

**Board of Directors**

Mr. M. P. Purushothaman
Mr. Shaji Purushothaman
Ms. Nisha Purushothaman
Mr. T. S. Raghavan
Mr. M. K. Mohan
Mr. M. P. Mehrotra

Chairman
Managing Director
Joint Managing Director

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.

4. Power Plant :

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

Registered Office

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



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Important Communication to Members

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

**NOTICE TO SHARE HOLDERS**

NOTICE is hereby given that the 28th Annual General Meeting of Empee Distilleries Limited will be held on Friday, the 28th December 2012 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 period ended 30th September, 2012 (18 months), 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.T.S.Raghavan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr.M.P.Mehrotra, who retires by rotation and being eligible, offers himself for reappointment.
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.

SPECIAL BUSINESS:

6. To consider and if thought fit to pass with or without modification the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to provisions of Section 269 read with Schedule XIII of the Companies Act, 1956 and provisions of Sections 198, 309, 310 and other applicable provisions, if any of the Companies Act, 1956 and subject to the approval of Central Government (if required), consent of the company be and is hereby accorded to the re-appointment of Ms.Nisha Purushothaman as Joint Managing Director of the Company for the period of five years with effect from 1st January 2012 on such remuneration in the form of salaries, allowances, perquisites and bonus as may be fixed by the Board from time to time on the recommendation of the Board of Directors upto a maximum managerial remuneration as permissible under section 198 of the Companies Act, 1956.

“RESOLVED FURTHER THAT Ms.Nisha Purushothaman be and is hereby entitled to such an increase in the remuneration annually as the Board may decide from time to time on recommendation of the Remuneration Committee upto a maximum Managerial remuneration as permissible under section 198 of the Companies Act, 1956.”

“RESOLVED FURTHER THAT in the event of loss or inadequacy of profits during the tenure of service of the Managing Director, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956, however in any case the terms and conditions of her appointment will be as under:

Terms:

Subject to the control and supervision of the Board of Directors, she shall be in charge of the management of the affairs of the company and she shall perform such duties and exercise such powers as may be entrusted to her from time to time by the Board.

**I. Salary:**

Salary shall not exceed Rs.4,00,000/- per month.

II. Perquisites:

(The aggregate value whereof shall not exceed in a year the annual salary)

- i) Rent-free furnished accommodation with service of personnel for maintenance and protection thereof.
- ii) Reimbursement of medical expenses of the JMD and her spouse and family.
- iii) Leave travel concession for the JMD and her family once in a year in accordance with rules of the Company.
- iv) Private use of car by her.
- v) Free use of Telephone at her residence.
- vi) Contribution to Provident Fund.
- vii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- viii) Encashment of earned leave at the end of the tenure.
- ix) Bonus as per the rules of the company.

If in any financial year during the currency of the tenure of Ms.Nisha Purushothaman, Joint Managing Director of the Company has no profits or its profits are inadequate, the remuneration as specified above, shall be paid as minimum remuneration from such year to her.

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

**Place : Chennai
Date : 3.12.2012**

**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. The Register of members and share transfer books of the company will be closed from 21st December 2012 to 28th December 2012 (Both days inclusive).
3. Members/proxies should bring the attendance slip duly filed 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 Ltd and National Stock Exchange of India Limited.
6. The information/details pertaining to Mr.T.S.Raghavan, Mr.M.P.Mehrotra and Ms. Nisha Purushothaman are provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges as annexure.

**ANNEXURE TO THE NOTICE:****Explanatory statement under Section 173(2) of the Companies Act, 1956****Item No 6:**

The tenure of Ms.Nisha Purushothaman, Joint Managing Director has expired on 31.12.2011. The Remuneration Committee has recommended her appointment for a period of 5 years on such terms and conditions as mentioned in the resolution effective from 1.1.2012. The Board of Directors of the company have approved her appointment subject to the ratification of the members in the ensuing Annual General Meeting. The details of her qualification and experience have been given in the additional information of the directors seeking reappointment.

None of the Directors except Ms.Nisha Purushothaman, Mr.M.P.Purushothaman and Mr.Shaji Purushothaman are deemed to be concerned or interested in this resolution.

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

**Place : Chennai
Date : 3.12.2012**

**M.P.Purushothaman
Chairman**

1. INFORMATION AS PER SCHEDULE XIII OF THE COMPANIES ACT, 1956**I. GENERAL INFORMATION:**

1. Nature of Industry:
The Company is engaged in the business of manufacture of Indian Made Foreign Liquor and Power.
2. Date or expected date of commencement of Commercial production:
Not applicable as the Company is an existing Company.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:
Not applicable as the Company is an existing Company.

