Radico

RADICO KHAITAN LTD.

Annual Report 2017-18

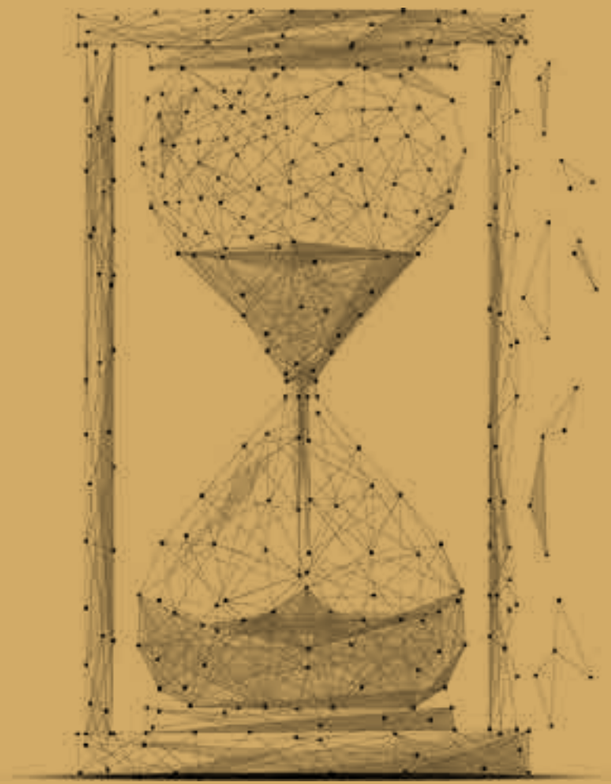
Inspired by Past.
Motivated by Present.
Driven by Future.



A TOAST
TO A SPIRITED
EFFORT



INSPIRED BY PAST.
MOTIVATED BY PRESENT.
DRIVEN BY FUTURE.



Inspired **by Past.**

Radico Khaitan has come a long way in its exceptional journey of growth and brand creation to become one of the most admired liquor companies across India. Our rich history of 75 years continues to set the pace for today and shape the business outlook for tomorrow.

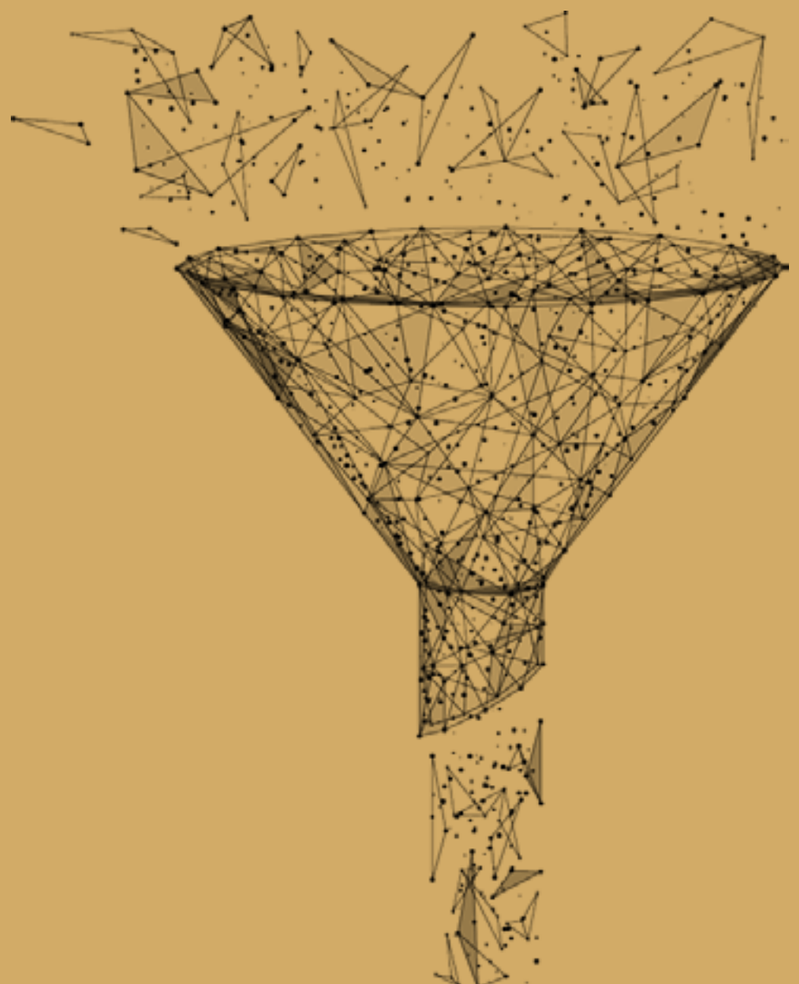
Our journey to establish an exemplary spirits company is inspired by the vision of the promoters. In 1998, the Company started its own label with the introduction of 8PM Whisky. Within a year of its launch, 8PM Whisky became a millionaire brand which is a record yet to be reckoned with for any other brand in India.

Radico Khaitan is one of the few companies in India to have developed its entire brand portfolio organically. This is a true testament to the Company's R&D strength and understanding of customer preferences. The Company launched ten new brands over the past decade. Of these new brands, nine brands are in the premium category.

The Company's robust brand portfolio includes After Dark Whisky, Contessa Rum, Jaisalmer Indian Craft Gin, Magic Moments and Magic Moments Verve Vodka, Morpheus and Morpheus Blue Brandy, Old Admiral Brandy, Pluton Bay Rum, Rampur Indian Single Malt Whisky, Regal Talon Whisky, Whytehall Brandy, 1965 - The Spirit of Victory Rum, 8PM and 8PM Premium Black Whisky. Currently, the Company has four millionaire brands which are 8PM Whisky, Contessa Rum, Old Admiral Brandy and Magic Moments Vodka.

Over the past two decades, Radico Khaitan has been serving discerning consumers with differentiated products creating enriching and enduring experiences.

Motivated by **Present.**



Radico Khaitan has created a cohesive and differentiated brands portfolio coupled with comprehensive supply & distribution platform to take the Company to next level of growth.

A key differentiator in present times has been our ability to think beyond the obvious. Our innovation led culture offers a clear proposition to stakeholders, built around following key strategic priorities:

Investing for market share growth

Radico Khaitan's Magic Moments Vodka has a market leading share of over 50% across the vodka industry in India. The Company's Morpheus Brandy leads the super-premium segment with over 60% market share.

We continue to innovate and achieve strong performance that can deliver sustainable long-term growth.

Value creation supported by innovation

The Company continues to delight its consumers and strengthen its brand portfolio through the launch of some of finest IMFL products over the years. Radico Khaitan recently launched Rampur Indian Single Malt and Jaisalmer Indian Craft Gin. Both these brands are testament to our R&D and product development capabilities.

The Company's strategy has been to drive growth that is led by premium products and is profitable, sustainable and responsible.

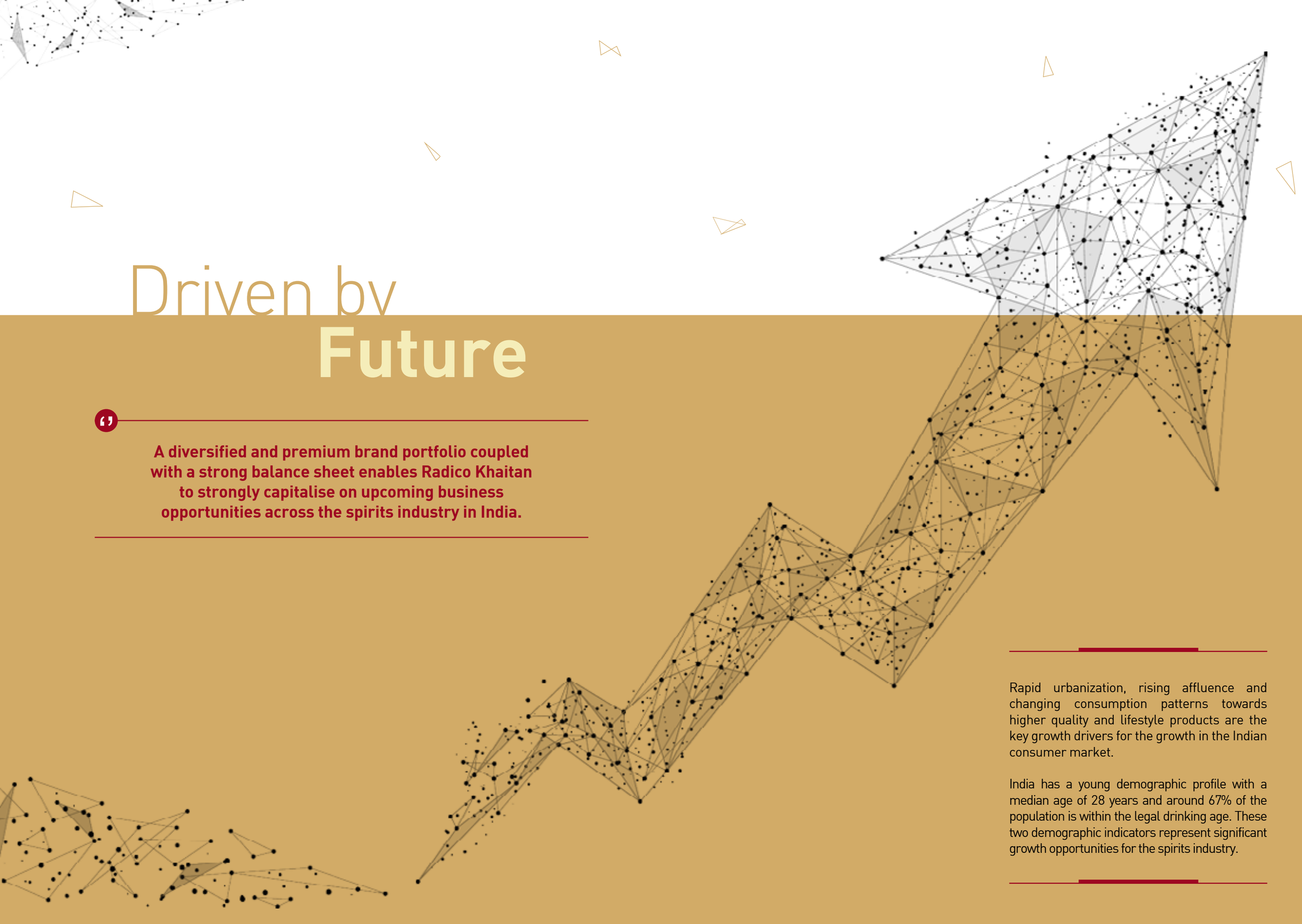
Strong cash flow generation

Over the past few years, one of the core strategic priorities of the Company has been to enhance free cash flow generation.

The Company has been able to deleverage thus making our balance sheet stronger enabling investment in growth.

Driven by **Future**

A diversified and premium brand portfolio coupled with a strong balance sheet enables Radico Khaitan to strongly capitalise on upcoming business opportunities across the spirits industry in India.



Rapid urbanization, rising affluence and changing consumption patterns towards higher quality and lifestyle products are the key growth drivers for the growth in the Indian consumer market.

India has a young demographic profile with a median age of 28 years and around 67% of the population is within the legal drinking age. These two demographic indicators represent significant growth opportunities for the spirits industry.



TABLE OF CONTENTS

Company Overview **01-34**

Brand Portfolio **01**
Awards & Accolades **23**
Manufacturing Facility **27**
Financial Highlights **29**
CMD's Message **31**
MD's Message **33**

Statutory Reports **35-98**

Directors' Report **35**
Annexures to Directors' Report **43**
Management Discussion and Analysis **64**
Report on Corporate Governance **73**
Business Responsibility Report **88**

Financial Reports **99-212**

Independent Auditor's Report on Standalone Financial Statements **99**
Standalone Financial Statements **105**
Independent Auditor's Report on Consolidated Financial Statements **155**
Consolidated Financial Statements **159**
Company Information **211**

Disclaimer

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

SHAKE THE WORLD WITH MAGIC



MAGIC MOMENTS
VODKA



SHAKE THE WORLD WITH MAGIC

Launched in 2005, the brand became a rage overnight. The enthralling taste of Magic Moments not only set the town buzzing, but also unleashed the thirst for making every moment grand! Commanding over 50% market share across price points in Vodka category, it has reached the level of being the undisputed leader and a category driver for the industry.

Produced from the finest grains, its triple distilling process is a mark of absolute purity. This premium vodka is smooth and perfectly blends with your senses, giving an enriched taste. The spirit of Magic Moments can be celebrated with various tantalizing flavours that take excellence a notch up! No wonder, this remarkable vodka is a millionaire brand of Radico Khaitan. Magic Moments is ranked as the world's 11th largest selling vodka by the Drinks International, Millionaires' Club 2018 rankings. It has also won many coveted awards including nine Gold Medals in last ten years at the Monde Selection. Magic Moments Remix Flavoured Vodka has also carved out its leadership with Lemongrass and Ginger Flavour winning six consecutive Grand Gold Awards and Green Apple Flavour winning five consecutive Gold Awards in the Monde Selection respectively.

MORPHEUS
Blue
XO PREMIUM BRANDY

EXPERIENCE THE SUBLIME ALLURE OF MORPHEUS BLUE

The true embodiment of understated perfection. Named after the Greek God of dreams. Its intense flavour leaves you with an epic aroma and rich aftertaste.



MAGIC MOMENTS

ELECTRA

KICK THE BORING

Exploring the wilderness within, the quest to conquer the unusual and the zest to go beyond the limits is what drives non-conformists. To kick the boring out of their lives, we have introduced a gush of raw adrenaline for them - Electra, that brings to the table the best mixed cocktails like Cosmpolitan, Agent Orange, Appletini, Starry Night Martini and Mojito to savour.

Electra is a vodka based cocktail, triple-distilled and triple-filtered with carbon and platinum filters. Keeping the spirit of innovation alive, this 8% vodka infused drink comes with a premium ring pull-off cap, that kicks the boredom out and lets one embark on an expedition to find one's inner glory and stun the world.



MORPHEUS
BRANDY

SPIRIT OF FRANCE CAPTURED IN A GOBLET

The essence of a French chateau, the lush green yards and the exoticness are superbly captured in the bottle of this premium brandy. It rolls on the tongue smoothly, awakening your senses and making the taste irresistible.

After achieving four consecutive Gold Medals at the prestigious Monde Selection, the world has taken note of its treasured legacy and trademark excellence. Morpheus, now a leader in its segment, proudly basks in the glory of its finesse and perfection with which it has been processed. The pure bliss attained with each sip is a truly remarkable experience.

VERVE

SUPER
PREMIUM VODKA

HIGH ON VERVE

Using a five staged slow filtration process with silver and platinum filters, this unique vodka possesses the ability to send you in a trance. The tantalizing aroma of its flavour and its crisp taste have enabled Verve to attain a significant market share in the premium segment.

Verve has also been felicitated with Monde Selection Gold Award for five years for its exemplary quality and distinctive flavours – Verve Green Apple and Verve Orange, that have carved a niche in the category. Verve Green Apple has the crunchy taste of freshly plucked Green Apples, whereas Verve Orange has a citrusy and tangy aroma of fresh and ripe oranges with a sweet taste that lingers on.

PLUTON BAY

RARE EXOTIC RUM

SPIRIT OF ADVENTURE

The journey of Pluton Bay is one of passion, a sense of adventure and a pursuit of excellence. It is a toast to the spirit of exploration, as one sea captain said - "The spirits are now smoother to the tongue and have acquired a gold colour during the voyage."

Pluton Bay, a rare blend of aged cane juice and finest neutral spirits was launched in the premium rum category. The bottle has an international tear-off sleeve and a pilfer proof cap making it a unique rum drinking experience.

Pluton Bay is a spicy, dark brown exotic rum, smoother than any other. It is a promise of a million cheers for true lovers of quality rum.

Pluton Bay was the winner of Silver Award at the Monde Selection for two consecutive years.

8
PM
PREMIUM BLACK
WHISKY

RIVALS BECOME FRIENDS

A rare signature blend of Scotch and Grain Spirits to achieve the perfect balance of strength and smoothness.

Made with the finest quality grain, this whisky is the epitome of lavishness and quality drinking.

Once you savour its rich, full-bodied, yet smooth taste, you'll realise why it's the ideal blend to help you unwind.

Enjoy an unparalleled experience of taste and witness a royal marriage of finesse and elegance.

REGAL TALONS

RARE GENERATION WHISKY

UNBEATABLE SPIRIT

Regal Talons has been especially made for the breed that believes in conquering and emerging as champions with its unbeatable spirit. Regal Talon has also been coveted with the prestigious Gold Medal for the last two years at the Monde Selection Awards.

The fine taste of Regal Talons sets free the spirit of passion and perfection and takes one to a new level of supremacy. The smoothness of this whisky rolls on the tongue like silk and lets one savor it effortlessly, enjoying the finest things in life.

"Dare to go where no one would try. Choose to fly where eagles soar high. Get your claws on Regal Talons Deluxe Rare Generation Whisky, the finest blend that combines Indian grain spirits with imported single malts to deliver that exceptional smoothness."

AFTER DARK

FINE GRAIN WHISKY

ONE LIFE. MANY PASSIONS. WHY WAIT?

After Dark is a promising brand in the fast growing premium segment in India. It is a drink to be savoured with friends.

The night has different connotations for different people. It unfolds and brings a unique world of desire, adventure and excitement. In fact, it's where the fun and action begins.

RAMPUR

INDIAN SINGLE
MALT WHISKY

DECADES OF PERFECTION

Rampur Indian Single Malt is presented in distinguished canister packaging. Treasured in a robust stout bottle with a thick base, its overall appearance is of understated luxury.

The Rampur Indian Single Malt experience is enhanced with the addition of a cork with sleeve and a handcrafted silk pouch imparting a royal touch. The brand has been recognized in the Monde Selection with Gold Award in 2017 and Grand Gold in 2018.

8 PM

WHISKY

HAR SHAAM KI SHURUAT

When the hand of the clock strikes 8, it's time to end the wait. Blended with rich taste of the finest quality grains, it unleashes a carefree streak and engulfs one into an aura of unmatched experience which captures the true essence of the brand.

8 PM is a flagship brand of Radico Khaitan and is the first brand in the liquor industry to make it to the 'Limca Books of Records' for selling one million cases in the first year of its launch. 8 PM Whisky is ranked as the world's 11th largest selling whisky by the Drinks International, Millionaires' Club 2018 rankings.



CONTESSA

XXX RUM

FOR THE MAN OF COURAGE

Contessa Rum is another millionaire brand from the house of Radico Khaitan. This brand has surpassed expectations and has garnered a strong foothold in the Indian market.

This rum truly reflects the real meaning of courage, while its taste simply touches the right chords and reflects the true essence of bravery. It is the highest selling rum brand in the defence segment with a formidable leadership in the market. Now Radico Khaitan has spread the splendid taste of this rum in parts of Africa, South East Asia and Middle East. The company has also launched Contessa in the USA and Canada recently. Contessa Rum is ranked as the world's 7th largest selling rum by the Drinks International, Millionaires' Club 2018 rankings.



1965

PREMIUM XXX RUM

THE SPIRIT OF VICTORY

Under an initiative taken by Radico Khaitan, 1965 Premium XXX Rum was launched in 2016.

Marketed exclusively for the Indian Defence Force Personnel, it is available at Canteen Stores Department only.

The product, with rich flavours like dried fruits, chocolate, oak and honey, was created to cater to the demand of premium rum drinkers.

Old Admiral

BRANDY

FOR REAL MEN ONLY

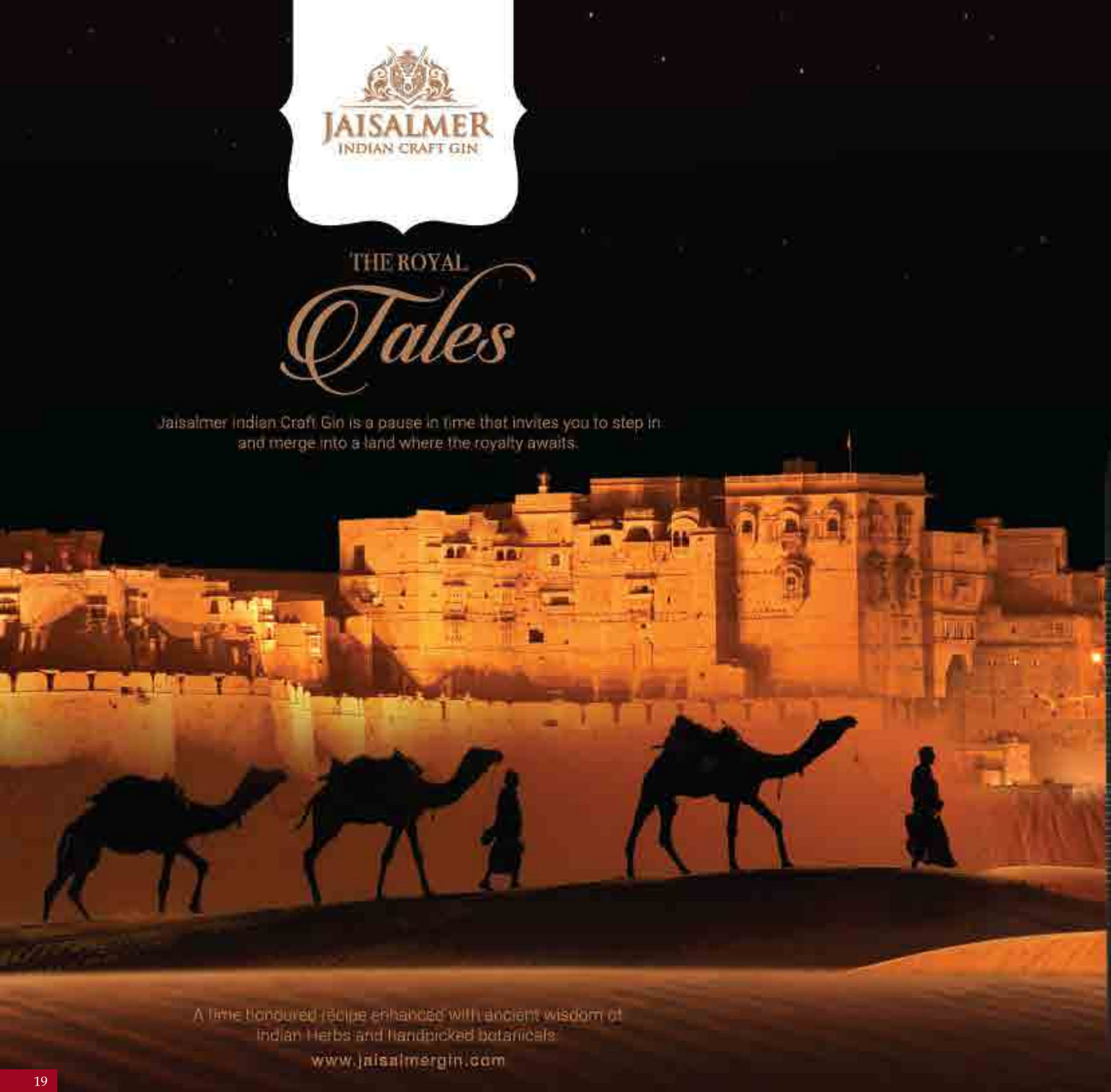
Made especially for the men with pride, honour and courage, the splendid taste of this spectacular brandy celebrates the achievement of greatness and passion for all the good things in life. The classic taste perfectly blended with rich sensations and enthralling aroma ensures that it is savored the way it is desired and truly deserved. Old Admiral Brandy is ranked as the world's 5th largest selling brandy by the Drinks International, Millionaires' Club 2018 rankings.

JAISALMER
INDIAN CRAFT GIN

THE ROYAL

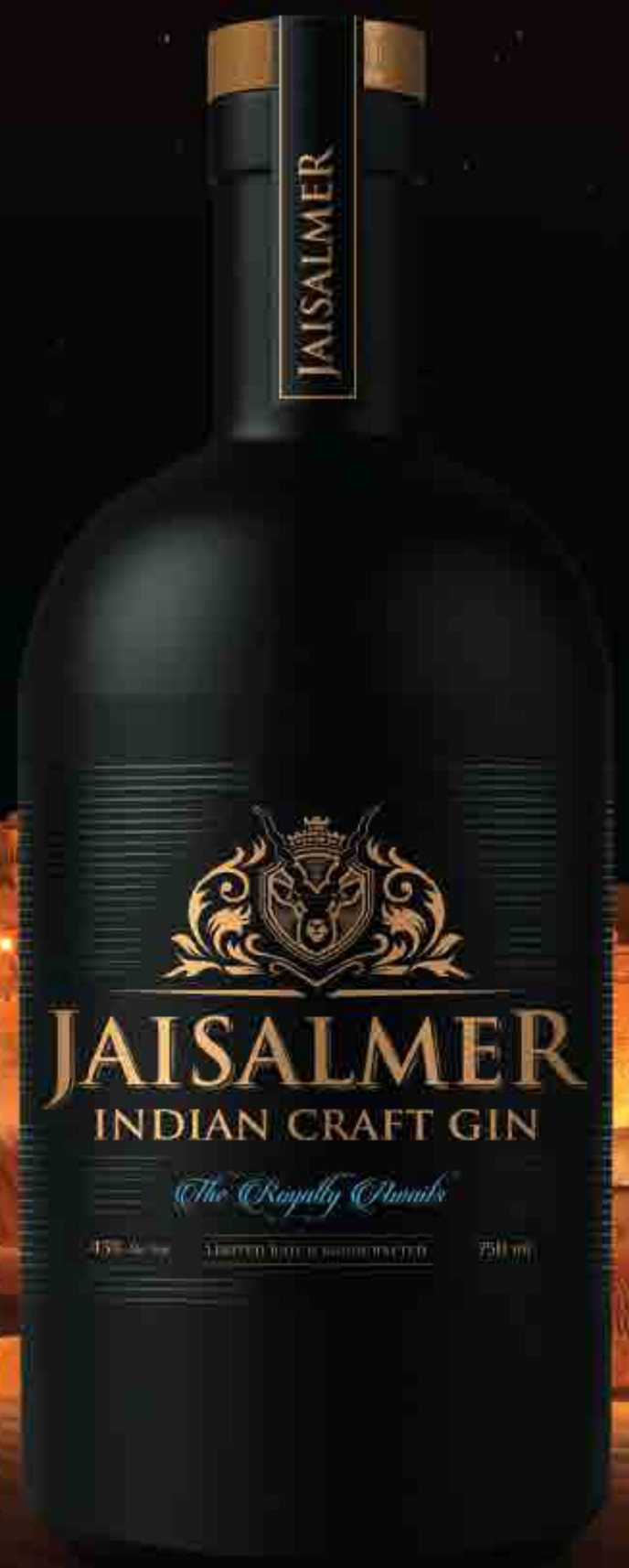
Tales

Jaisalmer Indian Craft Gin is a pause in time that invites you to step in and merge into a land where the royalty awaits.



