

EMPEE DISTILLERIES LIMITED

Annual Report 2015 - 2016



Board of Directors	Mr. M. P. Purushothaman Ms. Nisha Purushothaman Mr. Shankar Menon Mr. R.Rangachari	Chairman (Non-Executive) Joint Managing Director Independent Director (w.e.f.14.8.2015) Independent Director (w.e.f. 09.05.2016)
Chief Financial Officer	Mr.V.Srinivasan	
Company Secretary & Compliance Officer	Mr.K.Murali	
Audit Committee	Mr. R.Rangachari Ms. Nisha Purushothaman Mr. Shankar Menon	
Stakeholders Relationship Committee	Mr. R.Rangachari Ms. Nisha Purushothaman Mr. Shankar Menon	
Nomination and Remuneration Committee	Mr. Shankar Menon Mr. R.Rangachari Mr. M.P. Purushothaman	
Corporate Social Responsibility Committee	Mr. Shankar Menon Ms. Nisha Purushothaman Mr. R.Rangachari	
Statutory Auditors	Venkatesh & Co, Chartered Accountants Sri Ranga, New No. 151, Mambalam High Road, T. Nagar, Chennai-600 017.	
Bankers	Andhra Bank Union Bank of India	
Registered Office	Empee Tower, No. 59, Harris Road, Pudupet, Chennai – 600 002. Phone : 044 – 2853 1111	



Registrars and Share Transfer Agents :	Cameo Corporate Services Ltd., No.1, Subramaniam Building, Club House Road, Chennai – 600 002 Phone : 0-44-28460390; Email : investor@cameoindia.com
Stock Exchanges where the share are Listed :	1. National Stock Exchange of India Ltd, Mumbai. 2. BSE Limited, Mumbai.
Corporate Identity Number	L15511TN1983PLC010313
Debenture Trustee	IBDI Trusteeship Services Ltd., Mumbai
Cost Auditors	Mr.N.Thiagarajan, Chennai.
Website	www.empeegroup.co.in

Factories: <u>IMFL</u> :	1. Tamilnadu Unit : Mevalooruppam 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.
	4. Power Plant : Kottadivayal Village, Aranthangi Taluk, Pudukottai District, Tamil Nadu.	5. Grain Based Alcohol Plant : Choutkur Village, Pulkal Mandal, Sangareddy Taluk, Medak District, Telangana.	

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 (or) at email: investor@cameoindia.com.



INDEX	Page Nos.
Notice to shareholders	5
Board's Report	16
Management Discussion and Analysis Report	24
Corporate Governance Report and Annexures	47
Auditors' Report	58
Balance Sheet	65
Profit and Loss Account	67
Cash Flow Statement	68
Notes to Financial Statement	70
Auditors' Report on Consolidated Financial Statement	88
Consolidated Balance Sheet	92
Consolidated Profit & Loss Account	94
Consolidated Cash Flow Statement	95
Notes to Consolidated Financial Statement	97
Attendance Slip and Proxy Form	117

**FINANCIALS AT A GLANCE**

Rs. in Crores

	2015-16 (12 Months)	2013-15 (18 Months)	2012-13 (12 Months)	2011-12 (18 Months)	2010-11 (12 Months)
Sales	610.88	912.12	578.23	997.89	869.23
Profit before Tax	3.37	(2.33)	5.74	39.39	27.96
Profit after Tax	1.72	(2.75)	11.09	22.80	21.20
Fixed Assets	178.57	197.40	184.92	104.13	148.63
Current Assets	172.56	147.00	109.66	138.57	133.64
Shareholders Funds	304.70	303.18	294.94	286.26	265.87
Current Liabilities	253.58	222.76	205.83	189.95	73.72
Basic Earnings Per Share Rs.	0.91	(1.45)	5.83	11.99	8.10
Dividend per Share	-	-	Rs. 1/-	Rs. 1/-	Rs. 1/-

*Figures have been reclassified/regrouped wherever necessary.



NOTICE TO SHARE HOLDERS

NOTICE is hereby given that the 31st Annual General Meeting of Empee Distilleries Limited (CIN:L15511TN1983PLC010313) will be held on Monday, the 26th September 2016 at 11.30 a.m. at Sri P. Obul Reddy Hall, Vani Mahal, T.Nagar, Chennai - 600 017, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the financial statements of the Company for the period ended March 31, 2016, including the audited Balance Sheet as at March 31, 2016, the Statement of Profit and Loss for the period ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.M.P.Purushothaman(DIN 00088631)who retires by rotation and being eligible,offers himself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary resolution**:

“RESOLVED THAT pursuant to the provisions of Section 139,141 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, as amended from time to time, M/s.Venkatesh& Co, Chartered Accountants, (Firm Registration No. 004636S) be and are hereby re-appointed as Auditors of the Company for the financial year 2016-17 and to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next AGM of the Company, by means of ratification of their appointment at such remuneration and reimbursement of out of pocket expenses plus service tax as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS :

4. Ratification of Remuneration payable to Cost Auditor :

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to Mr.N.Thiagarajan,Cost Accountant (Reg. No.103955) appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial period 2015-16, amounting to Rs.30,000/- (Rupees Thirty thousand only) as also the payment of service tax as applicable and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

5. Appointment of Mr.Shankar Menon as an Independent Director.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** :



“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules made thereunder read with Schedule IV to the Act, as amended from time to time, Mr.Shankar Menon, (DIN 01890229) a Non-Executive Independent Director of the Company, who has submitted a declaration that he meets the criteria to be an Independent Director as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013, signifying his intention to propose Mr.Shankar Menon as a candidate for the office of director along with the deposit of one lakh rupees which shall be refunded if he gets elected as a director or gets more than twenty-five per cent of total valid votes cast either on show of hands or on poll on such resolution, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for a period of 5 years with effect from 14.8.2015.

6. Appointment of Mr. R Rangachari as an Independent Director.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules made thereunder read with Schedule IV to the Act, as amended from time to time, Mr.R Rangachari, (DIN 01260838) a Non-ExecutiveIndependent Director of the Company, who has submitted a declaration that he meets the criteria to be an Independent Director as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013, signifying his intention to propose Mr. R Rangachari as a candidate for the office of director along with the deposit of one lakh rupees which shall be refunded *if he gets elected as a director or gets more than twenty-five per cent of total valid votes cast either on show of hands or on poll on such resolution*, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for a period of 5 years with effect from 09.5.2016.

7. Revised Remuneration payable to Ms. Nisha Purushothaman, Joint Managing Director :

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

“RESOLVED THAT pursuant to the provisions of Section,197 and other applicable provisions if any, of the Companies Act, 2013 (Act) and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule V of the Act and Article 94 of the Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to revise the remuneration payable to Ms. Nisha Purushothaman, Joint Managing Director from 01.04.2015 to 31.12.2016 on the following terms :

- A. Fixed Compensation :** Salary, Allowances, perquisites, and retrial benefits – Rs.7,00,000/- per month (w.e.f. 01.4.2015 to 31.12.16)
- B. Other Perquisites :** Perquisites include the use of Company Car, Medical benefits, LTC, Insurance and housing facilities as per the policy of the Company.
- C. Minimum Remuneration :** In the event of any loss or inadequacy of profits for any financial year, the Nomination and Remuneration Committee/Board of the Company shall approve the remuneration payable to her during such financial year in such manner as agreed to between the Nomination and Remuneration Committee/Board of the Company and her, however not exceeding the maximum limits specified in this behalf under Schedule V to the Act.



- D. Resolved further that for the purpose of giving effect to this resolution, Nomination and Remuneration Committee/Board of the Company be and are hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company.

8. Re-appointment of Ms. Nisha Purushothaman, as Joint Managing Director :

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions if any, of the Companies Act, 2013 (Act) and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule V of the Act and Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Ms. Nisha Purushothaman, whose term expires on 31st December 2016 for a period of five years from 01.01.2017 to 31.12.21 on the following terms:

- A. Fixed Compensation :** Salary, Allowances, perquisites, and retrial benefits – Rs.7,00,000/- per month (w.e.f 01.1.2017 to 31.12.2021)
- B. Other Perquisites :** Perquisites include the use of Company Car, Medical benefits, LTC, Insurance and housing facilities as per the policy of the Company.
- C. Overall Remuneration :** The Board may revise the remuneration payable to her during any financial year during currency of the tenure of office, in such manner as may be agreed to between the Nomination and Remuneration Committee/Board of the Company and her, subject to the condition that the remuneration by way of salary and perquisites and other benefits shall be within the limits permissible under Section 197 of the Companies Act, 2013.
- D. Minimum Remuneration :** In the event of any loss or inadequacy of profits for any financial year, the Nomination and Remuneration Committee/Board of the Company shall approve the remuneration payable to her during such financial year in such manner as agreed to between the Nomination and Remuneration Committee/Board of the Company and her, however not exceeding the maximum limits specified in this behalf under Schedule V to the Act.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Nomination and Remuneration Committee/Board of the Company be and are hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company.

9. Approval for Related Parties Transaction :

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

“RESOLVED THAT pursuant to the provisions of Section 188 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, and all other applicable provisions if any of the Companies Act, 2013, consent of the members of the Company, be and is hereby accorded to enter into transactions for the financial year 2016-17 as per details given below.

Particulars	Amount (Rs. in lakhs)
Business & Auxiliary Services – M/s.Empee Holdings Ltd	218.26
Rent payable for Head Office – M/s.Aruna Constructions	53.66



“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, as may be necessary in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, agreements, applications and documents that may be required, on behalf of the Company and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this resolution.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to determine the actual sums to be involved in the proposed transaction from time to time within the overall limits stated above and the terms and conditions related thereto and all other matters arising out of or incidental to the proposed transaction.”

**By Order of the Board
For Empee Distilleries Limited**

**Place : Chennai
Date : 11.8.2016**

**M.P. Purushothaman
Chairman**



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. A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT, OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
3. Corporate Members intending to send their authorized representative to attend the Meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. The Register of members and share transfer books of the company will be closed from **21.09.2016 to 26.09.2016** (Both days inclusive).
5. Members/proxies should bring the attendance slip duly filed along with copy of Annual report for attending the meeting.
6. In case of joint holders attending the AGM, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
7. Members who hold shares in dematerialized form are requested to quote Depository Account number (client ID No.) for recording of attendance at the AGM.
8. Members are requested to intimate changes if any, in their address to the Registrar and share transfer Agents, M/s. Cameo Corporate Services Limited, "Subramanian Building", V Floor, 1, Club House Road, Chennai - 600 002.
9. The Company's equity shares are listed on The National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE) and the Company have paid listing fees up to date.
10. The Register of Directors and KMPs and their shareholding maintained under Section 170 of the Companies Act will be available for inspection by the Members at the AGM.
11. The relevant details as required by Clause 49 of the Listing Agreement / LODR, 2015 entered into with the Stock Exchange, of Directors seeking appointment/re-appointment are provided in the annexure..
12. The unclaimed dividend amount of Rs.1,89,008/- pertaining to final dividend declared for the Financial Year 2007-08 has been transferred to Investor Education and Protection Fund (IEPF) on 21.12.2015.
13. In accordance with provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 as amended till date and SEBI (LODR), 2015, Company is providing facility for voting by electronic means (remote e-voting) and the business may be transacted through such voting. Further, the facility for voting through ballot or polling paper shall also be made available at the venue of meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting. The Board of Directors has appointed Mr. N.Ramanathan, Partner, M/s. S Dhanapal & Associates, Practising Company Secretaries, Chennai, as the Scrutinizer, for conducting the e-voting process in a fair and transparent manner. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") to provide e-voting facilities enabling the members to cast their vote in a secured manner. The e-voting facility will be available at the link www.evotingindia.com during the voting period.



14. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
15. The procedure and instructions for remote e-voting is furnished in this notice.
16. The Scrutinizer will submit his report to the Company after completion of the scrutiny and the results of the ballot / poll / e-voting will be announced by the Company on its website – www.empeegroup.com within three days of the Annual General Meeting.
17. Members who have not registered their e-mail ID are requested to update the same with the Company, if held in physical form or to the Depository if held in Demat mode.
18. The Route map for the venue of the AGM is annexed.

The instructions for shareholders voting electronically (remote e-voting) are as under :

- (i) The remote voting period begins on Thursday, 22.09.2016 at 10.00 A.M. and ends on Sunday, 25.09.2016 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date which has been fixed as 16.09.2016, may cast their vote electronically. .
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.(Sequence number has been provided as Serial Number (SL NO.) in the Address Label ● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv)



- (viii) After entering these details appropriately, click on “SUBMIT” tab.\
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password& enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.



- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

General Instructions :

- (i) Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the Cut Off date i.e 16.09.2016 may obtain the login ID and password by sending a request in writing at helpdesk.evoting@cdslindia.com. However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evotingindia.com.
- (ii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting/voting at the AGM through ballot paper.
- (iii) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" / "Poling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- (iv) The Scrutinizer shall after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- (v) The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on 16.09.2016.
- (vi) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.empeegroup.co.in and on the website of the CDSL within two days of the passing of the resolutions at the Annual General Meeting of the Company, and communicated to National Stock Exchange of India Limited and BSE Ltd.



**Annexure to the Notice
Explanatory Statement under Section 102 of the Companies Act, 2013**

Item No.4

The Board of Directors of the Company on the recommendation of the Audit Committee approved the appointment and remuneration of Mr.N.Thiagarajan, Cost Accountant, to conduct the audit of the cost records of the Company for the financial year ended 31.3.2016. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of The Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditor during the financial year 2015-16 as set out in the Resolution for the aforesaid services to be rendered by them.

None of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested in the said Resolution.

The Board of Directors recommends the Ordinary Resolution for approval by the Members.

Item No. 5

The Board of Directors of the Company at their meeting held on 14.8.2015 appointed Mr. Shankar Menon as an Additional Director (Independent Director) of the Company pursuant to the provisions of Sec.161 of the Companies Act, 2013 and Article 100 of Articles of Association of the Company. He will hold office upto the date of this AGM. The Company has received a notice in writing under Sec.160 of the Act, from a member alongwith a deposit of requisite amount proposing the candidature of him for the office of the Independent Director u/s.149 of the Act. Section 149(10) of the Companies Act, 2013 provides that an independent director shall hold office for a term upto five consecutive years from the date of appointment. Further, section 149(13) of the Companies Act, 2013 states that the provisions relating to retirement of directors by rotation shall not apply to the appointment of independent directors. Accordingly, he will function as an Independent Director upto 13.8.2020.

In view thereof, your Board has recommended him to be appointed as Independent Director.

Excepting Mr.Shankar Menon, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested or otherwise in the Resolution as set out in the notice. None of the said Directors are related inter se to each other.

Item No. 6

The Board on 9.5.2016 appointed Mr. R Rangachari as an Additional Director (Independent Director) of the Company pursuant to the provisions of Sec.161 of the Companies Act, 2013 and Article 100 of Articles of Association of the Company. He will hold office upto the date of this AGM. The Company has received a notice in writing under Sec.160 of the Act, from a member alongwith a deposit of requisite amount proposing the candidature of him for the office of the Independent Director u/s.149 of the Act. Section 149(10) of the Companies Act, 2013 provides that an independent director shall hold office for a term upto five consecutive years from the date of appointment. Further, section 149(13) of the Companies Act, 2013 states that the provisions relating to retirement of directors by rotation shall not apply to the appointment of independent directors. Accordingly, he will function as an Independent Director upto 08.05.2021.

In view thereof, your Board has recommended him to be appointed as Independent Directors. Excepting Mr. R Rangarajan, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested or otherwise in the Resolution as set out in the notice. None of the said Directors are related inter se to each other.

**Item No. 7 & 8**

Ms. Nisha Purushothaman was appointed as Joint Managing Director at the 28th Annual General Meeting of the Company held on 28th December, 2012 for a period of 5 years from 1st January 2012 to 31st December 2016. Her appointment is due for renewal on 1st January, 2017. Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on 11.8.2016 approved the reappointment of Ms. Nisha Purushothaman, as the Joint Managing Director for a period of 5 years from 1.1.2017 to 31.12.2021.

It is apprised to the members of the Company that Ms. Nisha Purushothaman, is a commerce graduate and did her M.B.A from School of Economics, London and to her credit she has 14 years of experience, majority of which has been spent in IMFL, Hotel, Power and Sugar Industry. Her contribution as JMD during the last 5 years is note-worthy and the Company has prospected in terms of turnover, and profits. The Company is expanding its business to focus and concentrate more into IMFL business. Keeping in view of her rich and varied experience and considering her involvement in the operations of the Company and contribution over a long period of time, the Board of Directors at their meeting held on 28.3.2016 revised her salary from Rs.5,00,000 to Rs.7,00,000 per month w.e.f.1.4.2015 till the expiry of the present term on 31.12.2016. As per Schedule V of the Companies Act, 2013 a special resolution as given at item no: 6 of the notice is proposed for the revision in the salary and perquisites of Ms. Nisha Purushothaman. The renewal of her employment as Joint Managing Director w.e.f. 01.01.2017 to 31.12.2021 and the terms of employment are stated in the Item No. 8 of the notice.

None of the Directors and KMPs excepting Ms. Nisha Purushothaman (appointee) and Mr. M P Purushothaman are deemed to be interested and concerned in the above resolutions.

The Board recommends the resolutions set forth for the approval and ratification of the members.

Item No. 9

The Company proposes to enter into transactions with the related parties in the financial year 2016-17 as mentioned in the resolution which requires the approval of the shareholders by means of a special resolution. The details regarding the transaction as required under the Act are given below :

Name of the related parties	1. M/s.Empee Holdings Ltd 2. M/s. Aruna Constructions
Name of the Director or Key Managerial Personnel who is related, if any	Mr. M.P.Purushothaman Ms. Nisha Purushothaman
Nature of Relationship	Director / Partner
Nature, Material Terms, Monetary Value and Particulars of the Contract or arrangement	Business & Auxiliary services : Rs.218.26 lakh Head Office Rent : Rs.53.66 lakhs
Duration of Contract or arrangement	1. Business auxiliary services yearly basis on actual as per agreement. 2. Rent for Head Office as per agreement.

The Directors/KMPs of the respective companies as mentioned above are concerned / interested in the resolution being Directors/KMPs and/or shareholders to the extent of their shareholding in the company.

The Directors recommend the resolution as set out in the Notice for the approval by the members as a Special Resolution.

**By order of the Board
For Empee Distilleries Limited**

**M.P.Purushothaman
Chairman**

**Place: Chennai
Date : 11.8.2016**


Details of Director(s) seeking appointment / re-appointment at the Annual General Meeting :

Name	Mr. M.P.PURUSHOTHAMAN	Ms.NISHA PURUSHOTHAMAN
Date of Birth	10-07-1936	27-02-1973
Date of Appointment	15-09-1983	02-12-1994
Qualifications	Higher Secondary	M.B.A.
Expertise in specific functional areas	Distilleries, Sugars, Hotels, Power and Real Estate.	Distilleries, Sugars, Hotels, Power and Real Estate.
Directorship held in other Public Limited Companies	1. EMPEE SUGARS AND CHEMICALS LTD 2. EMPEE INT'L HOTELS AND RESORTS LTD 3. EMPEE HOLDINGS LTD 4. APPOLLOALCHOBEV LTD 5. ARUNA CONSTRUCTIONS (INDIA) LTD 6. EMPEE HOTELS LTD 7. EDL PROPERTIES LTD 8. EMPEE POWER COMPANY (I) LTD 9. APPOLLO DISTILLERIES & BREWERIES P LTD	1. EMPEE SUGARS AND CHEMICALS LTD 2. EMPEE INT'L HOTELS & RESORTS LTD 3. EMPEE HOLDINGS LTD. 4. EMPEE HOTELS LTD 5. EMPEE POWER COMPANY (INDIA) LTD 6. ARUNA CONSTRUCTIONS (INDIA) LTD 7. UNIVERSAL SPIRITS LTD 8. APPOLLO DISTILLERIES & BREWERIES PVT LTD 9. EMPEE LEASING AND FINANCE LTD
Membership /Chairmanship of Committees of all Public Companies	1. EMPEE INT'L HOTELS AND RESORTS LTD 2. EMPEE HOLDINGS LTD 3. EMPEE HOTELS LTD	1. EMPEE SUGARS AND CHEMICALS LTD 2. EMPEE INT'L HOTELS AND RESORTS LTD 3. EMPEE HOLDINGS LTD 4. EMPEE HOTELS LTD 5. EMPEE POWER COMPANY (INDIA) LTD
No. of shares held in the company.	2094514	1002000
Relationship with any Directors of the company	Ms.Nisha Purushothaman – Daughter	Mr.M.P.Purushothaman – Father

Name	Mr. SHANKAR MENON	Mr. R. RANGACHARI
Date of Birth	22-04-1941	04-01-1936
Date of Appointment	14.08.2015	09.05.2016
Qualifications	M.B.A.	B.A.
Expertise in specific functional areas	Consultant	Consultant
Directorship held in other Public Limited Companies	1. Empee Hotels Limited 2. Reliance Chemotex Industries Ltd 3. Empee Sugars and Chemicals Ltd	1. Tamilnadu Tourism Development Corp Ltd 2. Pandyan Hotels Ltd. 3. Empee Sugars and Chemicals Ltd
Membership/Chairmanship of Committees of all Public Companies	1. Empee Sugars and Chemicals Ltd	1. Empee Sugars and Chemicals Ltd
No. of shares held in the company.	Nil	Nil
Relationship with any Directors of the company.	Nil	Nil



BOARD'S REPORT

Your Directors have pleasure in presenting the Board's Report together with the audited Accounts for the year ended 31st March 2016.

FINANCIAL RESULTS

(Rs.in lacs)

Particulars	2015-16 (For the Year ended 31.03.2016) (12 months)	2013-15 (For the period ended 31.03.2015) (18 months)
Total Income	61268.14	91510.40
Operating Profit before Interest and Depreciation	4139.95	4921.91
Less : Interest	2504.36	3510.56
Depreciation	1298.42	1178.23
Profit /Loss before Tax	337.17	(233.12)
Provision for Taxation	234.04	121.43
Provision for Deferred Tax	(68.93)	(79.24)
Earlier Tax provision reversed	-	-
Profit / Loss After Tax	172.07	(275.31)
Profit brought forward	8092.50	7249.69
Add : Prior period Income – Depreciation	-	1118.15
Transfer of profit to General Reserve	-	-
Proposed Dividend	-	-
Dividend tax on proposed dividend	-	-
Profit carried forward	8264.57	8092.50

PERFORMANCE REVIEW :

Overall performance

During the year under review, your Company registered a total income of Rs.612.68 crs and a PAT of Rs.1.72 crs as against the total income of Rs.915.10 crs and a loss of Rs.2.75 crs for a period of 18 months ended on 31.3.2015.

IMFL Division :

IMFL units at Mevalurkuppam, Palghat and Kolar registered a net turnover of Rs 544.04 crs and earned a net profit of Rs.8.60 crs during FY 2015-16 as against a net turnover of Rs.715.13 crs and a loss of Rs. 8.31 crs for a period of 18 months ended on 31.03.2015.

Power Division :

The revenue from the Power Division was Rs.14.85 crs with a net profit of Rs.3.09 crs during the financial year under review as against the revenue of Rs.67.49 crs and net profit of Rs.12.14 crs during the previous financial period 2013-15 (18 months).