4. Financial Performance based on given indicators.

(Rs. in Lacs)

Particulars	Year ended 31-3-2010 (12 months)	Year ended 31-3-2011 (12 months)	Period ended 30-9-2012 (18 months)
Sales	85473.21	87848.52	100681.25
PBID	4243.19	4319.78	7623.43
Net Profit	1709.18	2120.23	2280.11

5. Export performance: Nil.
6. Foreign investments or collaborations, if any. : Nil

**II. OTHER INFORMATION:**

SI. No.	DESCRIPTION	PARTICULARS
1.	Reason of loss or inadequate profits.	None. The Company is making adequate profit.
2.	Steps taken or proposed to be taken for improvement	Does not arise.
3.	Expected increase in productivity and profits in measurable terms	Not ascertainable at this stage.

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

The brief resume of the Directors seeking reappointment is given below:

Mr.T.S.Raghavan (72)

Mr.T.S.Raghavan holds a Degree in Master of Arts from Madras University and is a certificate holder from Certified Associate from Indian Institute of Bankers (CAIIB). He started his professional career as an Officer in Indian Overseas Bank in the year 1964 and was an Executive Director of Vijaya Bank from January, 1996 to April, 1997; Chairman and Managing Director of Bank of Maharashtra during May 1997 to November 1998 and Chairman and Managing Director of Indian Bank from December, 1998 to 2000.

He has wide experience in Finance & Banking sectors.

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. Leather Crafts India Pvt Ltd
3. Giri Digital Solutions Pvt Ltd
4. Giri Trading Agencies Pvt Ltd
5. Viswapriya (India) Ltd
6. Tanfac Industries Ltd
7. One Life Capital Advisors Ltd
8. Indus Finance Corporation Limited
9. The Kumbakonam Mutual Benefit Fund Ltd
10. Hindustan Lockers Ltd
11. Indowind Ltd

Membership in Committee

- Director & Member- Audit Comm.
- Director
- Director
- Director
- Director
- Director
- Director
- Director
- Director
- Director
- Director

Mr.M.P.Mehrotra (72)

Mr.M.P.Mehrotra is a senior practicing Chartered Accountant joined our company as an Independent Director. He is on the Board of various companies and it is in the interest of the Company to continue to avail the services of Mr.M.P.Mehrotra.

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

**Directorship in other Companies**

1. Maxim Infracon Pvt Ltd
2. VLS Finance Ltd
3. VLS Capital Ltd
4. South Asian Enterprises Ltd
5. VLS Commodities Pvt Ltd
6. Dhampur Sugar Mills Ltd

7. Empee Distilleries Ltd
8. Om Sree Bavanasai Infratech Pvt Ltd
9. India Securities Ltd
10. Delton Cables Ltd
11. Moonrock Hospitality Pvt Ltd
12. SBICAP Securities Limited
13. Riskpro India Ventures Pvt Ltd
14. Baroda Pioneer Assets Management Co Ltd
15. Mehrotra & Mehrotra, Chartered Accts.

Membership in Committee

- Director
- Director & Member -Audit Comm.
- Director
- Director
- Director
- Director & Chairman – Audit Comm.
- Chairman – Remu. Comm.
- Director & Chairman – Audit Comm.
- Director
- Director & Chairman – Audit Comm.
- Director
- Director
- Director
- Director
- Member

He is not holding any shares in the Company.

Ms. Nisha Purushothaman (39)

Ms. Nisha Purushothaman is presently Joint Managing Director of the Company. She was appointed as a Director of the Company on 2-12-1994. She was thereafter appointed as Joint Managing Director of the Company on 01-01-1997. She holds a degree in Masters in Business Administration from London Business School. She has around 18 years of experience in Liquor Industry in the field of administration and human resource management.

She 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 Int'l Hotels & Resorts Ltd
3. Empee Holdings Ltd.
4. Empee Power Company (India) Ltd
5. Empee Hotels Ltd
6. Aruna Constructions (India) Ltd
7. Empee Agro Farm Products Pvt. Ltd
8. Universal Spirits Ltd
9. Aruna Constructions

Membership in Committee

- Director & Member – Share Transfer Comm.
- Director & Member – Audit Committee
- Director & Member – Audit Committee
- Director & Member – Audit Committee
- Mg. Director & Member – Audit Committee
- Director
- Director
- Director
- Partner

She is holding 1002000 equity shares in the Company.

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

**Place : Chennai
Date : 3.12.2012**

**M.P.Purushothaman
Chairman**



DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting their Report together with the audited Accounts for the period ended 30th September 2012 (18 Months i.e from 1st April 2011 to 30th September 2012).