A time honoured recipe enhanced with ancient wisdom of Indian Herbs and handpicked botanicals.

www.jaisalmergin.com

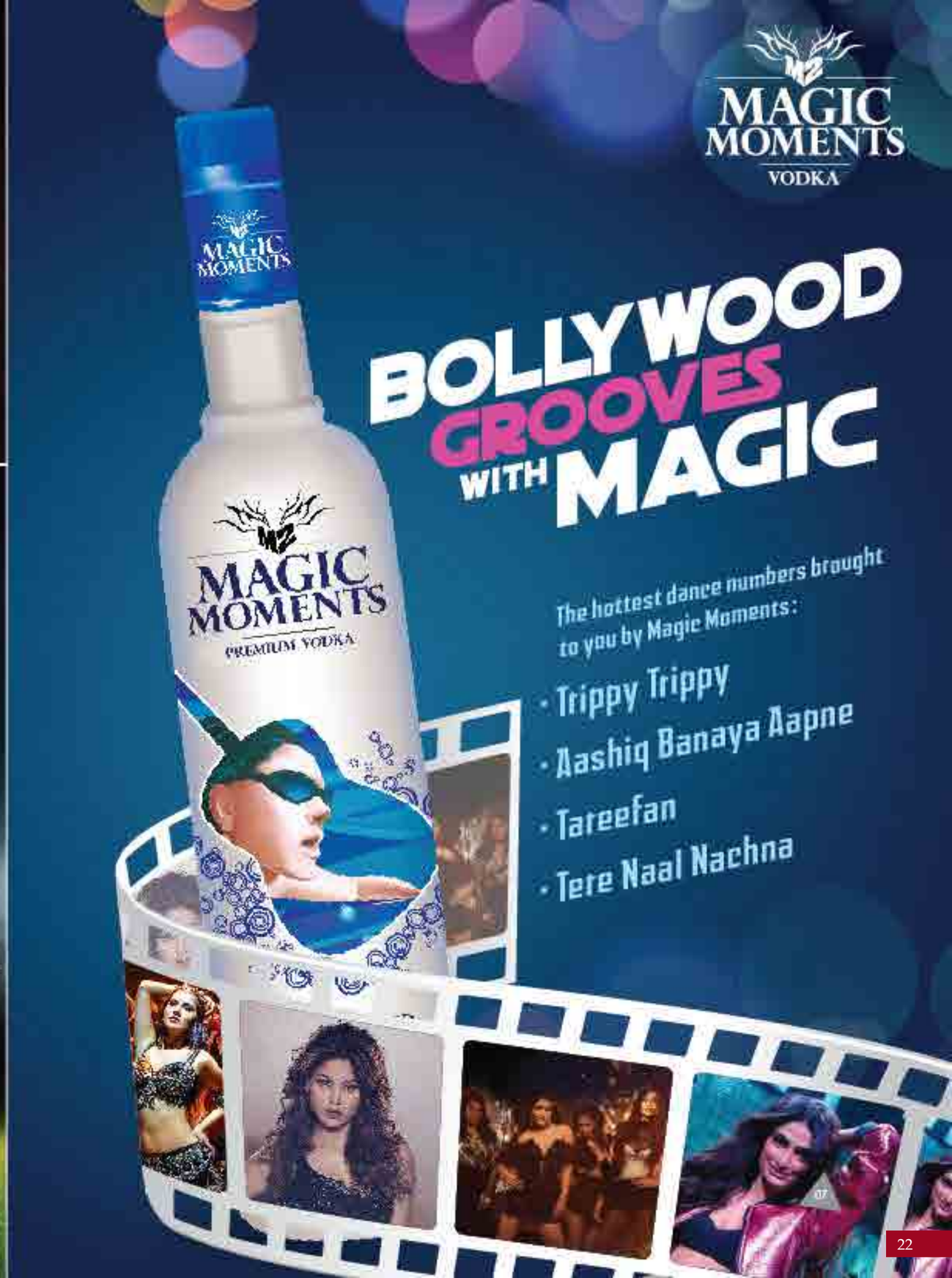




8
PM
PREMIUM BLACK
BRAND CAMPAIGN







AWARDS AND ACCOLADES

PROUD WINNERS AT THE GLOBAL MONDE SELECTION AWARDS

Company	Country	Product	2011	2013	2014	2015	2016	2017	2018
Radico Khaitan Ltd.	India	Magic Moments Remix Flavoured Vodka Lemongrass and Ginger	Grand Gold	Grand Gold	Grand Gold	Grand Gold	Grand Gold	Grand Gold	-
	India	Magic Moments Remix Grapefruit & water melon	-	-	-	-	-	-	Gold
	India	Magic Moments Vodka	Gold	Gold	Gold	Gold	Gold	Gold	Gold
	India	Morpheus Brandy	Gold	-	-	Gold	Gold	Gold	Gold
	India	M2 Verve Magic Moments Super Premium Vodka	-	Gold	Gold	Gold	Gold	Gold	-
	India	Regal Talons Deluxe Rare Generation Whisky	-	-	-	-	-	Gold	Gold
	India	Rampur Indian Single Malt Whisky	-	-	-	-	-	Gold	Grand Gold
	India	Pluton Bay Rum	-	-	-	-	-	Silver	Silver
	India	1965	-	-	-	-	-	-	Gold

SOURCE: MONDE SELECTION GLOBAL QUALITY AWARDS
www.monde-selection.com

RAMPUR



Winner of the Grand Gold Award in 2018.

PLUTON BAY



Winner of the Silver Award in 2018.

MORPHEUS



Winner of the Gold Award in: 2011, 2015, 2016, 2017 and 2018.

REGAL TALONS



Winner of the Gold Award in 2018.

1965



Winner of the Gold Award in 2018.

MAGIC MOMENTS



Winner of the Gold Award in 2018.

MAGIC MOMENTS



Winner of the Gold Award in 2018.

GLOBAL BRAND RANKINGS



SOURCE:
THE DRINKS INTERNATIONAL: THE MILLIONAIRES' CLUB 2018
www.drinkstint.com



WHISKY



VODKA



RUM



BRANDY





RAMPUR DISTILLERY

Rampur Distillery & Chemical Company was established in1943 It is one of the largest and the most efficiently run distilleries in India, manufacturing high grade Extra Neutral Alcohol (ENA) from molasses and grains.

The plant has an overall capacity of 102.5 million litres per annum; the breakup of the same is as follows:

- 75 million litres per annum of ENA from molasses
- 27 million litres per annum from grain
- 460 thousands litres per annum from malt

Rampur Distillery also manufactures various brands of IMFL and Country Liquor. Besides meeting the domestic demand, various IMFL brands are sold abroad.

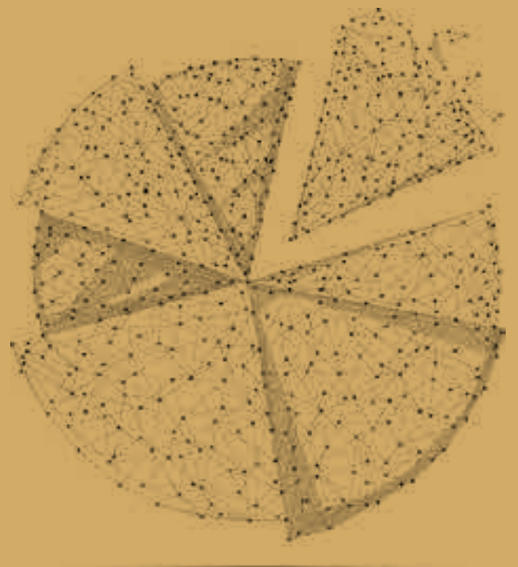
The plant is self-sufficient in meeting the fuel and power requirement by backward integration, utilizing its effluent for generating bio-gas which in turn is used to generate the steam and power for its captive requirement.

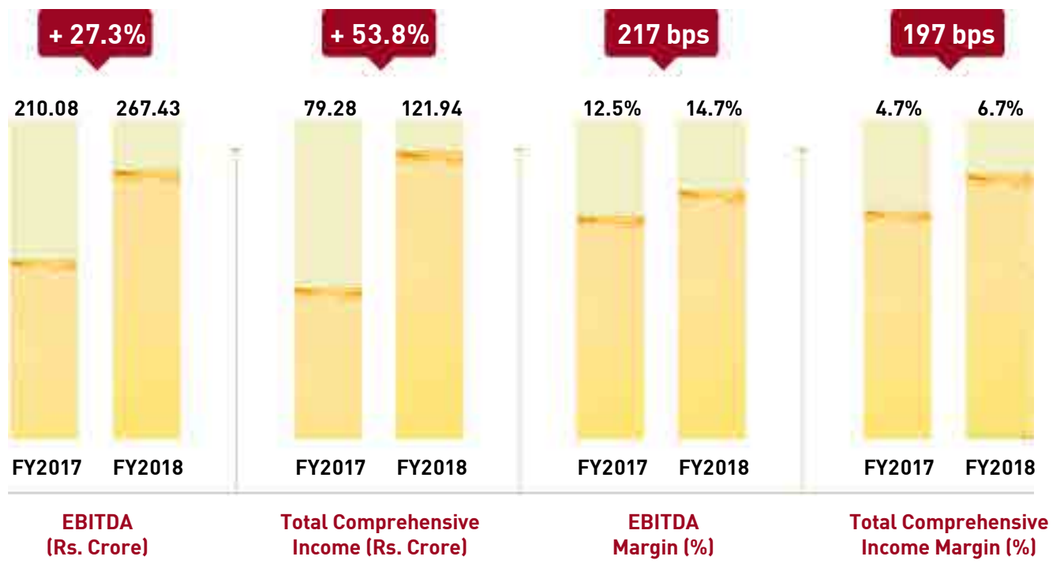
The unit has a series of firsts to its credit:

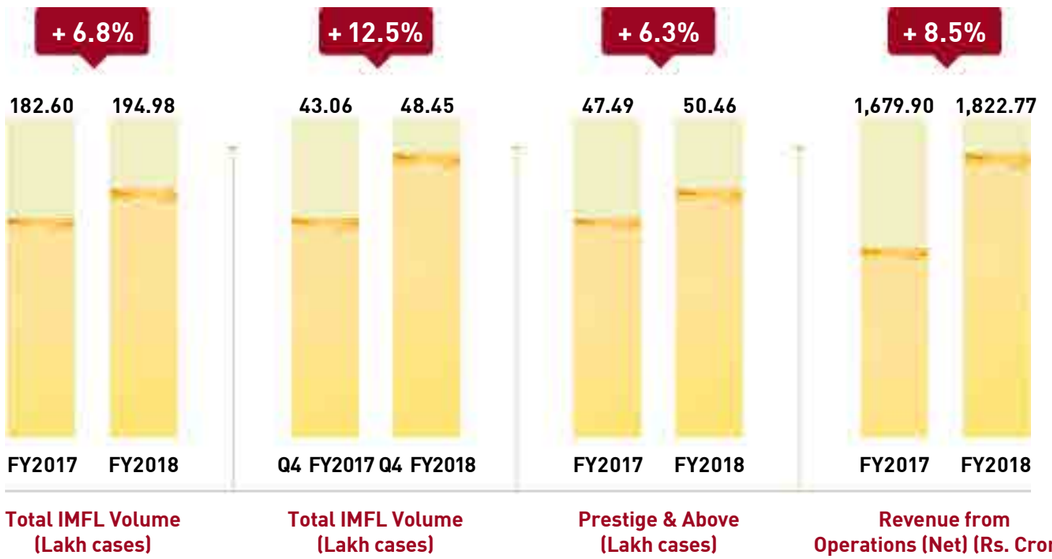
- it is the first Indian distillery to obtain ISO 9001:2000 certification
- it has achieved a capacity utilization of 100% in the alcohol plant
- it is the first environment-friendly distillery in the country

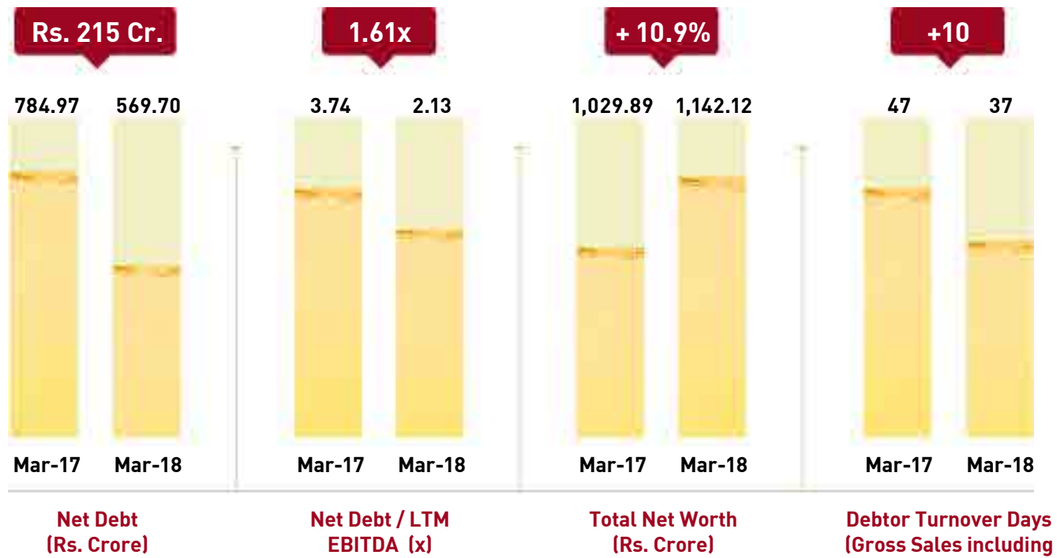
The effluent treatment facility in Rampur Distillery is unique in nature when compared to its competitors. The Distillery complies with the Zero Discharge concept set by the Central Pollution Control Board (CPCB). The treatment varies by products, which improves the operational stability of the plant, adding to the Company's profitability.

Financial **Highlights**











CMD's Message

Dear Shareholders,

Last fiscal year was important for Radico Khaitan in more ways than one. Year 2018 marks the 75th anniversary of Radico Khaitan's exceptional journey of growth and brand creation to become one of the most admired IMFL brands in India. We are proud of our sustained growth and resilient performance during the year, despite challenging market conditions. After a difficult couple of years, we experienced significant improvement in the overall industry environment with the normalisation of the highway ban impact, a benign raw material scenario and price increases across a number of key liquor consuming states. This was clearly reflected in both our operational and financial performance during the year.

Our FY2018 results were also an outcome of the Company's ability to create a strong premium brand portfolio, invest in a robust sales & distribution platform and implement prudent financial controls. Radico Khaitan ended the fiscal year 2018 on a very high note. During the year, we experienced a strong uptick in volumes driven by both our Prestige & Above as well as Regular & Other category brands. We reported an enhanced top-line growth coupled with a significant improvement in profitability. Our business generated strong free cash flows during the year and we are pleased to report that our net debt was reduced by Rs. 215 Crore.

It was also a year of transformation and stabilization for the Indian economy. All of the reforms undertaken during the year are anticipated to contribute to the country's economic growth going forward. India's GDP is projected to grow at 7.4% and 7.8% in 2018 and 2019 respectively, surpassing China to become the fastest growing economy in the world. With the largest youth population and other attractive demographic attributes, India is poised for strong and profitable growth across the consumer industry.

Given a strong sugar season, molasses prices have declined significantly which is expected to lead to the softening of ENA prices during FY2019. Furthermore, the new excise policy in the state of Uttar Pradesh is aimed at improving transparency and the operating environment. This policy is expected to be beneficial for the industry as a whole and in particular Radico Khaitan given our strong manufacturing base and brand equity in the state.

Radico Khaitan reiterates its commitment and unwavering focus on creating long term sustainable value to its shareholders and in this context, we are pleased to propose a higher dividend of Rs. 1.00 per share. We wish to put on record our sincere appreciation for your continued support and look forward to wonderful years to come. I would like to thank the Board of Directors for their guidance throughout our successful journey.

Lalit Khaitan
Chairman & Managing Director

Year 2018 marks the 75th anniversary of Radico Khaitan's exceptional journey of growth and brand creation to become one of the most admired IMFL brands in India.

MD's Message

Dear Shareholders,

It's a great pleasure to report that despite the impact of recent regulatory changes in the industry during the first half of FY2018, Radico Khaitan reported a robust top-line performance along with strong profitability during the year. We registered IMFL sales volume growth of 6.8% and our revenue from operations increased by 8.5%. The Company's profitability improvement was driven by a combination of recent price increases, premiumization, softening of raw material prices and the management team's ongoing cost optimization initiatives. Our gross margins increased from 45.2% in FY2017 to 47.8% in FY2018 and similarly EBITDA margin during the year expanded by 217 bps to 14.7%.

Radico Khaitan continues to selectively launch new products each with their own niche market positioning. Recently, we launched Jaisalmer Indian Craft Gin, a product in the luxury segment which is a testament to our innovation and product development capabilities. This brand is positioned in the fast-growing white spirits segment globally and capitalizes on the years of our leadership experience with Magic Moments vodka.

Our Rampur Single Malt whisky has rapidly gained consumer acceptance and won accolades across the world including the coveted Gold Award at the Monde Selection Quality Awards and Double Gold at the World Wine & Spirits Awards. Radico Khaitan's existing premium products such as Magic Moments vodka and Morpheus brandy continue to achieve landmarks and lead their respective product categories. Our premium product portfolio is stronger than ever. This coupled with an improved operating environment and stronger cash flow generation places us optimally to capitalise on the long term attractive India consumption story.

India has the largest millennial population globally which plays a key role in driving consumer sector growth in India. This young population is well educated, increasingly informed and has significant purchasing power. Growing disposable incomes, increasing rural consumption, greater acceptance of social drinking and a higher proportion of the young population entering the drinking age, are all factors that will drive the future of the spirits industry in India.

We are in a rapidly changing world where digital connectivity and social media forms a critical part of business operations and consumer engagement. During the year, Radico Khaitan continued to enhance its digital outreach and footprint to gain valuable analytics and insights into consumer behaviour and preferences. Digital marketing is expected to be the key for our future initiatives.

I would like to take this opportunity to put on record my sincere appreciation of the entire team at Radico Khaitan for their hard work and dedication to make FY2018 a very successful year. We look forward to the team's continued commitment and enthusiasm to enable Radico Khaitan to achieve higher benchmarks of success.

Abhishek Khaitan
Managing Director

Despite the impact of recent regulatory changes in the industry during the first half of FY2018, Radico Khaitan reported a robust top-line performance along with strong profitability during the year.



Directors' Report

Dear Members,

It is our pleasure to present the Thirty Fourth Annual Report on the business and operations together with the Audited Financial Statements of your Company for the year ended March 31, 2018.

Summary of Standalone Financial Performance:

(Figures Rs. in Crore)

	2018	2017
Revenue from Operations (Gross)	6,270.36	4,867.95
Other Income	26.67	19.65
Revenue from Operations (Net of Excise Duty)	1,822.77	1,679.90
Earnings before Interest, Tax, Depreciation & Amortization and Other Income (EBITDA)	267.43	210.08
Profit before Tax	187.28	108.85
Profit after Tax from continuing business	123.45	80.07
Total Comprehensive Income	121.94	79.28
Other Equity brought forward from last year	1,003.28	936..51
Proposed Dividend and tax thereon	16.07	12.81
Other Equity carried forward	1,115.46	1,003.28

Operations Review:

First half of the fiscal year 2018 was impacted by a number of industry challenges such as the implementation of GST and the national highway liquor ban. In its order in August 2017, the Honourable Supreme Court clarified that the highway liquor ban does not apply within city limits, granting relief to the liquor industry. The impact of this ban was normalised by the end of Q3 FY2018. Despite the challenges during first half of FY2018, Radico Khaitan reported a strong all-round performance. The Company's total IMFL volumes increased by 6.8% compared to the last year, primarily driven by growth across both the Prestige & Above category brands as well as Regular & Others category. Given the recent price increases, the Company also focused on the growth in Regular category brands. As a percentage of total IMFL volumes, Prestige & Above brands contributed 26% in FY2018.

Revenue from Operations during FY2018 grew by 8.5% compared to last year. During the same period, Gross Margin increased by 261 bps y-o-y to 47.8%. This improvement was driven by a combination of price increases, higher export volumes, softening of input raw material cost and ongoing cost optimization initiatives undertaken by the Company. EBITDA increased by 27.3% y-o-y with margins of 14.7% (up 217 bps Y-o-Y). This increase in EBITDA was driven by significantly improved Gross Margins. Finance cost for the year declined by 15.1% y-o-y from Rs. 80.38 Crore to Rs. 68.24 Crore.

Capital Structure and Liquidity:

Share Capital

As of March 31, 2018, Radico Khaitan had an authorized equity share capital of Rs. 34 Crore, divided into 17,00,00,000 equity shares of Rs. 2 each. The Company also had an authorized preference share capital of Rs. 60 Crore, divided into 60,00,000 preference shares of Rs. 100 each. As of March 31, 2018, the Company had issued, subscribed and paid-up equity share capital of Rs. 26.66 Crore divided into 13,33,07,265 equity shares of Rs. 2 each.

During the year, the Company allotted 2,68,500 equity shares on exercise of stock options under the ESOP scheme 2006 to the eligible employees.

During the year under review, the Company granted no stock options under the Employees Stock Option Scheme 2006.

General Reserve

Your Directors do not propose to transfer any amount to General Reserve and the entire amount of the profit for the year ended March 31, 2018 forms part of retained earnings.

Term Loan and Working Capital

During the year, net debt reduced by Rs. 215.27 Crore which is in line with the Company's ongoing deleveraging strategy. As of March 31, 2018, Total Debt was Rs. 592.05 Crore, Cash & Cash Equivalents were Rs. 22.35 Crore resulting in Net Debt of Rs. 569.70 Crore (vs. Rs. 784.97 Crore as of March 31, 2017). Total Debt consists of Rs. 487.80 Crore of Working Capital loans and Rs. 104.25 Crore of Long Term loans. During FY2017-18, the Company reduced the Long-Term ECBs from $25.2 million to $7.8 million. Net Debt reduction was Rs. 215.27 Crore. The Company is expected to become Long Term debt free by the end FY2018-19.

As on March 31, 2018, the Company had a conservative leverage with Debt/Equity ratio of 0.52x (0.78x as on March 2017) and Net Debt/EBITDA of 2.13x (vs. 3.74x as on March 2017).

Capital Market Ratings:

Radico Khaitan's long-term and short-term credit facilities are rated by CARE Ratings. The Company's long-term credit facilities are rated CARE A (Single A; stable outlook) and short-term credit facilities are rated CARE A1 (A One).

CARE A rated instruments are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. CARE A1 rated instruments are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

Directors:

During the year under review, there was no change in Board of Directors.

Board Meetings:

During FY2018, the Board of Directors met four times on 23rd May 2017, 26th July 2017, 24th October 2017 and 24th January 2018. The gap between any two consecutive meetings of the Board of Directors of the Company was not more than 120 days. The details regarding composition, number of Board Meetings held and attendance of the directors during FY2018 are set out in the Corporate Governance Report which forms part of this Annual Report.

Meeting of Independent Directors:

The Independent Directors of the Company met separately on 24th January 2018 without the presence of the Non-Independent Directors and the members of management. The meeting was conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company. In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), following matters were, inter-alia, discussed in the meeting:

01. Review of the performance of Non-Independent Directors and the Board as a whole;
02. Review of the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
03. Assess the quality, quantity and timelines of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties

Declaration by Independent Directors:

The Company has received declarations under Section 149 (6) of the Companies Act, 2013 from all Independent Directors that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and the Listing Regulations. The Company keeps a policy of transparency and arm's length while dealing with its Independent Directors. No transaction was entered with Independent Directors in the year which could have any material pecuniary relationship with them. Apart from sitting fee no other remuneration was given to any of the Independent Directors.

Board Evaluation:

In accordance with the Companies Act, 2013 and Rules made thereunder, Schedule – IV of the Act and Regulation 4(2)(f) of the Listing Regulations, Radico Khaitan has framed a policy for the formal annual evaluation of the performance of the Board, Committees and individual Directors. The Company has in place a comprehensive and structured questionnaire for evaluation of the Board and its Committees, Board composition and its structure, effectiveness, functioning and information availability. This questionnaire also covers specific criteria and the grounds on which all Directors in their individual capacity are evaluated. The key criteria for performance evaluation of the Board and its Committees include aspects like structure and composition, effectiveness of processes and meetings and other measures. The criteria for performance evaluation of the individual Directors include aspects like professional conduct, competency, contribution to the Board and Committee meetings and other measures. The performance evaluation of the Independent directors was done by the entire Board excluding the director being evaluated. The performance evaluation of the Chairman and the Non-Independent directors was carried out by the Independent directors.

Directors' Report (Continued)

The Board of Directors expressed their satisfaction with the evaluation process.

Policy on Nomination, Remuneration and Board Diversity:

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members as well as diversity of the Board. We at Radico Khaitan recognize the benefits and importance of having a diverse Board of Directors in terms of skill set and experience. The Company has an optimum mix of executive and non-executive, independent directors and woman director. The detail of the policy is explained in the Corporate Governance Report and full policy is also available on the company's website on the link given below: http://www.radicokhaitan.com/investorcenter.html

Roles and Responsibilities of Board Members:

The Company has a clearly laid out policy defining the structure and role of the Board Members. The Company has an Executive Chairman and Managing Director – presently Dr Lalit Khaitan, a Managing Director – currently Mr. Abhishek Khaitan and an optimum combination of Executive and Non-Executive Promoter/ Independent Directors. The duties of the Board Members including Independent Directors have been elaborated in the Listing Regulations, Section 166 of the Companies Act, 2013 and Schedule IV of the said Act. There is a clear segregation of responsibility and authority amongst the Board Members.

Risk Management Policy:

In this volatile, uncertain and complex operating environment, only companies that manage their risk effectively can sustain. Risk management is embedded in Radico Khaitan's corporate strategies and operating framework. The Company has in place comprehensive risk assessment and minimization procedures, integrated across all operations and entails the recording, monitoring and controlling enterprise risks and addressing them timely and comprehensively. The risks are reviewed by the Audit Committee and the Board from time to time and new risks are identified based on new business initiatives and the same are assessed, minimisation framework and controls are designed and appropriately implemented.

Insurance of Fixed Assets:

Your Company has adequately insured all its properties including Plant and Machinery, Building and Stocks.

Awards and Recognition:

During the year, Radico Khaitan received a number of awards for its leading brands. These awards are a testament to the Company's innovation and quality of products. The Company's Rampur Single Malt whisky received the Double Gold at San Francisco World Wine & Spirits Awards 2017 and was Ranked #5 amongst the Top 20 Whiskies of 2017 in Whisky Advocate Magazine USA. In the Monde Selection Quality Awards 2018, Magic Moments Remix Flavoured Vodka Peach and Morpheus Brandy received the International High Quality Trophy. This Trophy is awarded for products which have reached a high quality level, i.e. Grand Gold or Gold, over three consecutive years

Name of the Brand	Monde Selection Quality Awards 2017-18
Rampur Indian Single Malt Whisky	Grand Gold
Regal Talons Deluxe Rare Generation Whisky	Gold
Magic Moments Remix Grapefruit and Watermelon Premium Flavoured Vodka	Gold
1965 Spirit of Victory Rum	Gold
Magic Moments Plain Vodka	Gold
Morpheus XO Premium Brandy	Gold
Magic Moments Remix Cucumber & Wild Green Lemon Premium Flavoured Vodka	Gold
Pluton Bay Rare Exotic Rum	Silver

Directors' Report (Continued)

Employee Stock Option Scheme:

Radico Khaitan's employee stock option scheme was implemented to provide the employees with an opportunity to share in the growth of the Company and to reinforce long term commitment. The Compensation Committee, at its meetings held on 18.8.2017 granted 1,05,000 stock options, on 24.10.2017 granted 40,000 stock options, on 6.12.2017 granted 91,000 stock options and on 24.12018 granted 32,500 stock options, to the eligible employees, as per the Employees Stock Option Scheme 2006. The particulars of the options as required by SEBI (Share Based Employee Benefits) Regulations, 2014 are appended as Annexure – A and forms part of this report.