Grain Based Alcohol Unit :

During the year 2015-16, the 60 KLPD Grain Based Alcohol unit at Chotkur, Andhra Pradesh earned a revenue of Rs.53.79 crs with a net loss of Rs.9.97 crs as against a revenue of Rs.132.48 crs and a net loss of Rs.6.59 crs in the previous 18 months period ended 31.03.2015.

**REVIEW OF OPERATIONS :**

Due to effect of price increase for IMFL products by TASMAC and also due to increased contribution from new brands, the performance of the IMFL division during the year under review, as compared to previous 18 months ended on 31.03.2015 was note-worthy. The company's premium brands namely, Chevalier De Paris Brandy, Carte Royale Brandy, Elcanso Brandy and Blu Crystal Vodka continued to perform well in the home markets of Tamilnadu and Kerala. Contribution from new domestic markets such as Karnataka, Mahe, Pondicherry and foreign markets of Dubai and Singapore also led to increased profitability.

The company's 10 MW power plant in the Aranthangi, Tamilnadu could not be operated during the year due to imposition of restrictive measures by the Tamilnadu State Electricity Board (TNEB). Due to this the company was forced to discontinue supply of power to third parties.

The overall performance of the company was negatively impacted by the poor performance of the 60 KLPD grain based alcohol plant at Telangana. This unit achieved low capacity utilisation due to the non-availability and resultant high price of raw material during the period.

FUTURE OUTLOOK :

The outlook continues to remain positive for the IMFL business. Although the company suffered a minor setback due to market uncertainty caused by elections in the states of Tamilnadu and Kerala, the company's brands continue to perform well in all markets. Fueled by the success of these brands the company is now in the process of developing high end whisky and wine brands for sale in domestic and foreign markets.

The power unit will be able to commence operations only after lifting of restrictive measures by TNEB. The company is hopeful that the government will remove this restriction in the near future.

The grain based distillery is fully operational due to improved availability of raw material and the grain prices are expected to reduce substantially due to good monsoon in Telangana.

CHANGE IN THE NATURE OF BUSINESS, IF ANY :

There is no change in the nature of the business during the year.

DIVIDEND :

Considering the availability of profits, the Board of Directors regret to recommend any dividend for the financial year ended 31.03.2016.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT :

There are no material changes and commitments affecting the financial position of the company between the end of the financial year and the date of the report.

TRANSFER TO RESERVES :

Your Company does not propose to transfer amounts to the General Reserve considering the availability of profits during the year under review.

FINANCE :**ISSUE OF 14% LISTED, RATED, SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES UNDER PRIVATE PLACEMENT :**

The company was facing working capital stress due to non increase of selling price by TASMAC for over seven years. Therefore to improve liquidity, in April 2016 the Company issued of 375 Nos. of 14% listed, rated,



secured redeemable non-convertible debentures of Rs.10,00,000 each aggregating Rs.37.50 crs pursuant to EGM approval dated 10th March 2016 for overall NCD issue of Rs 47.50 Crores under private placement basis. It is proposed to issue NCDs for the remaining amount of Rs. 10.00 Crores during the current financial year. 375 Nos. of debentures were issued to 1) M/s. EW INDIA SPECIAL ASSETS FUND PTE LTD 2) M/s. ARUM INVESTMENTS PRIVATE LTD and listed on Bombay Stock Exchange Limited w.e.f. 9.5.2016. The preferential allotment of 10 lac equity share Warrants aggregating Rs.7.50 crs had been withdrawn by the Company since some regulatory approvals could not be obtained by the Investors.

SHARE CAPITAL :

The paid-up share capital of the company is 19008893 equity shares of Rs.10/- each. There is no change in the Authorised, Issued, Subscribed and Paid-up share capital of the company during the year under review.

DEPOSITS :

Your Company has not invited or accepted any fixed deposits either from the public or from the shareholders of the Company, during the year under review.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 :

The particulars of loans, guarantees and investments u/s 186 of the Companies Act, 2013 is annexed herewith as **Annexure-A**.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

The Management Discussion and Analysis Report is annexed herewith as **Annexure-B**.

DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR :

During the year under review, Mr.M.P.Mehrotra, Mr.T.S.Raghavan, Mr.M.K.Mohan and Mr. Shaji Purushothaman resigned from the Board of Company w.e.f. 12.11.2015, 11.2.2016, 22.02.2016 and 14.07.2016 respectively. Mr. Shankar Menon and Mr.R.Rangachari were appointed as Additional Directors w.e.f. 14.8.2015 and 09.05.2016 respectively as Independent Directors of the Company by the Board on 14.8.2015 and 09.05.2016. As per the provisions of the Companies Act, 2013, Mr. Shankar Menon and R.Rangachari are proposed to be appointed as Independent Directors for a term of five years from the date of their appointment, as set out in the AGM Notice for the approval of Directors.

The term of employment of Ms. Nisha Purushothaman, as Joint Managing Director of the Company would expire on 31st December 2016 and hence pursuant to the recommendation of the Nomination and Remuneration Committee Ms. Nisha Purushothaman will be reappointed as Joint Managing Director w.e.f. 1.1.2017 for a term of five years subject to the seeking of the members' approval.

The Independent Directors of the Company have submitted a declaration u/s.149(7) of the Act that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as Independent Director during their directorship.

NUMBER OF BOARD MEETINGS HELD DURING THE YEAR 2015-16 :

The Company has duly complied with the provisions of the Companies Act, 2013 in holding Board meetings and the details of the meetings are furnished in the Corporate Governance Report.

**DETAILS OF POLICIES :****(i) Nomination and Remuneration Policy**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Company's Remuneration Policy is available on the Company's website www.empeegroup.co.in and the same is attached herewith as **Annexure - C**.

(ii) Corporate Social Responsibility Policy (CSR)

The Board has framed a CSR Policy and the same is available on the Company's website www.empeegroup.co.in. The said policy is attached herewith as **Annexure-D**.

Annual Report on CSR as required under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is also attached herewith as **Annexure-E**.

(iii) Risk Management Policy

Business Risk Evaluation and Management is an ongoing process within the Organization. Pursuant to Section 134(3)(n) of the Companies Act, 2013, the Board has framed a Risk Management Policy for the Company. The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the business and functions are systematically addressed through mitigating actions on a continuing basis.

At present the company has not identified any element of risk which may threaten the business of the Company.

(iv) Whistle Blower Policy – Vigil Mechanism

Your Company has formulated a Vigil Mechanism Policy with a view to provide a mechanism for employees and directors of the Company to approach the Chairman of the Audit Committee to ensure adequate safeguards against victimisation. This policy would help to create an environment wherein individuals feel free and secure to raise an alarm, whenever any fraudulent activity takes place or is likely to take place. It will also ensure that complainant(s) are protected from retribution, whether within or outside the organization. The Board has elected Mr.R.Rangachari, who is the Chairman of the Audit Committee as the Ethics Counsellor under the vigil mechanism policy. The details of establishment of the Vigil Mechanism Policy as per **Annexure – F** is displayed on the website of the Company www.empeegroup.co.in.

CORPORATE GOVERNANCE

As required by Regulation 27 of the LODR, 2015 of SEBI with the Stock Exchanges, the Corporate Governance Report and the Auditor's Certificate regarding compliance of conditions of Corporate Governance, forms part of the Annual Report.

**BOARD COMMITTEES**

Name of the Committee	Composition	Details of Meetings held during the year 2015-16
AUDIT COMMITTEE	Mr. R.Rangachari Mr. Shankar Menon Ms.Nisha Purushothaman	23.5.2015, 14.8.2015, 12.11.2015 and 11.02.2016
NOMINATION & REMUNERATION COMMITTEE	Mr. Shankar Menon Mr. R.Rangachari Mr. M.P. Purushothaman	23.5.2015, 14.8.2015 and 28.03.2016
CSR COMMITTEE	Mr. Shankar Menon Mr. R.Rangachari Ms. Nisha Purushothaman	11.02.2016
STAKEHOLDERS' RELATIONSHIP COMMITTEE	Mr. R.Rangachari Mr. Shankar Menon Ms. Nisha Purushothaman	23.5.2015, 14.8.2015, 12.11.2015 and 11.02.2016

DETAILS OF RECOMMENDATIONS OF AUDIT COMMITTEE WHICH WERE NOT ACCEPTED BY THE BOARD ALONG WITH REASONS

The same is not applicable as the Audit Committee's recommendations were accepted and implemented by the Board.

NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR – Not applicable**Subsidiaries**

The Consolidated Accounts of the Company includes the audited accounts of subsidiaries namely EDL Properties Ltd and M/s.Appollo Distilleries and Breweries Pvt Ltd. and the associated company M/s.Empee Hotels Ltd. The accounts of the subsidiaries can be made available to the members upon request. Due to the fact that M/s.Empee Sugars and Chemicals Ltd (subsidiary company) has been referred to BIFR under the provisions of Sick Industries Companies Act, 1985 and in pursuance of AS-21 of Accounting Standard the consolidated accounts of Empee Sugars and Chemicals Ltd are not required to be given for the year under review and hence has not been included.

A statement containing salient features of the subsidiaries in Form AOC-1 is annexed herewith marked as **Annexure - G** and forms part of this report.

AUDITORS**a. Statutory Auditors**

M/s. Venkatesh & Co, Chartered Accountants, who was appointed as Statutory Auditors for five years in terms of Sec. 139, 141 of the Companies Act, 2013 shall hold office till the conclusion of the 34th AGM of the Company to be held in the year 2019, however subject to ratification of their appointment at every AGM.

The Company has received a letter from the Statutory Auditors of the Company, Venkatesh & Co, (ICAI Firm Registration Number: 0046365) Chartered Accountants, to the effect that the ratification of their appointment, if made, will be as per the requirements laid down under Section 139 and 141 of the Companies Act, 2013 read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014. subject to approval of the Members..

Accordingly, a resolution is being placed before the Members for their approval as given in the AGM notice.



AUDITORS' QUALIFICATIONS

- a. **Qualification :** The Company has made an investment of Rs.1.59 Crores and given share application money of Rs.140.36 Crores to its subsidiary Empee Sugars and Chemicals Limited towards promoters share. The subsidiary company Empee Sugars and Chemicals Limited is incurring losses and has been registered under BIFR as a sick company. This may result in diminution in the value of investments for which no provision is considered.

Reply : Since the subsidiary company namely Empee Sugars and Chemicals Limited has been registered with BIFR by the order dated 24/11/2014 the company is unable to estimate the effect on the above qualification and the resultant is based on the order of the BIFR on rehabilitation scheme to be filed by Empee Sugars and Chemicals Limited.

- b. **Qualification :** Other Loans and advances amounting to Rs.28.80 Crores out of Rs.37.25 Crores under the head Other Current assets, Sundry debtors amounting to Rs.13.49 Crores and Sundry creditors amounting to Rs.35.34 Crores are subject to confirmation and reconciliation. The impact on profitability is not ascertainable.

Reply : Regarding Other Loans and advances amounting to Rs.28.80 Crores out of Rs.37.25 Crores under the head Other Current assets, Sundry debtors amounting to Rs.13.49 Crores and Sundry creditors amounting to Rs.35.34 Crores, the company has taken appropriate steps to reconcile the same with respective debtors/creditors and once the amount is reconciled necessary adjustments will be made in the accounts.

b. Secretarial Auditors

As per provisions of Sec. 204 of the Companies Act, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, your Company appointed M/s. S Dhanapal & Associates, a firm of Practising Company Secretaries, Chennai as Secretarial Auditors of the Company for the FY ended 31.03.2016. The Secretarial Audit Report in Form No: MR 3 is attached as **Annexure-H** to this report.

c. Cost Auditors

Pursuant to Sec. 148(3) of the Act, the Board of Directors had appointed Mr.N. Thiagarajan (Reg. No:103955) as Cost Auditors of the Company for conducting the audit

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

Information regarding conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo is given as **Annexure -I** and forms part of this Report.

STATUS ON AMALGAMATION

Pursuant to the last year's Board Report the Scheme of Amalgamation of your company with Empee Sugars and Chemicals Ltd. and Appollo Wind Energy had been withdrawn.

RELATED PARTY TRANSACTIONS

There were no materially significant transactions with Related Parties during the financial year under review, which were in conflict with the interest of the Company. The details of Related Party Transactions during the year ending 31.03.2016, being arm's length transactions have been reported in the Financial statements and forms part of this report. As per **Annexure - J**, Ms. Nisha Purushothaman, Joint Managing Director's salary is reported pursuant to Sec. 188 of the Companies Act, 2013.

MANAGERIAL REMUNERATION/ PARTICULARS OF EMPLOYEES

The details/ particulars of employees/managerial persons remuneration as required to be given u/s 197 of the Companies Act, 2013 read along with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial personnel) Rules 2014 as applicable is attached herewith as **Annexure-K**.

**DETAILS OF PECUNIARY RELATIONSHIP OR TRANSACTIONS OF THE NON-EXECUTIVE INDEPENDENT DIRECTORS VIS-À-VIS THE COMPANY**

There is no pecuniary relationship or transactions of the Non-Executive Independent Directors vis-à-vis the Company for the year ended 31.3.2016.

BOARD'S EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement / LODR, 2015 of SEBI, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees.

While independent directors in their separate meeting have carried out to assess the performance of Chairman, JMD and other Directors of the Board more particularly about their business acumen and contribution to the Company, the performance evaluation of the Independent Directors was carried out by the entire Board.

The Independent Directors expressed their satisfaction with the evaluation process, functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of duties, obligations, responsibilities and governance.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorised, recorded and reported correctly.

The Internal Audit/Control is exercised through an external auditor namely, M/s.Ramesh Subramaniam & Co., Chartered Accountants, Chennai. The audit observations and corrective action taken thereon are periodically reviewed by the audit committee to ensure effectiveness of the internal audit/control system.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There is no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as **Annexure - L**.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The Company has not received any complaint on sexual harassment during the financial year ended 31.03.2016.

INDUSTRIAL RELATIONS

The Industrial relations continued to remain congenial during the year.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- b. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- c. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. The directors have prepared the annual accounts on a going concern basis.
- e. The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f. The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

ACKNOWLEDGEMENT

Your Directors 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 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

M.P. Purushothaman
Chairman

Place: Chennai

Date : 11.08.2016

**Annexure - A****LOANS, INVESTMENTS & GUARANTEES U/S. 186 OF THE COMPANIES ACT****(Rs. in lacs)**

SI No.	Particulars	Loans	Investments	Guarantees
1	EMPEE SUGARS & CHEMICALS LTD	(1459.70)	-	-
2	EMPEE HOTELS LTD	107.23	-	-
3	APPOLLO DISTILLERIES & BREWERIES P. LTD	183.06	-	-
4	EDL PROPERTIES LTD	(26.28)	-	-
5.	APPOLLO ALCHOBEV LTD	413.01	-	-

Annexure - B**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****i. Industry Over view :**

The Indian liquor market, is divided into various kinds like IMFL (Indian made foreign liquor), imported liquor, beer and country-made liquor, and the overall growth of the industry is extremely good in the last one decade. But IMFL industry has to face challenges like the restrictive policies of states with regard to movement, production, pricing, etc, increase in raw material prices (like ENA, glass, molasses etc) and impositions applied on advertising pose huge challenges for the industry.

Given the opportunity, there is good demand with favorable demographics, rising disposable income levels and greater acceptance of alcoholic beverages in social circles and the outlook for the Indian alcoholic beverages seems to be encouraging. In addition, changing consumer preference towards premium varieties of IMFL is likely to result in sales-mix gradually which would improve in favor of premium brands.

ii. New Brands :

The company which introduced new premium brands namely Chevalier De Paris - XL Premium Brandy and Carte Royale – XO Premium Brandy in Tamilnadu in 2015 did better performance. The Company is constantly planning to expand its business by way of a mixed basket of brand introduction, and export sales to South East Asia, Middle East markets especially Singapore where there is significant presence of Tamil population.

Both in Telangana and Andhra Pradesh, there is a good possibility for the Company to expand IMFL production and Sales and is planning to tap the demand by using its manufacturing facilities at its Grain Based Alcohol Plant at Choutkur, Telangana.

iii. Segment-wise or product-wise performance :

During the year ended 31.03.2016, the Company produced 47,48,459 cases of IMFL as against the production of 57,40,148 cases during the period ended on 31.03.2015 (18 months). The sales was 47,76,596 cases of IMFL for the year ended 31.03.2016 as against 57,05,863 cases sold in the previous period ended 31.03.2015 (18 months).

During the year under review, the power division at Aranthangi, Tamilnadu could not produce power due to imposition of restrictive measures by TNEB.

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, duties, inter-state movements from Tamilnadu etc. All these factors will affect the Company in the coming years. The rising input cost of bottles, caps, labels, transport charges etc, will also impact the profitability of the company.

vi. Internal control systems and their adequacy :

The company has an internal control system commensurate with the size and business operations of the Company. Authorization guidelines and internal procedures, are in place. Independent external/internal auditors are periodically reviewing and making continuous assessment of the adequacy and effectiveness of the internal control and systems. The Audit Committee and the Board review the findings of the Internal Auditors Report to enable the Company to take immediate appropriate action wherever necessary.

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.

Annexure – C**Nomination and Remuneration Policy****INTRODUCTION**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, key managerial personnel and employees of the company, to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013 and the Listing Agreement with the stock exchanges (as amended from time to time), this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration/Compensation Committee ("NRC") and approved by the Board of Directors of the Company.

CONSTITUTION OF COMMITTEE

The Board of Directors of the Company (the Board) constituted the committee to be known as the Nomination and Remuneration Committee (NRC) consisting of three non-executive independent directors. The Chairman of the Committee is an Independent Director.

OBJECTIVE

The Nomination and Remuneration/Compensation Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement / SEBI's (LODR), 2015. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees. The Key Objectives of the Committee would be :



- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- Formulate the criteria for determining qualifications, positive attributes of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

APPLICABILITY

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

DEFINITIONS

“**Act**” means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

“**Board**” means Board of Directors of the Company.

“**Directors**” mean Directors of the Company.

“**Key Managerial Personnel**” means

- i. Managing Director, or Chief Executive Officer or Manager and in their
- ii. absence, a Whole-time Director;
- iii. Chief Financial Officer;
- iv. Company Secretary; and
- v. such other officer as may be prescribed.

“**Senior Management**” means Senior Management means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

1. Appointment Criteria and Qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.



- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

2. Term / Tenure

a) Managing Director / Whole-time Director :

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director :

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

3. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

4. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

1. Remuneration to Managing/Whole-time / Executive / Managing Director, KMP and Senior Management Personnel :

The Remuneration / Compensation/ Commission etc. to be paid to Director / Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

**2. Remuneration to Non- Executive / Independent Director :**

The Non-Executive Independent Director may receive remuneration / compensation / commission as per the provisions of Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

DUTIES IN RELATION TO NOMINATION MATTERS

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation
- Determining the appropriate size, diversity and composition of the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

DUTIES IN RELATION TO REMUNERATION MATTERS

The duties of the Committee in relation to remuneration matters include:

- Considering and determining the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- Approving the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- Considering any other matters as may be requested by the Board.

REVIEW AND AMENDMENT

- i) The NRC or the Board may review the Policy as and when it deems necessary.
- ii) The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- iii) This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.

**Annexure – D****CSR Policy**

Our aim is – “to actively contribute to the social and economic development of the downtrodden communities and promote education among under privileged class. By doing so, we anticipate a sustainable way of life for them.”

Implementation process :

The socio-economic development of the downtrodden people, ST/SC communities and their welfare are promoted through government sponsored projects. We are involved in the upliftment of social status of ST/SC people through contribution to the Charitable Trusts, State Governments for socio-economic development and relief fund for the welfare of ST/SCs, other backward classes, minorities and women.

The focus areas that have emerged are Education and Infrastructure development for school children thus espousing social causes. The school projects are carried out under the aegis of Empee Educational and charitable Trust (EET). EET is running a school called “National Matriculation Higher Secondary School over the years for under privileged to impart quality education from Pre-KG till 12th Standard. This school has been in operation since 1982 and had provided knowledge to thousand of students who have passed out successfully over the years. EET has been carrying out a systematic improvement in the infrastructural facilities of the school. It has identified certain key area where fresh infrastructure facilities are required to be provided :

1. Renovation of existing class rooms
2. Construction of additional class rooms
3. Updation of Computer lab
4. Furnishing of furniture and equipments
5. Updating the library facilities etc.

In Infrastructure Development we endeavour to contribute to the Government sponsored schemes such as :

1. Basic infrastructure facilities
2. Drinking water
3. Sanitation & hygiene etc.

Organisational mechanism :

The Empee Educational and Charitable Trust (Registered) provides the vision under the leadership of its Chairman Mr. M P Purushothaman. This vision underlines all CSR activities to promote education. The successful and time bound implementation of the projects of promoting education and socio-economic development are dependent on quality education, students development and socio-economic development policies of Governments. The chairman reviews the progress of such projects frequently and takes effective steps to further improve the CSR activities.

Budgets

A specific budget is allocated for CSR activities.

Information dissemination

The Company's engagement in this domain is disseminated on its website, annual reports.

Management Commitment

Our Board of Directors and the Management subscribe to the philosophy of compassionate care. We believe and act on an ethos of generosity and compassion, characterised by a willingness to build a society which is vital for socio-economic development.

Our Corporate Social Responsibility policy conforms to the Corporate Social Responsibility Guidelines issued by the Ministry of Corporate Affairs, Government of India.

**Annexure – E****ANNUAL REPORT ON CSR ACTIVITIES**

1. Brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs. : CSR Policy is available at website www.empeegroup.co.in
2. Composition of the CSR Committee :Mr.Shankar Menon, Mr.R.Rangachari and Ms.Nisha Purushothaman.
3. Average net profit of the Company for the last three financial years : Rs.1037.81 lakhs.
4. Prescribed CSR expenditure (2% of the average net profit of the company for the last 3 financial years) Rs.20.75 lakhs.
5. Details of CSR spent during the financial year.
 - a) Total amount to be spent for the financial year : Rs. 20.75 lakhs.
 - b) Amount unspent, if any : NIL
 - c) Manner in which the amount spent during the financial year is detailed below :

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Project or programs 1. Local area or other 2. Specify the State and District where projects or programs were undertaken	Amount spent on the projects or programs Sub-heads: 1.Direct Expenditure on projects or programs 2.Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency (give details of implementing agency)
1	The company is promoting school education for economically weaker sections SC/STs thro' Empee Educational Charitable Trust	Promoting Education	Tamil Nadu, Chennai	Rs.20,75,000	Rs.20,75,000	DIRECT

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount. : N.A.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSP Policy, is in compliance with CSR objectives and Policy of the Company. : Yes.

**Annexure – F****Whistleblower Policy****Introduction**

Empee Distilleries Limited (EDL) is firmly committed to conducting its business and relationships with all stakeholders including employees, customers, suppliers, shareholders and business associates in a manner that is lawful and ethically responsible and at all times, in a way that reflects the Company's values. It will not tolerate attitudes or activities that constitute a breach of law or trust or infringe collective or individual liberties in any way. This approach is described in the Company's Code of Conduct & Ethics.

