all dilutive potential equity shares per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year. For Basic and diluted earnings before extra-ordinary items, the amount of extra-ordinary items and tax thereon are excluded for computation.

15. Retirement and Other Benefits

Contribution to Provident Fund is made as per the provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952 and charged to Profit and Loss Account and disclosed separately.

Gratuity and Leave encashment has been provided as per Actuarial Valuation.

16. Segment Reporting

A. Business Segments:

Based on the guiding principles given in Accounting Standard – 17 ‘Segment Reporting’, the Company’s business segments include Liquor(IMFL) and Power.

B. Segment Accounting Policies

In addition to the significant accounting policies applicable to the business segments as given in notes, the accounting policies in relation to segment accounting are as under:

- a. Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.
- b. Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions, which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include deferred income taxes, share capital, reserves, loans investments, miscellaneous expenditure and profit and loss appropriation account. While most of the assets / liabilities can be directly attributed to the individual segments, the carrying amount of certain assets / liabilities pertaining to both segments are allocated to the segments on a reasonable basis.



- c. Inter segment sales between operating segments are accounted at market price. These transactions are eliminated in consolidation.

17. Miscellaneous Expenditure

Miscellaneous expenditure includes deferred revenue expenditure which is written off over the period of Ten years on straight line method.

II. NOTES ON ACCOUNTS

1. The Company has closed the accounting year on 31.03.2011 for the period from 01.04.2010 to 31.3.2011.

2. SECURED LOANS:

- a) Working capital facility from Andhra Bank, Egmore Branch, Chennai for Rs.13.00 Crores (Balance as on 31.03.2011 Rs.19.04 Crores) is secured by hypothecation of raw materials, stores and consumables, work-in-process, finished goods and sales receivables (not older than 90 days) and by second charge on fixed assets of the company and personal guarantee of two Directors.
- b) Working capital facility from Andhra Bank, Egmore Branch, Chennai for Rs.5.00 Crores (Balance as on 31.03.2011 Rs. 5.43 Crores) is secured by hypothecation of raw materials, stores and consumables, work-in-process, finished goods and sales receivables (not older than 90 days) and by second charge on fixed assets of the Palakkad unit of the company and also personal guarantee of the two Directors.
- c) Term loan – Power division, from Andhra Bank, Anna Salai, Chennai for Rs.22.04 Crores (Balance as on 31.03.2011 Rs.11.97 Crores) and Rs.4.55 Crores (Balance as on 31.03.2011 Rs. 3.30 Crores) is secured by way of first charge on the fixed assets including plant and machineries of Aranthangi division and by personal guarantee of two Directors.
- d) Working capital facility – Power division, from Andhra Bank, Anna Salai, Chennai for Rs.5.00 Crores (Balance as on 31.03.2011 Rs. 4.91 Crores) is secured by hypothecation of raw materials, stores and consumables, work-in-process, finished goods and sales receivables (not older than 90 days) and by second charge on the fixed assets including plant and machineries of Aranthangi division and by personal guarantee of two Directors.
- e) Corporate Loan from Andhra Bank for Rs.30.00 Crore (Balance as on 31.03.2011 Rs. 21.00 Crores) : – collateral security of land and building belonging to associate company, M/s.Appollo Alchobev Ltd, Bangalore and by hypothecation of 55.47 acres of wind mill land situated at Periyakumarapalayalam, Dharapuram Taluk.
- f) Term loan – 60KLPD, Grain based Distillery Project in Choutkur, Sangareddy, Andra Pradesh from Andhra Bank, Egmore, Chennai for Rs. 35.00 Crores (Balance as on 31.03.2011 Rs. 26.02 Crores) and from Union Bank of India, Nungambakkam for Rs.23.04 Crores (Balance as on 31.03.2011 Rs. 8.27 Crores) is secured by way of first charge on the fixed assets including plant and machineries of grainbased division and by personal guarantee of two Directors.
- g) Working Capital – 60KLPD, Grain based Distillery Project in Choutkur, Sangareddy, Andra Pradesh from Andhra Bank, Egmore, Chennai for Rs.5.00 Crores and from Union Bank of India, Nungambakkam for Rs.3.49 Crores is secured by way of hypothecation of raw materials, stores and consumables, work-in-process, finished goods and sales receivables (not older than 90 days) and by second charge on fixed assets of the (paripassu basis with Union Bank of India belong to this Grain based Distillery Unit) of the company and also personal guarantee of the two Directors. The above two credit facilities were not utilized so far.
- h) Working capital facility from Andhra Bank, Egmore Branch, Chennai for Rs.2.50 Crores is secured by hypothecation of raw materials, stores and consumables, work-in-process, finished goods and sales receivables (not older than 90 days) and by second charge on fixed assets of the Kolar unit of the company and also personal guarantee of the two Directors. The said credit facility was not utilised so far.
- i) Secured Loan from banks represents the Hire Purchase Loan availed against the security of Vehicles. Balance outstanding with ICICI Bank Ltd Rs.7.32 Lacs and HDFC Bank Ltd Rs.20.02 Lacs as on 31.03.2011.



3. Contingent Liabilities, Guarantees & Capital commitments

A. Contingent Liabilities

Particulars	Rs. in Lacs 31.03.2011	Rs. in Lacs 31.03.2010
a) Claims against the company not acknowledged as debts	40.00	35.00
b) Disputed Income tax demand	366.57	674.00
c) Disputed sales tax demand	-	1640.00

B. Guarantees

Particulars	Rs. in Lacs 31.03.2011	Rs. in Lacs 31.03.2010
NIL	-	-

C. Capital Commitments

Particulars	Rs. in Lacs 31.03.2011	Rs. in Lacs 31.03.2010
a) Estimated amount of capital contracts remaining to be executed is	1998.98	2819.03

4. Disclosure in respect of employee benefits under Accounting Standard (AS) – 15 (Revised) "Employees Benefits" prescribed by the Companies (Accounting Standards) Rules, 2006.

- a) Defined Contribution Plans: Amount of Rs. 39.59 Lacs (previous year Rs.104.74) pertaining to employers' contribution to provident fund, Employees State Insurance Fund, gratuity provision and leave encashment provision is recognized as an expense.
- b) The disclosures for gratuity cost is given below:
- (i) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Rs. in Lacs	
	As at 31 March 2011	As at 31 March 2010
1 Present value of obligation at the beginning of the year	93.47	88.72
2 Interest cost	7.48	6.98
3 Current service cost	5.10	10.34
4 Benefits paid	0.00	2.84
5 Actuarial (gain) / loss on obligation	(31.26)	(9.74)
6 Present value of obligation at the end of year	74.80	93.47

- (ii) The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	As at 31 March 2011	As at 31 March 2010
1 Fair value of plan assets at the beginning of the year	-	-
2 Expected return on plan assets	-	-
3 Contributions	-	-
4 Benefits paid	-	-
5 Actuarial gain / (loss) on plan assets	-	-
6 Fair value of plan assets at the end of year	-	-



(iii) Actuarial gain / loss recognized as follows :

Rs. in Lacs

Particulars	As at 31 March 2011	As at 31 March 2010
1 Actuarial gain / (loss) for the year – obligation	(31.26)	(9.74)
2 Actuarial gain / (loss) for the year – plan assets	—	—
3 Total gain / (loss) for the year	(31.26)	(9.74)
4 Actuarial gain / (loss) recognized in the year	18.67	(7.58)
5 Unrecognized actuarial gains (losses) at the end of year	12.58	17.32

(iv) The amounts recognized in Balance Sheet are as follows:

Particulars	As at 31 March 2011	As at 31 March 2010
1 Present value of obligation as at the end of the year	74.80	93.47
2 Fair value of plan assets as at the end of the year	0.00	0.00
3 Funded / (unfunded) status	(74.80)	(93.47)
4 Excess of actual over estimated	—	—
5 Net assets / (liability) recognized in balance sheet	(74.80)	(93.47)

(v) The amounts recognized in Profit and Loss Account are as follows:

Rs. in Lacs

Particulars	As at 31 March 2011	As at 31 March 2010
1 Current service cost	5.10	10.34
2 Past service cost	—	—
3 Interest cost	7.48	6.98
4 Expected return on plan assets	—	—
5 Net actuarial (gain)/loss recognized in the year	(31.26)	(9.74)
6 Expenses recognized in the statement of profit and losses	(18.67)	7.58

(vi) Principal actuarial assumptions at the balance sheet date are as follows:

A. Economic Assumptions

The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yield available on the Government bonds at the accounting date with a term that matches that of the liabilities and salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

Particulars	As at 31 March 2011	As at 31 March 2010
1. Discount rate	8%	8%
2. Salary growth rate	6%	6%



B. Demographic Assumption

1. Retirement Age	60 Years	
2. Mortality table	LIC (1994-96) duly modified	
3. Withdrawal Rates	Ages	Withdrawal Rate (%)
	Up to 30 Years	5%
	Up to 44 Years	5%
	Above 44 Years	5%

(vii) General description of defined benefits plan:

Gratuity Plan (Defined benefit plan)

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary (includes dearness allowance) last drawn for each completed year of service. The same is payable on termination of service, or retirement, or death whichever is earlier. The benefit vests after five years of continuous service.