Dividend:

The Company has a dividend policy that balances the dual objective of appropriately rewarding its shareholders and retaining capital to support future growth. Your Directors are pleased to recommend a dividend of Rs.1.00 per equity share or 50% on face value of Rs.2.00 each for the year ended March 31, 2018. The total dividend payout for the financial year will be Rs. 16.07 Crore including a dividend distribution tax of Rs. 2.74 Crore. This higher dividend payout is to demonstrate our commitment towards our shareholders. The dividend is subject to approval of shareholders at the Annual General Meeting and will be paid to the shareholders whose names appear in the Register of Members as on the date of book closure.

Dematerialisation:

During the year 8,10,487 shares of the Company constituting 0.61% of the issued and subscribed Share Capital of the Company, were dematerialised. Around 98.54% of the shares of the Company have now been dematerialized as on March 31, 2018. Your Directors would request all the members who have not yet converted their holdings into dematerialized form, to do so thereby facilitating trading of their shares. As per SEBI guidelines it is mandatory that the shares of a company are in dematerialized form for trading.

Public Deposits:

During the year under review, your Company has neither invited nor accepted any fixed deposits from the public within the meaning of Section 73 of the Companies Act, 2013, read with the Companies (acceptance of Deposits) Rules, 2014.

Subsidiaries and Joint Ventures:

During the year under review, the Company has no subsidiary company. Radico Khaitan has one joint venture, namely, Radico NV Distilleries Maharashtra Limited (Radico NV). The Company has 36% stake in the said joint venture. In terms of the Section 129 (3), financial results of Radico NV are consolidated with the accounts of the Company.

In terms of the section 129 (3) of the Companies Act, 2013, the salient features of the financial statement of the joint venture company is set out in the prescribed form AOC – 1 and is attached herewith as a separate Annexure – B.

Transfer to Investor Education & Protection Fund:

Section 124 of the Companies Act, 2013 mandates that a company should transfer dividend, that has been unclaimed for a period of seven years, from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). To ensure maximum disbursement of unclaimed dividend, the Company sends reminders to the concerned investors, before transfer of dividend to IEPF. Unclaimed dividend has been transferred to IEPF as per below table:

Financial Year	Date of Declaration of Dividend	Total Dividend	Unclaimed Dividend as on 31-3-2018	Due Date of Transfer to IEPF account
FY2002	16.07.2002	38,579,176.00	730,556.00	22.08.2009
FY2003	19.07.2003	34,721,258.40	914,312.00	24.08.2010
FY2004	17.07.2004	38,579,176.00	973,284.00	22.08.2011
FY2005	16.11.2005	42,437,093.60	983,341.00	21.12.2012
FY2006	25.09.2006	48,223,970.00	1,135,840.00	30.10.2013
FY2007	26.09.2007	51,231,109.50	922,432.00	05.11.2014
FY2008	30.09.2008	51,231,109.50	1,065,509.00	16.10.2015
FY2009	15.09.2009	30,738,665.70	699,978.00	07.10.2016
FY2010	09.09.2010	79,300,632.60	1,620,668.00	26.10.2017

Directors' Report (Continued)

Transfer of Shares Underlying Unpaid Dividend:

The Board of Directors of the Company, in its meeting held on 24th October 2017, transmitted 4,41,502 equity shares of the Company into the Demat account of the IEPF Authority held with NSDL (DPID/ Client ID IN300708/10656671) in terms of the provisions of section 124(6) of the Companies Act, 2013 and the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time. These equity shares were the shares of such 1,391 shareholders whose unclaimed/ unpaid dividend (pertaining to financial years 2009-10 had been transferred into IEPF and who had not encashed their dividends for 7 (seven) subsequent financial years. Individual reminders were sent to concerned shareholders advising them to encash their dividend and the complete list of such shareholders whose shares were due for transfer to the IEPF was also placed in the Unclaimed Dividend section of the Investor Center on the website of the Company at http://www.radicokhaitan.com/investorcenter.html

Concerned shareholders may still claim the shares or apply for refund to the IEPF Authority by making an application in the prescribed form. The voting rights on shares transferred to the IEPF Authority shall remain frozen until the rightful owner claims the shares. The shares held in such Demat account shall not be transferred or dealt with in any manner whatsoever except for the purposes of transferring the shares back to the claimant as and when he approaches the Authority. All benefits accruing on such shares e.g., bonus shares, split, consolidation, fraction shares etc., except right issue shall also be credited to such Demat account. Any further dividend received on such shares shall be credited to the IEPF Fund.

Key Managerial Personnel:

There has been no change in Key Managerial Personnel during the year under review.

Remuneration of the Directors and Employees:

Your Company's approach is to have performance-based compensation culture to attract and retain high quality talent. The remuneration policy, therefore, is market-led and takes into account the competitive nature of the business so as to attract and retain quality talent and leverage performance significantly. The remuneration payable to each executive Director is based on the remuneration structure as determined by the Board and is revised from time to time depending upon individual contribution, the Company's performance and the provisions of the Companies Act, 2013. The policy is available on the Company website at http://radicokhaitan.com/investorcenter.html

Particulars of Employees:

In accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rules 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel Rules) 2014, the names and other particulars of employees are to be set out in the Directors' Report, as an addendum thereto. During FY2017-18, 3(Three) persons employed throughout the year, were in receipt of remuneration of more than Rs. 102 lakhs per annum or more and 1(One) person employed part of the year received salary more than 8.50 lakhs. During FY2017-18, the Company had a total of 1,141 employees.

The annexure under rule 5(2) and 5(3) of the Companies (Appointed and Remuneration of Managerial Personnel Rules) 2014 is not being sent along with this Annual Report to the members of the Company in line with the provision of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. The aforesaid annexure is also available for inspection by Members at the registered Office of the Company, 21 days before the 34th Annual General Meeting and up to the date of the ensuing Annual General meeting during the business hours on working days.

None of the employees listed in the said Annexure is a relative of any Director of the Company. None of the employees hold (by themselves or along with his spouse and dependent children) more than two percent of the equity shares of the Company. The information required under Section 197 (12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2018 is given in Annexure – C to this Report.

Audit Report:

The observations made in the Auditors Report as enclosed with this Report are self-explanatory and therefore do not call for any further comments under Section 134 of the Companies Act, 2013.

Statutory Auditor:

M/s. BGJC & Associates LLP, Chartered Accountants are the Statutory Auditors of the Company for a period of five years with effect from 11.7.2016. M/s. BGJC & Associates LLP have confirmed to the Company that they are not disqualified under section 141 of the Companies Act, 2013, or any other applicable provisions for the time being in force and are eligible for being appointed as statutory auditors of the Company. M/s. BGJC & Associates LLP have also confirmed to the Company that, their appointment is within the limits prescribed under the Companies Act, 2013.

Directors' Report (Continued)

The report of the Statutory Auditors along with notes to Schedules is enclosed to this report. The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments. The Auditor's Report does not contain any qualification, reservation or adverse remark.

Cost Auditor:

As per the requirement of Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out audit of cost records relating to Industrial Alcohol every year.

The Board of Directors, on the recommendation of audit committee, has appointed Mr. R. Krishnan, Cost Accountants, as cost auditor to audit the cost accounts of the Company for the financial year 2018-19 at a remuneration of Rs. 1 Lakh plus applicable government taxes (e.g. GST) and reimbursement of out of pocket expenses. As required under the Companies Act, 2013, a resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting.

Secretarial Audit:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed Mr. Tanuj Vohra, Partner at M/s. TVA & Co. LLP, Company Secretaries, a firm of Company Secretaries in Practice (C.P. No. 5253) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as Annexure - D and forms an integral part of this Report. There is no secretarial audit qualification for the year under review.

Particulars of Loans, Guarantees or Investment by the Company under Section 186 of the Companies Act, 2013:

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to Financial Statements.

Vigil Mechanism:

Pursuant to the requirement of section 177 (9) & (10) of the Companies Act, 2013, Radico Khaitan has adopted a Vigil Mechanism and has a Whistle Blower Policy which allows employees of the Company can raise their concerns relating to fraud, malpractice or any other activity or event which is against the interest of the Company or society as a whole. Details of complaints received and the action taken are reviewed by the Audit Committee. The functioning of the Vigil Mechanism is reviewed by the Audit Committee from time to time. The Vigil Mechanism Policy has been uploaded on the website of the Company at www.radicokhaitan.com.

Archival Policy:

Pursuant to the Listing Regulations and in line with Radico Khaitan's Policy on Determination of Materiality of Events, the Company shall disclose all such events to the Stock Exchanges and such disclosures shall be hosted on the website of the Company for a period of 5 years and thereafter the same shall be archived so as to be available for retrieval for a further period of three years by storing the same on suitable media. Thereafter the said information, documents, records may be destroyed as per the Company's policy on preservation of documents.

Related Party Transactions:

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business and that the provisions of Section 188 of the Companies Act, 2013 are not attracted. Thus, disclosure in form AOC-2 is not required. Further, there are no material related party transactions during the year under review with the promoters, directors or key managerial personnel. The Company has developed a Related Party Transactions framework through Standard Operating Procedures for the purpose of identification and monitoring of such transactions.

All Related Party Transactions are placed before the Audit Committee as also to the Board for approval. Omnibus approval was obtained on a quarterly basis for transactions which are of repetitive nature. Transactions entered into pursuant to omnibus approval are audited by the Legal & Compliance Department and a statement giving details of all Related Party Transactions are placed before the Audit Committee and Board for review and approval on a quarterly basis.

The policy on Related Party Transactions as amended and approved by the Board of Directors has been uploaded on the website of the Company. The web-link of the same has been provided in the Corporate Governance Report. None of the directors has any pecuniary relationship of transactions vis-à-vis the Company.

Environmental Protection Measures Taken by the Company:

In view of the corporate responsibility on environmental

Directors' Report (Continued)

protection, the Company has adopted a number of measures for improvement in the field of environment, safety and health. Measures such as standard operating procedures, training programmes for all levels of employees regarding resource conservation, housekeeping, Green Belt development and onsite emergency plan have been taken. Sustainable living is a part of long-term business strategy and your Company continuously strives to reduce our environmental footprint, while enhancing the livelihood of people across our product value chain.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:

As per Section 134 (3) (m) read with the Companies (Accounts Rules) 2014, the relevant information and data is given in Annexure – E and forms part of this Report.

Corporate Social Responsibilities (CSR):

CSR at Radico Khaitan is creating sustainable programs that actively contribute to and support the social and economic development of the society. The Company is committed to community development, enhancing livelihood, promoting education and health care including preventive health care and ensuring environmental sustainability. As part of its CSR programmes, the Company partners with the community and addresses issues of water and sanitation, education, health and skill-building. Radico Khaitan also promotes and encourages responsible drinking through engaging with employees, taking preventative action, education and raising awareness and bringing communities on board to address local challenges at their root.

The CSR policy of the company is available on the Company's website.

Composition of the CSR Committee

1.	Dr. Lalit Khaitan	Chairman
2.	Mr. K. P. Singh	Member
3.	Mr. Ashutosh Patra	Member
4.	Ms. Shailja Devi	Member

The Company's projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR Policy. The Report on CSR activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as Annexure - F forming part of this Report.

The Company is in the process of identifying bigger projects in healthcare and education so the unspent amount of Rs. 131.23 Lakhs will be spent together with the current year's eligible spend.

Significant and Material Orders Passed by the Regulators or Courts:

There has been no significant and material order passed by the Regulators or Courts that would impact the going concern status of the Company and its future operations.

Safety & Wellbeing of Women:

Gender equality and women safety is a very important part of Radico Khaitan's human resource policies. The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. During the year under review, there were no sexual harassment cases reported to the Company.

Directors' Responsibility Statement:

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134 (3) (c) of the Companies Act, 2013.

01. that in the preparation of the Annual Accounts for the year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
02. the Directors had selected such accounting policies and applied them 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 at the end of the financial year and of the profit and loss of the Company for that period;
03. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
04. the annual accounts have been prepared on a going concern basis;
05. that 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; and
06. that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Business Responsibility Report:

The Business Responsibility Report for FY2017-18, as stipulated under Regulation 34(2)(f) of the Listing Regulations is annexed as a separate report and forms part of this Annual Report.

Extract of Annual Return:

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return is provided in Annexure - G.

Management Discussion and Analysis:

Management Discussion and Analysis Report, as required under the Listing Regulations is provided as a separate report and forms part of this Annual Report.

Corporate Governance Report:

Report on Corporate Governance along with the certificate from Mr. Tanuj Vohra, Partner at M/s. TVA & Co. LLP, Company Secretaries, confirming compliance with conditions of corporate governance, as stipulated under the Listing Regulations, forms part of the Annual Report.

Internal Financial Controls:

Internal Financial Controls are an integrated part of the risk management process, addressing financial and financial reporting risks. The internal financial controls have been documented, digitised and embedded in the business process.

Assurance on the effectiveness of internal financial controls is obtained through management reviews, controls self-assessment, continuous monitoring by functional experts as well as testing of the internal financial control systems by the internal auditors during the course of their audits. We believe that these systems provide reasonable assurance that our internal financial controls are designed effectively and are operating as intended.

Audit Committee:

As on date, the Audit Committee comprises of three (3) Independent, Non-executive Directors. The members of the Audit Committee are Mr. Sarvesh Srivastava (Chairman of the Committee), Dr. Raghupati Singhania and Mr. Ashutosh Patra. All Members of the Audit Committee are qualified in finance and bring in expertise in the fields of finance, taxation, economics, industry and risk.

The Audit Committee invites the Chairman & Managing Director, Managing Director, Chief Financial Officer, Company Secretary, Statutory Auditor(s) and Internal Auditor and Cost Auditors to attend the meetings of the Audit Committee. The Company Secretary acts as Secretary to the Committee. The minutes of each Audit Committee meeting are placed and discussed at the next meeting of the Board.

Statement on compliance of Secretarial Standards:

The Radico Khaitan Limited has complied with all the applicable Secretarial Standards during Financial year 2017-18 and have a team of different auditors to assist and audit all the Secretarial Compliances applicable to the company.

Acknowledgements:

Your Directors would like to express their sincere appreciation to the investors and bankers for their continued support during the year. Your Directors extend their sincere gratitude to all the Regulatory Authorities such as SEBI, Stock Exchanges and other Central & State Government authorities and agencies, Registrars for their guidance and support. The Board also appreciates the support and co-operation your Company has been receiving from its supply chain partners and others associated with the Company as its trading partners. Your Company looks upon them as partners in its progress and has shared with them the rewards of growth.

Your Directors place on record their deep appreciation to employees at all levels for their efforts, dedication and commitment. Their enthusiasm and hard work has enabled the Company to be at the forefront of the industry. We also take this opportunity to thank all our valued customers who have appreciated our products

For & on behalf of the Board

Sd/-
Dr. Lalit Khaitan
Chairman & Managing Director
DIN - 00238222

Place: New Delhi
Date: May 03, 2018

Annexure - A: Summary of Status of ESOPs Granted

Requirements under the SEBI (Share Based Employee Benefits) Regulations, 2014

Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time.

PARTICULARS	OPTIONS			
	Normal Options	Normal Options	Normal Options	Normal Options
Date of Grant	31-Aug-10	01-Feb-11	23-Nov-15	02-Mar-17
Opening ESOP as on 01.04.17	**1875**	**161250**	**530000**	**100000**
Granted during the year	-	-	-	-
Forfeited / Lapsed	1875	57250	99000	-
Exercised during the year	_	104000	164500	-
Outstanding as on 31.03.18	**NIL**	**NIL**	**266500**	**100000**
Vesting period	4 Years	4 Years	4 Years	4 Years
Method of settlement	Equity	Equity	Equity	Equity
Exercise Price	130.01	114.33	104.72	110.42

Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time: **NIL**

The position of the existing schemes is summarized as under –

Sr. No.	Particulars	Scheme 2006
I. Details of the ESOS		
1	Date of Shareholder's Approval	25th May 2006
2	Total Number of Options approved	42,80,000
3	Vesting Requirements	10% in first year of Vest i.e. 1 year from the date of grant, 25% on 2nd and 3rd vest and 40% on 4th vest.
4	Exercise Price or Pricing formula (Rs.)	15% discount to closing price as per Scheme of 2006 on the date of Grant
5	Maximum term of Options granted (years)	Options to be exercised within 3 years of vesting
6	Source of shares	Primary issuance
7	Variation in terms of ESOP	Nil
II. Option Movement during the year		
1	No. of Options Outstanding at the beginning of the year	7,93,125
2	Options Granted during the year	0
3	Options Forfeited / lapsed during the year	1,58,125
4	Options Vested during the year	0
5	Options Exercised during the year	2,68,500
6	Total number of shares arising as a result of exercise of options	2,68,500
7	Money realised by exercise of options (Rs.)	0
8	Number of options Outstanding at the end of the year	3,66,500
9	Number of Options exercisable at the end of the year	10,000

Annexure - A: Summary of Status of ESOPs (Continued)

Sr. No.	Particulars	Scheme 2006
III. Weighted average exercise price of Options granted during the year whose		
(a)	Exercise price equals market price	Nil
(b)	Exercise price is greater than market price	Nil
(c)	Exercise price is less than market price	110.42
Weighted average fair value of options granted during the year whose		
(a)	Exercise price equals market price	Nil
(b)	Exercise price is greater than market price	Nil
(c)	Exercise price is less than market price	58.88

The weighted average market price of options exercised during the year:

Market price	209.06
No. of options exercised	268500

IV. Employee-wise details of options granted during the financial year 2017-18 to:

i. Senior managerial personnel :

Name	No. of options granted	Designation
Nil	Nil	Nil

ii. Employees who were granted, during the year, options amounting to 5% or more of the options granted during the year

Name	No. of options granted	Designation
Nil	Nil	Nil

iii. Identified employees who were granted option, during the year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

Name	No. of options granted	Designation
Nil	Nil	Nil

V. Method and Assumptions used to estimate the fair value of options granted during the year:

The fair value has been calculated using the Black Scholes Option Pricing model
The Assumptions used in the model are as follows:

Date of grant	Particulars
1. Risk Free Interest Rate	6.52% to 7.02%
2. Expected Life	2.5 to 5.5 years
3. Expected Volatility	35.79% to 41.05%
4. Dividend Yield	0.62%
5. Price of the underlying share in market at the time of the option grant (Rs.)	129.9

Annexure - A: Summary of Status of ESOPs (Continued)

Assumptions:

Stock Price: Closing price on National Stock Exchange on the date of grant has been considered

Volatility: The historical volatility over the expected life has been considered to calculate the fair value.

Risk-free rate of return: The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.

Exercise Price: Exercise Price of each specific grant has been considered.

Time to Maturity: Time to Maturity / Expected Life of options is the period for which the Company expects the options to be live.

Expected divided yield: Expected dividend yield has been calculated as an average of dividend yields for five financial years preceding the date of the grant.

VI. Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Indian Accounting Standard (IAS) 33	**9.25**

VII. The stock-based compensation cost calculated as per the intrinsic value method for the period April 1, 2017 to March 31, 2018 is (Rs. 1,61,454). If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the period April 1, 2017 to March 31, 2018 would be Rs. 9,02,120/-. The effect of adopting the fair value method on the net income and earnings per share is presented below:

Pro Forma Adjusted Net Income and Earning Per Share

Particulars	Rs.
Net Income as reported	**12345.33**
Profit attributable to equity holders for basic earnings	
Share Options	20.48
Adjusted Pro Forma Net Income	**12365.81**
Earning Per Share: Basic (Rs.)	
As Reported	9.26
Adjusted Pro Forma	9.26
Earning Per Share: Diluted (Rs.)	
As Reported	9.25
Adjusted Pro Forma	9.25

Annexure – B (Form AOC-1)

(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 or associate companies or joint ventures

Part A Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.) **There is no Subsidiary of the Company**

Part B Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act ,2013 related to Associate Companies and Joint Ventures

(Rs. in lacs)

Name of Associates or Joint Ventures	Radico NV Distilleries Maharashtra Ltd.	
1. Latest audited Balance Sheet Date	31.03.2018	
2. Date on which the Associate or Joint Venture was associated or acquired	26.05.2007	
3. Shares of Associate or Joint Ventures held by the company on the year end	Equity shares	Preference Shares
No.	26,59,500	20,00,000
Amount of Investment in Associates or Joint Venture	Rs. 15,538.53	
Extent of Holding (in percentage)	Equity – 36%	
4. Description of how there is significant influence	As per Joint Venture and Shareholders Agreement dated 26.5.2007. The day-to-day management for the operations of the Company shall be the responsibility of the Radico Khaitan Limited.	
5. Reason why the associate / joint venture is not consolidated	N.A.	
6. Net worth attributable to shareholding as per latest audited Balance Sheet	41,698.48	
7. Profit or Loss for the year:		
i. Considered in Consolidation	50.81	
ii. Not Considered in Consolidation	86.11	

1. There are no associates or joint ventures which are yet to commence operations
2. There are no associates or joint ventures which have been liquidated or sold during the year.

As per our report of even date attached

For BGJC & Associates LLP
Chartered Accountants
Firm Registration No. 003304N

Darshan Chhajer
Partner
Membership Number: 088308

Place: New Delhi
Date: May 03, 2018

For and on behalf of Board of Directors

Dilip K. Banthiya
Chief Financial Officer

Dr. Lalit Khaitan
Chairman &
Managing Director

Amit Manchanda
Vice President Legal &
Company Secretary

Abhishek Khaitan
Managing Director

Ajay K. Agarwal
President (Finance & Accounts)

Director

Annexure –C

Disclosure in the Board's Report under Section197(2) of the Companies Act, 2013 read with Rule 5 (1) of The Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

(i)	The Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2017-18	Director's Name	Ratio to mean remuneration
		Dr. Lalit Khaitan	123.6:1
		Mr. Abhishek Khaitan	123.8:1
		Mr. Ashutosh Patra	N.A.
		Mr. K.S. Mehta	N.A.
		Dr. Raghupati Singhania	N.A.
		Mr. K.P. Singh	30.8:1
		Mr. Sarvesh Srivastava	N.A.
		Ms. Shailja Devi	N.A.
(ii)	The Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any in the financial year 2017-18 compared to 2016-17.	Director's/CFO/CEO/CS/ Manager name	% age increase in remuneration
		Dr. Lalit Khaitan, Chairman & Managing Director	43.0%
		Mr. Abhishek Khaitan, Managing Director	52.6%
		Mr. K. P. Singh, Director	7.0%
		Mr. Dilip K. Banthiya, Chief Financial Officer	7.0%
		Mr. Amit Manchanda, Vice President – Legal & Company Secretary	8.7%
(iii)	Percentage increase in the median remuneration of employees in the financial year 2017-18 compared to 2016-17		4.7%
(iv)	Number of permanent employees on the rolls of the Company	As on 31.03.2018	As on 31.03.2017
		1141	1124
(v)	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.	During 2017-18	During 2016-17
		8.5%	8.8%
		The increase is based on remuneration policy of the company that rewards people based on their contribution to the success of the company and external market competitiveness.	The increase is based on remuneration policy of the company that rewards people based on their contribution to the success of the company and external market competitiveness.
(vi)	The Board of Directors of the Company affirms that the remuneration is as per the remuneration policy of the Company.		

Annexure –D

To,
The Members

Radico Khaitan Limited
CIN: L26941UP1983PLC027278
Bareilly Road, Rampur
Uttar Pradesh -244901

We have examined the relevant registers, records and documents maintained and made available to us by Radico Khaitan Limited ("the Company") for the period commencing from 1st April, 2017 to 31st March, 2018 for the issuance of Secretarial Audit Report for the financial year 2017-18, required to be issued under Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the various compliances, but the maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion and the compliance of the provisions of Corporate and other applicable laws, rules and regulations is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For TVA & CO. LLP
Company Secretaries
Tanuj Vohra
Partner
M. No.: F5621, C.P. No.: 5253

Place: New Delhi
Date: May 03, 2018

Annexure –D

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

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

To,
The Members,

Radico Khaitan Limited
CIN: L26941UP1983PLC027278
Bareilly Road, Rampur
Uttar Pradesh -244901

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Radico Khaitan Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion 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 also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper 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, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;

iv. The 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;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   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, 2015;
   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
   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 the client;
   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
   h. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;

vi. Other laws as specifically applicable to the Company:-

   a. Food Safety and Standards Act, 2006 and Rules and Regulations made thereunder;
   b. Fire Prevention and Fire Safety Act and Indian Standard Code of practice for selection, installation and maintenance of portable first aid fire extinguishers; and
   c. The Electricity Act, 2003 and Rules made thereunder.

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

i. Secretarial Standards issued by the Institute of Company Secretaries of India.

ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited (NSE).

We further report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No change in the composition of the Board of Directors took place during the period under review.

We further report that 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. Decisions carried through by the Board do not have any dissenting views and hence no relevant recordings were made in the minutes book maintained for the purpose.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws including Labour Laws and Environmental Laws and Rules, Regulations and Guidelines framed thereunder.

We further report that during the audit period under review, there were no specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc, having a major bearing on the Company's affairs.

For TVA & CO. LLP
Company Secretaries
Tanuj Vohra
Partner
M. No.: F5621, C.P. No.: 5253

Place: New Delhi
Date: May 03, 2018

Annexure - E

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:

The information under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March 2018 is given here below and forms part of the Directors Report.