The Whistleblower policy formalises EDL's commitment to enabling employees and business associates to make fair and prompt disclosure of circumstances where it is genuinely believed that a part of EDL's business is engaged in inappropriate practices and that the Code of Conduct & Ethics is being violated. The policy sets out arrangements that encourage individuals to report concerns about unethical behaviour, actual or suspected fraud or violations of the Code of Conduct & Ethics, knowing that in so doing, they are acting in the best interests of all EDL stakeholders. This policy also ensures that the whistleblower will be protected from retaliation and reprisal.

Normally any such concern about a workplace situation should be raised with the employee's immediate line manager or if identified by a business associate, raised with the appropriate member of the EDL Management Team. However, it is recognised that because of the seriousness and sensitivity of some issues, together with the knowledge of who the employee or business associate thinks may be involved in wrongdoing, this may be difficult or even impossible.

Scope of Policy

This policy is intended to cover any concerns which are in the public interest. These might include:

- Breach of any internal controls or Company policy relating to financial malpractice or fraud
- Failure to comply with a legal obligation
- Dangers to health and safety of the environment
- Criminal activity
- Miscarriage of justice
- Violation of the Company's Code of Conduct & Ethics
- Attempts to conceal any of the above

This is not intended to be a complete list and any matter raised under this policy will be considered seriously. However, matters of purely operational nature should not be raised under this policy. Instead such matters should be raised through the usual organisational channels.

Safeguards**Protection**

This policy is designed to offer protection to those employees or business associates who disclose such concerns provided the disclosure is made in:

- i. Accordance with the procedures laid down,
- ii. Good faith, and
- iii. The reasonable belief of the individual making the disclosure that malpractice has taken place.

Confidentiality

The Company will treat all such disclosures in a sensitive manner and will endeavour to keep the identity of an individual making an allegation confidential. However, the investigation process may inevitably reveal the source of the information and the individual, making the disclosure may need to provide a statement which cannot be kept confidential if legal proceedings arise.

**Anonymous Allegations**

This policy encourages individuals to put their name to any disclosures they make.

Untrue/Malicious/Vexatious Allegations

If an individual makes an allegation, which is not confirmed by subsequent investigation and then it shows that an individual has made malicious or vexatious allegations for personal leverage and particularly if he or she persists with making them, disciplinary action may be taken against the concerned individual.

Procedure for Making a Disclosure

Employees are entitled to make their disclosure in the first instance through their line manager or if they feel it would be more appropriate to approach directly the Compliance Officer, the Managing Director, the Audit Committee Chairman or the Chairman of the Board.

Contact should be made by phone, email or in writing and should include as much detail and evidence as possible. Upon receipt of the disclosure the matter will be investigated immediately to ascertain all the facts and a recommendation will be made to the Board. The recommendation will include a revision of Company policies and procedures to reduce the risk of re-occurrence.

Protection Against Retaliation

EDL commits to ensure that no retaliatory action, of any sort, will take place against any employee or business associate making a disclosure in good faith.

Reporting

The Compliance Officer, the Managing Director, the Chairman of the Audit Committee or the Chairman of the Board will be responsible for reporting any whistleblowing disclosures to the Audit Committee.

Contacts

The relevant contacts are :

Person	Position	Email Address
Ms.Nisha Purushothaman	Joint Managing Director	nishapurushothaman@empeegrouup.co.in
Mr. M.P.Purushothaman	Chairman of the Board	mppurushothaman@empeegroup.co.in
Mr. R. Rangachari	Independent Director	sharangachari@gmail.com

**Annexure – G****Form AOC - I**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries
/associate companies/joint ventures**

Part “A” : Subsidiaries

Rs. in lacs

1	Sl. No.	1	2	3
2	Name of the subsidiary	Empee Sugars and Chemicals Ltd	EDL Properties Ltd	Appollo Distilleries & Breweries Pvt Ltd
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01.4.2015 To 31.3.2016	01.4.2015 To 31.3.2016	01.4.2015 To 31.3.2016
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.	N.A.	N.A.
5	Share capital (Rs.)	41,97,29,000	1,00,00,000	45,72,65,000
6	Reserves & surplus	(55,970.77)	-	61.41
7	Total assets	41,891.77	780.84	14,083.05
8	Total Liabilities	79,628.74	680.84	9,443.99
9	Investments	1090.58	-	-
10	Turnover	5295.38	-	18,471.72
11	Profit before taxation	(10,739.85)	-	114.33
12	Provision for taxation / Deferred taxation	-	-	64.04
13	Profit after taxation	(10,739.85)	-	50.29
14	Proposed Dividend	-	-	-
15	% of shareholding	63.43	75.00	91.51

Notes : The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations : M/s. EDL Properties Ltd.
- Names of subsidiaries which have been liquidated or sold during the year : Nil

**Part “B”: Associates and Joint Ventures****Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Name of Associates/Joint Ventures	Empee Hotels Limited
Latest audited Balance Sheet Date	31.03.2016
1) Shares of Associate /Joint Ventures held by the company on the year end	
2) No. of shares	19512997
3) Amount of Investment in Associates /Joint Venture	Rs.195129970
4) Extend of Holding %	39.05
5) Description of how there is significant influence	Associate
6) Reason why the associate /joint venture is not consolidated	Consolidated
7) Net-worth attributable to Shareholding as per latest audited Balance Sheet	(3046.12)
Profit / Loss for the year	
i. Considered in Consolidation	(1292.27)
i. Not Considered in Consolidation	-

1. Names of associates or joint ventures which are yet to commence operations.
2. Names of associates or joint ventures which have been liquidated or sold during the year.

Annexure – H

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2016

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

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2016

To,
The Members,
EMPEE DISTILLERIES LIMITED,
Chennai

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. **Empee Distilleries Limited**, (hereinafter called the company). Secretarial Audit was conducted based on records made available to us, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion/understanding thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and made available to us and also the information provided by the



its officers, agents and authorized representatives during the conduct of secretarial audit, we, on strength of those records, and information so provided, hereby report that in our opinion and understandings, the Company has, during the audit period covering the financial year ended on March 31, 2016, appears to have complied with the statutory provisions listed hereunder and also in our limited review, the Company has proper and required Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minutes' book, forms and returns filed and other records maintained by the Company and made available to us, for the financial year ended on March 31, 2016 according to the applicable provisions of :

- i) The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies Act, 1956 and the rules made thereunder as applicable;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable.
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI ACT') to the extent applicable during the year:-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

The management has identified and confirmed the following laws as being specifically applicable to the Company:

- 1. Tamil Nadu Liquor (License & Permit) Rules, 1981 and the like Act for Andhra Pradesh, Kerala and Karnataka.
- 2. Tamil Nadu IMFS(Manufacture) Rules,1981
- 3. Tamil Nadu Prohibition Act 1937
- 4. Tamil Nadu, Andhra Pradesh, Kerala, Karnataka Pollution Control Acts

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) made effective 1st July, 2015.



- ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective 1st December, 2015).

During the period under review, the Company has complied in accordance with the requirements to be met with applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, mentioned above to the required extent subject to few lapses relating to filing of forms, Key Managerial Personnel and news paper publications.

It is represented to us that the company has initiated measures, wherever required, to address issues raised by the statutory authorities and letters/notices received by the Company during the financial year under various enactments as applicable to the company.

We further report that subject to the above related documents that we have come across depict, that

The Board of Directors of the Company is constituted as applicable with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that based on our limited review of compliance mechanism established by the Company, there appear adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has sought the approval of its members for following main events :

- Ratification of Remuneration payable to Cost Auditor;
- Appointment of Mr. M.K. Mohan as an Independent Director;
- Appointment of Mr. T.S. Raghavan as an Independent Director;
- Appointment of Mr. M.P. Mehrotra as an Independent Director;
- Approval for Related Party Transactions;
- Appointment of Ms. Sheena Purushothaman as Ordinary Director;
- Appointment of Ms. Sheeju Purushothaman as Ordinary Director;
- Issue of Non-Convertible Debentures;
- Issue of warrants by Preferential Allotment;

We further report that, as per the information provided to us, during the audit period , we also came across a number of legal proceedings pending against the company, which the management of the company informed is being taken care of at their end and

- The Company has taken in-principle approval from Stock Exchange for Private placement of Secured Redeemable Non-Convertible Debentures;
- The Company has also taken in-principle approval from Stock Exchange for issue of warrants on preferential basis which has been withdrawn by the company after the end of Financial year 2015-2016;
- The Company has increased the remuneration of Ms.Nisha Purushothaman, Managing Director of the Company in its Board Meeting held on 14.08.2015 which needs to be ratified by the Members in the General Meeting of the company.



- The Company has filed DIR-12 for resignation of one of its independent Director w.e.f 12.11.2015 while his date of resignation is w.e.f 27.05.2015 as per DIR-11.

We further report that our Audit was subjected only to verifying adequacy of systems and procedures that are in place for ensuring proper compliance by the Company and we are not responsible for any lapses in those compliances on the part of the Company.

Place: Chennai
Date: 09.08.2016

For S Dhanapal & Associates

**S. Dhanapal
(Partner)
FCS 6881
CP No.7028**

This Report is to be read with our testimony of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To
The Members,
EMPEE DISTILLERIES LIMITED
Chennai

Our report of even date it to be read along with this letter.

Management's Responsibility

- a. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

Auditor's Responsibility

- b. Our responsibility was to express an opinion on the secretarial records, standards and procedures followed by the company with respect to secretarial compliances.
- c. We believe that audit evidence and information obtained from company's management is adequate and appropriate for us to provide a basis for our opinion.
- d. Where ever required, we have obtained Management representation about the compliance of laws, rules and regulations and happenings of events etc.

Disclaimer

- e. The Secretarial Audit is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management conducted the affairs of the Company.

Place: Chennai
Date: 09.08.2016

For S Dhanapal & Associates

**S. Dhanapal
(Partner)
FCS 6881
CP No.7028**



Annexure – I

Conservation of energy, technology absorption, foreign exchange earnings and outgo

(A) Conservation of energy:

- i. Steps taken or impact on conservation of energy : Nil
- ii. Steps taken by the company for utilising alternate sources of energy : Nil
- iii. Capital investment on energy conservation equipments : Nil

(B) Technology absorption:

- i. Efforts made towards technology absorption : Nil
- ii. Benefits derived like product improvement, cost reduction, product development, import substitution : Nil
- iii. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following:
 - (a) Details of technology imported : Nil
 - (b) Year of import. : Nil
 - (c) Whether the technology been fully absorbed : Nil
 - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons therefor.
- iv. Expenditure incurred on Research and Development : Nil

(C) Foreign exchange earnings and Outgo : Nil

Annexure - J (i)

FORM NO. AOC - 2

(Pursuant to clause(h) of sub-section (3) of Section 134 of the Companies Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis :

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	-
b)	Nature of contracts/arrangements/transaction	-
c)	Duration of the contracts/arrangements/transaction	-
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	-
e)	Justification for entering into such contracts or arrangements or transactions'	-
f)	Date of approval by the Board	-
g)	Amount paid as advances, if any	-
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	-



2. Details of contracts or arrangements or transactions at Arm's length basis. :

SL.No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Empee Holdings Ltd.,
b)	Nature of contracts/arrangements/transaction	Rent / Business Auxiliary Services
c)	Duration of the contracts/arrangements/transaction	12 Months
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Rs. 298.31 lakhs
e)	Date of approval by the Board	11.02.2015
f)	Amount paid as advances, if any	-

Annexure – J (ii)
Remuneration of Directors and Key Managerial Personnel
Remuneration paid to Joint Managing Director for the year ended 31.3.2016 :

Sl. No.	Name of MD/WTG/Manager	Particulars of Remuneration	Qualification	Experience	Amount Rs. In lakhs
1.	Ms.Nisha Purushothaman	Gross Salary Provident Fund	B.Com.,M.B.A.	Experienced in IMFL, Hotel, Sugar and Power Industry for more than a decade.	84.00
				Total	84.00

**Annexure - K****PARTICULARS OF THE EMPLOYEES**

The information required under Section 197 of the Act. read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below :

a. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year :

S.No.	Name of the Director / KMP	Ratio to median remuneration	% increase in remuneration in the financial year
1	Ms. Nisha Purushothaman	45.1	25%

b. The median remuneration for the year 2015-16 is : Rs. 1.88 lacs.

c. The percentage increase in the median remuneration of employees in the financial year : NIL

d. The number of permanent employees on the rolls of Company : 430

e. The explanation on the relationship between average increase in remuneration and company performance :

The average increase in remuneration per employee is in line with normal pay revisions which is linked to individual performance and the Company's performance.

f. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.

Aggregate remuneration of Key Managerial Personnel (KMPs) in FY 2015-16 (Rs. in lakhs)	125.25
Net Revenue (Rs. in lakhs)	32933.76
Remuneration of KMPs (as % revenue)	0.38
Profit before Tax (PBT) (Rs. in lakhs)	337.17
Remuneration of KMPs (as% of PBT)	37.15

g. Variations in the market capitalization of the Company, price earnings ratio as the closing date of the current financial year and previous financial year and Percentage increase over decrease in the marked quotations of the shares of the company in comparison to the rate at which the Company came out with the last public offer

Particulars	Unit	As at March 31, 2016	As at March 31, 2015	Variation %
Closing rate of shares at BSE	Rs.	56.50	24.00	235
EPS	Rs.	0.91	(1.45)	
Market capitalization at BSE	Rs. in lakhs	10740.02	4562.13	235
Price Earnings Ratio	Ratio	62.08	16.55	



- h. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :

Increase in remuneration is based on remuneration policy of the Company.

- i. Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company.

Particulars	Mr. Nisha Purushothaman Joint Managing Director	Mr. V. Srinivasan Chief Financial Officer	Mr. K. Murali Company Secretary
Remuneration in FY 2015-16 (Rs. in lacs.)	84.00	27.00	14.25
Revenue (Rs. in lacs.)	32933.76	32933.76	32933.76
Profit before Tax (PBT) (Rs. in lacs.)	337.17	337.13	337.17
Remuneration as % of PBT	24.91%	8%	4.23%

On behalf of the Board of Directors
For Empee Distilleries Ltd.,

M.P.Purushothaman
Chairman

Place : Chennai
Date : 11.8.2016



Annexure – L

Form No. MGT - 9

Extract of Annual Return as on the financial year ended on 31st March 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS :

1.	CIN	L15511TN1983PLC010313
2.	Registration Date	15.09.1983
3.	Name of the Company	EMPEE DISTILLERIES LIMITED
4.	Category /Sub-Category of the Company	Public Company limited by shares
5.	Whether listed Company	Yes
6.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s.Cameo Corporate Services Limited No.1, Subramaniam Building Club House Road, Chennai – 600 002 Telephone: 044-28460390 Email id: investor@cameoindia.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the company
1.	IMFL	220810	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sr. No.	Name and Address of the company	CIN/GIN	Holding/ Subsidiary of the company	% of shares held	Applicable section
1	Empee Sugars and Chemicals Ltd	L24110AP1988PLC 009291	Subsidiary	63.43	2(87)
2	Appollo Distilleries and Breweries Pvt Ltd	U85110KA1995PTC 019074	Subsidiary	91.51	2(87)
3	EDL Properties Limited	U70102TN2007PTC 064136	Subsidiary	75.00	2(87)



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding.

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	2077954	-	2077954	10.93	2094514	-	2094514	11.02	0.09
b. Central Govt.									
c. State Govt.									
d. Bodies Corp.	4864375	-	4864375	25.59	4875237	-	4875237	25.65	0.06
e. Bank/Fl									
f. Any other Directors & Relatives	4816054	-	4816054	25.34	4702933	-	4702933	24.74	-0.60
Sub-Total A(1)	11758383	-	11758383	61.86	11672684	-	11672684	61.41	-0.45
2. Foreign									
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/Fl	-	-	-	-	-	-	-	-	-
a. Any Others	-	-	-	-	-	-	-	-	-
Sub Total – A(2)	-	-	-	-	-	-	-	-	-
Total Share holder of Promoters (1+2)	11758383	-	11758383	61.86	11672684	-	11672684	61.41	-0.45
B. Public Shareholding									
1. Institution									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/Fl	13623	-	13623	0.07	13623	-	13623	0.07	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Ven. Capital Fund	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Sub-Total-B(1)	13623	-	13623	0.07	13623	-	13623	0.07	-
1. Non-Institution									
A. Body Corp.	1001326	400	1001726	5.27	1046613	400	1047013	5.51	0.24
a. Individual :									
i. Individual shareholders holding nominal share capital upto Rs.1 lakh	4343313	919	4344232	22.85	4483226	919	4484145	23.59	0.74
ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	920765	240000	1160765	6.11	887532	240000	1127532	5.93	
C. Others									
(i) NRI (Rep)	218611	-	218611	1.15	198971	-	198971	1.05	
(ii) NRI (Non-Rep)	-	-	-	-	-	-	-	-	-
(iii) Foreign National	-	-	-	-	-	-	-	-	-
(iv) Hindu undivided family	480826	1	480827	2.53	414009	1	414010	2.18	-
(v) Trust	781	-	781	0.01	737	-	737	0	-
(vi) In Transit	29945	-	29945	0.16	50178	-	50178	0.26	0.10
Sub-Total-B(2)	6995567	241320	7236887	38.07	7081266	241320	7722586	38.52	0.45
Net Total (1+2)	7009190	241320	7250510	38.14	7094889	241320	7336209	38.59	0.45
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	18767573	241320	19008893	100	18767573	241320	19008893	100	



ii. Shareholding of Promoters :

Sr No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total share of the company	% of shares Pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares Pledged/ encumbered to total shares	
1	Empee Holdings Ltd	4864375	25.59	17.40	4875237	25.65	17.40	0.06
2	M P Purushothaman	2077954	10.93	-	2094514	11.02	-	0.09
3	A K Aruna	1800000	9.47	-	1800000	9.47	-	-
4	Nisha Purushothaman	1002000	5.27	-	1002000	5.27	-	-
5	ShajiPurushothaman	610	-	-	610	-	-	-
6	Sheena Purushothaman	1002044	5.27	-	888923	4.68	-	-0.59
7	SheejuPurushothaman	1002000	5.27	-	1002000	5.27	-	-
8	A K Sajeevan	9400	0.05	-	9400	0.05	-	-
	Total	11758383	61.85	17.40	11672684	61.41	17.40	-0.44

iii. Change in Promoters' Shareholding : -85699 shares

iv. Shareholding Patten of top ten shareholders. (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No	Top Ten Shareholders	Shareholding at the beginning of the year - 1 st April 201		Shareholding at the end of the year -31 st March, 2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	SUDHISH CHUGH	-	-	198293	1.04
2	DINESH KUMAR SINGHI	192818	1.01	192818	1.01
3	CHUGH HOLDING CO. PVT. LTD.	-	-	118204	0.62
4	RUCHI CHEMICALS PRIVATE LIMITED	-	-	72872	0.38
5	VINOD KUMAR GUPTA	-	-	63570	0.33
6	RAKESHKUMAR MANGILAL RANKA	-	-	54000	0.28
7	JOSEPH ITTIACHEN	50000	0.26	50000	0.26
8	LEON ITTIACHEN	50000	0.26	50000	0.26
9	SABESTIAN ITTIACHEN	50000	0.26	50000	0.26
10	XAVIER ITTIACHEN	50000	0.26	50000	0.26

v. Shareholding of Directors and Key Managerial Personnel :

Sr. No	For each of the Directors and KMP	Shareholding at the beginning of the year - 1 st April 201		Shareholding at the end of the year -31 st March, 2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	NIL				

**V. INDEBTEDNESS**

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

Rs. in lacs

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2015				
1. Principal amount	11297.84	1633.97	-	12931.81
2. Interest due but not paid	150.98	24.15	-	175.13
3. Interest accrued but not due	-	-	-	-
Total (1+2+3)	11448.82	1658.12	-	13106.94
Change in Indebtedness during the financial year				
+Addition	-	-	-	-
-Reduction	1472.63	310.70	-	1783.33
Net change				
Indebtedness at the end of the financial year 31.3.2016				
1. Principal amount	9860.16	1322.42	-	11182.58
2. Interest due but not paid	116.03	25.00	-	141.03
3. Interest accrued but not due	-	-	-	-
Total (1+2+3)	9976.19	1347.42	-	11323.61

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager :**

Sr. No.	Particulars of Remuneration	Total Amount (Rs. in lacs)
1.	Name of MD/WTD/Manager : Ms. Nisha Purushothaman Gross Salary a) Salary as per provisions contained in section 17(1) of the Income Tax Act. b) Value of perquisites u/s 17(2) Income Tax Act, 1961 c) Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961	82.00 - -
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission - As % of Profit - Others, specify	-
5.	Others, please specify - Provident Fund & other funds	2.00
	Performance Bonus	-
	Total (A) Ceiling as per the Act	84.00


A. Remuneration of other Directors :

I. Independent Directors:

Particulars of Remuneration	Name of Directors				Total Amount (Rs. in lacs)
	Mr.M.P.Mehrotra	Mr.T.S.Raghavan	Mr.M.K.Mohan	Mr.Shankar Menon	
Fee for attending Board / Committee meeting	40000	230000	290000	160000	720000
Commission	-	-	-	-	-
Others	-	-	-	-	-
Total(1)	40000	230000	290000	160000	720000

II. Other Non-Executive Directors :

Other Non-Executive Directors	Mr.M.P.Purushothaman	Mr.ShajiPurushothaman	Total Amount (Rs. in lacs)
Fee for attending Board / Committee meeting	160000	140000	300000
Commission	-	-	-
Others	-	-	-
Total (2)	160000	140000	300000
Ceiling as per Act			

B. Remuneration to Key managerial Personnel other than MD/Manager/WT D :

Sr. No.	Particulars of Remuneration	Total Amount (Rs. in lacs)	Total Amount (Rs. in lacs)
	Name of the KMP :	Mr.V.Srinivasan Chief Financial Officer	Ms. K. Murali Company Secretary
1.	Gross Salary		
	a) Salary as per provision contained in sec 17(1) of the IT Act.	27.00	14.25
	b) Value of perquisites u/s 17(2) IT Act 1961	-	-
	c) Profits in lieu of salary u/s 17(3) of IT Act 1961.	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - As % of Profit	-	-
5.	Others, please specify - Contribution of Provident fund	-	-
6.	Performance Bonus	-	-
	Total (C)	27.00	14.25

VII. Penalties /Punishment/ Compounding of offences (Under the Companies Act) : None



Report on Corporate Governance in terms of Clause 49 of the Listing Agreement / SEBI's (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR)

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, lenders, and to the society in general. The Company aims to increase and sustain its corporate value through Board, various Committees, to maintain action plan to match with performance. 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 in consonance with the SEBI regulations.

2. Board of Directors

Board of Directors of the Company consists of an Executive Director and three Non-Executive Directors as on the date of this report. Two Non-Executive Directors are independent and they have no pecuniary relationship with the Company in their capacity as Director and they maintain their limits of directorships as per SEBI listing norms. During the year ended 31.03.2016, the Board met 5 times and the maximum gap between two meetings was not more than 120 days. The above composition of the Board meets the requirements of the Listing Agreement / LODR and the Companies Act, 2013.