5. Sundry Creditors and Debtors balances are subject to confirmation by the parties concerned.
6. Trade Deposits and advance from customer includes Rs.1060.57 Lacs received from TASMAL on adhoc basis during the month of March 2011.
7. In the absence of receipt of information the small scale industrial status from the parties, the details of names of small scale industrial undertaking to which the company owe any sum together with interest outstanding for more than 30 days could not be ascertained.
8. All the investments held by the company are long term in nature.
9. Quantitative information :

A. Licensed Capacity (per month)

Particulars		As at 31.03.2011	As at 31.03.2010
IMFL Products – TN	cases	419400	419400
IMFL Products – Kerala	cases	180000	180000
Power – Aranthangi	Units	7200000	7200000

B. Installed Capacity : (Per month)

(Installed capacities are as certified by the Management)

Particulars		As at 31.03.2011	As at 31.03.2010
IMFL Products – TN	cases	419400	419400
IMFL Products – Kerala	cases	180000	180000
Power -Aranthangi	Units	7200000	7200000

C. Production: (for the period)

Particulars		As at 31.03.2011	As at 31.03.2010
IMFL Products – TN	cases	4044129	4037286
IMFL Products – Kerala	cases	828946	560781
Power -Aranthangi	Units	60194210	49615400



D. Sales: (for the period)

Particulars		As at 31.03.2011	As at 31.03.2010
IMFL Products – TN	cases	4034450	4051800
IMFL Products – Kerala	cases	824715	557276
Power -Aranthangi	Units	54255080	43969900

E. Closing Stock

Particulars		As at 31.03.2011	As at 31.03.2010
IMFL Products – TN	cases	52752	43073
IMFL Products – Kerala	cases	10142	5911

10. Deferred Taxes

The composition of deferred tax assets and liabilities as follows:

(Rs. in Lacs)

Deferred tax assets	As at 31 March 2011	As at 31 March 2010
Opening Deferred Tax Assets	NIL	NIL
Provision for Leave Encashment	2.82	NIL
Provision for Gratuity	NIL	NIL
Provision for Bonus	8.32	NIL
Provision for Expenses	NIL	NIL
Depreciation	26.08	(25.93)

Deferred tax liability	As at 31 March 2011	As at 31 March 2010
Opening Deferred Tax Liabilities	1248.74	1222.81
Net deferred tax Liability/(Assets)	1211.52	1248.74

11. CIF Value of Imports

Raw materials	Nil	Nil
Capital Goods	Nil	Nil
Consumable spares	Nil	Nil

12. Earnings in Foreign Exchange

Export of goods calculated on FOB basis	Nil	Nil
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13. (1) Expenditure in Foreign Currency

i) profession and consultation	Nil	Nil
ii) interest	Nil	Nil
iii) others	Nil	Nil



14. MANAGERIAL REMUNERATION

(Rs.In Lacs)

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Salary	96.00	96.00
Company's contribution to Provident Fund	11.52	11.52
Other Perquisite	41.32	38.00
Total	148.84	145.52

Computation of Net Profit under section 198/349 of the Companies Act, 1956

(Rs.In Lacs)

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Profit before taxation	2796.51	2622.11
Add: Depreciation as per books	626.26	608.50
Loss on sale of assets	0.19	3.40
Remuneration to Managing Director	74.00	70.76
Remuneration to Joint Managing Director	74.84	74.76
Directors sitting fees	3.60	2.40
Wealth Tax	1.13	0.00
Less: Depreciation u/s 350	626.26	608.50
Profit on sale of assets	29.17	11.61
Profit on sale of Investments	580.70	0.00
TOTAL	2340.40	2761.82
Remuneration @ 10% of the above	234.04	276.18
Managerial remuneration paid	148.84	145.52

15. There are no transactions entered into with Micro, Small and Medium Enterprises (MSME) during the year or in the earlier year. Accordingly, no amount is due to Micro, Small and Medium Enterprises in respect of sundry creditors. Further, no interest has been paid or is accrued and payable to MSME under the circumstances either in this year or the earlier year.

16. Consumption – Raw material, stores & spares and others

- Imported	Nil	Nil
- Indigenous	19008.01	17429.53

17. Segment wise details

Particulars	IMFL	Power	Unallocated	Total
Segment Revenue				
Sales	83492.88	3430.79	–	86923.67
Other Income	580.52	7.17	–	587.69
Total Revenue	84073.40	3437.96	–	87511.36



Particulars	IMFL	Power	Unallocated	Total
Segment Result				
Operating Profit	3598.26	721.52	–	4319.78
Interest Expenses	1194.21	283.49	–	1477.70
Depreciation	365.32	260.94	–	626.26
Extraordinary Income	–	–	580.70	580.70
Net Profit before tax	2038.73	177.09	580.70	2796.52
Other Information				
Segment Assets	23749.37	3704.72	22269.61	49723.69
Segment Liabilities	19373.82	2314.24	1475.00	23163.06
Depreciation	365.32	260.94		626.26
Capital expenditure	1344.78	16.44		1361.22

18. Related party transactions

Related Parties**Subsidiary Company**

Empee Sugars & Chemicals Limited

EDL Properties Limited

Appollo Distilleries Private Limited

Fellow Subsidiary Company

Empee Power Company (India) Limited

Key Management Personnel

Mr.M.P.Purushothaman, Chairman

Mr.Shaji Purushothaman, Managing Director

Ms.Nisha Purushothaman, Joint Managing Director

Relatives of Key Management Personnel

Ms.Sheena Purushothaman

Other Related Parties

Empee Holdings Limited

Empee International Hotels & Resorts Limited

South (India) Hotels Pvt Ltd

Appollo Alchobev Limited

Aruna Exports Pvt Ltd

Empee Hotels Limited

Aruna Constructions (India) Limited

Empee Agro Farm Products Pvt Ltd

Empee Marine Products Limited

Appollo Wind Energy Pvt Limited

Appollo Bears Pvt Ltd

Empee Leasing & Finance Limited

Shainvest Holdings Ltd

Universal Spirits Ltd

Empee Construction Company Pvt Ltd

Empee Power & Infrastructure Pvt Ltd

Empee Packaging Industries

Aruna Constructions



Transactions with Related parties

(Rs. In Lacs)

Particulars	Subsidiary Companies	Key Management Personnel	Relatives of Key Management Personnel	Other related parties	For the year ended 31.03.11
Remuneration	Nil (-)	148.84 (107.52)	Nil (-)	Nil (-)	148.84 (107.52)
Receiving of Services	Nil (-)	Nil (-)	Nil (-)	214.45 (194.04)	214.45 (194.04)
Finance (Including loans and equity contributions in cash or kind)	601.76 (4865.00)	Nil (-)	Nil (-)	3903.45 (3745.51)	4505.21 (8610.51)
Interest Paid	Nil (-)	Nil (-)	Nil (-)	Nil (-)	Nil (-)
Interest Received	Nil (-)	Nil (-)	Nil (-)	Nil (57.22)	Nil (-)
Sale of assets	Nil (-)	Nil (-)	Nil (-)	30.00 (-)	30.00 (-)
Sale of investments	Nil (-)	Nil (-)	Nil (-)	Nil (-)	Nil (-)
Purchase of goods	Nil (-)	Nil (-)	Nil (-)	Nil (-)	Nil (-)
Rent paid	Nil (-)	Nil (14.96)	2.30 (15.98)	17.42 (17.50)	19.72 (205.94)
Balance Outstanding	14501.15			12475.48	26976.63

19. Quantum of Excise Duty included in closing stock of finished goods is Rs.79.10 Lacs.

20. Payment to auditors (excluding service tax)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Statutory audit fee	4.00	0.50
Certification Fees	1.00	-



21. Details of Subsidiary Companies*

Particulars	Appollo Distilleries Pvt. Ltd		EDL Properties Ltd	
	2010-11	2009-10	2010-11	2009-10
Share Capital	1411.94	3.00	100.00	100.00
Reserves & Surplus	6.79	6.79	-	-
Total Liabilities	6626.92	1004.16	506.48	321.77
Total Assets	6626.92	1004.16	506.48	321.77
Total Income	-	-	-	-
Profit before tax	-	-	-	-
Provisions for tax	-	-	-	-
Profit after tax	-	-	-	-
Proposed Dividend	-	-	-	-
Details of investments	-	-	-	-

* The accounts of M/s. Empee Sugars and Chemicals Limited and M/s. Empee Power Company (India) Limited have not been included in the above statement, as the two companies have extended their financial years and therefore the audited accounts as on 31st March 2011 are not available.