A. CONSERVATION OF ENERGY:

Steps taken or impact on conservation of energy	1. Replacement of old tube lights with new LED lights into collective saving of Rs. 6.91 Lakhs. 2. In place of direct steam in Rectifier column, Installed PHE / Re-boiler in Grain based Distillation plant for heat recovery. It is resulting in Steam saving of Rs. 40 Lakhs / Annum.
The steps taken by the company for utilizing alternate sources of energy	1. Power saving through replacement of old tube lights and metal halide lights with new LED tube lights and LED 18W/45W lamps. 2. In place of direct steam in Rectifier column, Installed PHE / Re-boiler in Grain based Distillation plant for heat recovery. It is resulting in Steam saving of 500 Kg / hr
The capital investment on energy conservation equipment's	The investments are: 1. Rs. 2.91 Lakhs for LED lights 2. Rs. 83.5 Lakhs for PHE/reboiler installation

B. TECHNOLOGY ABSORPTION:

Efforts made towards technology absorption	1. Installed GIN distillation plant of 1000 BL / day for manufacturing of naturally flavored Craft Gin. Craft Gins are very popular and in very high demand internationally and hence potential to earn valuable foreign currency is also there. 2. In place of direct steam in Rectifier column, Installed PHE / Re-boiler in Grain based Distillation plant for water recovery. Increased recycling of spent Lees and decrease in DM water consumption is resulting in saving of Rs. 30 Lakhs / annum. 3. Optimized 100% rectifier lees recycling in molasses wash to ENA plant thereby reducing DM water consumption and saving about Rs. 20 Lakhs / annum. 4. Installation of three more Tetra Pack machines for Tetra packing of 8 PM whisky 5. Installed 3D Trasar System in Cooling Tower for monitoring of cooling tower parameters and optimizing of chemical dosing.
Benefits derived like product improvement, cost reduction, product development or import substitution	Cost reduction by about Rs. 96.91 Lakh / annum.
Imported technology (imported during the last three years reckoned from the beginning of the financial year)-	Gin Distillation plant
a. Detail of technology imported	Installed GIN distillation plant of 1000 BL / day on Scottish technology for manufacturing of naturally flavored Craft Gin. Craft Gins are very popular and in very high demand internationally and hence potential to earn valuable foreign currency is also there.
b. Year of Import	2017-18
c. Whether the technology been fully absorbed	YES
d. If not fully absorbed, areas, where this has not taken place, reasons thereof	N.A.
Expenses incurred on Research and Development	NIL

Annexure –E (Continued)

C. FOREIGN EXCHANGE EARNING AND OUTGO:

Particulars of earnings and outgo of foreign exchange are given in Notes on Accounts in Schedule 51.

D. ENVIRONMENT PROTECTION:

1. **Increase in Bio-Composting Area:** We have increased 3.5 acres bio-composting area out of which 2.0 acres is covered bio-composting area in order to facilitate bio-composting in rainy season.
2. **Installation of BMSW Evaporator:** We have installed evaporator on Bio-methanated Sp. Wash (R O reject) in order to further reduce the effluent volume by 250 M3 / day.

For & on behalf of the Board

Sd/-
Dr. Lalit Khaitan
Chairman & Managing Director
DIN - 00238222

Place: New Delhi
Date: May 03, 2018

Annexure - F

Segment C: Reporting of Corporate Social Responsibility (CSR) for the Financial Year 2017-18

1.	A 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.	Refer Section: Corporate Social Responsibility (CSR) in the Board's Report. Web-link for CSR Policy: http://www.radicokhaitan.com/investorcenter.html Web-link for projects or programs: http://www.radicokhaitan.com/investorcentre.html
2.	The Composition of the CSR Committee	1. Dr. Lalit Khaitan 2. Mr. K. P. Singh 3. Mr. Ashutosh Patra 4. Ms. Shailja Devi
3.	Average net profit of the Company for last three financial years	Rs. 10,407.23 Lakhs
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 6 above)	Rs. 208.14 Lakhs
5.	Details of CSR spent during the financial year:	
	a. Total amount to be spent for the financial year	Rs. 347.66 Lakhs (including previous year unspent amount of Rs. 139.52 Lakhs)
	b. Amount unspent, if any;	Rs. 131.23 Lakhs
	c. Manner in which the amount spent during the financial year is detailed below:	Details given below

Annual Report on CSR Activities

1	2	3	4	5	6	7	8
Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) local area or other (2) specify the state & district where projects & programs was undertaken	Amount outlay (budget) projects or programs wise	Amount spent on the projects or programs: Sub heads:- (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent:- Direct or through implementing agency
1.	Conversion of Natural Resources	Water recharging activities, preservance of natural resources, plantation, rain harvesting etc.	Rampur (U.P.)	2900000	2726420	2726420	Direct
2.	Construction of Yoga / Meditation Centre	Construction of Yoga/ Meditation Centre	Rampur (U.P.)	7000000	6717161	6717161	Direct
3.	Sports Promotional activities	Sports	Rampur (U.P.)	1600000	1516397	1516397	Direct
4.	Cultural Activities	Cultural Activities	Rampur (U.P.)	800000	798886	798886	Direct
5.	Women's Development	Women's Development	Rampur (U.P.)	700000	603038	603038	Direct
6.	Health care and Medical facilities	Health care & Medical	Rampur (U.P.)	900000	858002	858002	Direct
7.	Awareness for Sanitation and Safe Drinking Water	Awareness for Sanitation and Safe Drinking Water	Rampur (U.P.)	850000	707861	707861	Direct
8.	Educational Development	Educational Development	Rampur (U.P.)	7000000	939366	939366	Direct
9.	Social Awareness	Social Awareness	Rampur (U.P.)	7000000	929902	929902	Direct
10.	Social Services etc.	Social Services etc.	Rampur (U.P.)	2700000	2603138	2603138	Direct
11.	Rural Development	Rural Development	Rampur (U.P.)	210000	142483	142483	Direct
12.	Other Social Activities	Other Social Activities	New Delhi	3106000	3100540	3100540	Direct
	Total	**-**	**-**	**34,766,000**	**21643194**	**21643194**	**-**

For & on behalf of the Board

Sd/-
Dr. Lalit Khaitan
Chairman & Managing Director
DIN - 00238222

Place: New Delhi
Date: May 03, 2018

Annexure - G

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2018

[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: L26941UP1983PLC027278
2. Registration Date: 21/07/1983
3. Name of the Company: Radico Khaitan Limited
4. Category / Sub-Category of the Company: Public Limited Company
5. Address of the Registered office and contact details: Radico Khaitan Limited, Bareilly Road, Rampur – 244 901 (U.P.).
6. Whether listed company: Yes
7. Name, Address and Contact details of Registrar and Transfer Agent, if any

Registered Office:	Delhi Office:
Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B Plot No. 31 & 32, Financial District Nanakramguda, Serilinampally Mandal Hyderabad – 500032 Toll Free No.: 18 00 3454 001 Telephone no.: 040- 4067161518 Fax No.: 040-23430814 **Email Id: einward.ris@karvy.com**	**M/s. Karvy Computershare Private Limited** 305, New Delhi House 27, Barakhamba Road Connaught Place New Delhi – 110 001. Telephone No.: 011- 43681700 Fax No.: 011-43681710.

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:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Manufacturing of Alcohol & Alcoholic products	1101	98.5%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1.	Radico NV Distilleries Maharashtra Limited D-192 to D-195, MIDC Shendra Five Star Industrial Area, Aurangabad – 431 201.	CIN No. U15429MH2000PLC193208	Associate	36%	2 (6)

Annexure –G (Continued)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2017)				No. of Shares held at the end of the year (As on 31.03.2018)				% Change during the year
	Demat	Physical	Total	% of total No. of shares	Demat	Physical	Total	% of total No. of shares	
A. Promoters									
1. Indian									
a. Individual/ HUF	412210	0	412210	0.31	412210	0	412210	0.31	0
b. Central Govt	0	0	0	0	0	0	0	0	0
c. State Govt (s)	0	0	0	0	0	0	0	0	0
d. Bodies Corporate	53417608	0	53417608	40.15	53417608	0	53417608	40.07	-0.08
e. Banks / FI	0	0	0	0	0	0	0	0	0
f. Any Other	0	0	0	0	0	0	0	0	0
Sub total (A) (1):	**53829818**	**0**	**53829818**	**40.46**	**53829818**	**0**	**53829818**	**40.38**	**-0.08**
2. Foreign									
a. NRI individuals	0	0	0	0	0	0	0	0	0
b. Other individuals	0	0	0	0	0	0	0	0	0
c. Bodies Corporate	0	0	0	0	0	0	0	0	0
d. Banks / FI	0	0	0	0	0	0	0	0	0
e. Any other	0	0	0	0	0	0	0	0	0
Sub total(A) (2):	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A)= (A) (1)+(A) (2)	**53829818**	**0**	**53829818**	**40.46**	**53829818**	**0**	**53829818**	**40.38**	**-0.08**
B. Public Shareholding									
1. Institutions									
a. Mutual Funds/ UTI	15818609	3565	15822174	11.89	6826577	310	6826887	5.12	-6.77
b. Banks / FI	114237	2665	116902	0.09	85144	620	85764	0.06	-0.03
c. Central Govt.(s)	0	0	0	0	0	0	0	0	0
d. State Govt.(s)	0	31620	31620	0.02	0	31620	31620	0.02	0
e. Venture Capital Funds	0	0	0	0	0	0	0	0	0
f. Insurance Companies	0	0	0	0	0	0	0	0	0
g. FIIs/FPI	23758194	0	23758194	17.86	30522193	0	30522193	22.90	5.04
h. Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i. Others (specify)									
Sub-total (B) (1)	**39691040**	**37850**	**39728890**	**29.86**	**37433914**	**32550**	**37466464**	**28.11**	**-1.75**
2. Non-Institutions									
a. Bodies Corporate									
i. Indian	14786376	25215	14811591	11.13	11652960	12925	11665885	8.75	-2.38
ii. Overseas	0	0	0	0	0	0	0	0	0
i. Individual shareholders holding nominal share capital upto Rs.1 lakh.	13968335	2078623	16046958	12.06	16449577	1610911	18060488	13.55	1.49
ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh	4582300	0	4582300	3.44	8335959	0	8335959	6.25	2.81
c. Others (specify)									
Clearing Members	591104	0	591104	0.44	552568	0	552568	0.41	-0.03
Pakistani Shareholders	0	5380	5380	0	0	0	0	0	0
IEPF	0	0	0	0	441502	0	441502	0.33	0.33
Foreign Bodies	2424800	0	2424800	1.82	0	0	0	0.00	-1.82
Non Resident Indians	673614	344310	1017924	0.77	2666956	287625	2954581	2.22	1.45
Sub-total (B) (2):-	**37026529**	**2453528**	**39480057**	**29.68**	**40099522**	**1911461**	**42010983**	**31.51**	**1.83**
Total Public Shareholding (B)= (B) (1)+(B) (2)	**76717569**	**2491378**	**79208947**	**59.54**	**77533436**	**1944011**	**79477447**	**59.62**	**0.08**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**130547387**	**2491378**	**133038765**	**100.00**	**131363254**	**1944011**	**133307265**	**100.00**	**0.17**

Annexure –G (Continued)

ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year 01.04.2017			Shareholding at the end of the year 31.03.2018			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumber-red to total shares	
1	Lalit Kumar Khaitan	234295	0.18	0	234295	0.18	0	0
2	Lalit Kumar Khaitan HUF	41850	0.03	0	41850	0.03	0	0
3	Abhishek Khaitan	86065	0.06	0	86065	0.06	0	0
4	Deepshikha Khaitan	50000	0.04	0	50000	0.04	0	0
5.	Shailaja Finance Ltd.	45379098	34.11	1.66	0	0.00	0	0
6.	Sapphire Intrex Ltd	0	0.00	0	45379098	34.04	0	0
7	Classic Fintrex Pvt. Ltd.	2576100	1.94	0	2576100	1.93	0	0
8	Elkay Fiscal Services Pvt.Ltd.	66000	0.05	0	66000	0.05	0	0
9	Abhishek Fiscal Services Pvt. Ltd.	99050	0.07	0	99050	0.07	0	0
10.	Rampur International Ltd.	5254085	3.95	0	5254085	3.94	0	0
11.	Smita Fiscal Pvt. Ltd.	43275	0.03	0	43275	0.03	0	0
	Total	**53829818**	**40.46**	**1.66**	**53829818**	**40.38**	**0**	**0**

(iii) Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Shailaja Finance Ltd.	45379098	34.11	0	0.00
2	Sapphire Intrex Ltd	0	0.00	45379098	34.04

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of Share Holder	No. of Shares at the beginning of the year / end of the year	% of total shares of the Company	Date	Increase / Decrease in share holding*	Cumulative Shareholding during the Year		
						Reason	No. of Shares	% of total shares of the Company
1.	RELIANCE EMERGENT INDIA FUND	12757960	9.59	31/03/2017		Op. Balance	12757960	9.59
				25/08/2017	-25000	Transfer	12732960	9.57
				01/09/2017	-67300	Transfer	12665660	9.52
				15/09/2017	-1144393	Transfer	11521267	8.65
				22/09/2017	-78219	Transfer	11443048	8.59
				29/09/2017	-405200	Transfer	11037848	8.29
				06/10/2017	-3500000	Transfer	7537848	5.66
				13/10/2017	-950487	Transfer	6587361	4.95
				31/10/2017	-760000	Transfer	5827361	4.38
				10/11/2017	-500000	Transfer	5327361	4.00
				19/01/2018	-600000	Transfer	4727361	3.55
				26/01/2018	-500000	Transfer	4227361	3.17
				02/02/2018	-918472	Transfer	3308889	2.48
				09/02/2018	-1050889	Transfer	2258000	1.69
				31/03/2018		Closing Balance	2258000	1.69
2.	TIMF HOLDINGS	9293781	6.99	31/03/2017		Op. Balance	9293781	6.99
				12/01/2018	-166643	Transfer	9127138	6.85
				19/01/2018	-417839	Transfer	8709299	6.53
				26/01/2018	-198935	Transfer	8510364	6.39
				02/02/2018	-28789	Transfer	8481575	6.36
				09/02/2018	-300000	Transfer	8181575	6.14
				16/02/2018	-100000	Transfer	8081575	6.06
				31/03/2018		Closing Balance	8081575	6.06

Annexure –G (Continued)

Sl. No.	Name of Share Holder	No. of Shares at the beginning of the year / end of the year	% of total shares of the Company	Date	Increase / Decrease in share holding*	Cumulative Shareholding during the Year		
						Reason	No. of Shares	% of total shares of the Company
3	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED	4000000	3.01	31/03/2017		Op. Balance	4000000	3.01
				15/09/2017	-477042	Transfer	3522958	2.65
				22/09/2017	-201088	Transfer	3321870	2.49
				06/10/2017	-515827	Transfer	2806043	2.11
				13/10/2017	-394679	Transfer	2411364	1.81
				17/11/2017	-222029	Transfer	2189335	1.64
				24/11/2017	-346336	Transfer	1842999	1.38
				01/12/2017	-386403	Transfer	1456596	1.09
				08/12/2017	-520561	Transfer	936035	0.70
				15/12/2017	-77595	Transfer	858440	0.64
				22/12/2017	-378629	Transfer	479811	0.36
				29/12/2017	-328480	Transfer	151331	0.11
				05/01/2018	-151331	Transfer	0	0.00
				31/03/2018		Closing Balance	0	0.00
4	MORGAN STANLEY (FRANCE) S.A.	0	0.00	31/03/2017		Op. Balance	0	0.00
				14/04/2017	30529	Transfer	30529	0.02
				21/04/2017	38488	Transfer	69017	0.05
				28/04/2017	44782	Transfer	113799	0.09
				19/05/2017	-1126	Transfer	112673	0.08
				26/05/2017	-18944	Transfer	93729	0.07
				02/06/2017	-139	Transfer	93590	0.07
				09/06/2017	-7428	Transfer	86162	0.06
				16/06/2017	-20884	Transfer	65278	0.05
				23/06/2017	-32291	Transfer	32987	0.02
				30/06/2017	-8157	Transfer	24830	0.02
				07/07/2017	-21370	Transfer	3460	0.00
				14/07/2017	-820	Transfer	2640	0.00
				28/07/2017	-844	Transfer	1796	0.00
				01/09/2017	-1796	Transfer	0	0.00
				22/09/2017	721	Transfer	721	0.00
				29/09/2017	55343	Transfer	56064	0.04
				06/10/2017	16265	Transfer	72329	0.05
				20/10/2017	1074	Transfer	73403	0.06
				31/10/2017	11328	Transfer	84731	0.06
				03/11/2017	20682	Transfer	105413	0.08
				10/11/2017	286682	Transfer	392095	0.29
				17/11/2017	135841	Transfer	527936	0.40
				24/11/2017	508885	Transfer	1036821	0.78
				01/12/2017	8377	Transfer	1045198	0.78
				08/12/2017	189021	Transfer	1234219	0.93
				15/12/2017	-6328	Transfer	1227891	0.92
				22/12/2017	70745	Transfer	1298636	0.98
				29/12/2017	-58719	Transfer	1239917	0.93
				05/01/2018	275021	Transfer	1514938	1.14
				12/01/2018	272902	Transfer	1787840	1.34
				19/01/2018	114051	Transfer	1901891	1.43
				26/01/2018	505295	Transfer	2407186	1.81
				02/02/2018	651069	Transfer	3058255	2.29
				09/02/2018	210338	Transfer	3268593	2.45
				23/02/2018	-144386	Transfer	3124207	2.34
				02/03/2018	-152445	Transfer	2971762	2.23
				09/03/2018	-243124	Transfer	2728638	2.05
				16/03/2018	49476	Transfer	2778114	2.08
				23/03/2018	-9031	Transfer	2769083	2.08
				30/03/2018	-14110	Transfer	2754973	2.07
				31/03/2018		Closing Balance	2754973	2.07

Annexure –G (Continued)

Sl. No.	Name of Share Holder	No. of Shares at the beginning of the year / end of the year	% of total shares of the Company	Date	Increase / Decrease in share holding*	Cumulative Shareholding during the Year		
						Reason	No. of Shares	% of total shares of the Company
5	TATA INDIA CONSUMER FUND	150000	0.11	31/03/2017		Op. Balance	150000	0.11
				14/04/2017	-150000	Transfer	0	0.00
				17/11/2017	313569	Transfer	313569	0.24
				24/11/2017	1294000	Transfer	1607569	1.21
				08/12/2017	7000	Transfer	1614569	1.21
				15/12/2017	54000	Transfer	1668569	1.25
				22/12/2017	18000	Transfer	1686569	1.27
				29/12/2017	40000	Transfer	1726569	1.30
				05/01/2018	27000	Transfer	1753569	1.32
				19/01/2018	12000	Transfer	1765569	1.32
				26/01/2018	-100000	Transfer	1665569	1.25
				02/02/2018	170000	Transfer	1835569	1.38
				23/02/2018	81500	Transfer	1917069	1.44
				02/03/2018	200000	Transfer	2117069	1.59
				09/03/2018	65000	Transfer	2182069	1.64
				16/03/2018	43500	Transfer	2225569	1.67
				23/03/2018	31000	Transfer	2256569	1.69
				31/03/2018		Closing Balance	2256569	1.69
6	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE EQUITY FUND	2156349	1.62	31/03/2017		Op. Balance	2156349	1.62
				26/01/2018	-644449	Transfer	1511900	1.13
				31/03/2018		Closing Balance	1511900	1.13
7	BENGAL FINANCE & INVESTMENT PVT. LTD	1677000	1.26	31/03/2017		Op. Balance	1677000	1.26
				31/03/2018			1677000	1.26
8	CLAREVILLE CAPITAL OPPORTUNITIES MASTER FUND LIMITED	791839	0.60	31/03/2017		Op. Balance	791839	0.60
				21/04/2017	700000	Transfer	1491839	1.12
				28/04/2017	129000	Transfer	1620839	1.22
				31/03/2018		Closing Balance	1620839	1.22
9	MADHURI MADHUSUDAN KELA	0	0.00	31/03/2017		Op. Balance	0	0.00
				12/01/2018	1541892	Transfer	1541892	1.16
				31/03/2018		Closing Balance	1541892	1.16
10	QUEST PORTFOLIO SERVICES PVT LTD	1000000	0.75	31/03/2017		Op. Balance	1000000	0.75
				26/05/2017	-106000	Transfer	894000	0.67
				02/06/2017	-40000	Transfer	854000	0.64
				16/06/2017	146000	Transfer	1000000	0.75
				06/10/2017	600000	Transfer	1600000	1.20
				20/10/2017	-100000	Transfer	1500000	1.13
				12/01/2018	-260000	Transfer	1240000	0.93
				19/01/2018	260000	Transfer	1500000	1.13
				26/01/2018	-400000	Transfer	1100000	0.83
				02/02/2018	400000	Transfer	1500000	1.13
				31/03/2018		Closing Balance	1500000	1.13

Annexure –G (Continued)

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	**Dr. Lalit Kumar Khaitan**				
	At the beginning of the year	234295	0.18		
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year			234295	0.18
2.	**Mr. Abhishek Khaitan**				
	At the beginning of the year	86065	0.06		
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year			86065	0.06
3.	**Dr. Raghupati Singhania**				
	At the beginning of the year	0	0	0	0
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	0	0	0	0
4.	**Mr. Karna Singh Mehta**				
	At the beginning of the year	1500	0.001		
	Buy shares on 04.08.2017	953		2453	
	Buy shares on 18.08.2017	812	-	3265	
	Sell shares on 22.09.2017	1500		1765	
	Sell shares on 04.08.2017	1765		0	
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):				
	At the end of the year			0	0.00
5.	**Mr. Ashutosh Patra**				
	At the beginning of the year	0	0	0	0
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):				
	At the end of the year	0	0	0	0
6	**Mr. Sarvesh Srivastava**				
	At the beginning of the year	0	0	0	0
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	0	0	0	0

Annexure –G (Continued)

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7.	**Ms. Shailja Devi**				
	At the beginning of the year	0	0	0	0
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	0	0	0	0
8.	**Mr. K. P. Singh**				
	At the beginning of the year	891	0.00		
	Buy shares on 29.08.2017	6000		6891	
	Buy shares on 21.12.2017	15000		21891	
	Buy shares on 02.02.2018	958		22849	
	Buy shares on 09.02.2018	1542		24391	
	Buy shares on 16.03.2018	500		24891	
	At the end of the year			24891	0.019
9.	**Mr. Dilip Kumar Banthiya**				
	At the beginning of the year	27721	0.021		
	Buy shares on 29.08.2017	40000		67721	
	Buy shares on 10.11.2017	40000		107721	
	Transfer shares on 01.12.2017	50000		57721	
	Buy shares on 21.12.2017	6000		63721	
	Buy shares on 03.02.2018	15000		78721	
	Transfer shares on 09.02.2018	18000		60721	
	Buy shares on 16.02.2018	15000		75721	
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):				
	At the end of the year			75721	0.057
10.	**Mr. Amit Manchanda**				
	At the beginning of the year	0	0.00		
	Buy shares on 29.08.2017	13000		13000	
	Sell shares on 08.09.2017	3000		10000	
	Sell shares on 15.09.2017	3000		7000	
	Sell shares on 20.10.2017	3000		4000	
	Sell shares on 27.10.2017	1000		3000	
	Sell shares on 20.11.2017	800		2200	
	Sell shares on 17.11.2017	200		2000	
	Sell shares on 24.11.2017	2000		0	
	Buy shares on 21.12.2017	7500		7500	
	Sell shares on 09.03.2018	3500		4000	
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):				
	At the end of the year			4000	0.003

Annexure –G (Continued)

V. INDEBTEDNESS

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

(Rs. in lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount #	69403.59	10500	0.00	79903.59
ii. Interest due but not paid	158.86	59.13	0.00	217.99
iii. Interest accrued but not due	150.97	0.00	0.00	150.97
Total (i+ii+iii)	**69713.42**	**10559.13**	**0.00**	**80272.55**
Change in Indebtedness during the Financial year:				
• Addition	0.00	0.00	0.00	0.00
• Reduction	(19698.53)	(1000.01)	0.00	(20698.54)
Net Change				
Indebtedness at the end of the Financial year:				
i. Principal Amount #	49705.06	9499.99	0.00	59205.05
ii. Interest due but not paid	128.38	19.10	0.00	147.49
iii. Interest accrued but not due	52.93	0.00	0.00	52.93
Total (i+ii+iii)	**49886.37**	**9519.09**	**0.00**	**59405.46**

Secured Loans, outstanding as on 31.03.2017 Rs.69403.59 Lakhs includes ECB Loan of $ 25.24mn. valued at Rs.16366.79 per USD, and outstanding as on 31.03.2018 Rs.49705.06 Lakhs includes ECB Loan of $ 7.76mn. valued at Rs.5045.86 per USD.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Dr. Lalit Khaitan Chairman & Managing Director	Mr. Abhishek Khaitan, Managing Director	Mr. K. P. Singh, Whole Time Director	
1.	Gross salary				
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	425.71	402.46	169.35	997.52
	b. Value of perquisites u/s 17 (2) Income-tax Act, 1961	28.18	21.74	38.26	88.18
	c. Profits in lieu of salary under section 17(3) Income tax Act, 1961				
2.	Stock Option	N.A.	N.A.	N.A.	N.A.
3.	Sweat Equity	N.A.	N.A.	N.A.	N.A.
4.	Commission - as % of profit (.45%) - others, specify…	50.00	50.00	N.A.	100.00
5.	Others, please specify: - Retiral benefits	34.23	32.92	6.49	73.64
	Total (A)	**538.12**	**507.12**	**214.10**	**1259.34**
	Ceiling as per the Act	631.21	631.21	631.21	1264.41

Annexure –G (Continued)

B. Remuneration to other directors:

Sl. No	Particulars of Remuneration	Name of Directors				Total Amount (Rs.)
		Mr. Ashutosh Patra	Mr. K.S. Mehta	Dr. Raghupati Singhania	Mr. Sarvesh Srivastava	
1.	**Independent Directors**					
	Fee for attending board / committee meetings	3,85,000/-	1,95,000/-	2,50,000/-	2,10,000/-	10,40,000/-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	3,85,000/-	1,95,000/-	2,50,000/-	2,10,000/-	10,40,000/-
2.	**Other Non-Executive Directors**	**Ms. Shailja Devi**	**-**	**-**	**-**	**-**
	Fee for attending board / committee meetings	95,000/-	-	-	-	95,000/-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	95,000/-	-	-	-	95,000/-
	Total Managerial Remuneration	-	-	-	-	-
	Total (B)=(1+2)	**4,80,000/-**	**1,95,000/-**	**5,00,000/-**	**4,20,000/-**	**11,35,000/-**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

Sl. No	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Dilip K. Banthiya, Chief Financial Officer	Mr. Amit Manchanda, Vice President (Legal) &Company Secretary	TOTAL
1.	**Gross salary**			
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	196.01	42.00	238.01
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	3.2	0.74	89.59
	c. Profits in lieu of salary under section 17(3) Income tax Act, 1961	N.A.	N.A.	N.A.
2.	**Stock Option (ESOP)**	**69.85**	**15.80**	**N.A.**
3.	**Sweat Equity**	**N.A.**	**N.A.**	**N.A.**
4.	**Commission** **- as % of profit** **- others, specif**	**N.A.**	**N.A.**	**N.A.**
5.	**Others, please specify:** **- Retiral Benefits**	**8.93**	**2.8**	**11.73**
	Total	**277.99**	**61.34**	**339.33**
	Ceiling as per the Act	N.A.	N.A.	N.A.