Board and Committee Memberships

All the Directors have made necessary disclosures regarding Committee positions held by them in other Companies. None of the Directors on the Board is a Member of more than ten Committees and none is a Chairman of more than five Committees across all the Public Limited Companies in which they are Directors. The table below gives the details of Directorships, Committee Memberships and Chairmanships in the Companies as on 31st March 2016. It excludes Directorships of Private Limited Companies, Foreign Companies and Section 8 Companies. For the purpose of reckoning the limit, the Chairmanship / Membership of the Audit Committee and the Stakeholders' Relationship Committee alone has been considered.

During the period, Board Meetings were held on 23.5.2015, 14.8.2015, 12.11.2015, 11.02.2016 and 28.3.2016.

Name of Director	Category	No. of Board meetings attended	Whether attended last AGM	Number of Directorships in other Indian Public Companies	No. of Committee positions held in other Public Companies	No. of Committee Chairmanship held in other Public Companies
Mr.M.P. Purushothaman	Promoter – Non- Executive	5	Yes	9	3	3
Ms.NishaPurushothaman	Promoter – Executive	5	Yes	9	5	-
Mr.Shankar Menon (w.e.f. 14.08.2015)	Independent Non-Executive	3	N.A.	3	1	3
Mr.ShajiPurushothaman (upto 14.07.2016)	Promoter – Non-Executive	5	-	9	3	-
Mr.T.S.Raghavan (upto 11.02.2016)	Independent Non-Executive	3	Yes	9	2	1
Mr.M.K.Mohan (upto 22.02.2016)	Independent Non-Executive	4	Yes	1	3	2
Mr.M.P.Mehrotra (upto 12.11.2015)	Independent Non-Executive	1	-	6	7	3
Ms.Sheena Purushothaman (upto 11.2.2016)	Promoter – Non-Executive	2	Yes	9	-	-
Mr.Sheeku Purushothaman (upto 11.2.2016)	Promoter – Non-Executive	2	Yes	9	-	-



Inter-se relationship of Directors :

Mr. M.P. Purushothaman and Ms. Nisha Purushothaman are relatives as per the provisions of the Companies Act.

Meeting of Independent Directors :

During the year, a meeting of Independent Directors was held on 12.11.2015 and reviewed the performance of the Board as a whole on parameters of achievement and assessed the quality, quantity and timeframes of flow of information etc between the management and the Board. Mr.M.K.Mohan, Chairman of the meeting presided over the meeting and the Independent Directors assessed the performance of Executive Director and Chairman.

Familiarisation Programme :

The Company follows familiarization programme through various reports/statements/internal policies for all the Directors with a view to make them understand the updates of the Company's policies and programmes. The details of familiarisation programme can be had from the Company's website :www.empeegroup.co.in.

3. Audit Committee :

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

Mr.R.Rangachari	Independent Non-Executive (Chairman)
Mr. Shankar Menon	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 / LODR and Section 177 of the Companies Act, 2013, besides other terms as may be referred to by the Board of Directors from time to time. Internal/Statutory Auditors are invited to the Audit committee meetings. The Statutory auditors are present where quarterly, half-yearly financials results are discussed and finalized.

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 (upto 11.2.16)	4	3
2	Ms. Nisha Purushothaman	4	4
3	Mr. M. P. Mehtrotra (upto 12.11.15)	3	1
4	Mr. M.K.Mohan (upto.22.2.2016)	3	3
5	Mr.Shankar Menon (w.e.f. 11.2.16)	1	1

Mr.T.S.Ragahavan, Chairman of the Committee was present at the AGM held on 25.6.2015.

4. Nomination and Remuneration Committee :

- The Nomination and Remuneration Committee, comprising of Mr.Shankar Menon (Chairman), Mr.R.Rangachari and Mr.M.P.Purushothaman, has been constituted to determine the quantum and components of the remuneration to be paid to the Whole-time Directors/KMPs.

The Non-Executive/Independent Directors of the Company are paid sitting fees for attending Board/Committee meetings and reimbursement of expenses towards travel, and miscellaneous expenses.



The terms of reference of the Nomination and Remuneration Committee cover the matters specified in the Clause 49 of the Listing Agreement / LODR and Section 178 of the Companies Act, 2013, besides other terms as may be referred to by the Board of Directors from time to time.

During the year the committee met on 23.5.2015, 14.8.2015 and 28.3.2016.

Nomination and Remuneration Policy of the Company is annexed to the Board's Report as **Annexure - C**.

- b) Details of the remuneration of Executive Directors and Non-Executive Directors for the year ended 31st March 2016 are as follows:

Executive Directors/ Whole Time Directors

Name	Designation	(Rs. in lacs)
Ms. Nisha Purushothaman	Joint Managing Director	84.00

*Includes Salary and Provident fund.

Non-Executive Directors :

Name of the Director	Sitting Fee (Rs.)
1. Mr.M.P.Purushothaman	160000
2. Mr.Shaji Purushothaman	140000
3. Mr.M.K.Mohan	290000
4. Mr.T.S.Raghavan	230000
5. Mr.M.P.Mehrotra	40000
6. Ms.Sheena Purushothaman	60000
7. Mr.Sheebu Purushothaman	60000
8. Mr.Shankar Menon	160000

5. Stakeholders' Relationship Committee :

The Stakeholders' Relationship Committee consists of the following :

- | | |
|--|---------------------------|
| i) Mr.R.Rangachari (w.e.f. 09.05.2016) | Chairman of the Committee |
| ii) Mr. Shankar Menon | 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 RTA and recommends overall improvement of the quality of investor services. Four meetings of this Committee were held on 23.5.2015, 14.8.2015, 12.11.2015 and 11.02.2016 during the year under review. During the year 2016, two complaints were received and resolved. Hence no investor complaint was pending as on 31.03.2016. Mr. K.Murali, Company Secretary & Compliance Officer acts as the Compliance Officer.

6. CSR Committee :

The CSR Committee, comprising of Mr.Shankar Menon, Mr.R.Rangachari and Ms.Nisha Purushothaman has been constituted under the Chairmanship of Mr.Shankar Menon. A meeting of this Committee was held on 12.11.2015 during the year under review.



7. General Body Meetings :

The last three Annual General Meetings were held as under:

Year	Location	Date	Time	Special resolutions passed
2013-15	P.Obul Reddy Hall, Vani Mahal, T.Nagar, Chennai – 600 017.	25/06/2015	11.00 A.M.	Yes
2012-13	Hall II, IMAGE Auditorium, R.A.Puram, Chennai – 600 028.	30/12/2013	11.30 A.M.	No
2011-12	Hall II, IMAGE Auditorium, R.A.Puram, Chennai – 600 028.	28/12/2012	3.00 P.M.	Yes

Details of Directors who have attended the last three general meetings held by the Company :

SI .No.	Name	Designation	Held on 25-06-2015	Held on 30-12-2013	Held on 28-12-2012
1	Mr.M.P.Purushothaman	Chairman	Attended	Attended	Attended
2	Ms.NishaPurushothaman	JMD	Attended	Attended	Attended
3	Mr.ShajiPurushothaman	Director	-	-	-
4	Mr.M.K.Mohan	Director	Attended	Attended	-
5	Mr.M.P.Mehrotra	Director	-	-	-
6	Mr.T.S.Raghavan	Director	Attended	Attended	Attended
7	Ms.SheenaPurushothaman	Director	Attended	N.A	N.A
8	Mr.SheekuPurushothaman	Director	Attended	N.A	N.A

Postal Ballot / Extra Ordinary General Meetings :

During the year two resolutions were passed Vide EGM held on 10.03.2016 for the issue of Non-Convertible Debentures on Private Placement basis and Share Warrants under Preferential allotment basis.

8. Composite Scheme of Arrangement :

Subsequent to the withdrawal of Composite Scheme of amalgamation of the Company with Empee Sugars and Chemicals Ltd, Appollo Wind Energy Private Ltd, necessary applications were made before the Hon'ble High Court of Andhra Pradesh and the Andhra Pradesh High Court vide its Orders dated 31.8.2015 consented for the withdrawal of the merger scheme.

9. Code of Conduct :

In consonance with the requirements of the Listing Agreement / SEBI's LODR 2015, Board of Directors has laid down a code of conduct for the Board members and senior management of the Company. The said code of conduct has also been posted on the Website of the company, www.empeegroup.co.in. The directors and senior management are committed to strict adherence of the code and to conduct the business in an ethical and transparent manner.

10. Risk Management :

The company has laid down procedures to inform Board members about the risk assessment and minimization procedures. The Board periodically discusses the significant business risks identified by the management and the mitigation process being taken up.

**11. Prevention of Insider Trading :**

The company has framed a code of conduct for prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all directors/officers/designated employees. The code ensures the prevention of dealing in company's shares by persons having access to unpublished price sensitive information.

12. 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-compliances 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 has a Whistle Blower policy. No personnel has been denied access to the audit committee.
- iv. The Company has complied with all the mandatory requirements of the Listing Agreement / LODR, 2015. 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. A remuneration committee has been formed to determine the remuneration of executive directors.
- v. Investor complaints of non-receipt of dividends, non-receipt of annual report etc., forwarded by SEBI are periodically resolved and updated into SCORES (SEBI Complaints Redress System) website and no complaints is pending during the year under review.
- vi. Performance Evaluation of Directors, Board and Committees are given in the Directors report.
- vii. Policy on dealing with Related Party Transactions has been disclosed on the website of the Company, which can be accessed at the weblink www.empeegroup.co.in.
- viii. Pecuniary relationship or transactions of the non-executive directors vis-à-vis the company.- Nil
- ix. Number of shares and convertible instruments held by non-executive directors - Nil

13. Subsidiary Companies :

The minutes of the board meetings of the subsidiary companies namely M/s.Empee Sugars and Chemicals Ltd, M/s.Empee Power Company (India) Ltd., M/s.Appollo Wind Energy Pvt Ltd., M/s.EDL Properties Ltd and M/s.Appollo Distilleries and Breweries Pvt Ltd are placed before the Board of Directors of the Company for their review.

14. Compliance with Corporate Governance Norms :

The Company has complied with the mandatory requirements of the code of Corporate Governance as stipulated in Clause 49 and 54 of the Listing Agreement with the Stock Exchanges/Regulations 17 to 27 of the SEBI's LODR, 2015 and other applicable provisions, if any. The certificate from statutory auditors is annexed to the Directors' Report.

15. Means of Communication :

The Company is publishing quarterly Un-audited / Annual Audited financial results in the Trinity Mirror in English 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.

Web-Site: The Company's website displays details and information to the interest of the shareholders at www.empeegroup.co.in


16. General Shareholder Information :

i. AGM Date, Time and Venue	26.09.2016, 11.30 a.m. Sri P.Obul Reddy Hall, Vani Mahal, T.Nagar, Chennai - 600 017.
ii. Financial year	2015-16 (12 months)
iii. For the year ended 2016-17 First quarter result Second quarter result Third quarter results Fourth quarter results	Before 14 th August, 2016 Before 14 th November, 2016 Before 14 th February, 2017 Before 31 st May, 2017
iii. Date of Book closure	21.9.2016 to 26.9.2016(both days inclusive)
iv. Listing on Stock Exchanges	National Stock Exchange of India Ltd Bombay Stock Exchange Ltd
v. Stock Code National Stock Exchange of India Ltd BSE Limited	EDL 532920

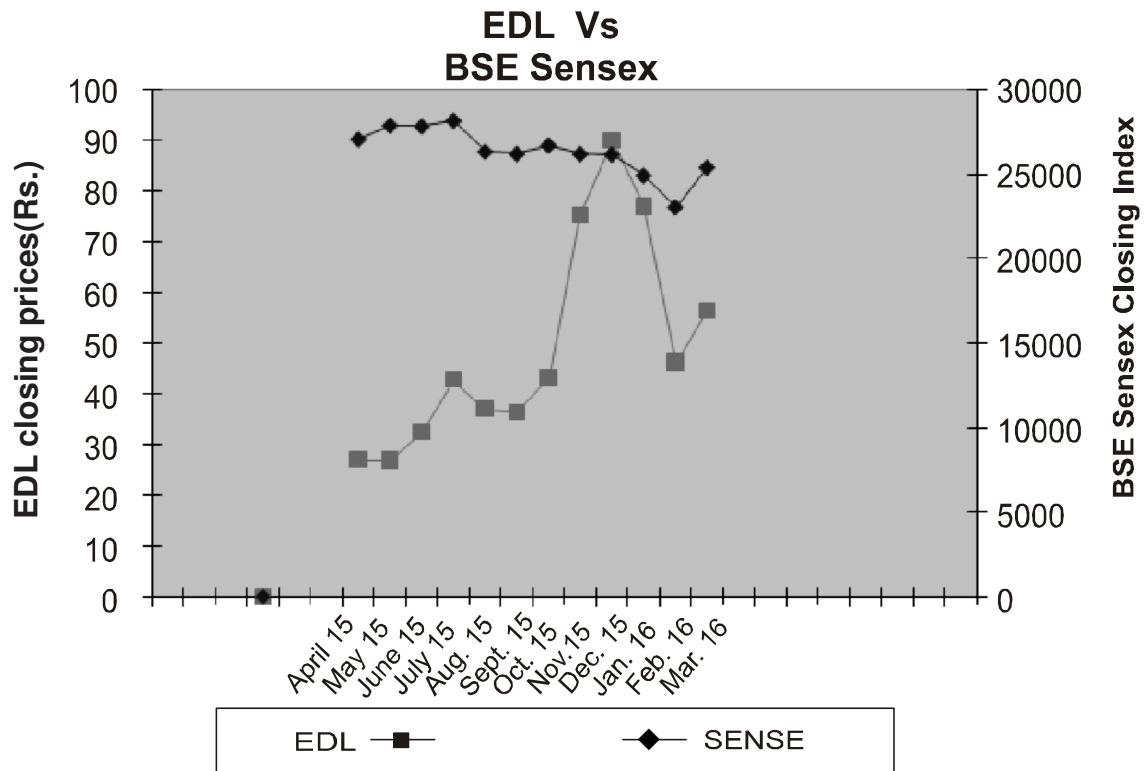
vi. Stock Market Data :

BSE Ltd (BSE) & National Stock Exchange of India Ltd (NSE); (Face value of Rs.10/-each)

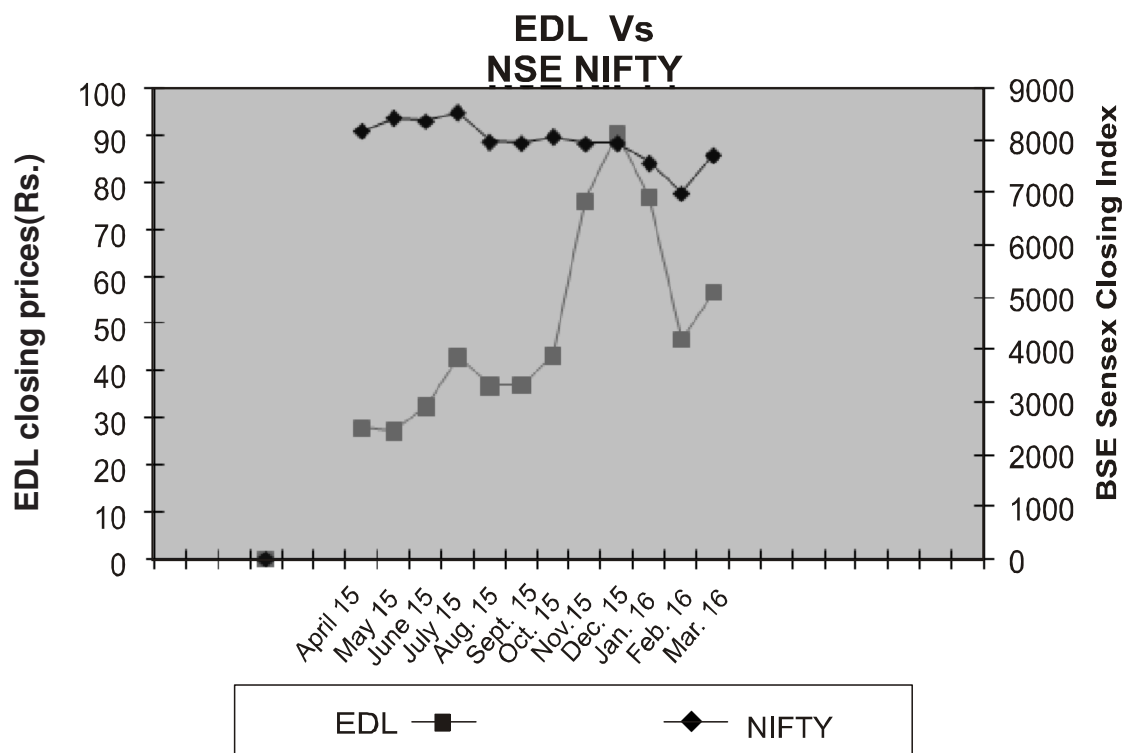
Months	NSE			BSE		
	High Price (Rs.)	Low Price (Rs.)	Closing Price (Rs.)	High Price (Rs.)	Low Price (Rs.)	Closing Price (Rs.)
Apr-15	28.00	26.95	27.70	31.50	23.65	27.05
May-15	27.35	26.50	27.00	30.00	24.55	26.90
Jun-15	33.35	29.15	32.20	35.50	24.35	32.45
Jul-15	45.00	41.85	42.65	45.00	31.40	42.75
Aug-15	39.00	35.55	36.65	52.00	31.50	37.00
Sep-15	38.00	36.00	36.75	40.00	32.25	36.50
Oct-15	45.35	42.35	43.10	48.25	36.75	43.25
Nov-15	78.25	73.25	75.90	82.70	43.50	75.40
Dec-15	93.40	88.45	90.15	115.85	72.80	89.95
Jan-16	78.85	75.90	76.60	105.65	64.00	76.95
Feb-16	46.90	45.15	46.45	78.65	45.50	46.20
Mar-16	60.90	56.00	56.40	67.05	46.40	56.50



vii. (a) Stock Price performance in comparison to BSE Sensex :



(b) Stock Price performance in comparison to NSE Nifty :





- viii. Registrars and Share Transfer Agents :

M/s.Cameo Corporate Services Limited
No.1, Subramaniam Building,
Club House Road, Chennai – 600 002.

- ix. Share Transfer system

Share transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects, by the Stakeholders' Relationship Committee.

- x. Distribution of shareholding as on 31st March, 2016

No. of equity shares held	No. of folios	No. of shares held	% of share-holding
1 to 100	22859	871683	4.5856
101 to 500	430	1118631	5.8847
501 to 1000	845	673181	3.5414
1001 to 2000	430	650249	3.4207
2001 to 3000	146	380778	2.0031
3001 to 4000	73	259504	1.3651
4001 to 5000	47	224678	1.1819
5001 to 10000	98	706263	3.7154
10001 and above	104	14123926	74.3016
Total	28910	19008893	100.0000

- xi. Shareholding pattern as on 31st March, 2016

No. of equity shares held	No. of folios	No. of shares held	% of share-holding
Promoters	2	6969751	36.67
Directors and their relatives	6	4702933	24.74
FIs/ Banks	1	13623	0.07
Private Corporate Bodies	345	1047013	5.51
Indian Public	28311	6076602	31.96
NRIs and OCBs	245	198971	1.05
Total	28910	19008893	100.0000

- xii. Dematerialisation of shareholding and liquidity 98.73% of total equity share capital is held in dematerialized form with NSDL and CDSL.
- xiii. Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity Nil



xiv. Plant locations

1.Tamilnadu Unit :

Mevalooruppam, Sriperumpudur,
Kancheepuram, Tamil Nadu.

2.Kerala Unit :

NIDA, Menonpara Road Kanjikode,
Palakad District, Kerala.

3. Karnataka Unit :

Arabikothanur Village,
Kolar District, Karnataka.

4. Power Plant :

Kottadivayal Village,
Aranthangi Taluk, Pudukkottai District,
Tamilnadu.

5.Grain Based Alcohol Plant :

Choutkur Village, Pulkal Mandal,
Medak District, Telangana.

xv. Address for correspondence

Empee Tower, No.59, Harris Road,
Pudupet, Chennai – 600 002.
E-mail ID : cs@empeegroup.co.in

xvi. The following are the details of dividends declared by the Company and the respective due dates for transfer of unclaimed / unpaid dividend to the Investor Education and Protection Fund (IEPF).

Date of declaration of dividend	Dividend for the financial year	Due date of credit to the Central Government	Due date of transfer to the Central Government
29-09-2009	2008-09	28-09-2016	28-10-2016
29-09-2010	2009-10	28-09-2017	28-10-2017
29-09-2011	2010-11	03-10-2018	03-11-2018
28-12-2012	2011-12	03-01-2019	03-02-2019
30-12-2013	2012-13	29-12-2020	29-01-2021

It may be noted that no claim of the shareholders will be entertained by the Company for the unclaimed / unpaid dividends after their credit to the Investors Education & Protection Fund.

In view of the above, the shareholders are advised to send their unencashed dividend warrants to the Registered Office of the Company for revalidation and encash them before the due date for credit to the IEPF.

Board's Evaluation :

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement / SEBI's LODR, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees.

While Independent Directors in their separate meeting have carried out to assess the performance of Chairman, JMD and other Directors of the Board more particularly about their business acumen and contribution to the Company, the performance evaluation of the Independent Directors was carried out by the entire Board.

The Independent Directors expressed their satisfaction with the evaluation process, functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of duties, obligations, responsibilities and governance.

**Chief Executive Officer and Chief Financial Officer Certificate :**

Ms.NishaPurushothaman, Joint Managing Director and Mr.V.Srinivasan, CFO have submitted to the Board of Directors the certification under Clause 49 of the Listing Agreement and the SEBI's (LODR), 2015, pertaining to CEO/CFO Certification for the financial year ended 31st March 2016.

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT / SEBI's (LODR), 2015.

As required by Clause 49 of the Listing Agreement and the SEBI's (LODR), 2015, this is to confirm that the Company has adopted a Code of Conduct and Ethics for all Board Members and Senior Management of the Company and they have affirmed their adherence to the Code of conduct for the financial year ended 31st March, 2016.

Place : Chennai
Date : 11.08.2016

M.P. Purushothaman
Chairman

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT / SEBI's (LODR), 2015.

As required by Clause 49 II(E)(2) of the Listing Agreement / SEBI's (LODR), 2015 with the Stock Exchanges, this is to confirm that the Company has adopted a Code of Conduct and Ethics for all Board Members and Senior Management of the Company. The Code is available on the Company's website.

I further confirm that the Company has in respect of the financial year ended 31st March, 2016, received from all the Board Members and Senior Management of the Company, a declaration of compliance with the Code, as applicable to them.

For the purpose of this declaration, Senior Management Team shall mean heads of the various functions of the Company.

For Empee Distilleries Limited

Nisha Purushothaman
Joint Managing Director

Place : Chennai
Date : 11.8.2016

**CERTIFICATION BY JOINT MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER**

We hereby certify that we have reviewed the Financial Statements and the Cash Flow Statement for the financial year ended 31st March, 2016 and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the aforesaid period which are fraudulent, illegal or violative of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal control systems, if any, of which we are aware, and that we have taken the required steps to rectify these deficiencies.
5. We have indicated to the Auditors and the Audit Committee that:
 - (a) there have been no significant changes in internal control over financial reporting during the year.
 - (b) there have been no significant changes in accounting policies during the year.
 - (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Empee Distilleries Ltd

Place: Chennai.
Date : 11.8.2016

Nisha Purushothaman
Joint Managing Director

V.Srinivasan
Chief Financial Officer

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

To
The Members of Empee Distilleries Limited

We have examined the compliance of conditions of Corporate Governance by Empee Distilleries Limited ("the Company") for the year ended 31st March 2016 as stipulated in Clause 49 of the Listing Agreement / SEBI's (LODR), 2015 of the said Company with the relevant Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, 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.

