



EMPEE DISTILLERIES LTD



27 th Annual Report - 2010 - 2011

IMFL UNIT, MEVALOORKUPPAM, TAMILNADU



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

**Board of Directors**

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

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

Mr. R. Anand

Auditors

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

Bankers

Andhra Bank
Union Bank of India

Factories**IMFL:**

1. Tamilnadu Unit :
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.

Power Plant :

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

Registered Office

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



INDEX	Page Nos.
Notice of Annual General Meeting	3
Directors' Report	6
Auditors' Report	16
Balance Sheet	20
Profit & Loss Account	21
Schedules to the Accounts	22
Auditors' Report on Consolidated Accounts	44
Consolidated Balance Sheet	46
Consolidated Profit & Loss Account	47
Schedules to the Consolidated Accounts	48

Important Communication to Members

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



NOTICE TO SHARE HOLDERS

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

ORDINARY BUSINESS:

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

By Order of the Board
For Empee Distilleries Limited

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

Place : Chennai
Date : 11.8.2011

Notes:

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

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

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

Mr. M.P. Purushothaman (75)

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



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

Directorship in other Companies

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

Membership in Committee

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

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

Mr. M.K. Mohan (56)

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

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

Directorship in other Companies

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

Membership in Committee

- Nil
 Nil
 Nil
 Share Transfer Committee

He is not holding any shares in the Company.

By order of the Board
For Empee Distilleries Limited

Place : Chennai
 Date : 11.8.2011

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



DIRECTORS' REPORT

To the Members,

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

Financial Results

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

(Rs. in Lacs)

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

DIVIDEND

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

FINANCIAL PERFORMANCE

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

REVIEW OF OPERATIONS

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

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



FUTURE OUTLOOK

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

DIRECTORS

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

SUBSIDIARIES

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

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

AUDITORS

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

FIXED DEPOSITS

The Company has no public deposits.

COMPANY SECRETARY

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

REPORT OF EMPLOYEES UNDER SECTION 217(2A)

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

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

CORPORATE GOVERNANCE REPORT

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

INDUSTRIAL RELATIONS

The Industrial relations continued to remain congenial during the year.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

We confirm

1. That in the preparation of the accounts for the year ended 31st March 2011, the applicable accounting standards have been followed.
2. That such Accounting Policies have been selected and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2011 and of the profit of the Company for the year ended on that date.
3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That the annual accounts for the year ended 31st March, 2011 have been prepared on a going concern basis.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Place : Chennai
Date : 11.8.2011

M.P. Purushothaman
Chairman



ANNEXURE 1 TO THE DIRECTORS' REPORT

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

A. Conservation of Energy:

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

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

B. Technology absorption:

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

Technology absorption, adaptation and innovation

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

C. Foreign Exchange earnings	Nil
Foreign Exchange outgo	Nil