Annexure –G (Continued)

VII. PENALTIES /PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief description	Details of Penalty / Punishment / Compounding fees imposed	Authority(RD/ NCLT/ Court)	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment			None		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			None		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			None		
Compounding					

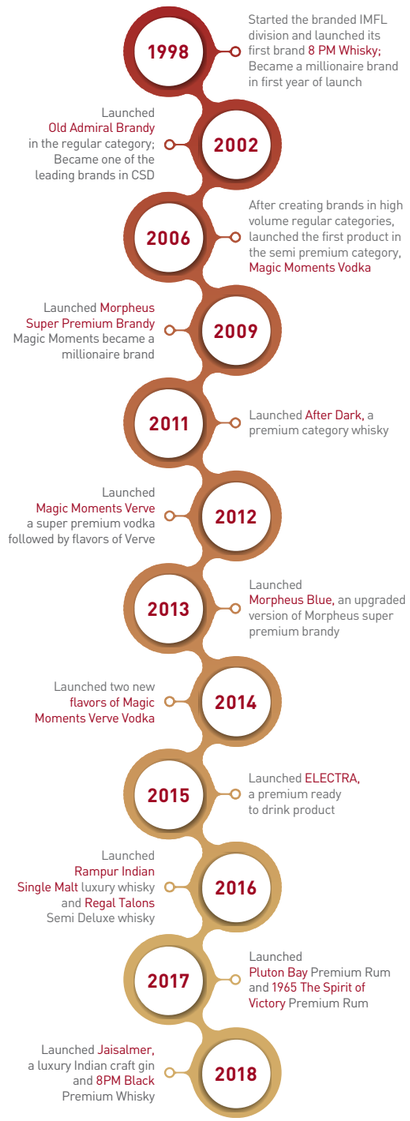
For & on behalf of the Board

Sd/-
Dr. Lalit Khaitan
Chairman & Managing Director
DIN - 00238222

Place: New Delhi
Date: May 03, 2018

Management Discussions and Analysis

Brand Creation Journey



Magic Moments leads the vodka industry in India with over 50% market share.

Morpheus Brandy leads the premium brandy category with over 60% market share.

Company Overview

Radico Khaitan Limited ("Radico Khaitan" or the Company) is among the oldest and one of the largest manufacturers of Indian Made Foreign Liquor ("IMFL") in India. Earlier known as Rampur Distillery, Radico Khaitan commenced its operations in 1943 and over the years emerged as a major bulk spirits supplier and bottler to other spirit manufacturers. Driven by the vision of the promoters, in 1998 the Company started its own brands with the launch of 8PM Whisky. Radico Khaitan is one of the few companies in India to have developed its entire brand portfolio with inhouse capabilities. This is a true testament to the Company's R&D strength and understanding of customer preferences.

The Company's brand portfolio across the IMFL categories of Whisky, Brandy, Rum and White Spirits includes After Dark Whisky, Contessa Rum, Jaisalmer Indian Craft Gin, Magic Moments Vodka, Magic Moments Verve Vodka, Morpheus Brandy, Old Admiral Brandy, Pluton Bay Rum, Rampur Indian Single Malt Whisky, Regal Talon Whisky, 1965 – The Spirit of Victory Rum and 8PM Whisky. Currently, the Company has four millionaire brands which are 8PM Whisky, Contessa Rum, Old Admiral Brandy and Magic Moments Vodka.

Over the years, Radico Khaitan has been able to successfully expand its premium brand portfolio. The Company has launched ten new brands over the last decade of which nine are in the premium category. Radico Khaitan is also one of the largest providers of branded IMFL to the Canteen Stores Department (CSD), which has significant business barriers to entry. The Company has been successfully building its brand equity in international markets and currently exports its products to over 70 countries.

The Company has three distilleries in Rampur (Uttar Pradesh) and two in joint venture RNV in Aurangabad (Maharashtra) in which Radico Khaitan owns 36% equity. The Company has a total capacity of over 157 million litres and operates 28 bottling units spread across the country.

Macroeconomic Overview

Global Economy

Overall global economic activity was encouraging during 2017, particularly in the latter half of the year. The world economy grew by 3.8% during the calendar year which is the highest growth rate since 2011. This improvement was driven by a combination of factors such as investment recovery in advanced economies, continued strong growth in emerging Asia and better than anticipated growth in emerging Europe. Furthermore, commodity exporters also experienced signs of improvement which also contributed to this progress. About 75% of the world economy grew at a faster pace in 2017 compared to the same period last year.

Management Discussions and Analysis

This growth momentum is expected to continue in the near term and the global economy is expected to register 3.9% growth in both 2018 and 2019. This performance will be driven by a faster growth of the advanced economies coupled with further strengthening of economic activities in the emerging and developing countries.

Growth Projections (%)	CY2017	CY2018	CY2019
World	3.8	3.9	3.9
Advanced Economies	2.3	2.5	2.2
Emerging Market and Developing Economies	4.8	4.9	5.1
China	6.9	6.6	6.4
India	**6.7**	**7.4**	**7.8**

Source: IMF – World Economic Outlook

Indian Economy

CY2017 was a year of transformation and stabilization for the Indian economy. Economic activity during the first half of the year was relatively slow due to the post demonetization impact and the challenges related to the implementation of the Goods and Services Tax (GST). However, economic activity recovered remarkably during the latter part of the year showing early signs of benefits of the recent reforms. During 2017, despite a slowdown in investment growth, the economy was supported by strong private consumption and registered an increase of 6.7%.

All of the reforms undertaken during the year are anticipated to contribute positively to the Indian economy going forward. GST has been the biggest indirect tax reform ever in India and is envisaged to bring more transparency and create a single market which will further encourage corporate investment and productivity. In addition to GST and demonetization, the Indian Government also undertook various measures such as banking sector recapitalisation and the corporate insolvency code to further strengthen the business environment. Conscious steps were taken during the year to digitize the economy and improve tax compliances. All these initiatives are anticipated to have a cumulative positive impact on the growth of the Indian economy. India is projected to grow at 7.4% and 7.8% in 2018 and 2019, respectively, surpassing China to become the fastest growing economy in the world.

Industry Overview

Consumer Sector

India has the largest millennial population globally in absolute terms. People in the age bracket of 18-35 years account for 440 million individuals or about 34% of India's population. This young population is well educated, increasingly informed and is the key wage earner accounting for over two-thirds of total household income. With this background, this population group has significant purchasing power and disposable income and plays a key role in driving consumer sector growth in India.

Furthermore, increased government spending and relatively better rainfall have driven rural consumption growth in India over the past couple of years. Rural markets account for half of India's GDP. With increased affordability, higher awareness and better accessibility these markets now represent increased potential for the consumer sector demand. Technology is playing a pivotal role as a key enabler across the entire consumer value chain from supply chain to delivery of final products to the customer's doorstep.

With the largest youth population and other attractive demographic attributes, India is poised for strong growth across the consumer industry.

Spirits Industry in India

After a difficult FY2016, the current fiscal year had a slow start being impacted by demonetization tailwinds, state level prohibitions, a national highway liquor ban and the operational challenges with the implementation of GST. However, the second half of the current fiscal year experienced a significantly improved operating environment resulting in a robust industry performance. The Supreme Court relaxed the national highway liquor ban to take city limits out of its purview. While Kerala relaxed its prohibition to allow spirits in three and four-star hotels, Bihar allowed spirit manufacturers to export products which were previously left unsold due to the ban. A number of key liquor consuming states have provided price increases thereby improving margins for the manufacturers.

Management Discussions and Analysis



Furthermore, recent policy updates led to the change in route-to-market for a few states such as West Bengal moving to a government owned and controlled distribution model. Government owned distributors are preferred for organised industry players as they work under a cash-and-carry model which has very limited credit risk. The state of Uttar Pradesh recently announced a new excise policy which is aimed at transparency and improving the operating environment.

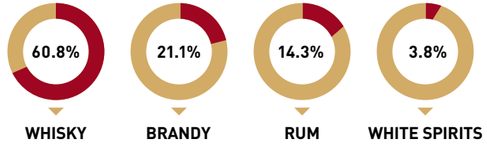
According to Euromonitor, during CY2017 overall IMFL volumes increased by 2.3% to 299 million cases of 9 litres each. Although in the short term the spirits industry has faced significant challenges, the long-term dynamics of the industry remain intact. Growing disposable incomes, increasing rural consumption, greater acceptance of social drinking and a higher proportion of the young population entering the drinking age, are all factors that make India one of top markets for global spirit companies. These demographics also support the case for the growth of aspirational brands and premium products.

Traditionally, brown spirits which include Whisky, Brandy and Dark Rum, have been the major contributors (96.2%) towards overall IMFL sales. During CY2017, whisky constituted the largest segment with 60.8% of the sales volumes and 73.3% of the value. Whisky industry volumes increased by 2.9% during the year, whereas value growth was significantly higher at 6.5% compared with last year. White Spirits such as vodka and gin account for 3.8% of the total IMFL volumes and 6.1% of the value. The industry's focus on premium brands has enabled manufacturers to identify relatively less price sensitive consumers that ultimately drive value growth.

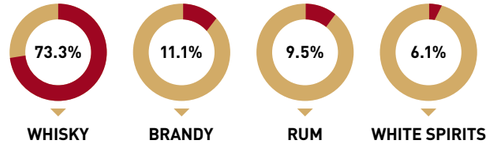
Within the White Spirits category, super-premium and premium vodka continued to demonstrate growth with sales for the year at 5.8 million cases. Over the past five years, where the overall vodka category has registered a compounded growth of 4.3%, super-premium and premium vodka volumes have increased at 16.7% and 9.4%, respectively. Vodka is broadly positioned as a drink for women and the younger generation, which has led to this strong volume growth. Due to its relatively neutral taste, vodka is most suited for blending and cocktails. Flavored vodka continues to gain popularity and market share. It now constitutes about a third of the overall vodka industry and has grown at a rate of 12.3% over CY2012-2017. During CY2017, premium and super premium category vodka accounted for about 68.1% of the total vodka volumes compared with around 50.5% five years ago. This trend is expected to continue and the share of premium category vodka is anticipated to increase further. Overall vodka industry volume is expected to grow by 4.2% CAGR and value by 9.7% during the CY2018-2022 period. Radico Khaitan is extremely well positioned with the market leading share in this segment with its Magic Moments brand.

While Rum as a category registered a 0.9% decline in volumes over CY2012-2017, premium category rum increased by 2.3% over the same period. To capture this growth trend, Radico Khaitan recently launched two brands in the premium rum segment – Pluton Bay and 1965 The Spirit of Victory, a brand dedicated to the courage, valor and sacrifices of the Indian armed forces.

Sales of Spirits by Category (Volume): 2017



Sales of Spirits by Category (Value): 2017



Management Discussions and Analysis

Vodka Market of Last 5 Years

Overall Growth

16.7% Super-premium

9.4% Premium vodka

4.3% Vodka industry

1/3rd Market share of flavoured vodka



Vodka industry

Premium & Super-premium Market Share



Total vodka industry

The Indian Spirits Industry Outlook

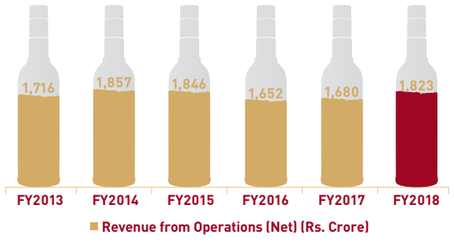
IMFL volume is expected to reach 339 million cases in CY2022. During the CY2018-2022 period IMFL sales volume is expected to grow at a CAGR of 2.6%. During the same period IMFL industry value is expected to grow by 5.8% making a case for the ongoing premiumization trend. The vodka industry is expected to perform much better during the same period with volume growth of 4.2% and value growth of 9.7%. The continued advancement of the economy, increasing disposable incomes particularly with the younger Indian, the rise of the middle class and rapid rural consumption growth will all drive the future of the spirits industry which is expected to be centered around premium brands. Consumer needs and preferences are evolving and they are now more focused on quality, convenience, value proposition and personalization to suit their styles and values. Social media has taken the centerstage and has become the core marketing channel for customer engagement.

India has a young demographic profile with a median age of 28 years and around 67% of the population is within the legal drinking age. These two indicators represent significant growth opportunities for the industry. The youth segment is expected to redefine consumption growth given their access and exposure to mobiles and the internet. This consumer group is more focused on the customer experience offered by a product, in particular its brand and design. They are not only increasing in number but will also become more affluent with time. As a group, they are a high priority target market for the leading spirits manufacturers, who are particularly focused on effective online marketing strategies and lifestyle-oriented communication. With rising aspiration levels and increasing disposable income, consumers are upgrading towards premium segments, within IMFL or international brands.

Packaging redesign, new product development and variants of existing products continued to be the key growth strategies for both domestic and multinational spirits companies. There was also a strong focus on identifying India specific consumer preferences and then localizing products with hand-craftsmanship. During the year, Radico Khaitan successfully launched Jaisalmer Indian Craft gin in the luxury segment. This product is positioned in the fast-growing white spirits segment and targeted to appeal the young consumers in the developed markets.

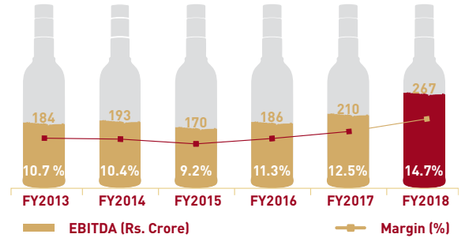
Performance Overview

Revenue from Operations increased by 8.5% y-o-y to Rs. 1,823 Crore. This is despite the first half of the year being impacted by operating challenges such as the national highway liquor ban and GST implementation.

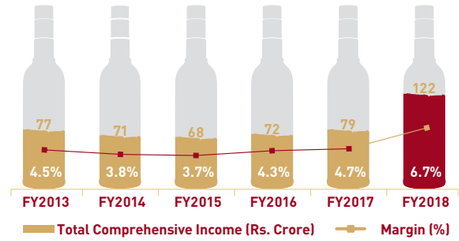


Gross Margin during the year increased by 261 bps y-o-y to 47.8%. This improvement was driven by a combination of price increases, product mix improvemnet, higher export volumes, softening of input raw material cost and ongoing cost optimization initiatives undertaken by the Company. EBITDA increased by 27.3% y-o-y with margins of 14.7% (up 217 bps Y-o-Y). This increase in EBITDA was driven by significantly improved Gross Margins.

Management Discussions and Analysis



Total Comprehensive Income, increased by 53.8% over FY2017. Finance cost for the year declined by 15.1% y-o-y from Rs. 80.38 Crore to Rs. 68.24 Crore on account of repayment of borrowings.



During FY2018, the Company's joint venture in Maharashtra, Radico NV Distilleries Maharashtra Ltd. paid a dividend on its cumulative preference shares. Radico Khaitan received a dividend of Rs. 2.00 Crore which has been included within Other Income. Radico Khaitan holds a 36% strategic stake in this joint venture which became debt free in FY2016.

Liquidity

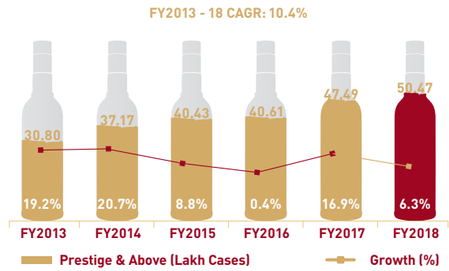
As of March 31, 2018, Total Debt was Rs. 592.05 Crore, Cash & Cash Equivalents were Rs. 22.35 Crore resulting in Net Debt of Rs. 569.70 Crore (vs. Rs. 784.97 Crore as of March 31, 2017). Total Debt consists of Rs. 487.80 Crore of Working Capital loans and Rs. 104.25 Crore of Long Term loans. During FY2018, the Company reduced the Long-Term ECBs from $25.2 million to $7.8 million. Net Debt reduction was Rs. 215.3 Crore. The Company is expected to become Long Term debt free by the end FY2019.

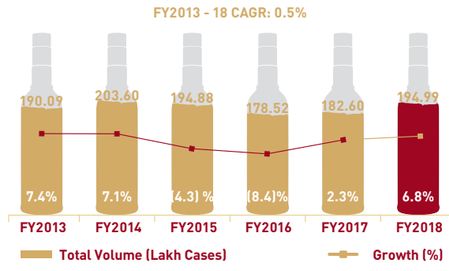
Segment Wise Performance

The Company has only one major operational business segment encompassing liquor and related products, which accounts for more than 90% of the total turnover of the Company.

Review of Operations

First half of the fiscal year 2018 was impacted by a number of industry challenges such as the implementation of GST and the national highway liquor ban. In its order in August 2017, the Honourable Supreme Court clarified that the highway liquor ban does not apply within city limits, granting relief to the liquor industry. The impact of this ban was normalised by the end of Q3 FY2018. Despite the challenges during first half of FY2018, Radico Khaitan reported a strong all-round performance. The Company's total IMFL volumes increased by 6.8% compared to the last year, driven by growth across both the Prestige & Above category brands as well as Regular & Others category. Given the recent price increases, the Company also focused on the growth in Regular category brands. As a percentage of total IMFL volumes, Prestige & Above brands contributed 26% in FY2018.





Environment Friendly initiatives at Rampur Plant

Radico Khaitan has installed and commissioned integrated evaporators in the grain spirits plant, which converts the entire thin slop into wet cake that can be sold as cattle fodder. This has helped in bringing down the effluent discharge from grain plant to zero. The Company has also installed and commissioned integrated evaporators in the molasses distillation plant resulting in reduction of spent wash generation by 45%. After the effluent is passed through the RO plant, additional 45% effluent volume is reduced and only about 25% of the total effluent is left for bio-composting. Radico Khaitan has also increased the bio-composting area by 7 acres to consume more

Management Discussions and Analysis

effluent in bio-composting and has reduced fresh water consumption by recycling process condensate and lees from distillation plants to fermentation.

Goods & Services Tax (GST)

GST has been one of the biggest indirect tax reforms in India. It is believed to transform the taxation structure and bring more transparency and improve operating environment. Further, due to the elimination of multiple levels of taxation, it is expected to benefit the end consumers. Liquor has been kept out of the purview of GST as was under earlier central indirect tax laws, hence there is no additional tax impact. Due to the elimination of multiple level taxes, the Company has been benefitted on the cost of input materials. Overall, the impact of GST implementation has been neutral for Radico Khaitan.

Customer Engagement

Radico Khaitan has made extensive use of various digital and social media platforms to engage with consumers. In the current digital age, everyone seems to be following digital content more than the traditional means of communication. The Company has also engaged a leading digital media consultant to expand its digital footprint and outreach. Leading brands such as Rampur Indian Single Malt and Jaisalmer Indian Craft Gin have their own microsites. Other core brands such as Magic Moments have significant social media presence through dedicated social media pages. Based on engagement scale, social media platforms provide valuable analytics and insights into the consumer behaviour and preferences. This enables Radico Khaitan to make its marketing efforts more targeted and efficient.

Business Strategy

Over the years, Radico Khaitan has evolved from being just a distiller of spirits for others to a leading IMFL company with a highly reputable brand portfolio. With a deep understanding of consumer preferences, the Company is committed to drive innovation across brand categories and operations. Radico Khaitan continues to selectively launch new products, enhance operating procedures and adopt various go-to-market strategies based on complex and rapidly evolving distribution channels. The Company's strategy has been to drive growth that is led by premium products and is profitable, sustainable and responsible. Each strategic initiative is aimed at growing sales profitably and delivering improved financial metrics, such as margins and cash flows along with strengthening of balance sheet.

R&D and Innovation

Radico Khaitan is committed to enhancing R&D capabilities and product innovation. The Company continues to engage with consumers and strengthen its brand portfolio through the launch of some of the most exciting IMFL products over the years. Gaining market behaviour insight is critical and therefore Radico Khaitan strives to maintain regular interaction with consumers through various focus groups and other channels such as social media. This enables the Company track consumption patterns and changing preferences which drives product innovation.

Investment in innovation enabled the Company to grow its market share for existing products while at the same time capturing new categories (Rampur Indian Single Malt whisky and Jaisalmer Craft gin) and product segments (Magic Moments Electra ready to drink). This focus on innovation coupled with an integrated R&D effort has allowed the Company to adapt to changing consumer trends and ensure top of the mind recall by its customers. Furthermore, it has also helped in bridging portfolio gaps (Regal Talon whisky) and providing long-lasting customer experiences. Radico Khaitan's wide portfolio across various categories offers its loyal consumers a choice for all occasions and provides an edge over competing brands.

Deleveraging of Balance Sheet

Over the past few years, Radico Khaitan has focused on free cash flow generation and consequent debt reduction. Over the last two years, the Company reduced its Long-Term Debt significantly from Rs. 339.7 Crore at the end of FY2016 to Rs. 104.2 Crore currently. During the year, Radico Khaitan reduced net debt by Rs. 215.27 Crore (Rs. 162 Crore in FY2017) and expect this trend to continue in FY2019. The Company expects to repay all of its long-term borrowings by FY2019.

Cost Optimization

ENA and packaging material form a major portion of the total cost of goods. Radico Khaitan's significant distillation capacity of 157 million litres makes the Company self-dependent for its ENA requirements to a large extent and also provides a cushion against volatility in the ENA prices. The Company has a capacity to store 3 months' equivalent of its molasses requirements. This insulates the Company against short term fluctuations in molasses prices. Radico Khaitan has also taken other steps to optimize cost structure which includes rationalisation of the bottle supplies and diversification of its supplier base thereby limiting the net cost impact.

Management Discussions and Analysis

Exports and New International Partnerships

Over the years, the Company has made investments in building brand equity and has successfully created a large consumer base outside India. The Company's Rampur Single Malt whisky and Jaisalmer Indian Craft gin are available only in the exports market since the launch and has received very favourable customer feedback. Today, the Company has become a truly global brand and exports its products to over 70 countries worldwide. In FY2018, IMFL export value increased by 57% while ENA exports declined by 64%. Export accounted for 6% of the total Net sales. Radico Khaitan's products have a gained strong foothold across both the developed markets such as the US and Europe and developing economies in Africa and Middle East.

Supply Chain Management

Radico Khaitan's supply chain management strategy is centred around customer service, cost efficiency and operational excellence. The Company has 28 bottling units spanning across the entire country, of which 5 are owned and 23 are contract bottling units. These widespread manufacturing locations, state level different taxation laws coupled with consumers spread across the country requires it to maintain a comprehensive supply and distribution platform. Radico Khaitan has put in place a robust distribution system that enables the Company to ensure timely delivery of products across channels and geographies. The Company has also evolved its go-to-market strategies to keep pace with the changing dynamics of the market. In addition to a strong sales and distribution network, the Company leverages information technology and advanced demand forecasting to ensure timely delivery of its products to the customers.

The Company's products are sold through over 75,000 retail and 8,000 on-premise outlets. Apart from wholesalers, a total of around 300 employees divided into four zones, each headed by a regional profit centre head, ensure an adequate on-the-ground sales and distribution presence across the country. Radico Khaitan continues to strive to build flexibility across the supply chain to ensure reliable volume deliveries in a timely and cost-effective manner.

Opportunities and Threats

Opportunities

Economic Growth: The Indian economy has grown at a strong pace in recent years, outperforming most of the emerging markets to become one of the fastest growing major economy in the world. Indian GDP growth rate is estimated to be around 6.7% in CY2017. As per IMF's World Economic Outlook April 2018, India GDP is expected to grow at 7.4% in CY2018 and then expand by 7.8% in CY2019.

Favourable Demographics: India has the largest millennial population globally in absolute terms. With a population of 440 million, people in the age bracket of 18-35 years account for about 34% of India's population. This young population is well educated, well informed and is the key wage earner accounting for over two-thirds of the total household income. Therefore, this young population has significant purchasing power and disposable income and play a key role in driving consumer sector growth in India.

Changing Consumer Preferences: Rising affluence is the biggest driver of increasing consumption. Additionally, consumer behaviour and spending patterns are shifting as disposable incomes rise and Indian society evolves with a preference for lifestyle and aspirational brands.

Increased Alcohol Accessibility and Availability: There has been an increase in the variety of alcoholic beverages and brands with most of them easily available in government licensed outlets, government shops, private licensed retail chains, restaurants, pubs and bars. The social acceptability of alcohol consumption has improved in India. Furthermore, exposure to lifestyle in advanced economies have changed the consumption patterns among the youth particularly women.

Price Increases: During the last fiscal year, Radico Khaitan received price increases in a number of key liquor consuming states. The Company continues to focus on achieving price increases in various other regional markets in which it operates. Any further price increases achieved will help improve the revenues as well as profitability.

Threats

Change in Legal Drinking Age: Any government regulation aimed to increase the legal drinking age in India can have an adverse impact on the volume demand of IMFL. However, the consumption at the lower end of the legal drinking age is relatively less and may not have any significant impact on industry volumes.

Change in Tax: Taxes on alcohol are levied only by the state governments and account for a large proportion of their tax revenues. Therefore, any significant tax increase can result in higher retail prices, thus impacting overall demand of IMFL. Currently a significant portion of the retail price comprises of various taxes.

Management Discussions and Analysis

Competition from International Players: As the per capita liquor consumption in India is significantly lower compared to other countries, many international manufacturers are trying to penetrate the Indian market. Furthermore, the ongoing structural changes with the focus on premiumzation will allow them to introduce their premium brands in India. Such developments may have a potential impact on the market share of existing players. However, Radico Khaitan has strong brand loyalty among consumers and is committed to provide them with better quality products with value for money proposition. This provides the Company a competitive edge.

Risk and Concerns

Regulatory Environment: The Indian spirits industry continues to be the most regulated sector in India. The industry is subject to different laws and regulations varying from state to state. The complexity of state regulation makes an intricate tax and licensing environment. It restricts economies of scale and diminishes the capability of new manufacturers and products to achieve national distribution and gain competitive advantage. Furthermore, a ban on direct advertising creates major barriers to promote new as well as existing brands. Recent regulatory changes such as GST, state level prohibitions and the national highway liquor ban all had varying degrees of adverse impact on the liquor industry as well as the Company's operations. Any policy formulated by the central or state government in areas such as production, distribution, marketing or taxation may have an adverse impact on the performance of the Company.

Increase in Raw Material Prices: ENA forms a major component of the raw materials required for the Company's product portfolio and hence commodity price volatility remains one of the key considerations. Lower than anticipated sugarcane production and/or any sharp rise in prices of molasses or ENA will have an impact on the Company's profitability. ENA prices may also increase due its alternative use in ethanol blending and a more attractive price offered by the petrochemical industry. However, the Company's capability to shift to a grain-based distillery insulates it against any significant increase in prices of molasses. Further, given the bumper sugarcane crop last season, molasses prices have declined significantly and it is expected that ENA prices will be stable in the next fiscal year. Radico Khaitan has a robust procurement team which monitors and forecasts commodity prices and advises on strategy to ensure that the Company is safeguarded against market volatility. Raw material price volatility has a very marginal impact on the products in the Prestige & Above category brands.

Regional Diversification: The Company has a manufacturing and distribution presence across the country. Its strategically located manufacturing facilities and distribution centers at various locations provide easy access to key markets. Apart from a nationwide presence, strategic location also helps to avoid the high taxes levied on inter-state movement of finished and in-process liquor. Radico Khaitan's focus on expanding exports will help to further mitigate any potential geographical risk.

Foreign Exchange Rate Variations: Radico Khaitan has a portfolio of foreign currency debt for which it is subject to currency and interest rate risk. The Company has adopted risk management practices to monitor and address its foreign currency exposure. The export portfolio acts as a natural hedge for the Company's foreign currency debt.