For Venkatesh & Co.,
Chartered Accountants (F.R.No.004636S)

CA Dasaraty V
Partner
M. No.026336
Place: Chennai
Date : 11.08.2016



INDEPENDENT AUDITOR'S REPORT

To
The Members of
M/s. Empee Distilleries Limited.

Report on Financial Statements

We have audited the accompanying financial statements of M/s. Empee Distilleries Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016 and the Statement of Profit and Loss, the Cash Flow statement for the year ended from 01/04/2015 to 31/03/2016, and a summary of the significant accounting policies and other explanatory information for the year then ended.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the preparation of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the companies Act 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Basis for Qualified Opinion

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

- a. *The company has made an investment of Rs. 1.59 Crores and given share application money of Rs. 140.36 Crores to its subsidiary Empee Sugars and Chemicals Limited towards promoters share. The subsidiary company Empee Sugars and Chemicals Limited is incurring losses and has been registered under BIFR as a sick company. This may result in diminution in the value of investments for which no provision is considered.*
- b. *Other Loans and advances amounting to 28.80 Crores out of 37.25 Crores under the head Other Current assets, Sundry debtors amounting to Rs. 13.49 Crores and Sundry creditors amounting to Rs. 35.34 Crores are subject to confirmation and reconciliation. The impact on profitability is not ascertainable.*

Qualified Opinion :-

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

Without Qualification we also draw attention to note 4.1.C relating to Punjab National Bank invoking guarantee and the same being disputed by the Company and hence not provided for.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company for as at March 31, 2016;
- b) in the case of the Profit and Loss Account, of the **profit** for the yearended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements :-

1. As required by the Companies (Auditor's Report) Order, 2016(" the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in Annexure I a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss and Cash flow statement, dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 except for the effects of the matter described in the Basis for Qualified Opinion paragraph.



- e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2016, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.
- f) The company has adequate internal financial controls system in place and these controls are operating effectively.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - i. The company has the following pending litigations which would impact its financial position.

S No	Case No	Amount	Status
1.	CP309/2014	Company Petition for winding up filed by Mohan Breweries Ltd before High Court of Chennai for recovery of dues of Rs.8.50 Crs.	Compromise entered into for a scheme of payment.
2.	Appeal filed by EDL and others before CE, Tribunal, Chennai.	Customs and Excise Tribunal-SZ Bench at Chennai	The order dt.12-3-2014, of the Commissioner of customs, Tuticorin directed to pay differential duty in the purchase of coal amounting to Rs.28,60,189/- with penalty of Rs 30,00,000/- and penalty of Rs 1,00,000/- against individual name of GM of EDL. On appeal stay granted to the Company.
3.	Appeal C/41496/2014-DB	Before Customs Excise & Service Tax Appellate Tribunal, Chennai	The commissioner of customs, Tuticorin filed an appeal against its orders granting exemption for customs duty to the tune of Rs. 35,23,458/- under notification 46/2011 of coal import from Asian countries against EDL. Not yet listed.
4.	RFA No 119/2015 filed by us against judgment in OS 537/2008 dt.29-8-2014 filed by M/s Vintage Marketing	Before High Court of Kerala	Case relates to marketing services -Judgment and Decree for Rs 18,01418 with costs and interest @18% per annum passed by SubJudge Palakkad against EDL. The Company has filed an appeal in this regard.
5.	OP732of 2015 before High Court of Madras against Arbitration Award passed by Retd. Justice J.Kanakaraj	Before High Court of Kerala	OP filed against the award of payment of 15,00,000/- with 12 % interest from the year 2005 against the Arbitration raised by Mrs.Indumathi of RVS Enterprises,Pondicherry against EDL and others. Counter Claim by EDL was also filed. Pending for final disposal.
6.	CP No.4/2015	Before High Court of Madras	Winding up petition filed by M/s Hambuja Roadways for the alleged recovery of debt of principal, cost and interest of Rs.15,20,729/- against EDL. Pending for admission.
7.	First appeal 264 of 2013 Filed by EDL	Before Dist Court at Nashik, Maharastra	Filed against the judgment in Suit 11 /2002 filed by M/s Dolphin Impressions P Ltd,Nashik for the claim of Rs 5,43,661/ with interest @24% p.a. Pending for Orders.



S No	Case No	Amount	Status
8.	Arbitration	Before Retd. Justice K.P. Sivasubramaniam	Initiated by M/s Khoday India Ltd against EDL for dispute and claim of Rs. 22,45,11,819/- with interest. Counter claim was filed by the company for Rs.22,69,65,608/-.
9.	MACT OP No.1375 of 2014	Small causes Court – Motor accident Claims Tribunal, Chennai	Accident -Compensation of Rs 4,00,000/- against involvement of vehicle TN01AC 2460 TATA ACE of Empee Distilleries Ltd by Miss. Abinaya D/o Karunakaran. Not yet listed.

- ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the company.

**For Venkatesh & Co.,
Chartered Accountants
F.R.No.004636S**

**CA Dasaraty V
M.No.026336
Partner**

**Place : Chennai
Date : 30/05/2016**

**ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our Report of even date)

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government in terms of section 143 (11) of the Companies Act, 2013 and on the basis of such checks of the books and records of the Company, as we considered appropriate and according to the information and explanations given to us during the course of the audit, we report that,
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
 - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) As per information provided to us, the title deeds of immovable properties are held in the name of the company.
2. In our opinion and according to the information and explanations given to us, the inventories have been physically verified during the year by the management and no material discrepancies were noticed during the physical verification.
3. The company has granted loans to related parties amounting to Rs.24.88 crores without stipulation as to the repayment of principal and interest.
 - a) In the light of above, we do not comment on terms and conditions of grant of such loans.
 - b) In the light of above, we do not comment on repayment of the principal amount and interest and other conditions.
 - c) In the light of above, we do not comment on the reasonable steps have been taken by the company for recovery of the principal and interest.
4. According to the information and explanations given to us, in respect of Loans, investments, guarantees and security the provisions of sections 185 and 186 of Companies Act 2013 were complied with:
5. According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore the provisions of section 73 to section 76 the Companies Act 2013 and rules framed there under are not applicable.
6. In our opinion and according to the explanations given to us, maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the companies Act, 2013. We, however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7.
 - a) According to the information and explanation given to us and according to the books and records as produced and examined by us, in our opinion, the Company has been depositing undisputed statutory dues such as Provident fund, income tax, sales tax, customs duty, cess and other statutory dues with some delay, Income tax of Rs. 8.28 Crores for the FY 2011-12, Rs 1.77 Crore for the FY 2012-13, has not been paid as on date.
 - b) According to the records of the Company and according to the information and explanations given to us, except the following there are no dues of Income tax, Wealth tax, Sales tax, Excise duty and cess which have not been deposited on account of any dispute except as stated here under:-



SI No	Name of the statute	Nature of Dues	Amount In Lacs	Period to which the amount relates	Forum where dispute is pending
1	Income Tax Act, 1961	Income Tax	190.00	2005-06	Income Tax Appellate Tribunal
2	Income Tax Act, 1961	Income Tax	24.49	2008-09	Commissioner of Income Tax (Appeals)
3	Income Tax Act, 1961	Income Tax	346.09	2009-10	Commissioner of Income Tax (Appeals)
4	Income Tax Act, 1961	Income Tax	154.10	2010-11	Commissioner of Income Tax (Appeals)
5	Income Tax Act, 1961	Income Tax	496.25	2012-13	Commissioner of Income Tax (Appeals)
6	Income Tax Act, 1961	Income Tax	53.92	2013-14	Commissioner of Income Tax (Appeals)
7	Central Excise Act 1944	Customs and Excise	59.6	2013-14	The order dt.12-3-2014, of the Commissioner of customs, Tuticorin directed to pay differential duty in the purchase of coal amounting to Rs. 28,60,189/-with penalty of Rs 30,00,000/—and penalty of Rs.1,00,000/-against individual name of GM of EDL

8. Based on our audit procedures and according to the information and explanations given to us, except in the following two cases the company has not defaulted in repayment of dues to financial institutions and banks after restructuring of the loans.

(Amount in Lacs)

Name of the Bank	Principal Over Due	Interest Over Due	Total Over Due	Total Liability as on 31.03.2016
Union Bank of India	246.86	144.9	391.76	1018.21

9. In our Opinion and according to the information and explanations given to us, the company has not issued shares to the public during the year. In respect of the term loans the company has not obtained any term loans. Hence, comments under the clause are not called for.
10. In our Opinion and according to information and explanations furnished to us no fraud on or by the Company has been noticed or reported during the year.
11. According to the records of the company provided to us managerial remuneration is within requisite approvals mandated by the provisions of section 197 read with schedule V of Companies Act 2013.
12. The company is not a Nidhi company, we do not comment on Net Owned Funds to Deposits ratio and unencumbered term deposits as specified in Nidhi Rules 2014.



13. In our opinion the Company has complied with the provisions of sections 177 and 188 of the Companies Act 2013 for all the transactions with related parties and the details have been disclosed as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or Private placement of shares or fully or partly convertible debentures during the year. Hence we do not comment on Compliance of section 42 of Companies Act 2013.
15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Hence we do not comment on Compliance of Section 192 of Companies Act 2013.
16. The Company is not required to be registered under 45-IA of the Reserve bank of India Act, 1934.

**For Venkatesh & Co.,
Chartered Accountants
F.R.No.004636S**

**Place : Chennai
Date : 30.05.2016**

**CA Dasaraty V
M.No.026336
Partner**

**BALANCE SHEET AS AT MARCH 31, 2016**

(Currency: Indian Rupees in Lakhs)

Particulars	Note No.	As at Mar. 31, 2016	As at Mar. 31, 2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	2 (1)	1,900.89	1,900.89
(b) Reserves and surplus	2 (2)	28,569.26	28,416.98
		30,470.15	30,317.87
(2) Non-current liabilities			
(a) Long-term borrowings	2 (3)	3,174.91	3,791.29
(b) Deferred tax liabilities (Net)	2 (4)	998.88	1,067.81
(c) Other long term liabilities	2 (5)	6,080.47	9,228.44
(d) Long-term provisions	2 (6)	138.36	91.34
		10,392.63	14,178.89
(3) Current Liabilities			
(a) Short-term borrowings	2 (7)	7,020.92	8,381.32
(b) Trade payables	2 (8)	9,053.88	6,951.93
(c) Other current liabilities	2 (9)	1,127.78	1,024.52
(d) Short-term provisions	2 (10)	8,155.76	5,918.46
		25,358.34	22,276.24
TOTAL		66,221.12	66,772.99



(Currency: Indian Rupees in Lakhs)

Particulars	Note No.	As at Mar. 31, 2016	As at Mar. 31, 2015
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets	2 (11)		
(i) Tangible assets		17,856.72	19,239.82
(a) Non-current investments	2 (12)	27,997.14	27,997.15
(b) Long-term loans and advances	2 (13)	2,488.16	4,203.60
(c) Other non-current assets	2 (14)	623.17	632.01
		48,965.19	52,072.58
(2) Current Assets			
(a) Inventories	2 (15)	6,457.67	4,934.26
(b) Trade receivables	2 (16)	6,628.98	5,335.30
(c) Cash and cash equivalents	2 (17)	443.56	279.96
(d) Other Current assets	2 (19)	3,725.74	4,150.88
		17,255.94	14,700.41
TOTAL		66,221.12	66,772.99
Significant Accounting Policies	1		
Notes to the Balance Sheet	2		
Other Notes	4		

As per our report of even date

for Venkatesh & Co.,
 Chartered Accountants
 Firm Registration No.04636S

 CA Dasaraty V
 Partner
 Membership No.026336
 Place : Chennai
 Date : 30.05.2016

 For and on behalf of the Board of Directors of
EMPEE DISTILLERIES LTD
M.P.Purushothaman
 Chairman

K.Murali
 Company Secretary

Nisha Purushothaman
 Joint Managing Director

V.Srinivasan
 Chief Financial Officer



STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2016

(Currency: Indian Rupees in Lakhs)

Particulars	Note No.	Year ended Mar. 31, 2016 (12 Months)	Period ended Mar. 31, 2015 (18 Months)
I. Revenue from operations	3 (1)	61,082.64	91,211.79
II. Other income	3 (2)	185.50	298.61
III. Total Revenue (I + II)		61,268.14	91,510.39
IV. Expenses :			
Cost of materials consumed	3 (3)	20,489.16	36,415.05
Changes in inventories of finished goods, work-in-progress	3 (4)	(765.97)	(690.03)
Employee benefits expense	3 (5)	2,131.61	2,959.36
Finance costs	3 (6)	2,504.36	3,510.56
Depreciation and amortization expense	2 (11)	1,298.42	1,178.23
Other expenses	3 (7)	35,273.38	48,370.35
Total Expenses		60,930.97	91,743.51
V. Profit before exceptional and extraordinary items and tax (III-IV)		337.17	(233.12)
VI Extraordinary items		-	-
VII Profit before tax (VII - VIII)		337.17	(233.12)
VIII Tax Expenses :			
(1) Current Tax		234.04	-
(2) Earlier tax provision		-	121.43
(2) Deferred Tax	2 (4)	(68.93)	(79.24)
X Profit/(Loss) for the year (XI + XIV)		172.07	(275.31)
XIV Earnings per equity share of face value of Rs.10 Each Basic & Diluted		0.91	(1.45)

As per our report of even date

for Venkatesh & Co.,
Chartered Accountants
Firm Registration No.04636S

CA Dasaraty V
Partner
Membership No.026336
Place : Chennai
Date : 30.05.2016

For and on behalf of the Board of Directors of
EMPEE DISTILLERIES LTD

M.P.Purushothaman
Chairman

K.Murali
Company Secretary

Nisha Purushothaman
Joint Managing Director

V.Srinivasan
Chief Financial Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

(Currency: Indian Rupees in Lakhs)

Particulars	Year ended Mar. 31, 2016	Period ended Mar. 31, 2015
<u>A. Cash Flow from Operating Activities</u>		
Net Profit before taxation	337.17	(233.12)
<u>Adjustments for:</u>		
Depreciation on fixed assets	1,298.42	1,198.01
Interest expense	2,485.05	3,477.31
Preliminary expenses written off	-	-
Loss on sale of fixed assets	79.59	-
Dividend Income	-	(0.01)
Interest income	(10.11)	(13.56)
Operating Profit before Working Capital changes	4,190.12	4,428.64
<u>Adjustments for :</u>		
(Increase) / Decrease in inventories	(1,523.41)	(1,231.10)
(Increase) / Decrease in trade receivables	(1,293.68)	(796.02)
(Increase) / Decrease in loans and advances	2,149.43	(5,532.67)
Increase / (Decrease) in liabilities	(964.67)	6,249.90
Increase / (Decrease) in provisions	2,261.36	(54.76)
CASH GENERATED FROM OPERATIONS	4,819.16	3,063.99
Income tax Paid	(165.11)	(121.43)
Income tax Reversal	-	-
Net Cash inflow from/ (outflow) from Operating activities	4,654.05	2,942.56
<u>B. Cash Flow from Investing Activities</u>		
(Purchase) of investments	0.01	-
Purchase of fixed assets (including CWIP)	(104.90)	(445.88)
Sale Proceeds from fixed assets	90.21	-
Interest received	10.11	13.56
Margin money deposit	-	32.73
Dividend received	-	0.01
Net Cash inflow from/ (outflow) from Investing activities	(4.57)	(399.58)



(Currency: Indian Rupees in Lakhs)

Particulars	Year ended Mar. 31, 2016	Period ended Mar. 31, 2015
C. Cash Flow from Financing Activities		
Increase in Working Capital Loan	(1,360.41)	1,370.24
Increase in Term Loan	(616.38)	(353.84)
Interest paid	(2,485.05)	(3,477.31)
Dividend paid	-	-
Dividend distribution tax paid	-	-
Net Cash inflow from/ (outflow) from Financing activities	(4,461.83)	(2,460.91)
Net increase / (decrease) in cash and cash equivalents	187.64	82.06
Opening Cash and Cash Equivalents		
Cash in hand	21.49	66.72
Bank balances	218.95	91.66
	240.44	158.38
Closing Cash and Cash Equivalents		
Cash in hand	11.81	21.49
Bank balances	416.27	218.95
	428.08	240.44

As per our report of even date
for Venkatesh & Co.,
Chartered Accountants
Firm Registration No.04636S

CA Dasaraty V
Partner
Membership No.026336
Place : Chennai
Date : 30.05.2016

For and on behalf of the Board of Directors of
EMPEE DISTILLERIES LTD

M.P.Purushothaman
Chairman

K.Murali
Company Secretary

Nisha Purushothaman
Joint Managing Director

V.Srinivasan
Chief Financial Officer

**Notes forming part of financial statements for the year ended March 31, 2016****Note 1: SIGNIFICANT ACCOUNTING POLICIES****1.1 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, 2013. The accounting is on the basis of going concern concept. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

1.2 Current and Non Current Classification:

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of current-non current classification of assets and liabilities.

1.3 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.

1.4 Revenue Recognition

Revenue is recognized only when it can be readily measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods, services, sales tax, service tax and excise duty adjusted for discounts (net) and Value added tax. Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion taking into account the amount outstanding and rate applicable.

1.5 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. The company has not been able to complete the Component based depreciation as per the applicable accounting Standard, *however the company has obtained a technical opinion stating that the useful life of significant component of the asset is not different from the useful life of the fixed assets.*

Depreciation on fixed assets is provided using the straight-line method at the rates specified in Schedule II to the Companies Act, 2013 as per the new provisions.

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.

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.



1.6 Borrowing cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to profit and loss account.

1.7 Impairment of Fixed Assets

As asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in the prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

1.8 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.

1.9 Investments

Current investments are carried at lower of cost and quoted/fair value. Long term investments are stated at cost. Provision for diminution in the value of long term investments is only if such a decline is other than temporary.

Investment by Empee Distilleries Ltd in subsidiaries

In Equity Shares :

SI No.	Name of the Company	No of shares held
1	Empee Sugars and Chemicals Ltd	26,622,102
2	EDL Properties Ltd	750,000
3	Appollo Distilleries & Breweries Pvt Ltd	41,846,500
4	Empee Hotels Ltd	19,512,997

1.10 Inventories

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, stores and spares are determined on first-in-first-out basis while finished goods are determined on weighted average basis.

1.11 Foreign Currency Transaction

a) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction.

b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.

c) Non monetary foreign currency items are carried at cost.



d) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

1.12 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. There is no major deviation in the accounting policy during the current year.

1.13 Provision for Current Tax and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

1.14 Provisions, Contingent Liabilities and Contingent Assets

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

1.15 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.

1.16 Employee Benefits

a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

b) Post-employment and other long term employee benefits are recognized as an expense in the Statement of Profit and Loss for the year in which employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit and Loss.

1.17 Segment Reporting

As per the Accounting Standard (AS-17) on "Segment Reporting", segment information has been furnished under the note to Consolidated Financial Statements.



ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 2 : Notes to the Balance Sheet

1 - SHARE CAPITAL

a. Details of authorized, issued and subscribed share capital

(Currency: Indian Rupees in Lakhs)

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
Authorized Capital 3,00,00,000 Equity Shares of Rs10/- each	3,000.00	3,000.00
Issued ,Subscribed and fully paid Share Capital 1,90,08,893 Equity Shares of Rs10/- each	1,900.89	1,900.89
	1,900.89	1,900.89

b. Informations on shareholders

Name of Shareholder	Relationship	As at March 31, 2016		As at March 31, 2015	
		No of Equity shares held	Percentage	No of Equity shares held	Percentage
Mr.M.P.Purushothaman		2094514	11.02%	2077954	10.93%
Mrs.Aruna Purushothaman		1800000	9.47%	1800000	9.47%
Mrs.Nisha Purushothaman		1002000	5.27%	1002000	5.27%
Mr.Sheeku Purushothaman		1002000	5.27%	1002000	5.27%
Mrs.Sheena Purushothaman		888923	4.68%	1002044	5.27%
M/s.Empee Holding Ltd		4875237	25.65%	6895272	36.27%

c. Reconciliation of number of shares

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	19008893	1900.89	19008893	1900.89
Shares Issued during the year	-	-	-	0
Shares bought back during the year	-	-	-	0
Shares outstanding at the end of the year	19008893	1900.89	19008893	1900.89



d. Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back

Particulars	Year				
	March 31, 2011	Sept. 30, 2012	Sept. 30, 2013	March 31, 2015	March 31, 2016
Fully paid up pursuant to contract's without payment being received in cash	—	—	—	—	—
Fully paid up by way of bonus shares	—	—	—	—	—
Shares bought back	—	—	—	—	—

2 - RESERVES AND SURPLUS

(Rupees in Lakhs)

Particulars	As at March 31, 2016	As at Mar. 31, 2015
a. Securities Premium Account		
Opening Balance	17,414.59	17,414.59
Closing Balance	17,414.59	17,414.59
b. Revaluation Reserve		
Opening Balance	1,612.72	1,632.50
(-) Written Back in Current Year	19.78	19.78
Closing Balance	1,592.94	1,612.72
c. General Reserve		
Opening Balance	1,297.16	1,297.16
Closing Balance	1,297.16	1,297.16
d. Surplus in the statement of profit and loss		
Opening balance	8,092.51	7,249.68
(+) Net Profit For the current year	172.07	(275.31)
	8,264.58	6,974.37
(-) Appropriations		
(+) Prior Period Income (Depreciation)	-	1,118.15
Closing Balance	8,264.57	8,092.51
GRAND TOTAL	28,569.26	28,416.98

3 - LONG-TERM BORROWINGS

Particulars	As at March 31, 2016	As at Mar. 31, 2015
(A) TERM LOANS *		
(i) From Banks - SECURED		
Power Project in Aranthangi, Trichy (Refer Note 3.1 (i))		
Andhra Bank	0.00	0.00
60 KLPD Project in Chotkur, Telangana (Refer Note 3.1 (ii))		
Andhra Bank	2,244.43	2,656.98
Union Bank of India	790.77	768.99
(ii) Others - UNSECURED *		
SBI factors	139.71	365.33
TOTAL	3,174.91	3,791.29

* Principal amounts due with in next one year has been reclassified under other current liabilities



3.1 Security & Other Terms

- (i) Paripassu first charge on fixed assets including plant and machineries of Aranthangi Division and by personal guarantee of three Directors. The term loans are repayable on quarterly installments.
- (ii) Secured by way of first charge on pari-pass basis on the fixed assets including plant and machineries of grain based division at Sangareddy, Andhrapradesh. Second paripassu charge on current assets and by personal guarantee of three directors.

The term loans are repayable in quarterly installments.