22. EARNINGS PER SHARE (before and after extraordinary items)

Particulars	As at 31 March 2011	As at 31 March 2010
Net profit after tax as per Profit and Loss Account (A)	2120.22	1709.18
Profit attributable to equity shareholders (B)	2120.22	1709.18
Number of equity shares outstanding at the beginning of the period (C)	19008893	19008893
Weighted average number of equity shares outstanding (D)	19008893	19008893
Nominal value of equity shares (E)	10.00	10.00
Basic earnings per share (Rs.) (B)/(D) (F)	11.15	8.99
Weighted average number of potential equity shares (G)	19008893	19008893
Diluted earnings per share (Rs.) (A)/(G)	11.15	8.99

23. Previous years figures have been regrouped or reclassified wherever necessary to be in conformity with the current year's classification.

As per our report of even date annexed

For K.S. Aiyar & Co.
Chartered Accountants
(Firm Regn.No.100186)

(S. Kalyanaraman)
Partner (M.No. 200565)

Place : Chennai
Date : 11.08.2011

M.P. Purushothaman
Chairman

Nisha Purushothaman
Jt.Mg.Director

Shaji Purushothaman
Managing Director

R. Anand
V.P. (Finance & Accts.) &
Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

DESCRIPTION	Year ended 31.03.2011 (Rs. in Lacs)	Year ended 31.03.2010 (Rs. in Lacs)
A. Cash Flow from Operating Activities:		
Net Profit before tax & extra ordinary items	2215.82	2622.11
Adjustment for:		
Depreciation	626.26	608.50
Dividend Income	(133.16)	0.00
Interest Income	(9.55)	0.00
Interest Paid	1477.70	1012.58
Preliminary Expenses written off	3.84	3.83
Operating Profit before Working Capital changes	4180.91	4247.02
(Increase)/Decrease in stock	(792.08)	445.38
(Increase)/Decrease in Current Assets	(244.56)	4792.93
Increase / (Decrease) in Current Liabilities	2361.28	22.87
Cash generated from operations	5505.55	9508.20
Tax paid	(713.51)	(887.00)
Net cash used in operating activities	4792.04	8621.20
B. Cash Flow from Investing activities:		
Purchase of Fixed Assets (incl.CWIP)	(5385.25)	(961.29)
Sale of Fixed Assets	2.24	0.00
Sale / (Purchase) of Investments	(2433.02)	(8130.50)
Dividend Income	133.16	0.00
Interest Income	9.55	0.00
Net Cash from Investing activities	(7673.32)	(9091.79)
C. Cash Flow from Financing activities:		
Increase in Working Capital Loan	3544.23	41.37
Increase in Term loan	2253.80	2238.27
Interest paid	(1477.70)	(1012.58)
Increase in equity	0.00	0.00
Share premium amount received	0.00	0.00
Dividend paid	(950.44)	(1140.53)
Dividend distribution tax paid	(157.87)	(193.89)
Net cash used in Financing activities	3212.02	(67.36)
Increase in Cash and Cash equivalents	330.74	(537.95)
Cash and Cash equivalents at the beginning of the year	228.97	766.92
Cash and Cash equivalents at the end of the year	559.71	228.97

As per our report of even date annexed

For K.S. Aiyar & Co.
Chartered Accountants
(Firm Regn.No.100186)

(S. Kalyanaraman)
Partner (M.No. 200565)

Place : Chennai
Date : 11.08.2011

M.P. Purushothaman
Chairman

Nisha Purushothaman
Jt.Mg.Director

Shaji Purushothaman
Managing Director

R. Anand
V.P. (Finance & Accts.) &
Company Secretary



STATEMENT REGARDING SUBSIDIARY COMPANIES UNDER SECTION 212(3) OF THE COMPANIES ACT, 1956.

S.No.	Name of the Subsidiary	EDL Properties Ltd.	Appollo Distilleries Pvt. Ltd.
1.	Financial Year	31.3.2011	31.3.2011
2.	Holding Company's interest at the end of the financial year of the subsidiary Company		
	a. No of Equity Shares	7,50,000	1,40,89,400
	b. Extent of Holding	75%	99.79%
	c. Number of Preference Shares	Nil	Nil
	d. Extent of Holding	Nil	Nil
3.	The net aggregate amount of the Subsidiary's Profit/(Loss) so far as it concerns the members of the Holding Company and is not dealt within the Holding Company's books of accounts		
	a. For the Financial Year ended 31.3.2011 (Rs. in Lacs)	Nil	Nil
	b. For the previous financial years since becoming a subsidiary (Rs. in Lacs)	Nil	Nil
4.	The net aggregate amount of the Subsidiary's Profit/(Loss) so far as it concerns the members of the Holding Company and is dealt within the Holding Company's books of accounts		
	a. For the Financial Year ended 31.3.2011.	Nil	Nil
	b. For the previous financial years since becoming a subsidiary	Nil	Nil

For and behalf of the Board

M.P. Purushothaman
Chairman

Note : The Holding Company, (Empee Distilleries Ltd) undertakes that the related detailed information pertaining to the Annual Accounts of the Subsidiary Companies viz. Appollo Distilleries Private Ltd and EDL Properties Ltd will be made available to the investors seeking such information at any point of time. Further the Annual Accounts of the subsidiary companies will also be kept for inspection by any investor in the registered office of the company. The particulars relating to subsidiary M/s.Empee Sugars & Chemicals Ltd and its fellow subsidiary M/s.Empee Power Company (India) Limited have not been consolidated as reported in the Directors report.



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(As required under Part of Schedule VI to the Companies Act,1956)

I. Registration details

Registration No.	10313	State code	18
Balance Sheet Date	31.03.2011		

II. Capital Raised during the year (Rs. in thousands)

Public issue	Nil	Right issue	Nil
Bonus Issue	Nil	Private placement	Nil

III. Position of Mobilisation and Development of funds (Rs. in Thousands)

Total Liabilities	4237290	Total Assets	4237290
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Sources of funds:

Paid-upCapital	190089	Reserves & Surplus	2468659
Secured Loans	1002040	Unsecured Loans	455350
Deferred Tax Liabilities	121152		

Application of funds:

Net Fixed Assets	1486396	Investments	2151541
Net Current Assets	596668	Misc. Expenditure	2684

IV. Performance of the Company (Rs. in thousands)

Turnover	8692368	Total Expenditure	8412715
Profit/(Loss) Before tax	279652	Profit /(Loss) after tax	212022
Earning Per Share in Rs.	11.15	Divident Rate %	50%

V. Generic Names of Three Principal Products/ Services of Company (as per monetary items)

Item Code No (ITC Code)	220810
Product Description	IMFL

M.P. Purushothaman
Chairman

Shaji Purushothaman
Managing Director

Nisha Purushothaman
Jt.Mg.Director



**AUDITORS' REPORT TO BOARD OF DIRECTORS OF
EMPEE DISTILLERIES LIMITED, CHENNAI ON THE CONSOLIDATED FINANCIAL
STATEMENTS OF EMPEE DISTILLERIES LIMITED AND ITS SUBSIDIARIES**

1. We have examined the attached consolidated balance sheet of Empee Distilleries Limited, and its subsidiaries except Empee Sugars and Chemicals Limited and its fellow subsidiary Empee Power Company (India) Limited as at 31st March 2011, the consolidated Profit & Loss Accounts for the year ended on that date annexed thereto, and the consolidated cash flow statement for the year on that date, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes, examining on test basis evidence supporting the amount and disclosure in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides reasonable basis for our opinion.
3. We did not audit the financial statement of subsidiaries (*EDL Properties Limited, Appollo Distilleries Private Limited*), whose financial statements **reflects total assets (Net) of Rs 1977.03 Lacs as of 31st March 2011, Total Revenue of Rs. Nil and net cash flows from operating activity amounting to Rs. Nil**. These Financial Statements and other Financial information have been audited by other Auditors whose report have been furnished to us, and our opinion is based solely on the reports of the other Auditors.
4. **We report that the consolidated financial statements are not in accordance with the requirements of Accounting Standard (AS) 21 Consolidated Financial Statements, Accounting Standard 23, Accounting for Investment in Associates in Consolidated Financial Statements, as the statements did not include M/s. Empee Sugars and Chemicals Limited and its fellow subsidiary M/s. Empee Power Company (India) Limited. Due to this the net profit after tax has been understated to the extent of Rs. 522.64 Lacs and total assets (net) has been understated to the extent of Rs. 443.03 Lacs. The aforesaid figures have been reported from the unaudited financial statements for the year ended 31.03.2011.**
5. Subject to Para 4 above, we report that based on our audit and on the consideration of the reports of the other auditors on separate Financial Statements, and to the best of our information and according to the explanations given to us, we are of the opinion, that the attached Consolidated Financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i. In the case of the consolidated balance sheet, of the consolidated state of affairs of Empee Distilleries Limited and its subsidiaries as at March 31, 2011.