Internal Control Systems & Adequacy

The Companies Act, 2013 emphasizes the need for an effective internal financial control system in a company which should be adequate and shall operate effectively. Rule 8(5)(viii) of the Companies (Accounts) Rules, 2014 requires the information regarding adequacy of internal financial controls with reference to the financial statements to be disclosed in the Director's report.

Radico Khaitan has an elaborate internal control system commensurate to the size of the Company, nature of its business and complexity of its operations. Business risk assessment procedures have been set in place for self-assessment of business risks, operating controls and compliance with corporate policies. There is an ongoing process to track the evolution of risks and delivery of mitigating action plans. This system continuously monitors compliance to internal processes across the operations to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, that transactions are authorised, recorded and reported correctly and that operations are conducted in an efficient and cost-effective manner. Standard operating procedures manuals have been established in all functional areas which are updated regularly.

The internal control system aims to make sure that the business operations function efficiently and applicable laws, rules, regulations and policies of the Company are followed. The internal audit function periodically performs audit of various processes and activities. The Audit Committee reviews the effectiveness of the internal control system, and also invites Directors and senior management personnel to provide periodic updates on operational effectiveness and controls. A CEO and CFO Certificate, forming part of the Corporate Governance Report, confirms the existence and effectiveness of

internal controls and reiterates their responsibilities to report deficiencies to the Audit Committee and rectify the same. The Company has appointed Grant Thornton as their internal auditors, which in turn submits quarterly reports to the Audit Committee.

Information Technology (IT)

Over the last few years, the advent of various digital technologies has brought a number of changes to the business environment. Radico Khaitan has also recognised the opportunities presented by such technological changes and has developed a strategy to harness them in order to become a digitally aware consumer company. The Company leverages information technology for efficient management of its business operations, better customer experience, enhancing the supply chain and making the sourcing and supply forecasts more accurate.

The Company regularly monitors the IT system and infrastructure which is useful and relevant to its business and which supports shareholder value through growth, innovation, simplification and efficiency. During the year, the Company made investments to enhance systems and processes across the value chain to prepare for post-GST era. Currently, the Company is upgrading its corporate office network and communication systems to make it virtually paper-free and wireless.

A seamless flow of information across all operations is essential to the success of a consumer products company. At Radico Khaitan, IT is managed through a robust governance process that covers value delivery, cost optimisation, technology management, support and education. The IT systems in the Company forms the backbone for carrying out all the business operations, communication and collaboration. It also provides information for effective decision making, monitoring and management control. IT risk management is addressed by covering all aspects of IT security and business continuity planning.

Human Resource (HR) Management

Radico Khaitan considers people and products as its biggest assets. The Company's HR agenda is focused on progressive human resource management policies, creating an inclusive work culture, building a robust and diverse talent pipeline and driving greater employee engagement. This is aimed at standardising, agility, transparency and fairness in all of the Company's initiatives. The human resource department is focused on developing, nurturing and professionally growing the employees to achieve their true potential. However, the Company strongly believes that great brands are built by motivated and inspired employees. Building a consumer focused, performance driven and future ready team enables Radico Khaitan to meet its customer aspirations.

The Company follows an open-door policy with its senior management being approachable. Radico Khaitan focused on building leadership capability and recognising line managers who provide a flexible and respectful work environment for their teams. All employees have well defined key performance indicators (KPIs), which are aligned to the organizational goals and form the basis of performance evaluation. To enhance employee skills and empower them, the Company also provides internal as well as external training to its employees. These programs not only help enhance skills but also workplace productivity. This makes Radico Khaitan truly an employer of choice.

There are no financial or commercial transactions that have resulted in a potential conflict of interest between senior management and the Company. During the fiscal year there has been no loss of production at any of the Company's manufacturing facilities due to industrial unrest.

Cautionary Statement

Statements in this Management Discussion and Analysis contains "forward looking statements" including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Radico Khaitan's future business developments and economic performance. While these forward-looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Radico Khaitan undertakes no obligation to publicly revise any forward-looking statements to reflect future / likely events or circumstances.

For and on behalf of the Board

Place: New Delhi
Date: May 03, 2018

Dr. Lalit Khaitan
Chairman & Managing Director
DIN - 00238222

Report on Corporate Governance

Company's Philosophy on Corporate Governance:

Corporate Governance is about ensuring transparency, disclosure and reporting that conforms fully to the existing laws of the country and to promote ethical conduct of business throughout organization. The philosophy of the Company in relation to corporate governance is to ensure transparency in all its operations, make disclosures and enhance shareholder value without compromising on compliance of with the laws and regulations.

Your Company is committed to sound principles of Corporate Governance with respect to all its procedures, policies and practices.Under good Corporate Governance we are committed to ensure that all functions of the Company are discharged in a professionally sound, accountable and competent manner.

The Board of Directors fully supports corporate governance practices and actively participates in overseeing risks and strategic management. The organization views Corporate Governance in its widest sense almost like a trusteeship, a progressive philosophy and ideology ingrained in the corporate culture. The governance processes and systems of your Company have strengthened over a period of time resulting in constant improvisation of sustainable and profitable growth.

The Company has complied with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and listed below is the status with regard to the same.

BOARD OF DIRECTORS:

Composition:
Radico has a broad based Board of Directors, constituted in compliance with the Companies Act, 2013 SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 and in accordance with Good Corporate practices. The Board functions either as a full Board or through its Committees constituted to oversee specific operational areas.

The Board of Directors of the Company as on 31st March 2018 comprises of eight (8) Directors of which four (4) are Non-Executive / Independent Directors, one (1) is Non-Executive / Non Independent Director(woman director) while three (3) are Executive Directors. The composition of the Board is in conformitywith the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and represents the optimum combination of professionalism, knowledge, experience and consists of eminent individuals from industry, technical, legal and financial areas.

The details of the Directors being re-appointed on retirement by rotation at the ensuing Annual General Meeting, as requiredpursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, are mentioned in the Notice to the Annual General Meeting, forming part ofthe Report. The brief profile of the Board Members is given on the website of the Company (www.radicokhaitan.com).

Number of Board Meetings:
During the financial year ended 31st March, 2018, four (4) meetings of the Board of Directors were held and the maximum time gap between two (2) meetings did not exceed 120 days. The dates on which the Board Meetings were held were as follows:

Date (s) on which meeting(s) were held			
23rd May 2017	26th July 2017	24th October 2017	24th January 2018

The Board meets at least once in a quarter to review the quarterly financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary to deliberate on various issues relating to the business of the Company. The tentative annual calendar of Board Meetings for the ensuing year is decided well in advance by the Board and is published as part of the AnnualReport.

All the Directors have informed the Company periodically about their Directorship and Membership on the Board / Committees of other companies. As per disclosure received from Director(s), none of the Directors holds Membership in more than ten (10) Committees, Board level Committees and Chairmanship in more than five (5) such Committees.

The details of the composition, nature of Directorship, the number of meetings attended and the directorships in other companies of the Directors of the Company are detailed below. This table also signifies the relationship of the Directors with each other as required to be disclosed in terms of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015:

Report on Corporate Governance (Continued)

Name of the Director	Nature of Directorship	Relationship with each other	Attendance		Directorship in other Companies (*)	Membership and Chairmanship of the Committees of the Board of other Companies(**)	
			At the Board Meetings	At the last AGM		Committee Member	Committee Chairman
Dr. Lalit Khaitan	Chairman & Managing Director	Father of Mr. Abhishek Khaitan and Ms. Shailja Devi.	4	Leave sought	-	-	-
Mr. Abhishek Khaitan	Managing Director	Son of Dr. Lalit Khaitan and brother of Ms. Shailja Devi	4	Leave sought	-	-	-
Mr. K.P. Singh	Whole Time Director	Not related to any of the Directors	4	Yes	1	-	-
Mr. K.S. Mehta	Non-executive / Independent	Not related to any of the Directors	3	No	2	1	1
Dr. Raghupati Singhania	Non-executive / Independent	Not related to any of the Directors	4	No	8	1	2
Mr. Ashutosh Patra	Non-executive / Independent	Not related to any of the Directors	4	Yes	-	-	-
Mr. Sarvesh Srivastava	Non-executive / Independen	Not related to any of the Directors	3	Yes	-	-	-
Ms. Shailja Devi	Non-executive Non-Independent	Daughter of Dr. Lalit Khaitan and sister of Mr. Abhishek Khaitan	2	No	-	-	-

Notes:
(*) Excludes directorship and committee membership in Radico Khaitan Limited. Also excludes directorship in Private Limited Companies, foreign Companies and companies under Section 8 of the Companies Act, 2013.

(**) For the purpose of considering the limit of the Committee Memberships and Chairmanships of a Director, the Audit Committee and the Stakeholders Relationship Committee of Public Limited Companies have been considered.

Tenure:

In Compliance of Section 152 of the Companies Act, 2013 at ensuing Annual General Meeting, except the Chairman & Managing Director and Independent Directors, all other Directors of the Company are liable to retire by rotation. One-third of the said rotational directors are liable to retire every year and if eligible, offer themselves for re-appointment.

Board Procedures:

The Board meets at regular intervals to discuss and decide on business strategies / policies and review the financial position of the Company.

The Board Meetings are governed by a structured Agenda. The Agenda along with comprehensive notes and background material are circulated 7 days in advance before each meeting to all the Directors for facilitating effective discussion and decision making. The Board members may bring up any matter for consideration of the Board, in consultation with the Chairman. The information as specified inPart A of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is regularly made available to the Board.

Presentations are made by the Chairman &Managing Director, Managing Director and the Senior Management on the Company's performance, operations, plans and other matters on a periodic basis. The proceedings of the meetings of the Board and its Committees are recorded in the form of minutes, which are circulated to the Board for perusal within stipulated period under the Companies Act, 2013. The important decisions taken at the Board / Committee meetings are communicated to the concerned departments / divisions.

The Board has complete access to any information within the Company which as specified in Part A of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Report on Corporate Governance (Continued)

Independent Directors:

The Non-Executive Independent Directors fulfill the conditions of independence specified in Section 149 (6) of the Companies Act, 2013 and Rules made thereunder and meet with requirement of Regulation 25 (Obligation with respect to independent Directors) and Regulation 17 (1) of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 entered into with the Stock Exchanges. A formal letter of appointment to Independent Directors as provided in Companies Act, 2013 and the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 has been issued and disclosed on the website of the Company viz. www.radicokhaitan.com/investorcenter.html

Familiarisation programme for Directors:

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Director is also explained in detail the Compliance required from him under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant regulations and affirmation taken with respect to the same. The Chairman and Managing Director also have one to one discussion with the newly appointed director to familiarize him with the Company's operations. Further, the Company has put in place a system to familiarize the Independent directors about the Company, its products, business and the on-going events relating to the Company.

The familiarization programme as attended by the Independent Directors has been put on the website of the Company at www.radicokhaitan.com/investorcenter.html

Conflict of interests:

Each Director informs the Company on an annual basis about the Board and the Committee positions he / she occupies in other companies including Chairmanships and notifies changes during the year. Members of the Board while discharging their duties, avoid conflict of interest in the decision making process. The members of the Board restrict themselves from any discussions and voting in transactions that they have concern or interest.

Pecuniary relationships of transaction with the Company of Non-Executive Directors:

The Non-executive directors had no pecuniary relationship or transactions with the Company in their personal capacity during the financial year 2017-2018.

Committees of the Board:

Currently, there are eight (8) Committees of the Board, namely: Audit Committee, Nominationand Remuneration Committee, Stakeholder's Relationship Committee, ESOP Compensation Committee, Corporate Social Responsibility (CSR) Committee, Risk Management Committee, Committee of Independent Directors and Committee of Directors. The Board has decided the terms of reference for these Committees. The minutes of the meetings of the Committees are placed before the Board for information and noting. The details as to the composition, terms of reference, number of meetings and related attendance etc. of Committees mandatory under the Companies Act and listing regulations are provided hereunder.

Audit Committee:

Composition and terms of reference

As on date, the Audit Committee comprises of three (3) Independent, Non-executive Directors. The members of the Audit Committee are Mr. Sarvesh Srivastava (Chairman of the Committee), Dr. Raghupati Singhania and Mr. Ashutosh Patra (members). All Members of the Audit Committee are financially literate and bring in expertise in the fields of finance, taxation, economics, industry and risk.

The Audit Committee invites the Chairman & Managing Director, Managing Director, Chief Financial Officer and the Company Secretary, Statutory Auditor(s) and Internal Auditor and Cost Auditors to attend the meetings of the Audit Committee. The Company Secretary acts as Secretary to the Committee. The minutes of each Audit Committee meeting are placed and discussed at the next meeting of the Board.

The scope of activities and terms of reference of the Audit Committee is in accordance with Regulation 18 and Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

The details as to the date(s) on which the meetings were held and attendance of the Committee members during the financial year ended 31st March, 2018 are as follows:

Date(s) on which the meeting(s) were held			
23rd May 2017	26th July 2017	24th October 2017	24th January 2018

Name	Position	Category	Meeting details	
			Held	Attended
Mr. Sarvesh Srivastava	Chairman	Non-Executive Independent	4	3
Dr. Raghupati Singhania	Member	Non-Executive Independent	4	4
Mr. Ashutosh Patra	Member	Non-Executive Independent	4	4

The role of the Audit Committee inter alia includes the following:

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor, fixing of audit fees and approving payments for any other service.
3. Recommending to the Board of Directors, the appointment of Cost Auditor for the Company.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
   a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report as per Section 134 of the Companies Act, 2013;
   b. Changes in the Accounting policies and practices and the reasons for the same, major accounting entries and significant adjustments made in the financial statements arising out of audit findings;
   c. Compliance with listing and other legal requirements relating to financial statements;
   d. Disclosure of any related party transactions; and
   e. Qualifications in the draft audit report, if any.
5. Reviewing with management quarterly, half-yearly, nine-months and annual financial statements, standalone as well as consolidated before submission to the Board for approval.
6. Reviewing with the management performance of statutory and internal auditors.
7. Discussion with the internal auditors, cost auditor on any significant findings and follow-up thereon.
8. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
9. Reviewing reports furnished by the internal auditors and statutory auditors and ensuring suitable follow-up thereon.
10. Reviewing the Company's financial and risk management policies, forex policy, management discussion and analysis, significant related party transactions.
11. Reviewing with the management and the Statutory Auditors anticipated changes in the Accounting Standards.
12. Review of the Vigil Mechanism and Whistle Blower mechanism of the Company;
13. The Audit Committee has power to investigate any activity within its terms of reference, to seek information from employees and to obtain outside financial and legal advise; and
14. Any other matter referred to by the Board of Directors.

Apart from the above, the Company has an internal audit team, headed by Mr. Mukesh Agarwal, who reports to the Chief Financial Officer and the Audit Committee. From time to time, the Company's adequacy of internal controls covering financial, operational, compliance, IT applications, etc., are reviewed by the Internal Audit team and presentations are made to the Audit Committee on the findings of such reviews. The Audit Committee, inter alia, reviews the adequacy of internal audit function and the internal audit reports including those related to internal control weaknesses. The Company Secretary acts as Secretary to the Audit Committee as required by Regulation 18 (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Nomination and Remuneration Committee:

Composition and terms of reference:

As on date, the Nomination and Remuneration Committee comprises of three (3) Directors, viz. Dr. Raghupati Singhania (Chairman of the Committee), Mr. K.S. Mehta and Mr. Ashutosh Patra. The Committee's terms of reference includes reviewing and recommending to the Board the salary, commission, other benefits, service agreements and employment conditions of the Whole-time and the Managing Director and to approve the

Report on Corporate Governance (Continued)

selection, appointment and remuneration of relatives of Directors for holding an office or place of profit pursuant to Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Meeting and Attendance:

The Nomination and Remuneration Committee met one (1) timeduring the year on 26.07.2017. The necessary quorum was present for the meeting. The Table below provides the attendance of the Nomination and Remuneration Committee members:

Sl. No.	Name	Position	Category	No. of Meeting attended
1.	Dr. Raghupati Singhania	Chairman	Non-Executive Independent	1 of 1
2.	Mr. Ashutosh Patra	Member	Non-Executive Independent	1 of 1
3.	Mr. K.S. Mehta	Member	Non-Executive Independent	1 of 1

Terms of reference:

The Board has framed the Nomination and Remuneration Committee Charter which ensures effective compliance of Section 178 of the Companies Act, 2013 and Regulation 19 and part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board has clearly defined terms of reference for the Nomination and Remuneration committee, which are as follows:

1. Reviewing the overall compensation policy, service agreements and other employment conditions of Managing / Whole-time Director(s) and Senior Management (one level below the Board);
2. To help in determining the appropriate size, diversity and composition of the Board;
3. To recommend to the Board appointment / re-appointment and removal of Directors;
4. To frame criteria and determining qualifications, positive attributes and independence of Directors;
5. To recommend to the Board remuneration payable to the Directors (while fixing the remuneration to Executive Directors the restrictions contained in the Companies Act, 2013 is to be considered);
6. To create on evaluation framework for Independent Directors and the Board;
7. To provide necessary reports to the chairman after the evaluation process is completed by the Directors;
8. To assist in developing a succession plan for the Board;
9. To assist the Board in fulfilling responsibilities entrusted from time to time;
10. Delegation of any of its powers to any Members of the Committee or the Compliance Officer.

Details of remuneration to all the Directors in the Financial Year 2017-18:

The Nomination and Remuneration Committee decides the remuneration payable to the Chairman & Managing Director, Managing Director, Whole Time Director and Key Managerial Personnel's, considering the performance of the Company and their achievements against objectives as set out by the Nomination and Remuneration Committee and approved by the Board and industry standards. The remuneration structure comprises of salary, perquisites, commission, etc. Annual increments are decided by the Nomination and Remuneration Committee and recommend to the Board, within the limits mentioned in the contract and as approved by the shareholders. No severance is payable to them on termination of employment.

Executive Directors*:

(Rs. in lacs)

Sl. No.	Name of director	Salary	Commission	Perquisites and allowances	Retiral benefits*	No. of Stock options	Incentive	Tenure
1	Dr. Lalit Khaitan	425.71	50	28.18	34.23	NIL	NIL	5 Years
2	Mr. Abhishek Khaitan	402.46	50	21.73	32.92	NIL	NIL	5 Years
3	Mr. K.P. Singh	169.35	NIL	38.26	6.49	21,000	NIL	5 Years

During the period, the Company has issued a total of 21,000 Shares as per Employees Stock Option Scheme 2006 to Mr. Krishan Pal Singh. The Company has issued 6,000 shares at a price of Rs. 102.72 per share (including premium) as on 18.08.2017 and 15,000 shares at a price of Rs. 102.72 (including premium) as of 06.12.2017.

* Contributions to Provident Fund and Superannuation Fund.

Report on Corporate Governance (Continued)

Non Executive Directors*:

Sl. No.	Name	Sitting Fees (in Rs.)
1.	Mr. K.S. Mehta	1,95,000/-
2.	Mr. Ashutosh Patra	3,85,000/-
3.	Dr. Raghupati Singhania	2,50,000/-
4.	Mr. Sarvesh Srivastava	2,10,000/-
5.	Ms. Shailja Devi	95,000/-

* Non executive directors were paid sitting fees of Rs.40,000/- for attending each meetings of the Board and Rs.15,000/- for Committees thereof and reimbursement of local conveyance.

Non executive directors were not paid any amount by way of salary, perquisites and other benefits including stock options except the above mentioned sitting fees.

No shares were held by non-executive directors as on 31 March 2018.

The Company has adopted remuneration criteria for Non Executive Directors in compliance withRegulation 46(2)(f) ofthe SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015. Criteria for making payment to Non Executive Directors is available on our website i.e. www.radicokhaitan.com

Performance evaluation:

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 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 Board Committees. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Chairman and Managing Director and the Non-Independent Directors was carried out by the Independent Directors. The Directors express their satisfaction with the evaluation process.

The Independent Directors performance was evaluated on the basis of the company's Performance Evaluation Policy as posted on the company's website www.radicokhaitan.com under head investor relations.

Stakeholder's Relationship Committee:

The Board of Directors of the Company has constituted the Stakeholder's Relationship Committee which is chaired by a Non-Executive Director/Independent Director to specifically look into the redressal of shareholders queries and complaints.

The details as to the composition of the Stakeholder's Relationship Committee previously named as Shareholders' Grievances Committee, date(s) on which the meetings were held and the attendance of the members of the Committee during the financial year ended 31st March, 2018 are as follows:

Date(s) on which the meeting(s) were held			
23rd May 2017	26th July 2017	24th October 2017	24th January 2018

Name	Position	Category	Meeting details	
			Held	Attended
Mr. Ashutosh Patra	Chairman	Non-Executive Independent	4	4
Mr. Sarvesh Srivastava	Member	Non-Executive Independent	4	3
Mr. K.P. Singh	Member	Executive	4	4

Report on Corporate Governance (Continued)

The terms of reference of the Committee include the following:
1. To specifically look into queries and complaints received from the shareholders, Lenders and other stakeholders of the Company.
2. To oversee the performance of the Registrar and Transfer Agent of the Company and
3. To recommend measures for overall improvement in the quality of services to the investors.
4. To fix record date / book closure of share / debenture transfer book of the Company from time to time.

Name and Designation of the Compliance Officer:

Mr. Amit Manchanda
Vice President - Legal &
Company Secretary
Radico Khaitan Limited
Plot No. J-1, Block B-1, Mohan Co-operative Industrial Area, Mathura Road, New Delhi – 110 044.
Tel.: Nos. 40975400/444/500/555, Fax Nos. 41678841-42
Email: info@radico.co.in

Details pertaining to the number of complaints received and responded and the status thereof during the financial year ended 31st March, 2018 are given as follows:

Nature of Complaints	Received during the year
Non-receipt of Dividend warrants	102
Non-receipt of Share Certificate(s) lodged for transfer / splitting of the share certificates etc.	135
Letters received from Stock Exchange(s) / SEBI	6
Others/Miscellaneous	886
Total	**1129**

All the aforesaid complaints were responded to by the Company appropriately and there were no pending complaints at the end of the financial year 2017-2018.

All the requests, queries and complaints received during the financial year ended 31st March, 2018, were duly addressed and no queries are pending for resolution on that date.

The Company provided Shareholder services in the following time frame:

Sl. No.	Nature of Query	No. of days for disposal
1.	Share Transfers	15 days
2.	Demat of Shares	15 days
3.	Dividend revalidation / issue of Dividend Drafts	7 days
4.	Change of Address/ Bank Mandate	2 days
5.	General queries	2 days

Corporate Social Responsibility (CSR) Committee:

Pursuant to Section 135 of the Companies Act, 2013, the Board of Directors in their meeting held on 30th May 2014 constituted CSR Committee comprises of four (4) Directors. The Members of the Committee are Dr. Lalit Khaitan, Mr. K.P. Singh, Mr. Ashutosh Patra (Independent Director) and Ms. Shailja Devi.

The purpose of the Committee is to formulate and monitor the CSR Policy of the Company and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013. The Committee monitors and gives guidance on various CSR activities to be undertaken by the

Report on Corporate Governance (Continued)

Company. The constitution of CSR Committee and the CSR Policy of the Company is available on our website i.e. www.radicokhaitan.com

Meeting and Attendance:

The CSR Committee met during the year on 23.05.2017. The necessary quorum was present for the meeting. The Composition of the CSR Committee as at March 31, 2018 and the details of meeting of the Committee are as under:

Sl. No.	Name	Position	Category	No. of Meeting attended
1.	Dr. Lalit Khaitan	Chairman	Executive	1 of 1
2.	Mr. K.P. Singh	Member	Executive	1 of 1
3.	Mr. Ashutosh Patra	Member	Non-Executive Independent	1 of 1
4.	Ms. Shailja Devi	Member	Non-Executive Non Independent	1 of 1

Subsidiary Companies:

During the year under review, the Company did not have any subsidiary as defined under 2 (ZM) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 2 (87) of the Companies Act, 2013.

Independent Directors' Meeting:

During the year under review, the Independent Directors met on 24.1.2018, inter alia, to discuss:
1. The Board is not doing the things what is required to be done.
2. The Board is doing something which it is not required to be done.
3. Certain things which the Board is doing, but it can do better.
4. Roles of responsibilities of each of Independent Directors and expectations from one to another.
5. Expectations from the Promoters.
6. Promoters need to provide an environment under which all Members are able to perform.
7. Any terms and difference between the Independent Committee Members.

Leave of absence – Mr. Sarvesh Srivastava

CEO / CFO Certification:

As stipulated under Regulation 17(8)and Part B of Schedule II of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, the CEO / CFO Certificate for the financial year 2017-18 and Regulation 33 (2) (a) of Chapter IV of SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, for all the quarters signed by Mr. Abhishek Khaitan, Managing Director as CEO and Mr. Dilip K Banthiya, CFO was placed before the Board of Directors at their meeting of the respective quarters.

General Body Meetings:
The venue and time of the last three Annual General Meetings of the Company are as follows:

Year	Location	Meeting Date	Time	No. of special resolutions set out at the AGM
2016-2017	Rampur Distillery Bareilly Road Rampur – 244 901 (U.P.)	29th September 2017	1.00 P.M.	1
2015-2016	Rampur Distillery Bareilly Road Rampur – 244 901 (U.P.)	11th July 2016	1.00 P.M.	Nil
2014-2015	Rampur Distillery Bareilly Road Rampur – 244 901 (U.P.)	30th September 2015	1.00 P.M.	Nil

Report on Corporate Governance (Continued)

All special resolutions set out in the notices for the Annual General Meetings were passed by the shareholders at the respective meetings with requisite majority. There is no Resolution passed through postal ballot.

Disclosures:

1. **Disclosures on materially significant related party transactions:** Your Company has not entered into any materially significant related party transaction that may have potential conflict with interest of the listed entity at large.

   Your Company has not entered into any transaction of material nature except transactions with related parties which are furnished under Notes to the Financial Statements as stipulated under Accounting Standard 18 (AS-18), with the Promoters, their subsidiaries or relatives, Directors or the Management, etc. All transactions were carried out on an arms-length basis and were not prejudicial to the interest of the Company.

   The Company's Policy on Related Party Transactions has been duly approved by the Board in its meeting dated 5.2.2016 and uploaded on its website at www/radicokhaitan.com

2. **Details of non-compliance(s) by the Company:** The Company has complied with all the requirements of the Stock Exchange(s) and the Securities Exchange Board of India on matters related to Capital Markets or any other matter, as may be applicable from time to time. There were no penalties imposed or strictures passed against the Company by the statutory authorities in this regard.

3. **Disclosure of Accounting Treatment:** The Company follows Accounting Standards prescribed by the Companies Accounting Standard Rules, 2006 (as amended) andrelevant provisions of the Companies Act, 2013. In preparation of financial statements, the Company has not adopted a treatment different from what is prescribed in the Accounting Standards. The financial statements for the year have been prepared in accordance with and in compliance of Schedule III of the Companies Act, 2013.