4 - DEFERRED TAX LIABILITY (Net)

(Rupees in Lakhs)

The major components of deferred tax liability / asset as recognized in the financial statement is as follows:

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
Deferred Tax Liability		
Excess of net block of fixed assets as per books of accounts over net block for tax purpose	1,067.82	1,147.05
	1,067.82	1,147.05
Deferred Tax Asset		
Provision for gratuity	-	-
Leave Encashment	-	-
Depreciation	68.94	79.24
Bonus	-	-
	68.94	79.24
Net	998.88	1,067.82

Deferred Tax Charge / (Credit) for the year

(68.94)

69.79

5 - OTHER LONG-TERM LIABILITIES

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
Trade Payables	463.40	832.22
Other Payables	609.44	1,988.93
Payable to related parties	5,007.63	6,407.29
Total	6,080.47	9,228.44

6 - LONG-TERM PROVISIONS

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
Provision for Employee Benefits :		
Gratuity payable	122.89	84.56
Unpaid dividends	15.48	6.79
Total	138.36	91.34

**7 - SHORT-TERM BORROWINGS**

(Rupees in Lakhs)

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
SECURED		
(a) Loans repayable on demand		
From Banks		
Cash Credit Loan	6,172.05	7,384.04
(Cash Credit facilities are secured by hypothecation of current assets located at Mevalurkuppam, Palakkad, Aranthangi and Chotkur and second charge on the fixed assets including plant and machineries of respective locations and also by personal guarantee of three of the directors.)		
(b) Other loans and advances		
Secured by hypothecation of vehicles	1.66	69.81
UNSECURED		
Factoring facility - NBFCs	847.21	927.47
GRAND TOTAL	7,020.92	8,381.32

8 - TRADE PAYABLES

Trade Payables	9,053.88	6,951.93
	9,053.88	6,951.93

The Vendors of the Company are yet to submit their status under Micro, Small and Medium Enterprises, hence the relevant information is not available with the company. Therefore no disclosure relating to Micro, Small and Medium Enterprises, have been made in accounts.

9 - OTHER CURRENT LIABILITIES

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
Current maturities of long-term debt	1127.78	934.32
Income received in advance	--	90.20
Total	1127.78	1024.52

10. SHORT-TERM PROVISIONS

Provision for employee benefits :		
Salary & wages payable	75.34	57.17
Bonus payable	40.12	30.40
Others :		
Provision for taxation (net of advance tax)	941.41	1,060.36
Tax on proposed dividend	-	25.84
PF payable	49.43	8.13
ESI payable	4.32	0.68
Sales tax payable	6,165.93	3,964.96
Service Tax payable	105.78	19.17
Tds payable	68.34	52.75
Excise Duty payable	30.50	-
Provisions for expenses	670.72	691.79
Provision for audit fees	3.87	7.21
Total	8,155.76	5,918.46



(Rupees in Lakhs)

11 - FIXED ASSETS

Particulars	Gross Block			Accumulated Depreciation					Net Block	
	As at March 31, 2015	Additions (Deletions) during the Year	Deductions / Adjustments	As at March 31, 2016	As at March 31, 2015	Accumulated Depreciation due to change in method	Depreciation charge for the year	Deletions	As at March 31, 2016	As at March 31, 2015
Tangible Assets										
Freehold Land	3,082.01	89.90	169.80	3,002.11	-	-	-	-	3,002.11	3,082.01
Factory Building	5,842.66	-	-	5,842.66	418.21	-	172.33	-	5,252.12	5,424.45
Plant & Machinery	14,487.14	8.02	-	14,495.16	4,087.11	-	1,079.09	-	9,328.96	10,400.03
Furniture & Fittings	37.28	-	-	37.28	25.24	-	1.70	-	10.34	12.04
Vehicles	761.22	-	-	761.22	475.57	-	45.43	-	240.22	285.65
Office Equipment	125.48	3.29	-	128.77	89.86	-	15.93	-	22.98	35.62
Computers	267.87	3.69	-	271.56	267.84	-	3.72	-	-	0.03
Total	24,603.66	104.90	169.80	24,538.76	5,363.83	-	1,318.20	-	17,856.72	19,239.82
Previous Year	23,775.49	828.17	-	24,603.66	5,283.97	1,118.15	1,198.01	-	19,239.82	18,491.51
**Depreciation for the year amounting to Rs.19.78 lacs is charged to fixed asset revaluation reserve										
Intangible Assets	-	-	-	-	-	-	-	-	-	-



12. NON-CURRENT INVESTMENTS

(Rupees in Lakhs)

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
A. Trade Investments (Refer A below)		
(a) Investment in Equity instruments		
Quoted : Empee Sugars & Chemicals Ltd (Subsidiary) Rs.10 26622102	159.73	159.73
Quoted : Andhra Bank Rs.100 1000	0.96	0.96
Unquoted: Empee Hotels Ltd (Associate) Rs.10 19512997	9,532.80	9,532.80
Unquoted: EDL Properties Ltd (Subsidiary) Rs.10 750000	75.00	75.00
Unquoted: Appollo Distilleries Pvt Ltd (Subsidiary) Rs.10 41846500	4,184.65	4,184.65
(b) Investments in preference shares Rs.10 25000	2.50	2.50
Ceat Finance Ltd		
(c) Investments in Mutual Funds		
Union KBC Asset Management Pvt Ltd	5.00	5.00
	13,960.64	13,960.64
B. Other Investments (Refer B below)		
(a) Other non-current investments		
Share Application money in Subsidiaries		
Appollo Distilleries Pvt Ltd	-	0.01
Empee Sugars & Chemicals Ltd	14,036.50	14,036.50
	14036.50	14,036.51
TOTAL (A+B)	27,997.14	27,997.15

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
Aggregate amount of quoted investments		
- Cost	160.69	160.69
- Market Value	1,725.67	1,331.11
Aggregate amount of unquoted investments	13,799.95	13,799.95

12.1 The company has made share application money for allotment of 0% convertible preference shares of Rs.10/- each at a premium of Rs.140 each from 7th July, 2008 to 30th September, 2012. The allotment could not be made as necessary approvals are yet to be received from SEBI, legal opinion has been received stating that BIFR is the deciding authority regarding allotment/refund of share application pending allotment

13. LONG-TERM LOANS AND ADVANCES

(Rupees ₹ in Lakhs)

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
a. Capital Advances	-	313.14
b. Loans and advances to related parties	2488.16	3890.46
	2488.16	4,203.60

**14. OTHER NON-CURRENT ASSETS**

(Rupees in Lakhs)

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
a) Trade receivables Unsecured, considered good	328.01	328.01
b. Others Deposits - with government departments	230.31	228.65
c. Other Deposits	64.85	75.35
	623.17	632.00

15. INVENTORIES

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
a. Raw Materials	3,922.51	3,165.07
b. Work-in-progress	819.34	900.74
c. Finished goods	1,715.82	868.45
	6,457.67	4,934.26

16. TRADE RECEIVABLES

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
Trade receivables outstanding for a period less than six months Unsecured, considered good	5,103.94	5,187.44
Trade receivables outstanding for a period exceeding six months Unsecured, considered good	1,525.04	147.86
	6,628.98	5,335.30

17. CASH AND CASH EQUIVALENT

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
Cash and Cash Equivalent :		
a. Balances with banks	416.27	218.95
b. Cash on hand	11.81	21.49
	428.08	240.44
Other Bank Balance :		
a. Margin Money deposit with Andhra Bank	-	32.73
b. Balances lying in unpaid dividend account	15.48	6.79
	15.48	39.52
	443.56	279.96

18. OTHER CURRENT ASSETS

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
Prepaid Expenses	59.42	40.72
Deposits - Others	-	409.28
Other loans & advances	3666.32	3700.89
	3,725.74	4,150.88



Accompanying notes to the financial statements

NOTE 3 : Notes to the Statement of Profit and Loss

1 - REVENUE FROM OPERATIONS

(Rupees in Lakhs)

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
Sale of Products (Gross)	86,902.63	127,462.17
Less : Excise Duty	28,373.27	39,815.14
	58,529.35	87,647.03
Other operating Revenues	2,553.29	3,564.76
	61,082.64	91,211.79

2 - OTHER INCOME

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
Scrap Sales	28.11	40.34
Miscellaneous Income	157.39	258.26
	185.50	298.61

3 - COST OF MATERIAL CONSUMED

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
Opening Stock of Raw Materials	3,165.07	2,624.00
Add: Purchases of Raw Materials	21,246.60	36,956.12
Less: Closing Stock of Raw Materials	3,922.51	3,165.07
	20,489.16	36,415.05

4 - CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
Opening Inventory		
Finished Goods	868.45	304.59
Work-In-Progress	900.74	774.57
	1,769.19	1,079.16
Closing Inventory		
Finished Goods	1,715.82	868.45
Work-In-Progress	819.34	900.74
	2,535.17	1,769.19
	(765.97)	(690.02)


5 - EMPLOYEE BENEFIT EXPENSES

(Rupees in Lakhs)

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
Salaries and incentives	1,856.09	2,677.65
Contributions to - Provident fund & ESI	99.56	121.90
Gratuity fund contributions	44.80	10.69
Staff welfare expenses	131.17	149.13
	2,131.61	2,959.37

6 - FINANCE COST

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
Bank Charges	19.31	33.23
Interest Expenses	2,485.05	3,477.31
	2,504.36	3,510.56

7 - OTHER EXPENSES

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
Manufacturing expenses	2,374.88	3,260.99
Excise Label	578.76	530.76
VAT	28,148.88	39,402.44
Rent	89.47	130.35
Rates & Taxes	247.40	412.01
Audit Fees	5.09	8.81
Postage & Telegram	6.54	8.27
Printing and Stationery	18.94	25.57
Repairs and Maintenance	60.62	77.52
Donations	2.24	7.09
Sitting Fee	11.40	8.42
Telephone Expenses	26.38	44.51
Managerial Remuneration*	84.00	100.80
Consulting Charges	194.19	68.88
Travelling Expenses	74.47	54.09
Travelling Expenses - Directors	10.17	14.27
Miscellaneous Expenses	576.35	666.03
Discounting Charges -Tasmac	264.31	673.41
Advertisement & Publicity	4.50	31.87
Travelling Expenses - Marketing	10.64	38.72
Freight & Handling Charges	460.96	571.47
Loading & Unloading charges	193.54	274.14
Sales Promotion expenses	11.36	2.54
Cash Discount	576.39	841.23
Other Selling expenses	1,241.86	1,116.15
	35,273.38	48,370.32



9 - EARNINGS PER EQUITY SHARES

(Rs. in Lakhs)

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
Basic Earnings per Share		
Profit/(Loss) attributable to Equity shareholders	172.07	(275.31)
Weighted average number of equity shares	19008893	19008893
Basic Earnings Per Share	0.91	(1.45)
Face value per Share	10.00	10.00
Weighted average number of potential equity shares	19008893	19008893
Diluted Earnings Per Share	0.91	(1.45)
Face value per Share	10.00	10.00

4. NOTES ON ACCOUNTS

The Company has closed the accounting year on 31.03.2016 for 12 months period from 01.04.2015 to 31.03.2016. The figures for the current year are not comparable with the previous year which relates to 18 months.

4.1 Contingent Liabilities, Guarantees & Capital commitments

A. Contingent Liabilities

(Rs.in Lakhs)

Particulars	31.03.2016	31.03.2015
a) Claims against the company not acknowledged as debts	42.64	42.64
b) Disputed Income tax demand	1264.85	1210.93
c) Disputed Cases	94.83	94.83

B. Capital Commitments

(Rs. In Lakhs)

Particulars	31.03.2016	31.03.2015
Estimated amount of capital contracts remaining to be executed	-	-

- C. Punjab National Bank vide its letter dated 06/01/2015 addressed to the company intimated about invoking corporate guarantee issued by the company (EDL) on behalf of Empee Sugars & Chemicals Limited.

The Company informs that as per the legal opinion obtained on the basis of various documents executed, it has been construed that the company has not issued any valid corporate guarantee in favour of Punjab National Bank for ESCL. Hence no provision for the guarantee has been made in the accounts of EDL.

4.2 Employee Benefits

As per Accounting Standard 15 "Employee Benefits", the disclosures as defined in the Accounting Standard are given below:

- a) **Defined Contribution Plans** : Contribution to defined contribution plan, recognized as expenses for the year is amount to Rs. 132.59 Lakhs (previous year Rs.69.58 Lakhs) pertaining to employers' contribution to provident fund, Employees State Insurance Funds, Gratuity fund.


b) Defined Benefit Plans:
Leave encashment :

The company has dispensed off the leave encashment policy during the current period; hence no provision had been recognized in the books of accounts for the period.

Gratuity :

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.

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

Rs.in Lakhs

Particulars	As at 31 Mar 2016	As at 31 Mar 2015
1 Present value of obligation at the beginning of the year	84.56	84.98
2 Interest cost	8.32	11.43
3 Current service cost	14.54	14.57
4 Benefits paid	(6.47)	(11.11)
5 Actuarial (gain) / loss on obligation	21.93	(15.32)
6 Present value of obligation at the end of year	122.89	84.56

- (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 Mar 2016	As at 31 Mar 2015
1 Fair value of plan assets at the beginning of the year	18.87	14.87
2 Expected return on plan assets	1.58	2.28
3 Contributions	6.46	11.11
4 Benefits paid	(6.46)	(11.11)
5 Actuarial gain / (loss) on plan assets	0.29	1.72
6 Fair value of plan assets at the end of year	20.75	18.87

- (iii) Actuarial gain / loss recognized as follows:

Rs.in Lakhs

Particulars	As at 31 Mar 2016	As at 31 Mar 2015
1 Actuarial gain / (loss) for the year – obligation	21.93	(15.32)
2 Actuarial gain / (loss) for the year – plan assets	0.29	1.73
3 Total gain / (loss) for the year	21.64	(17.04)
4 Actuarial gain / (loss) recognized in the year	21.64	(17.04)
5 Unrecognized actuarial gains (losses) at the end of year	-	-



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

Rs.in Lakhs

Particulars	As at 31 Mar 2016	As at 31 Mar 2015
1 Present value of obligation as at the end of the year	122.89	84.56
2 Fair value of plan assets as at the end of the year	20.75	18.87
3 Funded / (unfunded) status	(102.13)	(65.68)
4 Excess of actual over estimated	-	-
5 Net assets / (liability) recognized in balance sheet	(102.13)	(65.68)

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

Rs. in. Lakhs

Particulars	As at 31 Mar 2016	As at 31 Mar 2015
1 Current service cost	14.54	14.57
2 Past service cost	-	-
3 Interest cost	8.32	11.43
4 Expected return on plan assets	(1.59)	(2.28)
5 Net actuarial (gain)/loss recognized in the year	21.64	(17.04)
6 Expenses recognized in the statement of profit and losses	42.92	6.69

(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 Mar 2016	As at 31 Mar 2015
1. Discount rate	8.00%	8.00%
2. Salary growth rate	6%	6%

B. Demographic Assumption

1. Retirement Age	58 Years (58 years) previous year	
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%

4.3 Sundry Creditors and Debtors balances are subject to confirmation by the parties concerned.


4.4 Related party transactions
Related Parties :
Subsidiary Company

Empee Sugars & Chemicals Limited
 EDL Properties Limited
 Appollo Distilleries & Breweries Private Limited
 Empee Power Company (India) Limited
 Appollo Wind Energy Pvt. Ltd

Key Management Personnel

Mr.M.P.Purushothaman Chairman
 Ms.Nisha Purushothaman Joint Managing Director

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 Beers Pvt Ltd
 Empee Leasing & Finance Limited
 Empee Communications Limited
 Universal Spirits Ltd
 Empee Construction Company Ltd
 Empee Power & Infrastructure Pvt Ltd
 Empee Packaging Industries
 Aruna Constructions
 Empee Hospitality Pvt. Ltd

4.5 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 31.03.16
Remuneration	Nil (-)	84.00 (100.80)	Nil (-)	Nil (-)	84.80 (100.80)
Receiving of Services	Nil (-)	Nil (-)	Nil (-)	218.25 (465.44)	218.25 (465.44)
Interest Paid	Nil (-)	Nil (-)	Nil (-)	Nil (-)	Nil Nil
Interest Received	Nil (-)	Nil (-)	Nil (-)	Nil (-)	Nil



Sale of assets	Nil(-) (-)	Nil (-)	Nil (-)	Nil Nil	Nil Nil
Purchase of investments	Nil (-)	Nil (-)	Nil (-)	Nil NIL	Nil Nil
Purchase of goods	Nil (-)	Nil (-)	Nil (-)	Nil (-)	Nil
Rent paid	Nil (-)	Nil (-)	26.40 39.60	53.66 79.38	80.06 118.98
Balance Outstanding	Nil	Nil	Nil	2519.47	2519.47

Particulars	Relationship	2015-16	2013-15
Remuneration to Key Managerial Personnel			
Ms.Nisha Purushothaman	Key Managerial Personnel	84.00	100.8
Receiving of Services			
Empee Holdings Ltd	Others	218.25	465.44
Rent			
Aruna constructions	Others	53.66	79.38
Balance Outstanding			
Aruna Constructions, Empee Sugars	OTHERS	Dr 138.68	Cr 1321.03
Empee Packaging Industries	OTHERS	Dr 23.36	Dr 14.42
Edl Properties Ltd	SUBSIDIARY	Dr 171.35	Dr 145.07
Appollo Alchobev Ltd	OTHERS	Cr 1963.96	Cr 2376.97
Appollo Distilleries & Breweries Pvt Ltd	SUBSIDIARY	Cr 2878.48	Cr 2617.62
Empee Intl. Hotels & Resorts Ltd	OTHERS	Dr 761.16	Dr 755.16
South India Hotels Pvt. Ltd	OTHERS	Cr 49.13	Dr 64.86
Empee Power Company India Ltd	OTHERS	-	Dr 67.82
Empee Power & Infrastructure Pvt Ltd	OTHERS	Cr 58.74	Dr 1277.94
Empee Agro Farms Ltd.,	OTHERS	Dr 38.43	Dr 38.43
Empee Infotech Pvt Ltd	OTHERS	Dr 100.00	Dr 100.00
Empee Hospitality Ltd	OTHERS	Cr 57.32	Cr 57.32
Empee Communications Ltd	OTHERS	Dr 6.78	Dr 6.77
Empee Holdings Ltd	OTHERS	Dr 145.21	Dr 140.57
Empee Hotels Ltd	SUBSIDIARY	Dr 896.11	Dr 1003.35
Empee Institute Of Catering Technology	OTHERS	Dr 1.08	Dr 1.08
Empee Leasing Ltd	OTHERS	Dr 9.59	Dr 9.59
Empee Marine Products	OTHERS	Dr 196.41	Dr 196.41

4.6 .Quantum of Excise Duty included in closing stock of finished goods is Rs.370.39 Lakhs.

**4.7 Payment to auditors**

(Rs. in Lacs)

Particulars	Year ended 31 March 2016	Period ended 31 March 2015
Statutory audit fee	4.05	6.07
Limited Review Fees	1.00	1.50

4.8 Regarding share application money in Empee Sugars and Chemicals Ltd of Rs.137.94 Crs pending for allotment in favour of EDL, the holding Company, it is stated that management of the Company represented to us that due to non-receipt of certain statutory approvals the same is kept pending. However since these monies have been received prior to the Companies Act, 2013, the Company is said to be attracted to the provisions of the Companies Acceptance of Deposit Rules 2014 and Investors Protection and Education Fund. But the Company Vide Legal opinion has mentioned that since the Company has been registered under BIFR much ahead of the said Deposit Rules, the same shall not apply. Further the Investors protection and Education Fund Rules do not apply in so far as EDL has claimed the refund of share application money. The management vide their representation letter dated 27th May, 2016, expressed their inability in the absence of the normal functioning of the Company and cash flows to refund the application which is a matter to be considered under rehabilitation scheme to be filed by the company.

4.9 Figures for the previous year have been regrouped / reclassified wherever necessary.

For and on behalf of the Board of Directors of
EMPEE DISTILLERIES LTD

for Venkatesh and Co.,
Chartered Accountants
Firm Regn.No.004636S

M.P.Purushothaman
Chairman

Nisha Purushothaman
Joint Managing Director

CA Dasaraty
Partner
Membership No.026336

K.Murali
Company Secretary

V.Srinivasan
Chief Financial Officer

Place: Chennai
Date : 30.05.2016



INDEPENDENT AUDITOR'S REPORT

To
The Members of
Empee Distilleries Limited

Report on Consolidated Financial Statements

We have audited the accompanying Financial Statements of Empee Distilleries Limited ("the Holding Company"), and its subsidiaries (subsidiaries together referred to as "the Group") its associates comprising of the Consolidated Balance Sheet for the year ended as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements")

Management's Responsibility for the Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintaining adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

**Basis for Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of The consolidated state of affairs of the Group and its associates as at 31/03/2016;

The consolidated profit/ loss statement; and

The consolidated cash flow statement for the year ended on the date.

- a) *The Holding company has made an investment of Rs.1.59 Crores and given share application money of Rs.140.36 Crores to its subsidiary Empee Sugars and Chemicals Limited towards promoters share. The subsidiary company Empee Sugars and Chemicals Limited is incurring losses and has been registered under BIFR as a sick company. This may result in diminution in the value of investments for which no provision is considered.*
- b) *In respect of the Holding Company, Other Loans and advances amounting to 28.80 Crores out of 37.25 Crores under the head Other Current assets, Sundry debtors amounting to Rs. 13.49 Crores and Sundry creditors amounting to Rs. 35.34 Crores are subject to confirmation and reconciliation. The impact on profitability is not ascertainable.*

In respect of the Subsidiary Company, Appollo Distilleries and Breweries Private Limited, Trade Payables amounting to 10.25 crores is subject to confirmation.

Other Matters

Consolidation of financial statements consists of M/s. Empee Distilleries Limited, M/s. Appollo Distilleries Private Limited, M/s. EDL Properties Limited and M/s.Empee Hotels Limited. Financial statements of Empee Sugars and Chemicals Limited and its subsidiaries have not been considered for the purpose of consolidation of accounts for the 12 months period ended 31st March 2016 on account of which net worth is higher by Rs. 40,530.87 Lacs

We did not audit the financial statements/ financial information of M/s. EDL Properties Limited and M/s. Empee Hotels Limited subsidiaries of Company whose financial statements/ financial information reflects total assets of Rs.372.72 crores as at 31st March, 2016 and total revenue (net) of Rs. 75.15 Crores for the year ended on that date, as considered in the consolidated financial statements.

These financial statements/ financial information of M/s. EDL properties Limited have been audited by other auditors for the year ended 31st March 2016 and whose report have been furnished to us by the management.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

Without Qualification we also draw attention to note 4.1.D relating to Punjab National Bank invoking guarantee and the same being disputed by the Company and hence not provided for.

Report on Other Legal and Regulatory Requirements :-

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditors' report in the Holding Company, subsidiary companies and associate company incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



2. As required by section 143(3) of the Act, we report, to the extent applicable, that :
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
 - In our opinion proper books of account as required by law relating to the preparation of aforesaid consolidated financial statements have been kept by the Group so far as it appears from our examination of those books and the report of the other auditors.
 - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of consolidated financial statements.
 - In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - The Group has adequate internal financial control system in place and operative effectiveness of such control
 - On the basis of written representations received from the directors of the Holding Company as on March 31, 2016, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate company incorporated in India, none of the directors of the Group companies and its associate company are disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
 - With respect to the matter to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - The Holding company has the following pending litigations which would impact the consolidated financial position of the Group and its associate except with the regard to the subsidiary company M/s. Empee Sugars and Chemicals Limited which has made an application to the BIFR on becoming a sick company.