- ii. In case of the consolidated profit and loss account, of the consolidated results of operations of Empee Distilleries Limited and its subsidiaries for the year ended on that date and
- iii. In the case of the consolidated cash flow statement, of the consolidated cash flows of Empee Distilleries Limited and its subsidiaries for the year ended on that date.

K.S. AIYAR & CO.
Chartered Accountants
(Firm Regn No: 100186W)

(S. Kalyanaraman)
Partner
(M No: 200565)

Place : Chennai
Date : 11.08.2011



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2011

Particulars	Schedules	As at 31.03.2011 (Rs. in Lacs)	As at 31.03.2010 (Rs. in Lacs)
SOURCE OF FUNDS			
Share Capital	1	1,900.89	1900.89
Minority Interest		28.00	625.29
Reserves & Surplus	2	24,693.38	24170.62
Share Application Money		137.50	0.00
Secured Loan	3	14,059.72	48520.40
Unsecured Loan	4	4,553.50	1978.71
Deferred Tax Liabilities		1,211.52	1499.73
TOTAL		46,584.51	78,695.64
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		13,260.12	29465.26
Less: Accumulated Depreciation		3,256.48	6236.99
Net Block		10,003.64	23,228.27
Add: Capital Work in Progress		8,565.01	36429.60
Investments	6	18,568.65	59,657.87
Current Assets, Loans & Advances		18,963.25	5831.09
Inventories	7	2,745.74	4947.50
Sundry Debtors	8	3,371.89	2521.61
Cash & Bank Balances	9	714.34	1178.50
Loans & Advances	10	8,861.09	14291.93
Less:		15,693.06	22,939.54
Current Liabilities & Provisions	11	7,414.71	9763.54
Net Current Assets		8,278.35	13,176.00
Miscellaneous Expenditure	12	774.26	30.68
TOTAL		46584.51	78695.64
Significant accounting policies and notes on financial statements	22		

As per our report of even date annexed

For K.S.Aiyar & Co
Chartered Accountants
(Firm Regn.No.100186)

(S.Kalyanaraman)
Partner (M.No.200565)

Place: Chennai
Date: 11.08.2011

M.P. Purushothaman
Chairman

Nisha Purushothaman
Jt.Mg.Director

Shaji Purushothaman
Managing Director

R. Anand
V.P.(Finance & Accts) &
Company Secretary



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

Particulars	Schedule	Year ended 31.03.2011 (Rs. in Lacs)	Year ended 31.03.2010 (Rs. in Lacs)
INCOME			
Sales Income	13	83,492.88	87122.43
Income from Sale of Power		3,430.79	2921.58
		86,923.67	90044.01
Other Income	14	587.69	314.16
Stock Adjustment	15	337.16	43.46
Total		87,848.52	90401.63
EXPENDITURE			
Raw material	16	19,008.01	20700.87
Manufacturing expenses		930.46	1132.47
Rent, Rates & Taxes	17	59,192.75	58724.06
Employee cost	18	1,168.58	1523.93
Administrative Expenses	19	760.07	843.36
Selling & Distribution Expenses	20	2,468.86	2411.33
Total		83,528.73	85,336.02
Profit Before Interest, Depreciation, Tax and Extra-ordinary items		4,319.79	5,065.61
Financial Cost	21	1,477.70	1564.52
Depreciation		626.26	1081.35
Profit before Tax and Extra-ordinary items		2,215.83	2,419.74
Provision for Taxation			
- Current tax		713.51	896.04
- Deferred tax Assets		-37.21	-17.22
Profit after Tax		676.30	878.82
Extraordinary Income		1,539.52	1,540.92
Profit after Tax and Extraordinary Income		580.68	0.00
Add/(Less):Minority Interest		2,120.22	1,540.92
Retained Earnings		0.00	73.10
Profit brought forward		2,120.22	1,614.02
Transfer of profit to General Reserve		3,502.90	3564.04
Interim Dividend paid		212.02	170.92
Dividend Distribution tax paid		—	—
Proposed Final dividend		—	—
Dividend Distribution tax on final dividend		950.44	1140.53
Profit and Loss Account		157.87	193.89
EPS before extraordinary items		4,302.79	3,672.72
EPS after extraordinary items		8.10	8.11
		11.15	8.11
Significant accounting policies and notes on financial statements	22		

As per our report of even date annexed

For K.S.Aiyar & Co
Chartered Accountants
(Firm Regn.No.100186)

(S.Kalyanaraman)
Partner (M.No.200565)

Place: Chennai
Date: 11.08.2011

M.P. Purushothaman
Chairman

Nisha Purushothaman
Jt.Mg.Director

Shaji Purushothaman
Managing Director

R. Anand
V.P.(Finance & Accts) &
Company Secretary



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

Particulars	As at 31.03.2011 (Rs. in Lacs)	As at 31.03.2010 (Rs. in Lacs)
SCHEDULE 1		
Share Capital		
Authorised:		
3,00,00,000 Equity Shares of Rs.10/- each	3,000.00	3000.00
Issued, Subscribed & Paid-up		
1,90,08,893 Equity Shares of Rs.10/- each	1,900.89	1900.89
	1,900.89	1900.89
Share Application Money		
Others	137.50	0.00
	137.50	0.00
SCHEDULE 2		
Reserves & Surplus		
Share Premium Account	17,414.59	17414.59
Capital Reserve	6.78	312.92
Fixed Assets Revaluation Reserve	1,672.06	1685.25
General Reserve	1,297.15	1085.14
Profit & Loss Account	4,302.80	3672.73
	24,693.38	24170.62
SCHEDULE 3		
Secured Loans		
Term Loan from Banks & Financial Institutions	11,094.39	43623.65
Working Capital Loans	2,937.23	4896.75
Secured Loans from NBFCs/Banks	28.10	0.00
	14,059.72	48,520.40
SCHEDULE 4		
Unsecured Loans		
Loan from NBFCs	4553.50	1978.71



SCHEDULE TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31.03.2011

SCHEDULE 5 : FIXED ASSETS

(Rs. in Lacs)

Name of the asset	Gross Block				Depreciation				Net Block as on 31.03.2011	Net Block as on 31.03.2010
	Opening Balance 01.04.2010	Additions	Deletions	Closing Balance 31.03.2011	Opening Balance 01.04.2010	For the year	Adjustments	Closing Balance 31.03.2011		
Land	2,050.02	293.44	0.00	2,343.46	0.00	0.00	0.00	0.00	2,343.46	2,050.02
Buildings	2,128.31	594.78	0.00	2,723.09	437.92	73.98	0.00	511.90	2,211.19	1,690.39
Plant & Machinery	6,899.05	392.91	0.00	7,291.96	1,717.10	506.35	0.00	2,223.45	5,068.51	5,181.95
Computer	233.74	14.21	0.00	247.95	128.88	23.87	0.00	152.75	95.20	104.86
Furniture & Fittings	25.43	8.29	0.00	33.72	18.51	1.00	0.00	19.51	14.21	6.92
Motor Vehicles	397.60	127.14	6.56	518.18	291.25	31.22	4.83	317.64	200.54	106.35
Office Equipments	90.61	11.15	0.00	101.76	25.21	6.05	0.03	31.23	70.53	65.40
Total	11,824.76	1,441.92	6.56	13,260.12	2,618.87	642.47	4.86	3,256.48	10,003.64	9,205.89
Previous Year	18,600.34	10,879.22	14.28	29,465.26	5,164.26	1,081.35	8.62	6,236.99	23,228.27	13,436.08