4. **Details of compliance with mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:** Your Company has complied with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Rquirements) Regulations, 2015. Following is the status of the compliance:

a. *Audit Qualifications:* During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

b. *Whistle Blower Policy / Vigil Mechanism Policy:* The Board of Directors in their meeting held on 30th May 2014 approved and adopted a Vigil Mechanism Policy with an objective to provide Employees and Business Associates a framework and to establish a formal mechanism or process whereby concerns can be raised in line with the Company's commitment to highest standards of ethical, moral and legal business conduct and its commitment to open communication. Radico endeavours to provide its employees a secure and fearless working environment, they are free to report any instance of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. A copy of the policy is placed on the internal server and on the website of the company i.e. www.radicokhaitan.com

   No personnel have been denied access to the Audit Committee.

c. *Sexual Harassment Policy:* Your Company has adopted a Sexual Harassment Policy with an objective to ensure a protective and equal platform for working of women in the organization. The Company has zero tolerance towards sexual harassment and its an important part of our corporate culture. Radico Khaitan has a special committee in this regards which meets at regular intervals.

d. *Code of Conduct:* Your Company has adopted a Code of Conduct for all the employees including the Board Members and Senior Management Personnel of the Company in accordance with the requirement under SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code of Conduct has been posted on the website of the Company www.radicokhaitan.com. All the Board Members and the Senior Management Personnel have affirmed their compliance with the said Code of Conduct for the financial year ended 31st March, 2018.

e. *Unclaimed Suspense Account:* The Company has transferred 6400 numbers of unclaimed shares to the respective shareholders from the unclaimed suspense account. Details of transfer are as under:

   i. Outstanding shares lying in the unclaimed suspense account at the beginning of the year: 849977

Report on Corporate Governance (Continued)

   ii. Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year: 12
   iii. Number of shareholders to whom shares were transferred from the unclaimed suspense account during the year: 12.
   iv. Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year: 2540 and 843577.
   v. Voting rights on the shares lying in the unclaimed suspense account shall remain frozen till the rightful owner of such shares claims the shares.

   At the beginning of the financial year, there was no investor complaint that was unresolved. During the year, the company received 6 investor complaints, all of which were resolved and as such there was no unresolved investor complaint as at 31st March 2018.

f. *Secretarial Audit:* Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules made thereunder, the Company had appointed Mr. Tanuj Vohra, Partner at M/s. TVA & Co. LLP, Company Secretaries to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for FY 2017-18 is annexed, which forms part of the Directors Report as Annexure – D. There were no qualifications, reservation or adverse remarks in the Secretarial Audit Report of the Company.

g. *Share Dealing Code:* Comprehensive guidelines advising and cautioning the Management and staff on the procedure to be followed while dealing with the shares of the Company are in place, in light of The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.The Code of Conduct and corporate disclosure practices framed by the company helps in ensuring compliances with the said Regulations. The code prescribes the detailed procedures and guidelines to be adopted while dealing in the securities of the Company. The code is applicable to all directors, senior employees and their dependents. The said persons are prohibited from dealing in the securities of the Company during the restricted trading periods notified by the Company, from time to time and whilst in possession of any unpublished price sensitive information relating to the securities of the Company.

Means of Communication:

a. Quarterly/ Half-yearly/ Nine-months and Annual Audited Financial Results of the Company are published in the Business Standard, Delhi and Mumbai editions and Hindustan, Moradabad edition.

Quarterly results taken on record and published in the newspapers during 2017-2018:

Quarter ended	Date of Board Meetings	Date of Publication in Newspapers	
		Business Standard (English) New Delhi edition	Hindustan (Hindi) Moradabad edition
30th June, 2017	26.07.2017	27.07.2017	27.07.2017
30th September, 2017	24.10.2017	25.10.2017	25.10.2017
31st December, 2017	24.01.2018	25.01.2018	25.01.2018
31st March 2018	03.05.2018	04.05.2018	04.05.2018

b. The results of the Company are also posted up on the Company's corporate website: www.radicokhaitan.com. The Company's official news releases and presentations made to the institutional investors and analysts are also available on the Company's website. Management Discussions and Analysis forms part of this Annual Report, which is also being posted to all the Members of the Company.

c. All important information pertaining to the Company is also mentioned in the Annual Report of the Company which is circulated tothe members and others entitled thereto for each financial year.

d. Your Company provides necessary information to the Stock Exchanges and other rules andregulations issued by the Securities Exchange Board of India.

Report on Corporate Governance (Continued)

Green initiative in Corporate Governance:

Pursuant to Circular No. 17/2011 dated 21st April, 2011, Ministry of Corporate Affairs has undertaken a Green Initiative in Corporate Governance whereby the shareholders desirous of receiving notices, documents and other communication from the Company throughelectronic mode, can register their e-mail addresses with the Company.

Your Company encourages the shareholders to register their e-mail addresses with the Company or its Registrar and Share Transfer Agent, M/s. Karvy Computershare Private Limited., by sending a letter signed by the shareholders on addresses given below and intimate changes in thee-mail address from time to time.

Radico Khaitan Limited
Plot No.J-1, Block B-1
Mohan Co-operative Industrial Area, Mathura Road, New Delhi – 110 044.
Tel. No.+91 11 40975400/444/500/555
Fax No.+91 11 41678841-42
Email:info@radico.co.in

M/s. Karvy Computershare Private Limited

Registered Office:
Karvy Selenium Tower B, Plot number 31 & 32, GachiBowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500032, Telangana
Ph. : +91 040 6716 1518
www.karvycomputershare.com
Toll Free No. 18 00 3454 001
Fax No. 040-23430814
Email Id: einward.ris@karvy.com

Delhi Office:
305, New Delhi House, 27, Barakhamba Road, Connaught Place, New Delhi – 110 001.
Telephone No. 011- 43681700
Fax No. 011-43681710.

The Company has complied with the corporate governance requirements as specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation(2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

General Shareholder Information

a. **Company Registration details:** The Company is registered in the State of Uttar Pradesh, India. The Corporate Identity Number (CIN) allotted o the Company by the Ministry of Corporate Affairs (MCA) is L26941UP1983PLC027278.

b. Date, time and venue of the 34th Annual General Meeting: Friday, 31st August, 2019 at 1.00 p.m. at Rampur Distillery, Bareilly Road, Rampur – 244 901, Uttar Pradesh.

c. Financial Year: Company follows the Financial Year beginning from 1st April of every year and ends on 31st March of the next subsequent year.

d. Dividend payment date: Dividend payout date has been provided in the Notice convening the AGM sent along with this Annual Report.

e. Listing on Stock Exchanges:
The Company's securities are listed on the following stock exchanges:

Name of Stock Exchange	Address	Code
Bombay Stock Exchange Ltd. (BSE)	Floor 25, P.J.Towers Dalal Street, Mumbai – 400 001.	532497
National Stock Exchange of India Ltd. (NSE)	ExchangePlaza, 5th Floor Plot no.C/1, G Block Bandra-Kurla Complex, Bandra (E) Mumbai – 400 051.	RADICO

The Company has paid the listing fees for the financial year 2018-19 to the stock exchange(s) on which Company's shares are listed. The Company has also paid custodial fees for the year 2018-19 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Security Identification Number (ISIN) allocated to the Company by NSDL and CDSL is INE944F01028.

f. Stock price data: The monthly high and low prices and volumes of your Company's shares at BSE and NSE for the year ended 31st March, 2018 are given as follows:

Report on Corporate Governance (Continued)

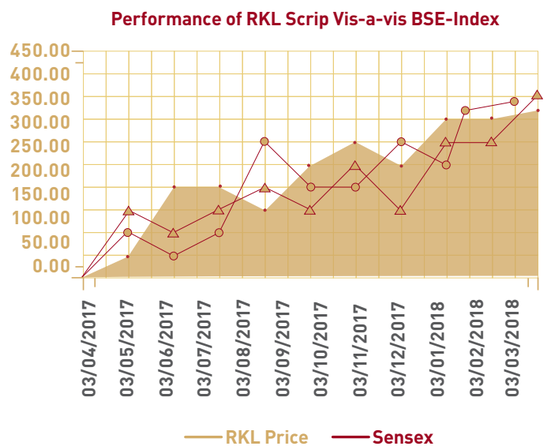
Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (No. of Shares)	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
2017						
April	135.80	107.00	3740214	135.80	106.55	21713653
May	132.00	113.20	1635190	132.25	113.15	9488681
June	134.70	118.40	1113550	134.95	118.65	5682672
July	144.70	119.85	2771642	144.80	119.55	15099410
August	171.80	133.95	3061535	171.95	133.60	19336255
September	184.40	147.75	4460749	184.50	147.50	21575734
October	230.00	164.30	7139189	229.30	164.50	49125057
November	309.60	195.00	9192542	308.90	200.50	59289911
December	297.65	255.00	4960690	297.50	255.45	37213577
2018						
January	417.95	287.90	10872482	418.00	287.60	71429550
February	370.30	304.50	5732313	370.85	303.10	34435623
March	359.00	299.00	3710012	375.50	298.05	23718218

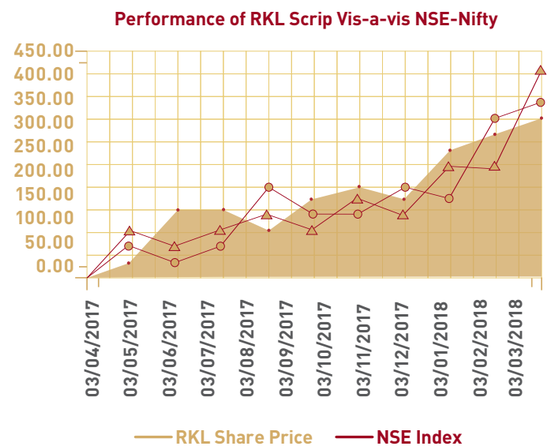
Note: High and low are in Rupees per traded share. Volume is the total monthly volume of trade in Radico Khaitan's shares on BSE and NSE.

The Chart below shows the comparison of your Company's share price movement on BSE vis-à-vis the movement of the BSE Sensex for the year 2017 -18 (based on month end closing).

The shares of the Company are traded in the B category at BSE and are also actively traded on NSE.

Performance of the share price of the Company in comparison to BSE Sensex and NSE Nifty:





Report on Corporate Governance (Continued)

g. Registrar and Transfer Agent:
Karvy Computershare Private Limited is the Registrar and Transfer Agent of the Company.

Shareholders, beneficial owners and depository participants (DPs) are requested to send/ deliver the documents/ correspondence relating to the Company's share transfer activity etc. to Karvy Computershare Private Limited, Registrar and Transfer Agent of the Company at the following address:

Registered Office:	Delhi Office:
M/s. Karvy Computershare Private Limited Karvy Selenium Tower B, Plot number 31 & 32, GachiBowli, Financial District, Nanakramguda, Serilingampally Mandal Hyderabad – 500 032, Telangana. Toll Free No. 18 00 3454 001 Telephone No. 040 6716 2222 Fax No. 040-23001153 Email Id: einward.ris@karvy.com	**M/s. Karvy Computershare Private Limited** 305, New Delhi House 27, Barakhamba Road Connaught Place New Delhi – 110 001. Telephone No. 011- 43681700 Fax No. 011-43681710

For the benefit of shareholders, documents will continue to be accepted at the following registered office of the Company:
Rampur Distillery
Bareilly Road, Rampur – 244 901 (U.P.)
Tel. No.0595-2350601-02 | Fax No.0595-2350009
Email: info@radico.co.in

h. Registered Office: Bareilly Road, Rampur – 244 901, Uttar Pradesh.

i. Website: www.radicokhaitan.com

j. E-mail ID for Investor's Grievances: info@radico.co.in

The above exclusive e-mail id is disclosed by the Company on its website and all the various material correspondence, publications and communication to the shareholders at large.

k. For the year ending 31st March, 2018, quarterly financial results will be announced as per the tentative schedule detailed below:

Not later than 15th August 2018	First Quarter
Not later than 15th November 2018	Second Quarter and Half Yearly
Not later than 15th February 2019	Third Quarter and Nine Months
Not later than 30th May 2019	Fourth Quarter and Annual

l. Date of Book Closure: Book Closure dates have been provided in the Notice convening the AGM forming part of this Annual Report.

m. Share transfer system: The share transfer activities in respect of the shares in physical mode are carried out by the Company's Registrar and Share Transfer Agent (RTA). The Shares lodged for transfer are processed and returned within the stipulated time. The applications and requests received by your Company for transfer of shares held in physical form are processed and the share certificates for the same are sent to the transferee within the stipulated period under the Companies Act, 2013. The Board of Directors of the Company have delegated the authority to approve the transfer of shares, transmission of shares or requests for deletion of name of the shareholder, etc., as mentioned

in Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 to the designated officials of the Company. The transactions in respect of issue of duplicate share certificates, split, rematerialisation, consolidation and renewal of share certificates are approved by the Stakeholders Relationship Committee.

A summary of all the transfers, transmissions, deletion requests, etc., are placed before the Board of Directors from time to time for their review.

n. Distribution of Shareholdings: The distribution of shareholding of the Company as on 31st March, 2018 is as follows:

Sl. No	Category of Shareholders	Total No. of Shares	% of Total no. of Shares
1.	Promoters	53829818	40.38
2.	Mutual Funds	6466887	4.85
3.	Banks, Indian Financial Institution	85764	0.06
4.	FIIs	32522193	24.40
5.	Private Corporate Bodies	8115768	6.09
6.	Indian Public	29306014	21.98
7.	NRIs/OCBs	2949201	2.21
8.	State Government	31620	0.02
	Total	**133307265**	**100.00**

DISTRIBUTION OF SHAREHOLDING OF THE COMPANY BY NUMBER OF SHARES HELD AS ON 31ST MARCH, 2018 IS AS FOLLOWS:

Share Holding of Nominal Value of		Shareholders		Shares			% Total
Rs.	Rs.	Number	% to Total	Physical Shares	Dematerialised shares	Total Shares	% to Total
UPTO 1	5000	40349	96.50	3286022	17058312	20344334	7.63
5001	10000	677	1.59	380040	4536360	4916400	1.84
10001	20000	332	0.78	106020	4861736	4967756	1.86
20001	30000	113	0.27	21700	2870680	2892380	1.08
30001	40000	76	0.18	31000	2662262	2693262	1.01
40001	50000	38	0.09	0	1736702	1736702	0.65
50001	60000	25	0.06	0	1389702	1389702	0.52
60001	100000	67	0.16	63240	5454668	5517908	2.07
100001	ABOVE	161	0.38	0	222156086	222156086	83.32
	TOTAL	**41838**	**100.00**	**3888022**	**262726508**	**266614530**	**100.00**

o. Unclaimed Dividend / Shares: In terms of Section 124 of the Companies Act, 2013, the Company is required to transfer the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Shareholders are cautioned that once the unclaimed dividend is transferred to IEPF, a shareholder cannot claim the amount of dividend from the Company. In accordance with para (c) Schedule VI (Manner of dealing with unclaimed shares), the Company has sent three reminders to the shareholders whose share certificates are lying unclaimed with the Company. In case yours shares are lying unclaimed with the Company, you are requested to claim the same.

Report on Corporate Governance (Continued)

p. Transfer to Investor Education & Protection Fund: As per the Companies Act, 2013, dividends that are unclaimed for a period of seven years, statutorily get transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government and thereafter cannot be claimed by investors. To ensure maximum disbursement of unclaimed dividend, the Company sends reminders to the concerned investors, before transfer of dividend to IEPF. Pursuant to Section 125 of the Companies Act 2013, unclaimed dividend has been transferred to IEPF as per below table:

Financial Year	Date of Declaration of Dividend	Total Dividend	Unclaimed Dividend as on 31-3-2017	Due Date of Transfer to IEPF account
FY2002	16.07.2002	38,579,176.00	730,556.00	22.08.2009
FY2003	19.07.2003	34,721,258.40	914,312.00	24.08.2010
FY2004	17.07.2004	38,579,176.00	973,284.00	22.08.2011
FY2005	16.11.2005	42,437,093.60	983,341.00	21.12.2012
FY2006	25.09.2006	48,223,970.00	1,135,840.00	30.10.2013
FY2007	26.09.2007	51,231,109.50	922,432.00	05.11.2014
FY2008	30.09.2008	51,231,109.50	1,065,509.00	16.10.2015
FY2009	15.09.2009	30,738,665.70	699,978.00	07.10.2016
FY2010	09.09.2010	79,300,632.60	1,620,668.00	26.10.2017

q. Going concern: The Board is satisfied that the Company has adequate resources to continue its business for the foreseeable future and consequently considers it appropriate to adopt the going concern basis in preparing the financial statements.

Plant locations: Please refer Last page of Annual Report
Address for correspondence: Please refer Last page of Annual Report

For & on behalf of the Board

Sd/-
Dr. Lalit Khaitan
Chairman & Managing Director
DIN - 00238222

Place: New Delhi
Date: May 03, 2018

Annexure to Report on Corporate Governance for the year ended 31st March, 2018

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

I hereby confirm that:
The Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they havecomplied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31st March, 2018.

Abhishek Khaitan
Managing Director
DIN - 00772865

Place: New Delhi
Date: May 03, 2018

Business Responsibility Report

The Board of Directors of Radico Khaitan Limited present its first the Business Responsibility Report for the financial year ended 31 March 2018, pursuant to the regulation 34 (2) (f) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 which has mandated the inclusion of a Business Responsibility Report (BRR) as part of the company's Annual Report for top 500 listed entities based on market capitalisation at the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The reporting framework is based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)' released by the Ministry of Corporate Affairs, Government of India, in July 2011, which contains 9 Principles and Core Elements for each of the 9 Principles. Following is the Business Reponsibility Report of Radico Khaitan which is based on the format suggested by SEBI.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L26941UP1983PLC027278
2	Name of the Company	Radico Khaitan Limited
3	Registered Address	Bareilly Road, Rampur, Uttar Pradesh – 244901
4	Website	www.radicokhaitan.com
5	Email ID	info@radico.co.in
6	Financial Year Reported	1stApril 2017 to 31stMarch 2018
7	Sector(s) that the Company is engaged in (industrial activity code-wise) - Name and description of main products	Manufacturing of Alcohol and Alcoholic Products NIC Code of the product:1101
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Manufacturing of Alcohol and Alcoholic Products
9	Total number of locations where business activity is undertaken by the Company	28
	a. Number of International Locations (Provide details of major 5)	Nil
	b. Number of National Locations	24
10	Markets served by the Company – Local/State/National/ International	All

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid-up Capital	Rs. 26.66 Crores
2	Total Turnover	Rs. 6,270.36 Crores (Gross) Rs. 1,822.77 Crores (Net of Excise Duty)
3	Total Profit After Tax	Rs. 123.45 Crores
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2% of the average net profits of the company made during the immediately preceding financial years. Refer to Annexure F to the Directors' Report
5	List of activities in which expenditure in 4 above has been incurred	Refer to the Annexure F to the Directors' Report

Business Responsibility Report (Continued)

SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies?	No
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	NA
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	NA

SECTION D: BUSINESS RESPONSIBILITY(BR) INFORMATION

1. Details of Director/Directors responsible for BR

a. Details of the Director/Director responsible for implementation of the BR policy/policies

#	Particulars	Details
1	DIN Number	00772865
2	Name	Mr. Abhishek Khaitan
3	Designation	Managing Director

b. Details of the BR Head

#	Particulars	Details
1	DIN Number (if applicable)	NA
2	Name	Mr. Dilip K. Banthiya
3	Designation	CFO
4	Telephone Number	+91 11 4097 5500
5	Email ID	info@radico.co.in

2. Principle Wise (as per NVGs) BR Policy / Policies

The nine principles are as under

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the well-being of all employees.
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect, protect and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Business Responsibility Report (Continued)

a. Details of compliance (Reply in Y / N)

#	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have any policy/policies for?	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	All the policies have been developed considering relevant national and international standards.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
5	Does the Company have a specified committee of the Board / Director /Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6	Indicate the link for the policy to be viewed online?	http://www.radicokhaitan.com/investorcenter.html								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policy has been posted on the Company's website for information of all the internal and external stakeholders of the Company.								
8	Does the Company have in–house structure to implement the policy /policies.	Yes, the Company has necessary structure in place to implement the policy.								
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Yes, the Company has necessary grievance redressal mechanism to address stakeholders' grievances related to the policy.								
10	Has the Company carried out independent audit / evaluation of the working Are we in the process of appointing independent of this policy by an internal or external agency?	No, the Company has not carried out independent audit / evaluation of its working by an internal or external agency as of now.								

b. If answer to any question under Section D 2(a) against any principle, is 'No', please explain why: (Tick up to 2 options)

#	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
3	The Company does not have financial or manpower resources available for the task	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	It is planned to be done within next 6 months	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	It is planned to be done within the next 1 year	NA	NA	NA	NA	NA	NA	NA	NA	NA
6	Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

Business Responsibility Report (Continued)

3. Governance Related to BR

A	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
B	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is Published?	Published Annually

Yes, the BR Report is published on annual basis. The Company is publishing the report for the first time for the financial year 2017-18 and the same can be assessed through the link: http://www.radicokhaitan.com/investorcenter.html

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Description	Response
Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures /Suppliers / Contractors / NGOs / Others?	Your Company also has a Whistle Blower Policy which allows employees to bring to the attention of the Management, promptly and directly, any unethical behaviour, suspected fraud or irregularity in the Company practices. The copy of the same is available on the website of the Company at http://www.radicokhaitan.com/investorcenter.html. Your Company has provided dedicated e-mail address, Whistle Blower Officer: whistleofficer@radico.co.in Radico Khaitan Limited also has its own self-explanatory code of conduct which defines the importance and commitment on ethics, bribery and any other kind of behaviour which are not acceptable by the Company and all employees confirm that code with full commitment. The Company encourages and expects the parties associated with its value chain partners like dealers, vendors, supplier, contractors, employees etc. to follow the Code of Business Conduct and principles envisaged in the policy while their interactions with Radico Khaitan Limited.
How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	During the financial year 2017-18, 6 shareholder complaints were received by the Company, out of which 100% of the complaints have been satisfactorily resolved. The Company did not have any significant external stakeholder complaint in the last financial year.

Business Responsibility Report (Continued)

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Description	Response
List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.	1. The effluent treatment facility in Rampur complies with zero discharge concept set up by CPCB. The treatment has varied by products, which not only improves operational stability of the plants but also adds on to the Company's profitability. Primary treatment of the effluent yield Bio Gas, which is used as fuel in cogeneration boiler to generate steam and then power through a backpressure turbine. The backpressure steam is used again in the distillation plant to produce Extra Neutral Alcohol and Rectified Spirit. 2. The cogeneration plant of Rampur distillery consists of 26 MT capacity of India's first standalone biogas fired steam boiler, 2 MW turbine generator, 30 MT capacity biogas and rice husk based boiler and 2.5 MW in tandem to make Radico Khaitan self-reliant on its requirement for power for its normal operation. 3. Meeting out 100% pollution control norms, the treated effluent is not discharged outside and in turn is mixed and cured with organic mass like press mud of sugar mills and suitable organic manures to manufacture bio-manure or bio-compost, a bio fertilizer successfully used in growing the crop of sugarcanes etc.
For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)	The Company has been continuously striving hard to reduce the power and fuel consumption thereby contributing for the improvement of environment. Radico Khaitan has been focusing on planting trees nearby its manufacturing facilities. It has planted large number of trees and plans to add more soon in various other locations. Further, the Company has also contributed to the society through CSR activities.

Business Responsibility Report (Continued)

1. Does the Company have procedures in place for sustainable sourcing (including transportation)? a. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	The resources involved in the manufacturing processes are efficient and sustainable and 100% of the inputs are sustainably sourced by the Company. The Company has very first backward integration project that has come in the form of setting up a fully automatic 750 ml kidney shape PET bottle manufacturing plant in low cost and tax benefit area such as Uttaranchal. The unit started with production rate of 0.85 crore bottles per year in October 2004 and is now geared up to produce 60 crore PET bottles to cater to Radico's own captive consumption of about 30 crore bottles per year and rest is being sold to outside clients in the liquor, pharmaceutical and FMCG sectors. This project has also given employment to workers and helped them in living better life. Further the Company gives preference in selection of vendors for procurement of raw material, who comply with the various principles of sustainability. Majority of suppliers of raw material are located within a radius of 200 kms of the manufacturing units of the Company which helps to minimize transportation.

#	Category	No. of complaints filed No. of complaints pending as during the financial year	No. of complaints pending as during the financial year on end of the financial year
1	Child labour / forced labour / involuntary labour	Nil	NA
2	Sexual Harassment	Nil	NA
3	Discriminatory employment	Nil	NA

The company is fully compliant with the prevailing laws on the prevention of sexual harassment of women at workplace. The policy for the prevention of sexual harassment of women at workplace is available on the website of the Company at http://www.radicokhaitan.com/investorcenter.html. No complaints relating to sexual harassment were received during the financial year 2017-18.

Business Responsibility Report (Continued)

Principle 3: Businesses should promote the well-being of all employees.

Description	Response
1. Please indicate the Total number of employees.	1141 as on 31.03.2018
2. Please indicate the Total number of employees hired on temporary/ contractual / casual basis.	1040
3. Please indicate the Number of permanent women employees.	17
4. Please indicate the Number of permanent employees with disabilities	NIL
5. Do you have an employee association that is recognized by Management?	Yes. There are recognized trade unions constituted as per the terms of the Trade Unions Act at the Company's manufacturing units.
6. What percentage of your permanent employees is members of this recognized employee association?	22%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	

8. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

A	Permanent Employees	8 hours of training per employee
B	Permanent Women Employees	8 hours of training per employee
C	Casual / Temporary / Contractual Employees	Safety and work instructions are given before they start working.
D	Employees with Disabilities	NIL

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Description	Response
1. Has the Company mapped its internal and external stakeholders? Yes/No	Yes. The Company has mapped its internal stakeholders as well as external stakeholders. The Company believes that an effective stakeholder engagement process is necessary for achieving its sustainability and growth.

Business Responsibility Report (Continued)

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	The Company is in the process of identifying its marginalised stakeholders by way of vendors, stockists, contract workers who are situated in and around its factory locations which are essentially under-developed locations requiring attention. The Company has put in place systems and procedures to identify, prioritise and address the needs and concerns of its stakeholders across businesses and units in a continuous, consistent and systematic manner. It has implemented mechanisms to facilitate effective dialogues with all stakeholders across businesses, identify material concerns and their resolution in an equitable and transparent manner. These measures have helped the Company develop strong relationships, which have withstood the test of time
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	The Company's collaborative stakeholders are manifest in its programmes which company has undertaken under CSR which are mostly are towards the welfare of the people and stakeholders in and around our factory locations by providing health and sanitary care, educational facilities and vocational training, infrastructural facilities like road, water, etc. Most of the welfare schemes undertaken by the Company are targeted towards upliftment of the poor and down-trodden and marginalised stakeholders located in and around our factories. These initiatives augment the natural resource base of the nation and create sustainable rural livelihoods.

Principle 5: Businesses should respect and promote human rights.

Description	Response
1. Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?	The Company has a Code of Conduct for Directors and Senior Management of the Company. The Company complies with the National and Local Laws as far as the individual rights are concerned. However, there is no specific human rights policy for the time being, which is being formulated for the approval of the Board.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	No complaints for violation of human rights were received by the Company during the financial year.

Business Responsibility Report (Continued)

Principle 6: Business should respect, protect and make efforts to restore the environment.