S No	Case No	Amount	Status
1.	CP309/2014	Company Petition for winding up filed by Mohan Breweries Ltd before High Court of Chennai for recovery of dues of Rs.8.50 Crs.	Compromise entered into for a scheme of payment.
2.	Appeal filed by EDL and others before CE, Tribunal, Chennai.	Customs and Excise Tribunal-SZ Bench at Chennai	The order dt.12-3-2014, of the Commissioner of customs, Tuticorin directed to pay differential duty in the purchase of coal amounting to Rs.28,60,189/- with penalty of Rs 30,00,000/- and penalty of Rs 1,00,000/- against individual name of GM of EDL. On appeal stay granted to the Company.
3.	Appeal C/41496/2014-DB	Before Customs Excise & Service Tax Appellate Tribunal, Chennai	The commissioner of customs, Tuticorin filed an appeal against its orders granting exemption for customs duty to the tune of Rs. 35,23,458/- under notification 46/2011 of coal import from Asian countries against EDL. Not yet listed.



S No	Case No	Amount	Status
4.	RFA No 119/2015 filed by us against judgment in OS 537/2008 dt.29-8-2014 filed by M/s Vintage Marketing	Before High Court of Kerala	Case relates to marketing services -Judgment and Decree for Rs 18,01418 with costs and interest @18% per annum passed by SubJudge Palakkad against EDL. The Company has filed an appeal in this regard.
5.	OP732of 2015 before High Court of Madras against Arbitration Award passed by Retd. Justice J.Kanakaraj	Before High Court of Kerala	OP filed against the award of payment of 15,00,000/- with 12 % interest from the year 2005 against the Arbitration raised by Mrs.Indumathi of RVS Enterprises,Pondicherry against EDL and others. Counter Claim by EDL was also filed. Pending for final disposal.
6.	CP No.4/2015	Before High Court of Madras	Winding up petition filed by M/s Hambuja Roadways for the alleged recovery of debt of principal, cost and interest of Rs.15,20,729/-against EDL. Pending for admission.
7.	First appeal 264 of 2013 Filed by EDL	Before Dist Court at Nashik, Maharastra	Filed against the judgment in Suit 11 /2002 filed by M/s Dolphin Impressions P Ltd,Nashik for the claim of Rs 5,43,661/ with interest @24% p.a. Pending for Orders.
8.	Arbitration	Before Retd. Justice K.P. Sivasubramaniam	Initiated by M/s Khoday India Ltd against EDL for dispute and claim of Rs. 22,45,11,819/- with interest.Counter claim was filed by the company for Rs.22,69,65,608/-.
9.	MACT OP No.1375 of 2014	Small causes court – Motor accident Claims Tribunal, Chennai	Accident -Compensation of Rs 4,00,000/- against involvement of vehicle TN01AC 2460 TATA ACE of Empee Distelleries Ltd by Miss. Abinaya D/o Karunakaran. Not yet listed.

- The Group and its associatedo not have any material foreseeable losses in long-term contracts including derivative contracts.
- There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and its associate company incorporated in India.

For Venkatesh & Co.,
Chartered Accountants
FRN 004636S

CA Dasaraty V
M.No.026336
Partner

Place : Chennai
Date : 30.05.2016



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

(Currency: Indian Rupees in Lakhs)

Particulars	Note No.	As at Mar. 31, 2016	As at Mar. 31, 2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	2 (1)	1,900.89	1,900.89
(b) Reserves and surplus	2 (2)	38,634.98	38,547.79
		40,535.87	40,448.68
(2) Share application money pending allotment		-	5.00
Minority Interest		(7,533.95)	404.17
(3) Non-current liabilities			
(a) Long-term borrowings	2 (3)	35,999.83	39,624.66
(b) Deferred tax liabilities (Net)	2 (4)	1,043.83	-
(b) Other long term liabilities	2 (4)	3,527.06	4,275.82
(c) Long-term provisions	2 (5)	172.69	120.84
		40,743.42	44,021.32
(4) Current liabilities			
(a) Short-term borrowings	2 (6)	8,541.23	9,946.56
(b) Trade payables	2 (7)	10,357.13	9,091.28
(c) Other current liabilities	2 (8)	5,481.11	6,666.40
(d) Short-term provisions	2 (9)	9,322.05	6,021.06
		33,701.52	31,725.30
TOTAL		107,446.86	116,604.47



(Currency: Indian Rupees in Lakhs)

Particulars	Note No.	As at Mar. 31, 2016	As at Mar. 31, 2015
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets	2 (10)		
(i) Tangible assets		47,265.03	50,368.12
(ii) Intangible assets		14,631.27	22,710.17
(iii) Capital work-in-progress		716.75	694.59
		62,613.05	73,772.88
(a) Non-current investments	2 (11)	14,282.23	14,278.23
(b) Deferred tax assets (Net)		6,791.22	6,312.07
(b) Long-term loans and advances	2 (12)	2,069.09	509.17
(c) Other non-current assets	2 (13)	675.57	768.12
		86,431.16	95,640.49
(2) Current Assets			
(a) Inventories	2 (14)	7,508.41	6,542.47
(b) Trade receivables	2 (15)	7,290.56	6,220.45
(c) Cash and cash equivalents	2 (16)	1,221.92	990.33
(d) Short-term loans and advances	2 (17)	-	1,971.64
(e) Other Current assets	2 (18)	4,994.81	5,239.09
		21,015.69	20,963.98
TOTAL		107,446.86	116,604.47
Significant Accounting Policies	1		
Notes to the Balance Sheet	2		
Other Notes	4		

As per our report of even date

for Venkatesh & Co.,
 Chartered Accountants
 Firm Registration No.04636S

 CA Dasaraty V
 Partner
 Membership No.026336
 Place : Chennai
 Date : 30.05.2016

 For and on behalf of the Board of Directors of
EMPEE DISTILLERIES LTD
M.P.Purushothaman
 Chairman

K.Murali
 Company Secretary

Nisha Purushothaman
 Joint Managing Director

V.Srinivasan
 Chief Financial Officer



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2016**

(Currency: Indian Rupees in Lakhs)

Particulars	Note No.	Year ended Mar. 31, 2016 (12 Months)	Period ended Mar. 31, 2015 (18 Months)
I. Revenue from operations	3 (1)	86,950.10	125,644.59
II. Other income	3 (2)	305.64	1,287.32
III. Total Revenue (I + II)		87,255.74	126,931.91
IV. Expenses :			
Cost of materials consumed	3 (3)	28,117.36	46,939.60
Changes in inventories of finished goods, work-in-progress	3 (4)	(859.14)	(720.50)
Employee benefits expense	3 (5)	3,832.83	5,209.30
Finance costs	3 (6)	4,039.66	11,146.64
Depreciation and amortization expense	2 (10)	4,339.09	6,259.71
Other expenses	3 (7)	48,626.69	65,350.99
Total Expenses		88,096.50	134,185.74
V. Profit before exceptional and extraordinary items and tax (III-IV)		(840.76)	(7,253.83)
VI Extraordinary items			
VII Profit before tax (VII - VIII)	3 (8)	(840.76)	(7,253.83)
VIII Tax Expenses :			
(1) Current Tax		255.83	
(2) Earlier tax provision reversed		-	121.43
(2) Deferred Tax	2 (4)	(26.68)	(2,763.78)
X Profit/(Loss) for the year (XI + XIV)		(1,069.91)	(4,611.48)
Minority Interest		-	(24.26)
Net Profit / (Loss) for the year		(1,069.91)	(4,587.22)
XIV Earnings per equity share of face value of Rs.10 Each Basic and Diluted			
Significant Accounting Policies	1		
Notes to the Statement of Profit and Loss	3		
Other Notes	4		

As per our report of even date

for Venkatesh & Co.,
Chartered Accountants
Firm Registration No.04636S

CA Dasaraty V
Partner
Membership No.026336
Place : Chennai
Date : 30.05.2016

For and on behalf of the Board of Directors of
EMPEE DISTILLERIES LTD

M.P.Purushothaman
Chairman

K.Murali
Company Secretary

Nisha Purushothaman
Joint Managing Director

V.Srinivasan
Chief Financial Officer



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(Currency: Indian Rupees in Lakhs)

Particulars	Year ended Mar. 31, 2016	Period ended Mar. 31, 2015
<u>A. Cash Flow from Operating Activities</u>		
Net Profit before taxation	(840.76)	(7253.82)
<u>Adjustments for:</u>		
Depreciation on fixed assets	4,339.09	6,259.71
Interest expense	4,039.66	11,146.63
Prior Period Items	33.07	-
Dividend Income	-	(0.01)
Interest income	(2.46)	(76.47)
Operating Profit before Working Capital changes	7,568.61	10,076.04
<u>Adjustments for :</u>		
(Increase) / Decrease in inventories	(2,063.69)	8,773.93
(Increase) / Decrease in trade receivables	(1,070.11)	16,646.35
(Increase) / Decrease in loans and advances	748.54	(4,362.19)
Increase / (Decrease) in liabilities	(5,431.82)	(5,306.99)
Increase / (Decrease) in provisions	3,300.99	122.56
CASH GENERATED FROM OPERATIONS	3,052.52	25,949.69
Income tax Paid	(255.83)	-
Income tax Reversal	-	(121.43)
Net Cash inflow from/ (outflow) from Operating activities	2,796.69	25828.26
<u>B. Cash Flow from Investing Activities</u>		
(Purchase) of investments	(4.00)	(4,736.96)
Purchase of fixed assets (including CWIP)	(11,578.59)	7,783.55
Share Application pending Allotment	-	14,036.50
Interest received	2.46	76.47
Margin money deposit	(571.11)	1,011.63
Dividend received	-	0.01
Net Cash inflow from/ (outflow) from Investing activities	(12,151.24)	18171.119



(Currency: Indian Rupees in Lakhs)

Particulars	Year ended Mar. 31, 2016	Period ended Mar. 31, 2015
<u>C. Cash Flow from Financing Activities</u>		
Increase in Working Capital Loan	(1,405.34)	(13,440.85)
Increase in Term Loan	(3,624.83)	(18,493.70)
Share Application money received	(5.00)	(226.51)
Interest paid	(4,039.66)	(11,146.63)
Dividend paid	(190.09)	-
Dividend distribution tax paid	(30.84)	-
Net Cash inflow from/ (outflow) from Financing activities	(9,295.760)	(43,307.68)
Net increase / (decrease) in cash and cash equivalents	(18,650.32)	691.76
Opening Cash and Cash Equivalents		
Cash in hand	64.27	75.83
Bank balances	886.54	183.22
	950.81	259.05
Closing Cash and Cash Equivalents		
Cash in hand	28.46	64.27
Bank balances	582.83	886.54
	611.29	950.81

As per our report of even date

for Venkatesh & Co.,
 Chartered Accountants
 Firm Registration No.04636S

 CA Dasaraty V
 Partner
 Membership No.026336
 Place : Chennai
 Date : 30.05.2016

 For and on behalf of the Board of Directors of
EMPEE DISTILLERIES LTD
M.P.Purushothaman
 Chairman

K.Murali
 Company Secretary

Nisha Purushothaman
 Joint Managing Director

V.Srinivasan
 Chief Financial Officer



Notes forming part of Consolidated financial statements for the year ended March 31, 2016

Note 1 : SIGNIFICANT ACCOUNTING POLICIES

A. Principles of consolidation

The consolidated statements relate to Empee Distilleries Limited ("the company") and its subsidiary companies viz EDL Properties Limited, Apollo Distilleries Private Limited and Empee Hotels Limited. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the company and its subsidiary companies are combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses as per the respective financial statements duly certified by the management of the respective companies, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements"
 - b) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiary companies is recognized as Goodwill or Capital Reserve as the case may be.
 - c) Minority Interest's share of net profit of consolidated subsidiary companies for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to the shareholders of the company.
 - d) Minority Interest's share of net assets of consolidated subsidiary companies is identified and presented in the consolidated balance sheet separate from liabilities and equities of the company's shareholders.
 - e) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statements.
- B.** Investments other than in subsidiary companies have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

C. Other significant accounting policies

These are set out under "Significant Accounting Policies" as given in the company's separate financial statements.

The subsidiary companies considered in the consolidated financial statements are :

Name of the company	Proportion of ownership Interest
Empee Hotels Limited	39.05% (Direct)
EDL Properties Limited	75.00% (Direct)
Apollo Distilleries Private Limited	91.41% (Direct)



**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 2 : Notes to the Balance Sheet

1. SHARE CAPITAL

a. Details of authorized, issued and subscribed share capital

(Currency: Indian Rupees in Lakhs)

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
Authorized Capital 3,00,00,000 Equity Shares of Rs.10/- each	3,000.00	3,000.00
Issued ,Subscribed and fully paid Share Capital 1,90,08,893 Equity Shares of Rs10/- each	1,900.89	1,900.89
	1,900.89	1,900.89

2. SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	As at Mar. 31, 2016	As at Mar. 31, 2015
0% Convertible Preference Share Application Money	-	5.00
	-	5.00

b. Informations on shareholders

Name of Shareholder	Relationship	As at March 31, 2016		As at March 31, 2015	
		No of Equity shares held	Percentage	No of Equity shares held	Percentage
Mr.M.P.Purushothaman		2137788	11.25%	2137788	11.25%
Mrs.Aruna Purushothaman		1800000	9.47%	1800000	9.47%
Mrs.Nisha Purushothaman		1002000	5.27%	1002000	5.27%
Mr.Shaji Purushothaman		150610	0.79%	150610	0.79%
Mr.Sheeku Purushothaman		1002000	5.27%	1002000	5.27%
Mrs.Sheena Purushothaman		1002044	5.27%	1002044	5.27%
M/s.Empee Holding Ltd		6307472	33.18%	6307472	33.18%

**c. Reconciliation of number of shares**

(Rs. in Lakhs)

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	19008893	1900.89	19008893	1900.89
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	19008893	1900.89	19008893	1900.89

d. Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back

Particulars	Year				
	Mar. 31, 2011	Sept. 30, 2012	Sept. 30, 2013	Mar. 31, 2015	Mar. 31, 2016
Fully paid up pursuant to contract's without payment being received in cash	—	—	—	—	—
Fully paid up by way of bonus shares	—	—	—	—	—
Shares bought back	—	—	—	—	—

2 - RESERVES AND SURPLUS

(Rs. in Lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
a. Securities Premium Account		
Opening Balance	27,424.17	27,424.17
Add : Securities premium credited on Share issue	-	-
Less : Premium Utilized for various reasons		
Premium on Redemption of Debentures	-	-
For Issuing Bonus Shares	-	-
Closing Balance	27,424.17	27,424.17
b. Revaluation Reserve		
Opening Balance	1,612.72	1,632.50
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	19.78	19.78
Closing Balance	1,592.94	1,612.72
c. General Reserve		
Opening Balance	1,297.16	1,297.16
(+) Current Year Transfer from Profit & loss Account	-	-
Closing Balance	1,297.16	1,297.16
d. Capital Reserve		
Opening Balance	-	-
(-/+) Adjustments	-	-
Closing Balance	56.14	-



(Rs. in Lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
e. Discount on issue of Shares		
Balance at the beginning of the year	-	-
(-) Written off in Current Year	-	-
Balance at the end of the year	-	-
f. Surplus in the statement of profit and loss		
Opening balance	(8,656.51)	(4,732.45)
(+) Net Profit For the current year	(1,069.91)	13,571.43
	8,264.58	8,838.98
(-) Appropriations	-	-
(-) Prior Period Expenses	-	(625.24)
(-) Proposed Dividends	-	-
(-) Tax on Proposed Dividends	-	-
Closing Balance	8,264.58	8,213.74
GRAND TOTAL	38,634.99	38,547.79

3. LONG-TERM BORROWINGS

Particulars	As at March 31, 2016	As at March 31, 2015
SECURED		
(a) Term loans *		
From Banks		
Power Project in Aranthangi, Trichy (Refer Note 3.1 (i))		
Andhra Bank	24,566.94	24,880.83
60 KLPD project in Chotkur, Telangana (Refer Note 3.1 (ii))		
Andhra Bank	2,244.43	2,656.98
Union Bank of India	790.77	768.99
Corporate Loan (Refer Note 3.1 (vi))		
Andhra Bank	-	-
Appollo Distilleries Pvt Limited (Refer Note 3.1 (vii))		
Punjab National Bank	4,516.83	5,593.95
From Others		
UNSECURED		
(b) Others *		
From NBFC	139.71	-
Others	3,741.15	5,723.91
TOTAL	35,999.83	39,624.66

*Principal amounts due with in next one year has been reclassified under other current liabilities


3.1 Security & Other Terms

- (i) Paripassu first charge on fixed assets including plant and machineries of Aranthangi Division and by personal guarantee of three Directors. The term loans are repayable on quarterly installments .
- (ii) Secured by way of first charge on pari-pass basis on the fixed assets including Plant and Machineries of Grain based Alcohol Division at Sangareddy, Telangana. Second paripassu charge on current assets and by personal guarantee of three Directors. The term loans are repayable in quarterly installments.
- (iii) Pari passu first charges on fixed assets of the Ambasamudram unit of the company with other members of the consortium. Second paripassu charge on the current assets of the Ambasamudram unit and Naidupet unit of the company with other members of the consortium. Second paripassu charge on the fixed assets for naidupet unit of the company with other members of the consortium and also personal guarantee of the three Directors and pledge of 51% of the promoters shareholding in the company. The repayment of all the term loan are as per the package mentioned in CDR Scheme.
- (iv) Pari passu first charge on the fixed assets of the Naidupet unit of the company with other members of the consortium financed for this project. Second paripassu charge on the current assets of the naidupet unit of the company with other members and personal guarantee of three Directors. The term loans are repayable in quarterly installments.
- (v) Paripassu first charge by way of a hypothecation of all moveable assets (except book debts) including moveable machinery, machinery spares, tools and accessories both present and future pertaining to bagasse based cogeneration power plant at idaikkal village, Ambasamudram Taluk, Tirunelveli Dist, Tamilnadu. The term loan is repayable in quaterly installments.
- (vi) Secured by collateral security of Vacant Land in Survey No. 262/10A 265/9,266/2 of Mevaloorkuppam & Kattagaram Village, Sriperumbudur Taluk, Kanchipuram Dist.of 12.665 acres and by hypothecation of 55.47 acres of wind mill land situated at Periyakumarapalayalam Dharapuram Taluk and by personal guarantee of three Directors. Corporate loan is repayable in monthly equal installments.
- (vii) Secured by way of first charge on entire immovable and monvable project assets including mortgage/charge om land & building, Plant & Machineries of Brewery unit at Gummidipoondi.

4. DEFERRED TAX LIABILITY (Net)

The major components of deferred tax liability / asset as recognized in the financial statement is as follows:

Particulars	As at March 31, 2016	As at March 31, 2015
Deferred Tax Liability		
Excess of net block of fixed assets as per books of accounts over net block for tax purpose	1,112.77	1,093.75
	1,112.77	1,093.75
Deferred Tax Asset		
Provision for gratuity	-	3.63
Leave Encashment	-	2.82
Depreciation	68.94	-
Bonus	-	10.04
	68.94	16.49
Net	1,043.83	1,077.26

Deferred Tax Charge / (Credit) for the year

**4. OTHER LONG - TERM LIABILITIES**

(Rs. in Lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Trade Payables	463.40	9,091.28
Payable to related parties	2,163.25	-
Other long term liabilities	900.41	-
Total	3,527.06	9,091.28

5. LONG - TERM PROVISIONS

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for Employee Benefits:	34.32	
Gratuity payable	122.89	114.06
Unpaid dividends	15.48	6.79
Total	172.69	120.85

6. SHORT - TERM PROVISIONS

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Loans repayable on demand		
From Banks	6,173.61	69.76
Cash Credit Loan	1,518.75	8,879.53
Letter of Credit	-	-
Bill discounting from banks	-	-
Factoring facility - NBFCs	847.21	927.47
(Cash Credit facilities are secured by hypothecation of current assets located at Mevalurkuppam, Palakkad, Aranthangi, Chotkur and Gummidipoondi and second charge on the fixed assets including plant and machineries of respective locations and also by personal guarantee of three of the directors.)		
(b) Other loans and advances		
Secured by hypothecation of vehicles	1.66	69.81
GRAND TOTAL	8,541.23	9,946.57

7. TRADE PAYABLES

Particulars	As at March 31, 2016	As at March 31, 2015
Trade Payables	10,357.13	9,091.28
	10,357.13	9,091.28

The vendors of the Company are yet to submit their status under Micro, Small and Medium Enterprises; hence the relevant information is not available with the company. Accordingly no disclosures relating to Micro, Small and Medium Enterprises have been made in the Accounts.