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	As at 31.03.2011 (Rs. in Lacs)	As at 31.03.2010 (Rs. in Lacs)
SCHEDULE 6		
INVESTMENTS		
QUOTED INVESTMENTS		
Andhra Bank Investment (Cost 1000 Equity shares) Market value (as on 31.03.2011 Rs.1.51 Lacs)	0.96	0.96
Empee Sugars & Chemicals Limited (Subsidiary Company) Cost (28122102 Equity shares) Market value (as on 31.03.2011 Rs.18688.71 Lacs)	159.73	0.00
UNQUOTED INVESTMENTS		
Empee Hotels Limited (66,49,997 shares)	3,990.00	815.00
Share application money in Subsidiaries		
Empee Sugars & Chemicals Limited	12,736.50	0.00
Share application money in Other Companies		
Empee Power & Infrastructure Pvt Ltd	1,188.57	1188.57
Empee Hotels Limited	435.00	2500.00
Others	450.00	1323.94
6 Years NSC VIII Issue	0.00	0.13
25000 Preference shares of Rs.10/- each of Ceat Finance Ltd	2.50	2.50
	18,963.25	5,831.09
SCHEDULE 7		
INVENTORIES		
Finished Goods	552.44	3000.50
Raw Materials	1,987.71	1865.73
Wrok in Progress	205.59	81.27
	2,745.74	4,947.50
SCHEDULE 8		
SUNDRY DEBTORS (Unsecured but considered good)		
Outstanding for a period exceeding six months	25.16	96.61
Other Debts	3,346.73	2425.00
	3,371.89	2,521.61



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	As at 31.03.2011 (Rs. in Lacs)	As at 31.03.2010 (Rs. in Lacs)
SCHEDULE 9		
CASH AND BANK BALANCE		
Cash in hand	47.27	107.31
Cash at Bank in current accounts	667.07	1071.19
	714.34	1,178.50
SCHEDULE 10		
LOANS & ADVANCES		
Advance Recoverable in cash or in kind or for the value to be received (unsecured but considered good)		
Loans and advances		
Advance to Suppliers & others	8,489.35	13722.15
Prepaid Expenses	42.20	38.14
Deposits		
Deposit with Government departments	118.54	199.08
Other deposits	211.01	332.56
	8861.09	14291.93
SCHEDULE 11		
CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors		
Sundry Creditors for Supplies	1,517.99	5084.90
Trade Deposits and advance from customers	1,210.57	33.40
Other current liabilities	3,232.94	3155.62
Provisions	1,453.21	1489.62
	7,414.71	9,763.54
SCHEDULE 12		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)	774.26	30.68
	774.26	30.68



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	Year ended 31.03.2011 (Rs. in Lacs)	Year ended 31.03.2010 (Rs. in Lacs)
SCHEDULE 13		
SALES		
Sales - Basic	25,858.68	29,637.47
Excise Duty collected	28,108.91	28,037.23
VAT collected	29,525.28	29,447.72
	83,492.88	87,122.42
SCHEDULE 14		
OTHER INCOME		
Dividend received	133.16	0.05
Making charges	265.13	126.04
Scrap sales	30.49	56.64
Miscellaneous Income	158.90	131.43
	587.69	314.16
SCHEDULE 15		
STOCK ADJUSTMENT		
Closing Stock:		
Finished Goods	552.44	347.72
Work-in-progress	205.59	73.15
	758.03	420.87
Opening Stock:		
Finished Goods	347.72	287.82
Work-in-progress	73.15	89.60
	420.87	377.41
Increase / (Decrease) in closing stock	337.16	43.46
SCHEDULE 16		
RAW MATERIAL CONSUMPTION		
A. Opening Stock		
- Raw Materials	1532.79	4608.76
Total	1,532.79	4,608.76
B. Raw Materials, chemicals & packing materials	19,462.93	20285.78
C. Closing Stock		
- Raw Materials	1,987.71	4193.68
	1,987.71	4,193.68
RAW MATERIALS CONSUMED (A+B-C)	19,008.01	20,700.86



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	Year ended 31.03.2011 (Rs. in Lacs)	Year ended 31.03.2010 (Rs. in Lacs)
SCHEDULE 17		
RENT, RATES & TAXES		
Excise Duty	28,108.95	28123.79
Excise Label	346.66	364.18
VAT	29,525.28	29447.75
Label Registration/Approval Fee	4.97	41.24
Rent	29.97	33.69
Rates & Taxes	1,176.92	713.41
	59,192.75	58,724.06
SCHEDULE 18		
EMPLOYEE COST		
Salary & Allowances	1,020.01	1377.64
Contribution to PF & ESI	47.31	60.80
Staff Welfare Expenses	58.57	54.89
Bonus and Exgratia	42.69	30.60
	1,168.58	1,523.93
SCHEDULE 19		
ADMINISTRATIVE EXPENSES		
Audit Fees	6.50	1.17
Bank Charges	48.67	69.60
Postage & Telegram	2.81	23.54
Printing and Stationery	18.00	19.21
Repairs and Maintenance	21.88	68.62
Donations	8.93	12.26
Sitting Fee	3.60	3.70
Telephone Expenses	26.87	25.75
Managerial Remuneration	148.85	145.52
Consulting charges	37.44	96.41
Travelling Expenses	41.68	15.78
Travelling Expenses - Directors	12.90	28.06
Miscellaneous Expenses	222.66	314.28
Discounting charges	159.28	19.46
	760.07	843.36



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	Year ended 31.03.2011 (Rs. in Lacs)	Year ended 31.03.2010 (Rs. in Lacs)
SCHEDULE 20		
SELLING & DISTRIBUTION EXPENSES		
Advertisement & Publicity	4.31	6.99
Travelling Expenses - Marketing	19.02	41.35
Freight & Handling charges	506.77	491.49
Loading & Unloading charges	94.77	72.54
Sales promotion expenses	45.10	85.69
Other selling expenses	1,130.74	938.01
Cash Discount	668.15	775.26
	2,468.86	2,411.33
SCHEDULE 21		
FINANCIAL CHARGES		
Interest on Term loans	700.27	1057.79
Interest on Working capital	220.80	173.01
Interest - Others	556.63	333.71
	1,477.70	1,564.52



SCHEDULE - 22

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

I. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements have been prepared under historical cost convention and following the accrual method of accounting in accordance with the applicable mandatory accounting standards notified by the companies (Accounting Standards) Rules, 2006 and the relevant provisions of Companies Act, 1956. The accounting is on the basis of going concern concept.

2. Principles of Consolidation

The consolidated financial statements relate to Empee Distilleries Limited (the Company) and its subsidiary company. The Consolidated financial statements have been prepared on the following basis.

The financial statements of the Company and its subsidiary have been prepared on a line to line consolidation by adding together the book values of like items of assets, liabilities, income and expenses as per the respective financial statements duly certified by the auditors of the respective companies. Intra-group balances and intra-group transactions and the unrealized profits on stocks arising out of intra-group transactions have been eliminated.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar transactions.

*The subsidiary companies considered in the consolidated financial statements are:

Name of the Company	% of voting power held On 31st March, 2011
EDL Properties Limited	75.00 (Direct)
Appollo Distilleries Private Limited	99.79 (Direct)

* The accounts of M/s. Empee Sugars and Chemicals Limited and M/s. Empee Power Company (India) Limited have not been included in the consolidated financial statements, as the two companies have extended their financial years and therefore the audited accounts as on 31st March 2011 are not available for consolidation.

3. Minority Interest	31.3.2011	31.3.2010
Minority interest as at the date of investment in the subsidiaries	28.00	237.20
Minority interest in post acquisition profit	-	388.09
Total	28.00	625.29

4. Use of Estimates

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting year. Differences between the actual results and the estimates are recognized in the year in which the results are known / materialized.

5. Revenue Recognition

All income and expenditure are accounted for on accrual basis as stated herein except in respect of such items as are specifically mentioned hereunder and in the notes.

Sales Income are accounted inclusive of excise duty and sales tax wherever applicable but net of trade discounts. The corresponding duties and taxes are included under Rent, Rates and Taxes. The above policy is consistently followed by the company.



Other Income – a) Interest Income is accounted at applicable coupon rates on respective investments, on time basis. b) Dividend income is accounted as and when received.

6. Fixed Assets and Depreciation/Amortization

Fixed assets are stated at cost less accumulated depreciation /amortization. Direct costs are capitalized until fixed assets are ready for use. These costs include freight, installation costs, duties and taxes and other directly attributable costs incurred to bring the assets to their working condition for intended use. Borrowing costs directly attributable to acquisition of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

Depreciation on fixed assets is provided using the straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956.

Depreciation is calculated on a pro-rata basis for assets purchased / sold during the year with reference to the month in which the fixed assets are put to use or commissioned. Individual assets costing less than Rs. 5000 are depreciated in full in the year of acquisition.

Capital Work-in-progress comprises outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date. Capital work-in progress is stated at cost.

7. Impairment of Fixed Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

8. Cash flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated.

9. Investments

Long term investments are stated at cost less provision for diminution in value other than temporary if any, in the opinion of the management. Short term investments are valued at cost or fair value whichever is lower.