Financial Results

(Rs. in lacs)

Particulars	2011-12 (For the year period 30.09.2012) (18 months)	2010-11 (For the year ended 31.03.2011) (12 months)
Total Income	100681.25	59402.42
Operating Profit before Interest and Depreciation	7623.43	4319.78
Less Interest	2658.72	1477.70
Depreciation	1025.21	626.26
Add: Extraordinary income	-	580.70
Profit before Tax	3939.50	2796.52
Provision for Taxation	1793.65	713.51
Provision for Deferred Tax	-134.26	-37.22
Profit /(Loss) After Tax	2280.11	2120.23
Profit brought forward	4302.79	3502.89
Transfer of profit to General Reserve	-	212.02
Proposed Dividend	190.09	950.44
Dividend tax on proposed dividend	30.84	157.87
Profit carried forward	6361.97	4302.79

DIVIDEND

Due to increased cost of operations and lower volume of Premium Brands procured by Tasmac, the profit, on annualised basis is lower and there is need to conserve the cash flow and hence the Board of Directors have accordingly recommended a dividend of Re.1/- per share for the period ended 30.09.2012 (18 months).

FINANCIAL PERFORMANCE

Your Company achieved a total income of Rs.1006.81 crores and net profit after tax of Rs.22.80 crores during the period of 18 months as against the total income of Rs.594.02 crores and net profit after tax of Rs.21.20 crores during the year ended 31st March 2011 for 12 months. The revenue from the Power Division was Rs.52.12 crores with a net profit of Rs.0.27 crores during the period as against the revenue of Rs.34.30 crores and net profit of Rs.1.77 crores during the year ended 31st March 2011. The performance in power division has come down due to increased cost of raw materials which has resulted in lower realizations. However your company, since February 2012, has become eligible for REC and the same is expected to bring substantial revenue to the Power Division.

REVIEW OF OPERATIONS

The two factories at Mevalooruppam and Palakkad produced 8332516 cases during the period ended 30th September 2012 (18 months) as against the production of 4873075 cases during the year ended 31st March 2011. The sales was 8354524 cases during the period ended 30th September 2012 (18 months) as against 4859165 cases during the year ended 31st March 2011.

Inspite of stiff competition from new entrants in the Tamilnadu IMFL market, your Company has been able to maintain its market share. However the off take by Tasmac of profitable brands are lower which has affected the Profitability .

**FUTURE OUTLOOK**

The 60 KLPD grain based Distillery at Sanga Reddy, Medak District, Andhra Pradesh has been commissioned and is expected to reach full production by March 2013.

DIRECTORS

Mr.T.S.Raghavan and Mr. M.P.Mehrotra, Directors retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for reappointment.

Ms. Nisha Purushothaman, Joint Managing Director has been reappointed by the company for a period of 5 years effective from 1st January 2012. Further during the year she has been appointed as Vice Chairperson of the company by the Board of Directors.

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 30th September 2012 were not available for consolidation.

AUDITORS

M/s.K.S. AIYAR & Co., Chartered Accountants, the Auditors of the company have submitted their resignation to act as Auditors of the company from the financial year 2012-13 in view of their professional pre-occupations.

A notice has been received from a member proposing M/s.D.Sampathkumar & Co., Chartered Accountants be appointed as Auditors of the Company for the year 2012-13. The Company has received a certificate from them to the effect that their appointment if made would be in accordance with Section 224(1B) of the Companies Act, 1956. The Board recommends their appointment.

FIXED DEPOSITS

The Company has no public deposits.

COMPANY SECRETARY

Mr.R.Anand resigned as the Company Secretary during the year. The company has appointed a new Company Secretary who is expected to join shortly.

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.

STATUS ON AMALGAMATION

The Scheme of amalgamation has been approved by the shareholders of the company with the requisite majority and the Petition has been filed with the Madras High Court.

**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.

QUALIFICATIONS IN AUDITORS REPORT:**Standalone :**

The qualification made by the Auditors at point no.3 of the Auditors Report is self explanatory. Further the investment will get knocked off once the scheme of amalgamation is implemented on approval by the respective High Courts.

As regards the qualifications made by the Auditors vide point no.2 in audit report read with the Annexure to the Auditor Report (CARO) at point (vii) though the company is having an outside Internal auditor the company has taken steps to strengthening the internal audit system In the light of the suggestions made by the statutory auditor. As against point referred at (ix)(b) the company is making efforts to remit the dividend distribution tax of Rs.1.57 crores at the earliest.

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 period ended 30th September 2012, 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 30th September 2012 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 period ended 30th September, 2012 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 : 3.12.2012**

**M.P.Purushothaman
Chairman**