

**Board of Directors**

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

Chairman
Vice Chairperson & Jt.Managing Director

Auditors

M/s.D.SAMPATHKUMAR & CO.,
Chartered Accountants
New No.5, Old No.3,
South Boag Road,
T.Nagar
Chennai – 600 017.

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.

5. Grain Based Alcohol Plant:

Choutkur Village, Pulkal Mandal,
Medak District, Andhra Pradesh.

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 SHAREHOLDERS**

NOTICE is hereby given that the 29th Annual General Meeting of Empee Distilleries Limited will be held on Monday, the 30th December 2013 at 11.30 a.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 Statement of Profit & Loss for the year ended 30th September, 2013, 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 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.

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

**Place : Chennai
Date : 11.11.2013**

**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 23rd December 2013 to 30th December 2013 (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.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.

**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.

(₹. in Lacs)

Particulars	Year ended 31-3-2011 (12 months)	Period ended 30-9-2012 (18 months)	Year ended 30-9-2013 (12 months)
Sales / Income	87848.52	100681.25	58382.34
PBID	4319.78	7623.43	3901.68
Net Profit	2120.23	2280.11	1108.64

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

II. OTHER INFORMATION:

Sl. 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	As applicable
3.	Expected increase in productivity and profits in measurable terms	Not ascertainable.

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.M.P.Purushothaman (77)

He is presently the Chairman of our Company. He has been a Promoter-Director of the Company since inception. He has 35 years of experience with over 25 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



Honorary President of South India Hotels and Restaurants Association and Executive Committee Member 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	Membership in Committee
1. EMPEE SUGARS AND CHEMICALS LTD	Nil
2. EMPEE INT'L HOTELS AND RESORTS LTD	Audit Committee
3. EMPEE LEASING & FINANCE LTD	Nil
4. SOUTH (INDIA) HOTELS PVT LTD	Nil
5. ARUNA EXPORTS PVT LTD	Nil
6. EMPEE HOLDINGS LTD	Audit Committee
7. APPOLLO ALCHOBEV LTD	Nil
8. ARUNA CONSTRUCTIONS (INDIA) LTD	Nil
9. EMPEE HOTELS LTD	Audit Committee
10. UNIVERSAL SPIRITS LTD	Nil
11. EMPEE CONSTRUCTION CO. LTD	Nil
12. EMPEE POWER & INFRASTRUCTURE PVT LTD	Nil
13. EDL PROPERTIES LTD	Nil
14. EMPEE HOSPITALITY PVT LTD	Nil
15. EMPEE POWER COMPANY (I) LTD	Audit Committee
16. APPOLLO DISTILLERIES & BREWERIES PVT LTD	Nil
17. EDL MARKETING PVT LTD	Nil

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

Mr.M.K.Mohan (58)

He has joined our Company as an Independent Director. He has been engaged for over 30 years in the field of finance, transportation services, construction and import and export and the manufacture of bricks. He is a Trustee of the Vishakapattanam Port Trust, a former financial trustee of Pachaiappa Trust, Member of Council (Anna Nagar), Corporation of Chennai, former Member of the Water Board, Chennai, former 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	Membership in Committee
1. Five Star Business Credits Ltd	Nil
2. Kurunji Chit Funds Pvt Ltd	Nil
3. Emkay Holiday Inn Pvt Ltd	Nil
4. Empee Sugars and Chemicals Ltd	Share Transfer Committee

He is not holding any shares in the Company.

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

**Place : Chennai
Date : 11.11.2013**

**M.P.Purushothaman
Chairman**



DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting their Report together with the audited Accounts for the year ended 30th September 2013.

Financial Results

(₹. in lacs)

Particulars	2012-13 (For the year ended 30.09.2013) (12 months)	2011-12 (For the period ended 30.09.2012) (18 months)
Total Income	58382.34	100681.25
Operating Profit before Interest and Depreciation	3901.68	7623.43
Less Interest	2360.00	2658.72
Depreciation	968.01	1025.21
Profit before Tax	573.67	3939.50
Provision for Taxation	119.81	1793.65
Provision for Deferred Tax	69.79	-134.26
Earlier Tax provision reversed	-724.57	0.00
Profit /(Loss) After Tax	1108.64	2280.11
Profit brought forward	6361.97	4302.79
Transfer of profit to General Reserve	-	-
Proposed Dividend	190.09	190.09
Dividend tax on proposed dividend	30.84	30.84
Profit carried forward	7249.69	6361.97

DIVIDEND

The Board of Directors have recommended a dividend of ₹.1/-per share for the year ended 30.09.2013.