8. OTHER CURRENT LIABILITIES

(Rs. in Lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Current maturities of long-term debt	2,031.27	934.32
Statutory dues	189.03	-
Liabilities for Expenses	2,967.48	532.33
Purchase Tax Payable	-	-
Other Liabilities	23.33	4,599.55
Unpaid dividends	-	-
Income received in advance	270.00	600.20
Share Application Money pending for allotment	-	-
Total	5,481.11	6,666.40

9. SHORT - TERM PROVISIONS

Particulars	As at March 31, 2016	As at March 31, 2015
Salary & wages payable	101.31	159.77
Gratuity Payable	-	-
Bonus payable	40.12	30.40
Others :		
Provision for taxation (net of advance tax)	963.20	1,060.36
Proposed dividend (Re.1 per share)	-	-
Tax on proposed dividend	-	25.84
PF & ESI payable	53.75	8.13
Sales tax payable	7,188.35	3,964.96
Service Tax payable	151.32	19.17
Tds/TCS payable	83.24	52.75
Provisions for expenses	703.02	692.47
Provision for audit fees	7.24	7.21
Excise Duty payable	30.50	-
Total	9,322.05	6,021.06



(Rupees in Lakhs)

11 - FIXED ASSETS

Particulars	Gross Block			Accumulated Depreciation				Net Block	
	As at March 31, 2015	Additions during the Year	Deletions during the Year	As at March 31, 2016	As at March 31, 2015	Depreciation charge for the year	Depreciations on Deletions	As at March 31, 2016	As at March 31, 2015
Tangible Assets									
Land & Site	7,397.18	89.90	169.80	7,317.28	-	-	-	7,317.28	7,397.18
Buildings	27,372.93	30.30	-	27,403.23	6,971.41	1,481.78	-	18,950.04	20,401.52
Plant & Machinery	33,999.00	86.45	-	34,085.45	11,703.34	2,498.58	-	19,883.53	22,295.66
Furniture & Fittings	3,267.04	-	-	3,267.04	2,551.35	220.27	-	495.42	715.69
Vehicles	1,253.45	-	-	1,253.45	612.96	93.84	-	546.65	640.49
Computer	413.24	3.69	-	416.93	195.24	23.32	-	198.37	218.00
Office Equipments	637.54	3.84	-	641.38	730.26	37.39	-	(126.27)	(92.72)
Total	74,340.38	214.18	169.80	74,384.76	22,764.56	4,355.17	-	47,265.02	51,575.82
Previous Year	73,311.24	1,029.14	-	74,340.38	17,067.53	6,279.49	(625.24)	50,368.12	56,243.71


11. NON-CURRENT INVESTMENTS

(Rs. in Lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Trade Investments (Refer A below)		
(a) Investment in Equity instruments		
Quoted : Empee Sugars & Chemicals Ltd (26622102 equity shares of Rs.10/- each)	159.73	159.73
Quoted : Andhra Bank (1000 equity shares)	0.96	0.96
Unquoted: Empee Hotels Ltd (1,95,12,997 shares)	77.54	-
Unquoted: EDL Properties Ltd (7,50,000 shares of Rs.10/-each)	-	-
Unquoted: Appollo Distilleries Pvt Ltd (1,40,89,400 shares of Rs.10/-each)	-	-
(b) Investments in preference shares	2.50	2.50
Ceat Finance Ltd (25000 shares of Rs.10/- each)	-	-
(c) Investments in Mutual Funds	-	-
Union KBC Asset Management Pvt Ltd	5.00	5.00
	245.73	168.19
B. Other Investments (Refer B below)		
(a) Other non-current investments	-	73.54
Share Application money in Subsidiaries		
Appollo Distilleries Pvt Ltd	-	-
Empee Sugars & Chemicals Ltd	14,036.50	14,036.50
	14036.50	14,110.04
TOTAL (A+B)	14,282.23	14,278.23
Less : Provision for dimunition in the value of Investments	14,282.23	14,278.23

Particulars	As at March 31, 2016	As at March 31, 2015
Aggregate amount of quoted investments		
- Cost	8.46	8.46
- Market Value	8.02	8.02
Aggregate amount of unquoted investments	77.54	-

12. LONG-TERM LOANS AND ADVANCES

Particulars	As at March 31, 2016	As at March 31, 2015
Capital Advances	0.00	313.49
Rent Advance	0.00	0.00
Electricity and other deposits	0.00	0.00
Advance Tax Net Off Provision	0.00	0.0
Other Deposits	192.55	195.68
Loans and Advances to related parties	1876.54	0.00
	2,069.09	509.17



13. OTHER NON-CURRENT ASSETS

(Rs.in Lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
a) Trade receivables Unsecured, considered good	358.01	328.01
b. Others Deposits - with government departments	230.31	364.76
c. Other Deposits	87.25	75.35
	675.57	768.12

14. INVENTORIES

Particulars	As at March 31, 2016	As at March 31, 2015
a. Raw Materials	4,795.37	3,457.86
b. Work-in-progress	978.08	1,094.08
c. Finished goods	1,734.96	892.78
TOTAL	7,508.41	5,444.72

15. TRADE RECEIVABLES

Particulars	As at March 31, 2016	As at March 31, 2015
Trade receivables outstanding for a period less than six months Unsecured, considered good	5,380.67	6,072.59
	5,380.67	6,072.59
Trade receivables outstanding for a period exceeding six months Unsecured, considered good	1,909.89	147.86
Less: Provision for doubtful debts	-	-
	1,909.89	147.86
TOTAL	7,290.56	6,220.45

16. CASH AND CASH EQUIVALENT

Particulars	As at March 31, 2016	As at March 31, 2015
Cash and Cash Equivalent :		
a. Balances with banks	582.83	886.54
b. Cash on hand	28.46	64.27
	611.29	950.81
Other Bank Balance :		
a. Margin Money deposit with Andhra Bank	595.15	32.73
b. Balance lying in HDFC bank un paid dividend account	15.48	6.79
	610.63	39.52
Total	1,221.92	990.33


17. SHORT - TERMS LOANS AND ADVANCES

(Rs. in Lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Employee Advance	-	-
Interest Accrued but not due	-	-
Advance to Suppliers	-	1,569.27
Prepaid Expenses	-	-
Other Deposits	-	402.37
	-	1,971.64

18. OTHER CURRENT ASSETS

Particulars	As at March 31, 2016	As at March 31, 2015
Prepaid Expenses	59.42	40.71
Deposits - Others	195.33	409.28
Other loans & advances	4740.05	4,789.09
	4,994.81	5,239.08

NOTE 3 : Notes to the Profit and Loss
1. REVENUE FROM OPERATIONS

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2016	For the period ended March 31, 2015
Sale of Products (Gross)	107,778.76	155,936.72
Less : Excise Duty	30,891.72	43,042.47
	76,887.05	112,894.25
Sale of Services	7,509.78	
Other operating Revenues	2,553.28	12,750.34
	86,950.10	125,644.59

2. OTHER INCOME

Particulars	For the year ended March 31, 2016	For the period ended March 31, 2015
Dividend Received	-	0.01
Scrap Sales	124.95	159.30
Miscellaneous Income	180.69	1,128.01
	305.64	1,287.32


3. COST OF MATERIAL CONSUMED

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2016	For the period ended March 31, 2015
Opening Stock of Raw Materials	3,225.63	2,634.82
Add : Purchases of Raw Materials	29,014.84	46,276.23
Less : Closing Stock of Raw Materials	4,123.10	3,225.63
Cost of Services	-	1,254.20
	28,117.36	46,939.62

4. CHANGE IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS

Particulars	For the year ended March 31, 2016	For the period ended March 31, 2015
Opening Inventory		
Finished Goods	1,432.08	395.01
Work-In-Progress	1,094.08	871.36
	2,526.16	1,266.37
Closing Inventory		
Finished Goods	2,407.21	1,061.79
Work-In-Progress	978.09	925.08
	3,385.30	1,986.87
	(859.14)	(720.50)

5. EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended March 31, 2016	For the period ended March 31, 2015
Salaries and incentives	3,422.63	4,794.70
Contributions to -		
Provident fund & ESI	113.07	138.10
Gratuity fund contributions	44.80	10.68
Staff welfare expenses	252.34	265.83
	3,832.83	5,209.31

6. FINANCE COST

Particulars	For the year ended March 31, 2016	For the period ended March 31, 2015
Bank Charges	38.59	61.19
Other Borrowing Costs	-	5,622.05
Interest Expenses	4,001.08	5,397.42
Foreign Exchange Loss		65.98
	4,039.66	11,146.64


7. OTHER EXPENSES

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2016	For the period ended March 31, 2015
Manufacturing expenses	4,847.63	3,260.99
Excise Label	578.76	513.57
VAT	35,810.70	49,381.47
Label Registration /Approval fee	-	370.51
Rent	211.34	163.65
Rates & Taxes	390.77	1,238.20
Audit Fees	11.63	12.69
Postage & Telegram	23.46	25.76
Printing and Stationery	22.83	29.61
Repairs and Maintenance	337.80	471.95
Donations	2.87	7.41
Sitting Fee	15.21	16.19
Telephone Expenses	29.91	49.19
Managerial Remuneration	269.00	128.22
Consulting Charges	517.24	861.34
Travelling Expenses	145.53	202.36
Travelling Expenses - Directors	10.17	159.11
Miscellaneous Expenses	1,320.93	1,859.48
Discounting Charges	264.31	673.41
Advertisement & Publicity	43.57	210.75
Travelling Expenses - Marketing	10.64	38.72
Freight & Handling Charges	460.97	571.47
Loading & Unloading charges	193.54	274.15
Sales Promotion expenses	1,079.20	1,456.63
Cash Discount	576.40	841.23
Other Selling expenses	1,388.76	1,334.25
Insurance	44.73	-
Loss on sale of Fixed Assets	-	-
Export Sugar Handling Charges	-	-
Power & Fuel	-	1,172.75
Security Service Charges	18.80	25.93
	48,626.70	65,350.99



4. NOTES ON ACCOUNTS

The Company has closed the accounting year on 31.03.2016 for 12 months period from 01.04.2015 to 31.03.2016.

4.1 Contingent Liabilities, Guarantees & Capital commitments

A. Contingent Liabilities

Rs. In Lacs

Particulars	31.03.2016	31.03.2015
a) Claims against the company not acknowledged as debts	-	-
b) Disputed Income tax demand	1264.85	1210.93

B. Capital Commitments

Rs. In Lacs

Particulars	31.03.2016	31.03.2015
Estimated amount of capital contracts remaining to be executed	Nil	Nil

C. Others

Rs. In Lacs

Particulars	31.03.2016	31.03.2015
i) Disputed Interest on Purchase Tax (The company has applied for waiver of interest, which the company is hopeful of getting waiver)	Nil	Nil
ii) Bank Guarantees	1832.49	1832.49

- D. Punjab National Bank vide its letter dated 06/01/2015 addressed to the company intimated about invoking corporate guarantee issued by the company (EDL) on behalf of Empee Sugars & Chemicals Limited.

The Company informs that as per the legal opinion obtained on the basis of various documents executed, it has been construed that the company has not issued any valid corporate guarantee in favor of Punjab National Bank for ESCL hence no provision for the guarantee has been made in the accounts of EDL.

4.2 Employee Benefits

As per Accounting Standard 15 "Employee Benefits", the disclosures as defined in the Accounting Standard are given below:

- a) **Defined Contribution Plans :** Contribution to defined contribution plan , recognized as expenses for the year is Rs.113.07 Lakhs (previous year Rs.138.10 Lakhs) pertaining to employers' contribution to provident fund, Employees State Insurance Funds, Gratuity fund.

- b) **Defined Benefit Plans :**

Leave encashment :

The company has dispensed off the leave encashment policy; hence no provision had been recognized in the books of accounts for the period.

Gratuity :

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.



- (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 Mar 2016	As at 31 Mar 2015
1 Present value of obligation at the beginning of the year	84.56	84.98
2 Interest cost	8.32	11.43
3 Current service cost	14.54	14.57
4 Benefits paid	(6.47)	(11.11)
5 Actuarial (gain) / loss on obligation	21.93	(15.32)
6 Present value of obligation at the end of year	122.89	84.56

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

Rs in Lacs

Particulars	As at 31 Mar 2016	As at 31 Mar 2015
1 Fair value of plan assets at the beginning of the year	18.87	14.87
2 Expected return on plan assets	1.58	2.28
3 Contributions	6.46	11.11
4 Benefits paid	(6.46)	(11.11)
5 Actuarial gain / (loss) on plan assets	0.29	1.72
6 Fair value of plan assets at the end of year	20.75	18.87

- (iii) Actuarial gain / loss recognized as follows :

Rs. in Lacs

Particulars	As at 31 Mar 2016	As at 31 Mar 2015
1 Actuarial gain / (loss) for the year – obligation	21.93	(15.32)
2 Actuarial gain / (loss) for the year – plan assets	0.29	1.73
3 Total gain / (loss) for the year	21.64	(17.04)
4 Actuarial gain / (loss) recognized in the year	21.64	(17.04)
5 Unrecognized actuarial gains (losses) at the end of year	-	-

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

Rs.in Lacs

Particulars	As at 31 Mar 2016	As at 31 Mar 2015
1 Present value of obligation as at the end of the year	122.89	84.56
2 Fair value of plan assets as at the end of the year	20.75	18.87
3 Funded / (unfunded) status	(102.13)	(65.68)
4 Excess of actual over estimated	-	-
5 Net assets / (liability) recognized in balance sheet	(102.13)	(65.68)



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

Particulars	Rs. in.lacs	
	As at 31 Mar 2016	As at 31 Mar 2015
1 Current service cost	14.54	14.57
2 Past service cost		
3 Interest cost	8.32	11.43
4 Expected return on plan assets	(1.59)	(2.28)
5 Net actuarial (gain)/loss recognized in the year	21.64	(17.04)
6 Expenses recognized in the statement of profit and losses	42.92	6.69

(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 Mar 2016	As at 31 Mar 2015
1. Discount rate	8.00%	8.00%
2. Salary growth rate	6%	6%

B. Demographic Assumptions

1. Retirement Age	58 Years (58 years) previous yr	
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%

4.3 Sundry Creditors and Debtors balances are subject to confirmation by the parties concerned.

4.4 Related party transactions

Related Parties :

Subsidiary Company

Empee Sugars & Chemicals Limited

EDL Properties Limited

Appollo Distilleries and Breweries Private Limited

Key Management Personnel

Mr.M.P.Purushothaman

Chairman

Ms.Nisha Purushothaman

Jt. Mg. Director & Vice Chair Person


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 Beers Pvt Ltd
 Empee Leasing & Finance Limited
 Empee Communications Limited
 Universal Spirits Ltd
 Empee Construction Company Pvt Ltd
 Empee Power & Infrastructure Pvt Ltd
 Empee Packaging Industries
 Aruna Constructions
 Empee Hospitality Pvt. Ltd

4.5 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 31.03.16
Remuneration	Nil (-)	84.00 (100.80)	Nil (-)	Nil (-)	84.80 (100.80)
Receiving of Services	Nil (-)	Nil (-)	Nil (-)	218.25 (465.44)	218.25 (465.44)
Interest Paid	Nil (-)	Nil (-)	Nil (-)	Nil (-)	Nil Nil
Interest Received	Nil (-)	Nil (-)	Nil (-)	Nil (-)	Nil
Sale of assets	Nil(-) (-)	Nil (-)	Nil (-)	Nil Nil	Nil Nil
Purchase of investments	Nil (-)	Nil (-)	Nil (-)	Nil NIL	Nil Nil
Purchase of goods	Nil (-)	Nil (-)	Nil (-)	Nil (-)	Nil
Rent paid	Nil (-)	Nil (-)	26.40 39.60	53.66 79.38	80.06 118.98
Balance Outstanding	Nil	Nil	Nil	2519.47	2519.47



Particulars	Relationship	2015-16	2013-15
Remuneration to Key Managerial Personnel			
Ms.Nisha Purushothaman	Key Managerial Personnel	84.00	100.8
Receiving of Services			
Empee Holdings Ltd	Others	218.25	465.44
Rent			
Aruna constructions	Others	53.66	79.38
Balance Outstanding			
Aruna Constructions & Empee Sugars	OTHERS	Dr 138.68	Cr 1321.03
Empee Packaging Industries	OTHERS	Dr 23.36	Dr 14.42
Edl Properties Ltd	SUBSIDIARY	Dr 171.35	Dr 145.07
Appollo Alchobev Ltd	OTHERS	Cr 1963.96	Cr 2376.97
Appollo Distilleries & Breweries Pvt Ltd	SUBSIDIARY	Cr 2878.48	Cr 2617.62
Empee Intl. Hotels & Resorts Ltd	OTHERS	Dr 761.16	Dr 755.16
South India Hotels Pvt. Ltd	OTHERS	Cr 49.13	Dr 64.86
Empee Power Company India Ltd	OTHERS	-	Dr 67.82
Empee Power & Infrastructure Pvt Ltd	OTHERS	Cr 58.74	Dr 1277.94
Empee Agro Farms Ltd.,	OTHERS	Dr 38.43	Dr 38.43
Empee Infotech Pvt Ltd	OTHERS	Dr 100.00	Dr 100.00
Empee Hospitality Ltd	OTHERS	Cr 57.32	Cr 57.32
Empee Communications Ltd	OTHERS	Dr 6.78	Dr 6.77
Empee Holdings Ltd	OTHERS	Dr 145.21	Dr 140.57
Empee Hotels Ltd	SUBSIDIARY	Dr 896.11	Dr 1003.35
Empee Institute Of Catering Technology	OTHERS	Dr 1.08	Dr 1.08
Empee Leasing Ltd	OTHERS	Dr 9.59	Dr 9.59
Empee Marine Products	OTHERS	Dr 196.41	Dr 196.41

4.6 .Quantum of Excise Duty included in closing stock of finished goods is Rs.370.39 Lakhs.

4.7 Payment to auditors

(Rs. In Lacs)

Particulars	Year ended 31 March 2016	Period ended 31 March 2015
Statutory audit fee	4.05	6.07
Limited Review Fees	1.00	1.50

4.8 Regarding share application money in Empee Sugars and Chemicals Ltd of Rs.137.94 Crs pending for allotment in favour of EDL, the holding Company, it is stated that management of the Company represented to us that due to non-receipt of certain statutory approvals the same is kept pending. However since these monies have been received prior to the Companies Act, 2013, the Company is said to be attracted to the provisions of the Companies Acceptance of Deposit Rules 2014 and Investors Protection and Education Fund. But the Company Vide Legal opinion has mentioned that since the Company has been registered



under BIFR much ahead of the said Deposit Rules, the same shall not apply. Further the Investors protection and Education Fund Rules do not apply in so far as EDL has claimed the refund of share application money. The management vide their representation letter dated 27th May, 2016, expressed their inability in the absence of the normal functioning of the Company and cash flows to refund the application which is a matter to be considered under rehabilitation scheme to be filed by the company.

4.9 Figures for the previous year have been regrouped / reclassified wherever necessary.

As per our report of even date
for Venkatesh & Co.,
Chartered Accountants
Firm Registration No.04636S

CA Dasaraty V
Partner
Membership No.026336

Place : Chennai
Date : 30.05.2016

For and on behalf of the Board of Directors of
EMPEE DISTILLERIES LTD

M.P.Purushothaman
Chairman

K.Murali
Company Secretary

Nisha Purushothaman
Joint Managing Director

V.Srinivasan
Chief Financial Officer

**ATTENDANCE SLIP****EMPEE DISTILLERIES LIMITED**

L15511TN1983PLC010313

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

Phone : 044-28531111; Email : cs@empeegroup.co.in; Website : www.empeegroup.co.in**31ST ANNUAL GENERAL MEETING**

I/We hereby record my/our presence at the 31st Annual General Meeting of the Company being held at Sri P.Obul Reddy Hall, Vani Mahal, T.Nagar, Chennai – 600 017 on Monday, the 26th September 2016 at 11.30 a.m.

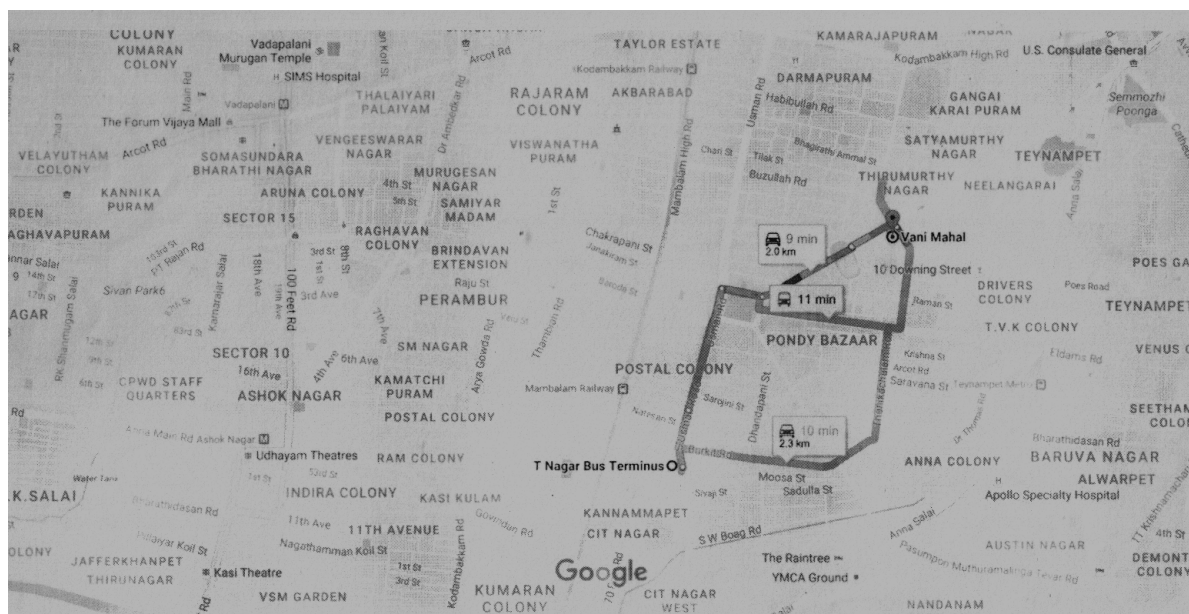
Members Folio No./ Client ID No. :
Member's Name / Proxy's Name :
Member's signature / Proxy's signature :

Note :

1. Please complete the Folio/ DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance verification counter at the entrance of the meeting hall.
2. Electronic copy of the Annual Report and Notice of the Annual General Meeting (AGM) alongwith Attendance slip and Proxy form is being sent to all the members whose email address is registered with the Company/ DP unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance slip.
3. Physical copy of the Annual Report and Notice of the AGM along with Attendance slip and Proxy form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.



Route Map :



E-mail Format :

Date :

Dear Sir / Madam

Pursuant to the Green Initiative in the Corporate Governance initiated by the Ministry of Corporate Affairs (MCA) vide its circular dated 21/4/2011, your company has proposed to send the Notice / Annual Report / documents through electronic mode to our shareholders.

This, you will appreciate, would facilitate fast, secured communication and contribute towards improved environment.

Kindly arrange to send the following details to our above address duly signed, which will be considered by us for sending the future communication through Email.

Company Name	Empee Distilleries Ltd.,
Folio No.	
Name (1 st / Sole Holder)	
Email ID	
Mobile Number	
Pan (Optional)	

In case if you are holding the shares in electronic mode, you may kindly register / update your correct email id with your DP, so that the future communication can be sent through the same.

Signature of the Shareholder

Thanking You,

Yours truly,
For Empee Distilleries Ltd.,

Sd./
Chairman



EMPEE DISTILLERIES LIMITED

L15511TN1983PLC010313

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

Phone : 044-28531111; Email: cs@empeegroup.co.in; Website: www.empeegroup.co.in

Name of the member(s) :

Registered address :

E-mail ID :

Folio No./Client ID No. :

I/We being the member(s) of shares of the above named Company hereby appoint :

- (1) Name :
 Address : Email ID :
 Signature : or failing him;
- (2) Name :
 Address : Email ID :
 Signature : or failing him;
- (3) Name :
 Address : Email ID :
 Signature : or failing him;

as my/our proxy to attend and vote for me/us and on my/our behalf at the 31st Annual General Meeting of the Company, to be held on Monday, the 26th September 2016 at 11.30 a.m. at Sri P.Obul Reddy Hall, Vani Mahal, T.Nagar, Chennai – 600 017 and at any adjournment thereof in respect of such resolutions as are indicated below:

Res. No.	Resolutions	Optional	
		For	Against
1.	Ordinary Business		
2.	Adoption of Financial Statements for the year ended 31.3.2016.		
3.	Re-appointment of Mr.M.P. Purushothaman, who retires by rotation.		
	Appointment of M/s.Venkatesh & Co., as Statutory Auditors.		
	Special Business		
4.	Ratification of Remuneration payable to Cost Auditor.		
5.	Appointment of Mr.Shankar Menon as an Independent Director.		
6.	Appointment of Mr.R.Rangachari as an Independent Director.		
7.	Revised Remuneration payable to Ms. Nisha Purushothaman, JMD.		
8.	Re-appointment of Ms. Nisha Purushothaman, as Joint Managing Director		
9.	Approval for Related Parties Transactions.		

Singed this Day of September 2016

Signature of shareholder :

Signature of Proxy holder :

Affix
Stamp

Note :

- The Proxy form must be deposited at the Registered office of the Company at Empee Tower, 59, Harris Road, Pudupet, Chennai–2 not less than 48 hours before the commencement of the meeting.
- For the resolution, explanatory statement and notes, please refer to the Notice of the AGM.
- It is optional to put 'X' in the appropriate column against the Resolutions indicated in the box. If you leave the 'For' or Against column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Please complete all details including details of member(s) in above box before submission.