10. Inventories

Inventories are stated as under:

- a) Finished Goods: At cost or net realizable value whichever is lower.
- b) Work-in-Progress: At all direct costs and applicable production overheads to bring the goods to the present location and condition.
- c) Raw materials and Stores & Spares: At landed cost on First-In – First-Out basis.

11. Foreign Currency Transaction

Foreign Exchange transactions are recorded at the exchange rates prevailing at the time of transaction.

Assets and Liabilities expressed in Foreign currencies (to the extent not covered against exchange fluctuations) are translated into Indian Rupees at the exchange rate prevailing at the Balance Sheet date and any loss or gain arising there from has been included in Finance charges as per the provisions of Accounting Standards 16 and 11(Revised) issued by The Institute of Chartered Accountants of India.



12. Prior Period and Extra Ordinary Items

Prior Period and Extra Ordinary items having material impact on the financial affairs of the Company are disclosed, wherever applicable.

13. Taxation

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law), deferred tax charge or credit (reflecting the tax effects of the timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted by the balance Sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

Current tax and deferred tax assets and liabilities are offset to the extent to which the Company has a legally enforceable right to set off and they relate to taxes on income levied by the same governing taxation laws.

Tax on distributable profits payable by the company in accordance with the provisions of Income-tax Act, 1961 is disclosed in accordance with the guidance note on Accounting for Corporate Dividend Tax issued by the ICAI.

14. Borrowing Costs

Borrowing costs that are attributable to acquisition or construction of qualifying assets are included as part of the cost of such assets

15. Provisions

The company recognizes provision when there is a present obligation of the enterprise arising from past events, settlement of which is expected to result in a outflow from the enterprise of resources embodying economic benefits which can be measured only by using a substantial degree of estimation.

Provision for contractual obligation has been provided for in accounts based on management's assessment of the probable outcome with reference to the available information supplemented by experience of similar transactions.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in the financial statements.

16. Earnings Per Share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard-20. Basic earnings per equity share have been computed dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings during the year adjusted for effects of all dilutive potential equity shares per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year. For Basic and diluted earnings before extra-ordinary items, the amount of extra-ordinary items and tax thereon are excluded for computation.

17. Retirement and Other Benefits

Contribution to Provident Fund is made as per the provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952 and charged to Profit and Loss Account and disclosed separately.

Gratuity and Leave encashment has been provided as per Actuarial Valuation.



18. Segment Reporting

A. Business Segments:

Based on the guiding principles given in Accounting Standard – 17 'Segment Reporting', the Company's business segments include Liquor(IMFL) and Power, Brewery and Properties.

B. Segment Accounting Policies

In addition to the significant accounting policies applicable to the business segments as given in notes, the accounting policies in relation to segment accounting are as under:

- a. Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.
- b. Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions, which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include deferred income taxes, share capital, reserves, loans, investments, miscellaneous expenditure and profit and loss appropriation account. While most of the assets / liabilities can be directly attributed to the individual segments, the carrying amount of certain assets / liabilities pertaining to both segments are allocated to the segments on a reasonable basis.
- c. Inter segment sales between operating segments are accounted at market price. These transactions are eliminated in consolidation.

19. Miscellaneous Expenditure

Miscellaneous expenditure includes deferred revenue expenditure which is written off over the period of Ten years on straight line method

II. NOTES ON ACCOUNTS

1. The Company has closed the accounting year on 31.03.2011 for the period from 01.04.2010 to 31.3.2011.

2. SECURED LOANS:

- a) Working capital facility from Andhra Bank, Egmore Branch, Chennai for Rs.13.00 Crores (Balance as on 31.03.2011 Rs.19.04 Crores) is secured by hypothecation of raw materials, stores and consumables, work-in-process, finished goods and sales receivables (not older than 90 days) and by second charge on fixed assets of the company and personal guarantee of two Directors.
- b) Working capital facility from Andhra Bank, Egmore Branch, Chennai for Rs.5.00 Crores (Balance as on 31.03.2011 Rs. 5.43 Crores) is secured by hypothecation of raw materials, stores and consumables, work-in-process, finished goods and sales receivables (not older than 90 days) and by second charge on fixed assets of the Palakkad unit of the company and also personal guarantee of the two Directors.
- c) Term loan – Power division, from Andhra Bank, Anna Salai, Chennai for Rs.22.04 Crores (Balance as on 31.03.2011 Rs.11.97 Crores) and Rs.4.55 Crores (Balance as on 31.03.2011 Rs. 3.30 Crores) is secured by way of first charge on the fixed assets including plant and machineries of Aranthangi division and by personal guarantee of two Directors.
- d) Working capital facility – Power division, from Andhra Bank, Anna Salai, Chennai for Rs.5.00 Crores (Balance as on 31.03.2011 Rs. 4.91 Crores) is secured by hypothecation of raw materials, stores and consumables, work-in-process, finished goods and sales receivables (not older than 90 days) and by second charge on the fixed assets including plant and machineries of Aranthangi division and by personal guarantee of two Directors.



- e) Corporate Loan from Andhra Bank for Rs.30.00 Crore (Balance as on 31.03.2011 Rs. 21.00 Crores) : – collateral security of land and building belonging to associate company, M/s.Appollo Alchobev Ltd, Bangalore and by hypothecation of 55.47 acres of wind mill land situated at Periyakumarapalayalam, Dharapuram Taluk.
- f) Term loan – 60 KLPD, Grain based Distillery Project in Choutkur, Sangareddy, Andra Pradesh from Andhra Bank, Egmore, Chennai for Rs. 35.00 Crores (Balance as on 31.03.2011 Rs. 26.02 Crores) and from Union Bank of India, Nungambakkam for Rs.23.04 Crores (Balance as on 31.03.2011 Rs. 8.27 Crores) is secured by way of first charge on the fixed assets including plant and machineries of grainbased division and by personal guarantee of two Directors.
- g) Working Capital – 60 KLPD, Grain based Distillery Project in Choutkur, Sangareddy, Andra Pradesh from Andhra Bank, Egmore, Chennai for Rs.5.00 Crores and from Union Bank of India, Nungambakkam for Rs.3.49 Crores is secured by way of hypothecation of raw materials, stores and consumables, work-in-process, finished goods and sales receivables (not older than 90 days) and by second charge on fixed assets of the (paripassu basis with Union Bank of India belong to this Grain based Distillery Unit) of the company and also personal guarantee of the two Directors. The above two credit facilities were not utilized so far.
- h) Working capital facility from Andhra Bank, Egmore Branch, Chennai for Rs.2.50 Crores is secured by hypothecation of raw materials, stores and consumables, work-in-process, finished goods and sales receivables (not older than 90 days) and by second charge on fixed assets of the Kolar unit of the company and also personal guarantee of the two Directors. The said credit facility was not utilised so far.
- i) Term Loan from Punjab National Bank, Large Corporate Branch, Chennai -2 for Rs.75 Crores (balance as on 31.03.2011 Rs.40.38 Crores) is secured by way of first charge on the entire immovable & movable project assets including mortgage/charge on land & building (wherein the proposed facilities are coming up), Plant & Machinery of the Brewery unit of the company and also personal guarantee of the three directors.

3. Contingent Liabilities, Guarantees & Capital commitments

A. Contingent Liabilities

Particulars	Rs. in Lacs 31.03.2011	Rs. in Lacs 31.03.2010
a) Claims against the company not acknowledged as debts	40.00	35.00
b) Disputed Income tax demand	366.57	674.00
c) Disputed sales tax demand	-	1640.00

B. Guarantees

Particulars	Rs. in Lacs 31.03.2011	Rs. in Lacs 31.03.2010
NIL	-	-

C. Capital Commitments

Particulars	Rs. in Lacs 31.03.2011	Rs. in Lacs 31.03.2010
a) Estimated amount of capital contracts remaining to be executed is	1998.98	2819.03

4. Disclosure in respect of employee benefits under Accounting Standard (AS) – 15 (Revised) “Employees Benefits” prescribed by the Companies (Accounting Standards) Rules, 2006.
- a) Defined Contribution Plans: Amount of Rs. 39.59 Lacs (previous year Rs.104.74) pertaining to employers’ contribution to provident fund, Employees State Insurance Fund, gratuity provision and leave encashment provision is recognized as an expense.



b) The disclosures for gratuity cost is given below:

(i) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Rs. in Lacs

Particulars	As at 31 March 2011	As at 31 March 2010
1 Present value of obligation at the beginning of the year	93.47	88.72
2 Interest cost	7.48	6.98
3 Current service cost	5.10	10.34
4 Benefits paid	0.00	2.84
5 Actuarial (gain) / loss on obligation	(31.26)	(9.74)
6 Present value of obligation at the end of year	74.80	93.47