FINANCIAL PERFORMANCE

Your Company achieved a total income of ₹.583.82 crores and net profit after tax of ₹.11.08 crores during the financial year 2012-13 as against the total income of ₹.1006.81 crores and net profit after tax of ₹.22.80 crores during the previous financial period 2011-12 (18 months). The revenue from the Power Division was ₹.34.71 crores with a net profit of ₹.0.44 crores during the financial year as against the revenue of ₹.52.12 crores and net profit of ₹.0.27 crores during the previous financial period ended 30th September, 2012 (18 Months). The performance in power division has improved due to higher realization from third party sales. During the current year the new 60 KLPD unit at Chotkur, Andhra Pradesh earned a revenue of ₹.4.20 crores with a net loss of ₹.5.37 crore.

REVIEW OF OPERATIONS

The two factories at Mevalooruppam and Palakkad produced 4653443 cases for the year ended 30th September 2013 as against the production of 8332516 cases for the period ended 30th September 2012(18 months). The sales was 4677190 cases for the year ended 30th September 2013 as against 8354524 cases for the period ended 30th September 2012 (18months).

During the year under review your Company has been able to maintain its market share. However the off take of profitable brands by Tasmac were lower which has affected the profitability. The activities on the real estate business of the company are put on hold temporarily due to prevailing unfavorable market conditions.

**FUTURE OUTLOOK**

The 60 KLPD grain based Distillery at Sanga Reddy, Medak District, Andhra Pradesh was commissioned in March 2013 and reached full production capacity in July, 2013. The company also expects to earn sizable revenues from the new brands to be introduced in the coming year. The Company has entered into manufacturing agreement for manufacture of Indian made foreign liquor which will be initially for a period of three years with United Spirits limited for production at its unit in Kolar District in Karnataka which will improve the top line and bottom line growth of the Company.

DIRECTORS

The term of appointment of Mr. Shaji Purushothaman, Managing Director expired on 9th March 2013. Mr. Shaji Purushothaman has expressed his inability to continue as the Managing Director. The Board places on record its appreciation of the services rendered by Mr. Shaji Purushothaman during his tenure as Managing Director. He however continues as a non executive Director.

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 Un-audited accounts of subsidiaries M/s.Empee Sugars and Chemicals Limited, Empee Power Company (India) Ltd, EDL Properties Ltd, M/s.Appollo Distilleries Pvt Ltd and Appollo Wind Energy Private Limited. The accounts of the subsidiaries can be made available to the members upon request.

AUDITORS

M/s.D.Sampathkumar & 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 not accepted public deposits.

COMPANY SECRETARY

The Company is taking steps to appoint Company Secretary.

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 of your company with Empee Sugars and Chemicals Ltd., has been approved by the Honorable High Court of Madras subject to the similar approval being received from the Honorable High Court of Andhra Pradesh.

**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:

The Explanations to the qualifications made by the Auditors respectively are as under:

- a) The investment of ₹.140.36 Crores in Company's subsidiary Empee Sugars and Chemicals Limited (ESCL) was incurred for the implementation of Integrated Sugar Complex at Ambasamudram. The Composite Scheme of Arrangement for amalgamation with ESCL is in progress. The said Scheme has already been approved by the High Court of Madras subject to similar approval being obtained from the Honorable High Court of Andhra Pradesh. This investment will be squared off in the post amalgamated Balance Sheet of the Company.
- b) The qualification is self explanatory.
- c) Tax provision has been made under section 115JB of the Income Tax Act, 1961.

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 30th September 2013, the applicable accounting standards have been followed.
2. That such Accounting Policies have been selected and applied consistently and made judgments 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 2013 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 30th September, 2013 have been prepared on a going concern basis.

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 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: 11.11.2013

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 30th September 2013.

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	:
b. Recurring	:
c. Total	:
d. Total R & D expenditure as a percentage of total turnover	:
	Nil

Technology absorption, adaptation and innovation

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

(C) Foreign Exchange earnings Nil

Foreign Exchange outgo Nil

**ANNEXURE – 2 TO DIRECTORS REPORT****Report on Corporate Governance in terms of Clause 49 of the Listing Agreement****1. Company's Philosophy on Corporate Governance**

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

2. Board of Directors

Board of Directors of the company consists of two executive Director and four non-executive directors. Three non-executive directors are independent and they have no pecuniary relationship with the Company in their capacity as Director. During the year 2012-13, the Board met five times and the maximum gap between two meetings was three months. The above composition of the Board meets the recommendation of SEBI code of corporate governance.

Details of Board Meetings attended by Directors during 01/10/2012 to 30/09/2013:

Name	No. of Board meetings attended	Whether attended last AGM	Number of other Boards in which Directorship held	Number of other Board Committees in which membership held
Mr.M.P.Purushothaman	5	Yes	17	5
Mr.Shaji Purushothaman	2	-	14	2
Ms.Nisha Purushothaman	5	Yes	8	6
Mr.T.S.Raghavan	5	Yes	11	3
Mr.M.K.Mohan	3	-	4	2
Mr.M.P.Mehrotra	5	-	15	6

During the period, Board Meetings were held on 3.12.2012, 7.2.2013, 13.2.2013, 11.5.2013 and 9.8.2013.

3. Audit Committee:

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

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

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