(ii) The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	As at 31 March 2011	As at 31 March 2010
1 Fair value of plan assets at the beginning of the year	-	-
2 Expected return on plan assets	-	-
3 Contributions	-	-
4 Benefits paid	-	-
5 Actuarial gain / (loss) on plan assets	-	-
6 Fair value of plan assets at the end of year	-	-

(iii) Actuarial gain / loss recognized as follows :

Rs. in Lacs

Particulars	As at 31 March 2011	As at 31 March 2010
1 Actuarial gain / (loss) for the year – obligation	(31.26)	(9.74)
2 Actuarial gain / (loss) for the year – plan assets	—	—
3 Total gain / (loss) for the year	(31.26)	(9.74)
4 Actuarial gain / (loss) recognized in the year	18.67	(7.58)
5 Unrecognized actuarial gains (losses) at the end of year	12.58	17.32

(iv) The amounts recognized in Balance Sheet are as follows:

Particulars	As at 31 March 2011	As at 31 March 2010
1 Present value of obligation as at the end of the year	74.80	93.47
2 Fair value of plan assets as at the end of the year	0.00	0.00
3 Funded / (unfunded) status	(74.80)	(93.47)
4 Excess of actual over estimated	—	—
5 Net assets / (liability) recognized in balance sheet	(74.80)	(93.47)



(v) The amounts recognized in Profit and Loss Account are as follows:

Rs. in Lacs

Particulars	As at 31 March 2011	As at 31 March 2010
1 Current service cost	5.10	10.34
2 Past service cost	–	–
3 Interest cost	7.48	6.98
4 Expected return on plan assets	–	–
5 Net actuarial (gain)/loss recognized in the year	(31.26)	(9.74)
6 Expenses recognized in the statement of profit and losses*	(18.67)	7.58

(vi) Principal actuarial assumptions at the balance sheet date are as follows:

A. Economic Assumptions

The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yield available on the Government bonds at the accounting date with a term that matches that of the liabilities and salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

Particulars	As at 31 March 2011	As at 31 March 2010
1. Discount rate	8%	8%
2. Salary growth rate	6%	6%

B. Demographic Assumption

1. Retirement Age	60 Years	
2. Mortality table	LIC (1994-96) duly modified	
3. Withdrawal Rates	Ages	Withdrawal Rate (%)
	Up to 30 Years	5%
	Up to 44 Years	5%
	Above 44 Years	5%

(vii) General description of defined benefits plan:

Gratuity Plan (Defined benefit plan)

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary (includes dearness allowance) last drawn for each completed year of service. The same is payable on termination of service, or retirement, or death whichever is earlier. The benefit vests after five years of continuous service.

5. Sundry Creditors and Debtors balances are subject to confirmation by the parties concerned.
6. Trade Deposits and advance from customer includes Rs.1060.57 Lacs received from TASMAL on adhoc basis during the month of March 2011.
7. In the absence of receipt of information the small scale industrial status from the parties, the details of names of small scale industrial undertaking to which the company owe any sum together with interest outstanding for more than 30 days could not be ascertained.



8. All the investments held by the company are long term in nature.

9. Quantitative information :

A. Licensed Capacity (per month)

Particulars		As at 31.03.2011	As at 31.03.2010
IMFL Products – TN	cases	419400	419400
IMFL Products – Kerala	cases	180000	180000
Power – Aranthangi	Units	7200000	7200000

B. Installed Capacity : (Per month)

(Installed capacities are as certified by the Management)

Particulars		As at 31.03.2011	As at 31.03.2010
IMFL Products – TN	cases	419400	419400
IMFL Products – Kerala	cases	180000	180000
Power – Aranthangi	Units	7200000	7200000

C. Production: (for the period)

Particulars		As at 31.03.2011	As at 31.03.2010
IMFL Products – TN	cases	4044129	4037286
IMFL Products – Kerala	cases	828946	560781
Power – Aranthangi	Units	60194210	49615400

D. Sales: (for the period)

Particulars		As at 31.03.2011	As at 31.03.2010
IMFL Products – TN	cases	4034450	4051800
IMFL Products – Kerala	cases	824715	557276
Power – Aranthangi	Units	54255080	43969900

E. Closing Stock

Particulars		As at 31.03.2011	As at 31.03.2010
IMFL Products – TN	cases	52752	43073
IMFL Products – Kerala	cases	10142	5911



10. Deferred Taxes

The composition of deferred tax assets and liabilities as follows:

(Rs. in Lacs)

a) Deferred tax assets	As at 31 March 2011	As at 31 March 2010
Opening Deferred Tax Assets	NIL	NIL
Provision for Leave Encashment	2.82	NIL
Provision for Gratuity	NIL	NIL
Provision for Bonus	8.32	NIL
Provision for Expenses	NIL	NIL
Depreciation	26.08	(25.93)
b) Deferred tax liability	As at 31 March 2011	As at 31 March 2010
Opening Deferred Tax Liabilities	1248.74	1222.81
Net deferred tax Liability/(Assets)	1211.52	1248.74

11. CIF Value of Imports

Raw materials	Nil	Nil
Capital Goods	Nil	Nil
Consumable spares	Nil	Nil

12. Earnings in Foreign Exchange

Export of goods calculated on FOB basis	Nil	Nil
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13. (1) Expenditure in Foreign Currency

i) profession and consultation	Nil	Nil
ii) interest	Nil	Nil
iii) others	Nil	Nil

14. MANAGERIAL REMUNERATION

(Rs. In Lacs)

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Salary	96.00	96.00
Company's contribution to Provident Fund	11.52	11.52
Other Perquisite	41.32	38.00
Total	148.84	145.52



Computation of Net Profit under section 198/349 of the Companies Act, 1956

(Rs.In Lacs)

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Profit before taxation	2796.51	2622.11
Add: Depreciation as per books	626.26	608.50
Loss on sale of assets	0.19	3.40
Remuneration to Managing Director	74.00	70.76
Remuneration to Joint Managing Director	74.84	74.76
Directors sitting fees	3.60	2.40
Wealth Tax	1.13	0.00
Less: Depreciation u/s 350	626.26	608.50
Profit on sale of assets	29.17	11.61
Profit on sale of Investments	580.70	0.00
TOTAL	2340.40	2761.82
Remuneration @ 10% of the above	234.04	276.18
Managerial remuneration paid	148.84	145.52

15. There are no transactions entered into with Micro, Small and Medium Enterprises (MSME) during the year or in the earlier year. Accordingly, no amount is due to Micro, Small and Medium Enterprises in respect of sundry creditors. Further, no interest has been paid or is accrued and payable to MSME under the circumstances either in this year or the earlier year.

16. Consumption – Raw material, stores & spares and others

- Imported	Nil	Nil
- Indigenous	19008.01	17429.53

17. Segment wise details

Particulars	IMFL	Power	Brewery	Property	Unallocated	Total
Segment Revenue						
Sales	83492.88	3430.80				86923.68
Other Income	580.52	7.17				587.69
Total Revenue	84073.40	3437.97				87511.37
Segment Result						
Operating Profit	3598.26	721.52				4319.78
Interest expenses	1194.21	283.49				1477.70
Depreciation	365.32	260.94				626.26
Extraordinary Income	–	–			580.70	580.70
Net Profit before tax	2038.73	177.09				2796.52
Other Information						
Segment Assets	23749.37	3704.72	6337.57	48.42	22269.61	56109.69
Segment Liabilities	19373.82	2314.24	4139.97	268.99	1475.00	27572.02
Depreciation	365.32	260.94				626.26
Capital expenditure	1344.78	16.44				1361.22



18. Related party transactions

Related Parties**Subsidiary Company**

Empee Sugars & Chemicals Limited

EDL Properties Limited

Appollo Distilleries Private Limited

Fellow Subsidiary Company

Empee Power Company (India) Limited

Key Management Personnel

Mr.M.P.Purushothaman Chairman

Mr.Shaji Purushothaman Managing Director

Ms.Nisha Purushothaman Joint Managing Director

Relatives of Key Management Personnel

Ms. Sheena Purushothaman

Other Related Parties

Empee Holdings Limited

Empee International Hotels & Resorts Limited

South (India) Hotels Pvt Ltd

Appollo Alchobev Limited

Aruna Exports Pvt Ltd

Empee Hotels Limited

Aruna Constructions (India) Limited

Empee Agro Farm Products Pvt Ltd

Empee Marine Products Limited

Appollo Wind Energy Pvt Limited

Appollo Bears Pvt Ltd

Empee Leasing & Finance Limited

Shainvest Holdings Ltd

Universal Spirits Ltd

Empee Construction Company Pvt Ltd

Empee Power & Infrastructure Pvt Ltd

Empee Packaging Industries

Aruna Constructions



Transactions with Related parties

Rs. In Lacs

Particulars	Key Management Personnel	Relatives of Key Management	Other related parties	For the year ended 31.03.2011
Remuneration	148.84 (107.52)	Nil (-)	Nil (-)	148.84 (107.52)
Receiving of Services	Nil (-)	Nil (-)	Nil (194.04)	214.45 (194.04)
Finance (Including loans and equity contributions in cash or kind)	Nil (-)	Nil (-)	3903.45 (3745.51)	3903.45 (3745.51)
Interest Paid	Nil (-)	Nil (-)	Nil (-)	Nil (-)
Interest Received	Nil (-)	Nil (-)	Nil (57.22)	Nil (57.22)
Sale of asset	Nil (-)	Nil (-)	30.00 (-)	30.00 (-)
Sale of investments	Nil (-)	Nil (-)	Nil (-)	Nil (-)
Purchase of goods	Nil (-)	Nil (-)	Nil (-)	Nil (-)
Rent paid	NIL (14.96)	2.30 (15.98)	17.42 (17.50)	19.72 (48.44)
Balance Outstanding			12475.48	12475.48

19. Quantum of Excise Duty included in closing stock of finished goods is Rs.79.10 Lacs.

20. Payment to auditors (excluding service tax)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Statutory audit fee	4.00	0.50
Certification Fees	1.00	-

21. Details of Subsidiary Companies

Particulars	Appollo Distilleries Pvt. Ltd		EDL Properties Ltd	
	2010-11	2009-10	2010-11	2009-10
Share Capital	1411.94	3.00	100.00	100.00
Reserves & Surplus	6.79	6.79	—	—
Total Liabilities	6626.92	1004.16	506.48	321.77
Total Assets	6626.92	1004.16	506.48	321.77
Total Income	—	—	—	—
Profit before tax	—	—	—	—
Provisions for tax	—	—	—	—
Profit after tax	—	—	—	—
Proposed Dividend	—	—	—	—
Details of investments	—	—	—	—



22. EARNINGS PER SHARE (before and after extraordinary items)

Particulars	As at 31 March 2011	As at 31 March 2010
Net profit after tax as per Profit and Loss Account (A)	2120.22	1709.18
Profit attributable to equity shareholders (B))	2120.22	1709.18
Number of equity shares outstanding at the beginning of the period (C)	19008893	19008893
Weighted average number of equity shares outstanding (D)	19008893	19008893
Nominal value of equity shares (E)	10.00	10.00
Basic earnings per share (Rs.) (B)/(D) (F)	11.15	8.99
Weighted average number of potential equity shares (G)	19008893	19008893
Diluted earnings per share (Rs.) (A)/(G)	11.15	8.99

23. Previous years figures have been regrouped or reclassified wherever necessary to be in conformity with the current year's classification.

As per our report of even date annexed

For K.S.Aiyar & Co
Chartered Accountants
(Firm Regn.No.100186)

(S.Kalyanaraman)
Partner (M.No.200565)

Place: Chennai
Date: 11.08.2011

M.P. Purushothaman
Chairman

Nisha Purushothaman
Jt.Mg.Director

Shaji Purushothaman
Managing Director

R. Anand
V.P.(Finance & Accts) &
Company Secretary



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

DESCRIPTION	Year ended 31.03.2011 (Rs. in Lacs)	Year ended 31.03.2010 (Rs. in Lacs)
A. Cash Flow from Operating Activities:		
Net Profit before tax & extra ordinary items	2215.82	2419.75
Adjustment for:		
Depreciation	626.26	1081.35
Dividend Income	(133.16)	0.00
Interest Income	(9.55)	0.00
Interest Paid	1477.70	1564.52
Preliminary Expenses written off	3.83	3.83
Operating Profit before Working Capital changes	4180.90	5069.45
(Increase)/Decrease in stock	2201.76	104.27
(Increase)/Decrease in Current Assets	4580.56	3543.73
Increase / (Decrease) in Current Liabilities	(2348.83)	2951.04
Cash generated from operations	8614.39	11668.49
Tax paid	(713.51)	(896.04)
Net cash used in operating activities	7900.88	10772.45
B. Cash Flow from Investing activities:		
Purchase of Fixed Assets (incl.CWIP)	39110.45	(35815.09)
Sale of Fixed Assets	2.24	0.00
Sale / (Purchase) of Investments	(12542.46)	(3265.51)
Dividend Income	133.16	0.00
Interest Income	9.55	0.00
Miscellaneous Expenditure	(743.58)	0.00
Net Cash from Investing activities	25969.36	(39080.60)
C. Cash Flow from Financing activities:		
Increase in Working Capital	643.38	1591.67
Increase in Term loan	(32529.26)	28264.32
Interest paid	(1477.70)	(1564.52)
Increase in equity	137.50	0.00
Share premium amount received	0.00	0.00
Dividend paid	(950.44)	(1140.53)
Dividend distribution tax paid	(157.87)	(193.89)
Net cash used in Financing activities	(34334.39)	26957.05
Increase in Cash and Cash equivalents	(464.16)	(1351.10)
Cash and Cash equivalents at the beginning of the year	1178.50	2529.60
Cash and Cash equivalents at the end of the year	714.34	1178.50

As per our report of even date annexed

For K.S. Aiyar & Co.
Chartered Accountants
(Firm Regn.No.100186)

(S. Kalyanaraman)
Partner (M.No. 200565)

Place : Chennai
Date : 11.08.2011

M.P. Purushothaman
Chairman

Nisha Purushothaman
Jt.Mg.Director

Shaji Purushothaman
Managing Director

R. Anand
V.P. (Finance & Accts.) &
Company Secretary



E-MAIL ADDRESS REGISTRATION FORM

(In terms of Circular Nos.17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011
Respectively issued by Ministry of Corporate Affairs, Government of India)

(For shares held in physical form)

Cameo Corporate Services Ltd

Unit : Empee Distilleries Limited
No.1, Subramaniam Building,
Club House Road,
Chennai – 600 002

I/We, Member(s) of Empee Distilleries Limited hereby give my/our consent to receive electronically Annual Report(s), Notice(s) of General Meeting(s) and other document(s) that the Ministry of Corporate Affairs may allow to be sent in electronic mode.

I/We request you to note my/our e-mail address as mentioned below. If there is any change in the e-mail address. I/ We will promptly communicate the same to you.

Folio No. :

Name of the first/sole Member :

e-mail address (to be registered) :

Place :

Date :

(Signature of first/sole Member)



EMPEE DISTILLERIES LIMITED

Regd Office : Empee Tower, 59, Harris Road, Pudupet, Chennai – 600 002.

Please complete this attendance slip and hand it over at the entrance of the meeting hall. Only members or their proxies are entitled to be present at the meeting.

Folio No./Client ID No.	Sl. No.
Name and Address	No. of shares

I hereby record my presence at the 27th Annual General Meeting being held at Conference Hall-II, Image Auditorium, MRC Nagar, Raja Annamalaipuram, Chennai – 600 028 at 3.00 p.m. on Thursday, the 29th September 2011 and at any adjournment thereof.

SIGNATURE OF THE MEMBER / PROXY*

*strike out whichever is not applicable



EMPEE DISTILLERIES LIMITED

Regd Office : Empee Tower, 59, Harris Road, Pudupet, Chennai – 600 002.

I/WeFolio No. of
 Being Member / Members of EMPEE DISTILLERIES LIMITED hereby appoint
 of failing him
 of

As my / our Proxy to attend and vote for me / us and on my / our behalf at the 27th Annual General Meeting being held at Conference Hall-II, Image Auditorium, MRC Nagar, Raja Annamalaipuram, Chennai – 600 028 at 3.00 p.m on Thursday, the 29th September 2011.

Date this Day of September 2011

Note : The Proxy must be deposited at the Registered office of the Company at Empee Tower, 59, Harris Road, Pudupet, Chennai – 600 002.

SUGAR COMPLEX, AMBASAMUDRAM, TAMILNADU
(EMPEE SUGARS AND CHEMICALS LTD.)



Our second Integrated Sugar Complex was set up in April 2010 in Ambasamudram, Tirunelveli District, Tamil Nadu with cane crushing capacity of 5000 TCD expandable to 8000 TCD along with 50 MW Co-generation power plant and 100 KLPDEthanol Plant.

EMPEE DISTILLERIES LIMITED

"Empee Tower", 59, Harris Road, Pudupet, Chennai - 600 002 Tel : 28522510 Fax : 91 - 44 - 28555163 Web : www.empeegroup.co.in