Description	Response
1. Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.	The Company has a Policy on Safety Health and Environment (SHE), which covers all the operations of the Company. The Policy includes implementation of a low carbon growth strategy across its businesses, integrated soil and water conservation programmes and the creation of large-scale sustainable livelihoods amongst the marginalised sections of society. The policy is applicable to the Companies all the location.
2. Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y / N. If yes, please give hyperlink for webpage etc.	Yes. The Company is committed to reduce Greenhouse Gas (GHG) emissions and have short-term and long-term targets in this regard. All these targets are aimed at: • Continuous focus on reduction of thermal and electrical energy consumption. • Installation of Waste Recovery System. • Utilization of waste products from its thermal power plants like fly ash to improve the environment. • Development of ponds and afforestation of the mined area to ensure greener environment. • Installation of high efficiency bag filters in place of ESPs to ensure emissions are well within the permissible limits.
3. Does the Company identify and assess potential environmental risks? Y / N	Yes.
4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so.Also, if Yes, whether any environmental compliance report is filed?	No.
5. Has the Company undertaken any other initiatives on-clean technology, energy efficiency, renewable energy, etc. Y / N. If yes, please give hyperlink for webpage etc.	Yes, the Company produces powers in its own plants through use of turbine and waste. Further, it has also installed heat recovery systems and latest generation energy lighting and equipment, to save energy and fuel cost. The Company has also commissioned Rain Water harvesting projects within the plant and nearby villages. Details are given on the company website www.radicokhaitan.com.
6. Are the Emissions / Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?	Emission / waste generated by the Company are within the permissible limits given by CPCB/SPCB for the financial year 2017-18.
7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	Nil

Business Responsibility Report (Continued)

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Description	Response
1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	1. PHD Chamber of Commerce and Industry. 2. All India Distillery Association. 3. Confederation of Indian Alcoholic Beverages Companies (CIABC)
2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)?	The Company was also a party to various initiatives taken through the aforesaid associations for. a. Promotion of concrete roads. b. Conservative of energy and used of renewable energy. c. Utilization of pet coke in kilns. The Company as part of its activities under corporate Social Responsibility (CSR), has also taken steps for improvement of health, education, health and safety of the people in the village around its factories, conservative of water in the usage of concrete, biodiversity conservation, increased usage of blended cement as sustainable building materials.

Principle 8: Businesses should support inclusive growth and equitable development.

Description	Response
1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof	As part of CSR, the Company has developed detailed programmes focused on developing the neighbourhood and ensuring a better livelihood for the underprivileged people. Towards these programmes, all stakeholder groups are addressed which, inter alia, include promotion of basic education, rural employment, sustainable operations of the public health centres, development of infrastructure like roads, lights, drinking water supply and social reforms, which will ultimately pave way for a higher livelihood for the neighbourhood.
2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?	The Company's CSR projects are implemented through an In-House CSR Department. Some of the healthcare and welfare activities are also being undertaken through governmental agencies. Radico's mission to work towards the upliftment of local artisans and to promote the UP handicraft, Zardozi and Chikan work it had launched 'Radico- Chikankari Aur Zardozi Pratiyogita' in association with the Indian Academy of Art & Culture, U.P.
3. Have you done any impact assessment of your initiative?	The Company is generally reviewing the impact assessment of its CSR initiatives, which is reflected in the form of feedback from the beneficiaries. However, the Company is also in the process of formulating a scheme for a systematic review of the performance of the various programmes and the resultant benefits.
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?	Details of amount spent by the Company by way of CSR programmes towards the development of the Community have been provided in Annexure F of the Directors' Report for the financial year 2017-18.

Business Responsibility Report (Continued)

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	The Company undertakes CSR activities after assessing the needs of the community. Further, all CSR activities are rolled out directly to the society. The Company believes that they will benefit the society at large. This helps in increased reach as well as ensuring the adoption of initiative by communities. Project teams track the reach and take necessary steps to make it successful.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Description	Response
1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.	Nil
2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. /Remarks (additional information)	Yes, the Company display all the information regarding its products, its ingredients etc. as per the applicable laws on the company.
3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anticompetitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.	The Company does not indulge in any anti-competitive activities and there are no such complaints pending.
4. Did your company carryout any consumer survey / consumer satisfaction trends?	The Company periodically visits its main customers, namely, stockists, sub-dealers, consumers, as part of the appraisal programme and get the feedback on the satisfaction levels on supply, quality and other terms.

On behalf of the Board of Directors of Radico Khaitan Limited

Place: New Delhi
Date: May 03, 2018

Dr. Lalit Khaitan
Chairman & Managing Director

Independent Auditor's Report

To the Members of Radico Khaitan Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Ind AS Financial Statements of Radico Khaitan Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "Standalone Ind AS Financial Statements").

Management's Responsibility for the Standalone Ind AS 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 Ind AS Financial Statements that give a true and fair view of the (state of affairs) financial position, profit (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian 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 provisions of the Act for safeguarding of 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 and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS 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 Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view 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 the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS 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 Ind AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, its profit (financial performance including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

01. As required by the Companies (Auditors' 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 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

02. As required by Section 143(3) of the Act, we report that:
    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

Independent Auditor's Report (Continued)

    b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;

    e. On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

    f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".

    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 disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements (Refer Note 39 on Contingent Liabilities to the Standalone Ind AS Financial Statements);

    ii. The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;

    iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For BGJC & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 003304N

Darshan Chhajer
Partner
Membership No. 088308

Place: New Delhi
Date: May 03, 2018

Annexure 1 to The Independent Auditor's Report

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Radico Khaitan Limited on the Standalone Ind AS Financial Statements for the year ended March 31, 2018.]

i.
   a. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

   b. The Company has a regular program of physical verification of its property, plant and equipment under which property, plant and equipment are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Accordingly, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.

   c. The title deeds of immovable properties recorded in the books of account of the Company are held in the name of the Company.

ii. The inventory, except goods in transit, has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) (a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.

iv. The company has not given any loan or provided any guarantee or security to parties covered under section 185 of the Companies Act, 2013. Further, according to the information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 186 of the Act.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.

vi. We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii.
   a. The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, Goods and Service Tax, value added tax, customs duty, excise duty, cess, and any other material statutory dues applicable to it, and

      According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, Goods and Service Tax, value added tax, customs duty, excise duty, cess, and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

   b. According to the information and explanation given to us, the dues outstanding with respect to, income tax, sales tax, service tax, value added tax, customs duty, excise duty on account of any dispute, are as follows:

Annexure 1 to The Independent Auditor's Report (Continued)

Name of the statute	Nature of dues	Amount Disputed (Amount in Lakhs)	Period to which the amount relates	Forum where dispute is pending
UP VAT ACT/ KARNATAKA VAT ACT /DELHI VAT ACT	Sales Tax/ Entry Tax/VAT	6.86	1999-00	Trade Tax Tribunal, Moradabad
		1.81	1998-99	Allahabad High Court
		1.21	1999-00	Trade Tax Tribunal, Moradabad
		33.79	2012-13	Hyderabad High Court
		8.45	2012-13	Hyderabad High Court
		84.13	2014-15	Karnataka High Court
United Provinces (Uttar Pradesh) Excise Act, 1910	Excise Duty	102.32	1995 to 2005	Allahabad High Court, Lucknow Bench
		37.04	2005-06 to 2008-09	Allahabad High Court, Lucknow Bench
		22.00	1997-98	Allahabad High Court, Lucknow Bench
The Custom Act 1962	Custom Duty	10.73	2015	Commissioner of Customs (Appeals)
Finance Act 1994 (Service tax laws)	Service Tax	140.39	July 2003 to March 2012 (including interest and penalty)	CESTAT, Delhi

viii. According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(s), bank(s), government(s), nor has it issued any debentures as at the Balance Sheet date. Accordingly, the provisions of clause 3(viii) of the Order are not applicable to the Company.

ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of public issue offer, further the Company has utilized the money raised by way of the term loans during the year for the purposes for which they were raised.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.

xi. According to the information and explanations given to us, managerial remuneration has been provided and paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards (Refer Note No. 46 on Related Party Transactions and Disclosures).

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

xv. 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.

xvi. According to the information and explanation given to us the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For BGJC & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 003304N

Darshan Chhajer
Partner
Membership No. 088308

Place: New Delhi
Date: May 03, 2018

Annexure 2 to The Independent Auditor's Report

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Radico Khaitan Limited on the Standalone Ind AS Financial Statements for the year ended March 31, 2018]

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Radico Khaitan Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Ind AS Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal

Annexure 2 to The Independent Auditor's Report (Continued)

financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on "Audit of Internal Financial Controls Over Financial Reporting" issued by the ICAI.

For BGJC & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 003304N

Darshan Chhajer
Partner
Membership No. 088308

Place: New Delhi
Date: May 03, 2018

Standalone Balance Sheet as at March 31, 2018

(Rs. in Lakhs unless otherwise stated)

	Note No.	March 31, 2018	March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2	66,769.09	68,287.20
Capital work-in-progress		2,019.06	220.13
Intangible assets	2	1,780.10	2,094.81
Financial assets			
Investment in a joint venture	3	15,538.53	15,538.53
Investment in others	4	0.60	0.60
Loans	5	2,901.30	6,330.19
Others	6	217.51	91.81
Other non-current assets	7	9,995.29	13,066.32
Total non-current assets		**99,221.48**	**105,629.59**
Current assets			
Inventories	8	31,085.68	29,303.32
Financial assets			
Investments	9	5,000.00	5,000.00
Trade receivables	10	63,001.07	62,401.07
Cash and cash equivalents	11	1,676.51	811.09
Bank balances other than above	12	558.92	595.69
Loans	13	5,449.20	5,874.15
Others	14	2,508.39	2,035.33
Current tax assets	15	2.27	413.51
Other current assets	16	14,612.24	9,954.34
Total current assets		**123,894.28**	**116,388.50**
Total Assets		**223,115.76**	**222,018.09**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	2,666.15	2,660.78
Other Equity	18	111,545.80	100,327.89
		114,211.95	102,988.67
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	19	3,439.79	10,330.77
Others	20	68.19	60.00
Provisions	21	980.60	837.13
Deferred tax liabilities (Net)	22	9,252.38	6,928.16
Other non current liabilities	23	35.15	19.05
Total non-current liabilities		**13,776.11**	**18,175.11**
Current liabilities			
Financial liabilities			
Borrowings	24	48,780.09	55,090.67
Trade payables			
Outstanding dues of micro and small enterprises		-	-
Others	25	21,413.50	18,532.34
Others	26	8,352.91	15,538.51
Provisions	27	8,156.93	4,022.03
Other current liabilities	28	8,424.27	7,670.76
Total current liabilities		**95,127.70**	**100,854.31**
Total Liabilities		**223,115.76**	**222,018.09**
Significant Accounting Policies	1		
Other Notes on Accounts	2-57		

As per our report of even date attached

For BGJC & Associates LLP
Chartered Accountants
Firm Registration No. 003304N

Darshan Chhajer
Partner
Membership Number: 088308

Place: New Delhi
Date: May 03, 2018

For and on behalf of Board of Directors

Dilip K. Banthiya
Chief Financial Officer

Dr. Lalit Khaitan
Chairman & Managing Director

Amit Manchanda
Vice President Legal & Company Secretary

Abhishek Khaitan
Managing Director

Ajay K. Agarwal
President (Finance & Accounts)

Director

Standalone Statement of Profit and Loss for the year ended March 31, 2018

(Rs. in Lakhs unless otherwise stated)

	Note No.	March 31, 2018	March 31, 2017
INCOME			
Revenue from operations	29	627,036.43	486,795.45
Other income	30	2,667.02	1,964.65
Total Income		**629,703.45**	**488,760.10**
EXPENSES			
Cost of materials consumed	31	93,920.10	90,245.65
Excise duty		444,759.84	318,805.32
Purchase of stock-in-trade	32	2,554.12	1,452.68
Change in inventories of finished goods, stock-in-trade and work-in-progress	33	(1,253.25)	442.07
Employee benefits expense	34	15,496.84	14,117.28
Finance costs	35	6,824.42	8,038.40
Depreciation and amortization expense	36	4,090.02	4,170.32
Other expenses	37	44,583.40	40,603.32
Total Expenses		**610,975.49**	**477,875.04**
Profit for the year before tax		**18,727.96**	**10,885.06**
Less : Tax expense			
Current tax		3,978.12	1,402.00
Deferred tax		2,404.51	1,471.75
Tax for previous years		-	4.34
Profit for the period from continuing operations		**12,345.33**	**8,006.97**
Other comprehensive income			
Items that will not be reclassified to profit or loss	38	(232.01)	(120.68)
Income tax relating to items that will not be reclassified to profit or loss		80.29	41.76
Total other comprehensive income		**(151.72)**	**(78.92)**
Total comprehensive income for the year (Comprising profit and other comprehensive income for the year)		**12,193.61**	**7,928.05**
Basic earnings per share in INR (face value of Rs. 2/- each)	42	9.26	6.02
Diluted earnings per share in INR (face value of Rs. 2/- each)	42	9.25	6.00
Significant Accounting Policies	1		
Other Notes on Accounts	2-57		

As per our report of even date attached

For BGJC & Associates LLP
Chartered Accountants
Firm Registration No. 003304N

Darshan Chhajer
Partner
Membership Number: 088308

Place: New Delhi
Date: May 03, 2018

For and on behalf of Board of Directors

Dilip K. Banthiya
Chief Financial Officer

Dr. Lalit Khaitan
Chairman & Managing Director

Amit Manchanda
Vice President Legal & Company Secretary

Abhishek Khaitan
Managing Director

Ajay K. Agarwal
President (Finance & Accounts)

Director

Standalone Statement of Cash Flows for the year ended March 31, 2018

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
A. Cash flow from operating activities		
Profit for the year before tax	**18,727.96**	**10,885.06**
Adjustments for		
Depreciation and amortization expense	4,090.02	4,170.32
Profit on sale of fixed assets	(4.73)	(45.97)
Loss on sale / write off assets	27.37	190.75
Finance costs	6,824.42	8,038.40
Interest income	(2,346.79)	(1,623.64)
Provision for Expected credit loss (net)	823.06	(28.95)
Provision for Non-moving/ obsolete Inventory	64.72	1.88
Employees stock option scheme	20.48	29.40
Dividend income on non current (trade) investment	(200.00)	(200.00)
Operating profit before working capital changes	**28,026.51**	**21,417.25**
Changes in working capital		
Decrease/(Increase) in Inventories	(1,847.08)	(1,895.86)
Decrease/(Increase) in Trade Receivables	(1,423.05)	(1,279.56)
Decrease/(Increase) in current financial assets (loans)	424.95	10,950.82
Decrease/(Increase) in current financial assets (Others)	(321.38)	(35.13)
Decrease/(Increase) in other current assets	(4,657.90)	7,076.66
Decrease/(Increase) in non-current financial assets (loans)	3,428.89	(713.77)
Decrease/(Increase) in other non-current assets	3,337.69	(7,556.26)
Increase/(Decrease) in non-current financial liabilities (others)	8.20	(53.59)
Increase/(Decrease) in other non-current liabilities	16.10	16.65
Increase/(Decrease) in long term provisions	143.47	119.41
Increase/(Decrease) in short term provisions	3,902.89	536.10
Increase/(Decrease) in current Trade Payables	2,881.16	931.32
Increase/(Decrease) in current financial liabilities (others)	470.59	67.55
Increase/(Decrease) in other current liabilities	753.51	(2,879.28)
Cash generated from operating activities before taxes	35,144.55	26,702.31
Net income tax paid	(3,566.88)	(1,511.41)
Net Cash flow from operating activities (A)	**31,577.67**	**25,190.90**
B. Cash flow from investing activities		
Additions in tangible assets	(2,299.17)	(1,876.44)
Additions in intangible assets	-	(22.62)
Sale of fixed assets	19.33	140.57
Investment in CWIP	(1,798.93)	(29.24)
Interest received	2,196.67	1,761.85
Dividend received	200.00	200.00
Capital expenditure on fixed assets including capital advances	(266.66)	46.21
Fixed deposits matured during the year	(127.26)	91.05
Net Cash flow from Investing activities (B)	**(2,076.02)**	**311.38**

Standalone Statement of Cash Flows for the year ended March 31, 2018 (Continued)

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
C. Cash flow from financing activities		
Increase/(Decrease) in share capital (including securities premium)	291.17	-
Net Loans (repaid) / taken	(21,272.91)	(14,087.87)
Dividend paid including Dividend Distribution Tax	(1,281.99)	(1,280.98)
Interest paid	(6,992.96)	(8,028.84)
Net Cash flow from financing activities (C)	**(29,256.69)**	**(23,397.69)**
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	**244.96**	**2,104.59**
Cash and cash equivalents at the beginning of the year	(31,422.99)	(33,527.58)
Cash and cash equivalents at the end of the year	**(31,178.03)**	**(31,422.99)**
Reconciliation of Cash and cash equivalents		
Cash in hand	17.96	25.92
Bank Balance		
In Current account	1,658.55	785.17
In term deposits	419.53	465.62
Cash Credit (repayable on demand)	(33,274.07)	(32,699.70)
Total Cash and Cash equivalents	**(31,178.03)**	**(31,422.99)**

Notes

1. The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.
2. Amendment to Ind AS 7: Effective April 1, 2017, the company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material effect on the standalone financial statements.

As per our report of even date attached

For BGJC & Associates LLP
Chartered Accountants
Firm Registration No. 003304N

Darshan Chhajer
Partner
Membership Number: 088308

Place: New Delhi
Date: May 03, 2018

For and on behalf of Board of Directors

Dilip K. Banthiya
Chief Financial Officer

Dr. Lalit Khaitan
Chairman &
Managing Director

Amit Manchanda
Vice President Legal &
Company Secretary

Abhishek Khaitan
Managing Director

Ajay K. Agarwal
President (Finance & Accounts)

Director

Standalone Statement of changes in equity

for the year ended March 31, 2018

A. EQUITY SHARE CAPITAL

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
At the beginning of the year	2,660.78	2,660.78
Changes in Equity Share capital during the year	5.37	-
At the end of the year	**2,666.15**	**2,660.78**

B. OTHER EQUITY

(Rs. in Lakhs unless otherwise stated)

	Securities Premium Reserve	General Reserves	Employee Stock Options outstanding account	Retained Earnings	Total
Balance as at March 31, 2016	**37,469.28**	**40,000.00**	**54.85**	**16,127.29**	**93,651.42**
Profit/ (Loss) for the year (1)	-	-	-	8,006.97	-
Other Comprehensive Income/(loss) (2)	-	-	-	(78.92)	-
Total Comprehensive Income/ (loss) (1+2)	**-**	**-**	**-**	**7,928.05**	**7,928.05**
Dividend including Dividend Distribution Tax (refer note no. 41)				(1,280.98)	(1,280.98)
Share based payments			29.40	-	29.40
Balance as at March 31, 2017	**37,469.28**	**40,000.00**	**84.25**	**22,774.36**	**100,327.89**
Profit/ (Loss) for the year (1)	-	-	-	12,345.33	-
Other Comprehensive Income / (loss) (2)	-	-	-	(151.72)	-
Total Comprehensive Income/ (loss) (1+2)	**-**	**-**	**-**	**12,193.61**	**12,193.61**
Dividends including Dividend Distribution Tax (Refer Note- 41)	-	-	-	(1,281.99)	(1,281.99)
Share based payments	337.17		(43.97)	13.09	306.29
Balance as at March 31, 2018	**37,806.45**	**40,000.00**	**40.28**	**33,699.07**	**111,545.80**

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For BGJC & Associates LLP
Chartered Accountants
Firm Registration No. 003304N

Darshan Chhajer
Partner
Membership Number: 088308

Place: New Delhi
Date: May 03, 2018

For and on behalf of Board of Directors

Dilip K. Banthiya
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Vice President Legal &
Company Secretary

Abhishek Khaitan
Managing Director

Ajay K. Agarwal
President (Finance & Accounts)

Director

Notes to the Standalone Financial Statements

for the year ended March 31, 2018

Background

Radico Khaitan Limited (the Company) is a company limited by shares, incorporated and domiciled in India. The Company is engaged in the manufacturing and trading of Alcoholic products such as Indian Made Foreign Liquor (IMFL), Alcohol, Country Liquor etc. The Company has its presence in India as well as various other global markets.

Significant Accounting Policies

1.01. Basis of preparation

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Effective March 31, 2016, the entity has prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2018 has been prepared in accordance with Ind AS.

The standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Defined benefit plans
- Share Based Payments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

1.02. Current versus non-current classification

The company presents assets and liabilities in the Balance Sheet based on current/non-current classification. An asset is treated as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The entity has assumed twelve months as its operating cycle.

1.03. Fair value measurement

The entity measures financial instruments, such as, derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

that is significant to the fair value measurement as a whole:

- Level 1-Quoted (unadjusted) market prices in active markets for identical assets or liabilities,
- Level 2-Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable,
- Level 3-Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1.04. Foreign Currency Transactions

The standalone financial statements are presented in INR, which is also its functional currency.

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the day of transaction. The outstanding liabilities/ receivables are translated at the year end rates.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss .

Non-monetary items denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction. Any gain or losses arising on translation or settlement are recognized in the Statement of Profit and Loss as per the requirements of Ind AS 21.

1.05. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government with an exception to excise duty. The company has concluded that it is the principal in all of its revenue arrangements with tie up units since the company is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. In arrangements with tie up units, revenue is recognised at gross value with corresponding cost being recognised under cost of production.

However, in case of revenue arrangements with royalty units, the company has concluded that it is acting as an agent in all such revenue arrangements since the company is not the primary obligor in all such revenue arrangements, has no pricing latitude and is not exposed to inventory and credit risks. Company earns fixed royalty for sales made of its products which is recognised as revenue.

The company has assumed that recovery of excise duty flows to the entity on its own and liability for excise duty forms part of the cost of production, irrespective of whether the goods are sold or not. Revenue therefore includes excise duty.

Sale of goods: Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Interest income: For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the Statement of Profit and Loss.

Royalty: Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

Export Incentives: Income from export incentives such as duty drawback etc. are recognised on accrual basis.

Dividend: Dividend is recognised when the right to receive the payment is established, which is generally when shareholders approve the dividend.

1.06. Excise Duty

In respect of stocks covered by Central Excise, excise duty is provided on closing stocks and also considered for valuation. In respect of country liquor and IMFL stocks, applicable State excise duty/ export duty is provided on the basis of state-wise dispatches identified. In the case of Rectified Spirit/ ENA, it is not ascertainable as to how much would be converted finally into country liquor or IMFL or sold as such and also to which particular state or exported outside India. Duty payable in such cases is not determinable (as it varies depending on the places and the form in which these are dispatched). Hence, the excise duty on such stocks lying in factory is accounted for on clearances of such goods. The method of accounting followed by the company has no impact on the financial statements of the year.

1.07. Government grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all attached conditions are complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the Statement of Profit and Loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual installments. When loans or similar assistance are provided by Governments or related institutions, with an interest rate lower than the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial instruments.

1.08. Taxes

Current Income Tax: Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the entity operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax: Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss.

In respect of taxable temporary differences associated with interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

1.09. Property, plant and equipment

Property, plant and equipment have been measured at fair value at the date of transition to Ind AS. The entity recognised the fair value as deemed cost at the transition date, viz., 1 April 2015.

Assets are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Capital work in progress is stated at cost, less accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. When significant parts of plant and equipment are required to be replaced at intervals, the entity depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred. (Refer to note 1.23 regarding significant accounting judgements, estimates and assumptions).

Depreciation: Cost of leasehold land and leasehold improvements are amortised over the period of lease.

Depreciation is provided as per Schedule II to the Companies Act, 2013, on straight line method with reference to the useful life of the assets specified therein. On additions costing less than Rs.5000, depreciation is provided at 100% in the year of addition.

The determination of the useful economic life and residual values of property, plant and equipment is subject to management estimation. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

1.10. Intangible assets

On transition to Ind AS, the entity has elected to continue with the carrying value of all of intangible assets (except goodwill which was impaired) and use that carrying value as the deemed cost of intangible assets.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Amortization: Based on the anticipated future economic benefits, the life of Brands & Trade Marks are amortised over twenty years on straight line method. Software are amortised over a period of three years on straight line method.

1.11. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

1.12. Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

1.13. Inventories

Finished goods and work-in-progress are valued at lower of cost or net realisable value. Cost includes cost of conversion and other expenses incurred in bringing the goods to their location and condition. Raw materials, packing materials, stores and spares are valued at lower of cost or net realisable value. Cost is ascertained on "moving weighted average" basis for all inventories.

1.14. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 01, 2015, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Entity as a lessee: A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the entity's general policy on the borrowing costs (See note 1.11). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Leased assets are depreciated over the useful life of the asset.

However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the lower of the estimated useful life of the asset and the lease term.

As on transition date, the entity has newly classified a land lease as a finance lease and has recognised such asset and liability at fair value with differential being recognised in retained earnings.

Operating lease rentals are charged off to the Statement of Profit and Loss.

1.15. Impairment of non-financial assets

At each reporting date, the company reviews the carrying amount of it assets to determine whether there are any indication that those assets have suffered an impairment loss. If any such indication exists, recoverable amount of the assets is estimated in order to determine the extent of impairment loss.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or entity's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

1.16. Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are recognized when the company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability and Contingent Assets: Contingent liabilities are not recognized but are disclosed where possibility of any outflow in settlement is remote. Contingent assets are not recognised but disclosed where an inflow of economic benefits is probable.

1.17. Employee benefits

Short-term obligations: Liabilities for salaries and wages, including non-monetary benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized up to the end of the reporting period and are measured at the amounts expected to be paid on settlement of such liabilities. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

Other long-term employee benefit obligations: The liabilities for earned and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the Balance Sheet since the company does not have an unconditional right to defer the settlement for atleast twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations:

The Company operates the following post-employment schemes:

- Defined benefit plans in the form of gratuity, and
- Defined contribution plans such as provident fund and superannuation fund

Gratuity obligations: The Company operates a defined benefit gratuity plan for employees. The Company has obtained group gratuity scheme policies from Life Insurance Corporation of India to cover the gratuity liability of these employees. The difference in the present value of the defined benefit obligation and the fair value of plan assets at the end of the reporting period is recognized as a liability or asset, as the case may be, in the Balance Sheet. The defined benefit obligation is calculated annually on the basis of actuarial valuation using the projected unit credit method.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the Statement of Profit and Loss.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in OCI.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in statement of profit or loss as past service cost.

Defined contribution plans: The Company makes contribution to statutory provident fund and pension funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.18. Share-based payments

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The fair value of the options granted is recognized as an employee benefits expense with a corresponding increase in equity. Total amount to be expensed is determined by reference to the fair value of the option granted:

- including any market performance conditions (e.g., the Company's share price),
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining and employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holding shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in statement of profit or loss, with a corresponding adjustment to equity.

1.19. Earnings Per Share

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period adjusted for the effects of all dilutive potential equity shares.

1.20. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement: Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than those designated as fair value through profit or loss (FVTPL), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities recognised at FVTPL are recognized immediately in Statement of Profit and Loss.

A. Financial Assets

Subsequent measurement: Financial assets are subsequently classified as measured at:

- amortised cost
- fair value through other comprehensive income (FVTOCI)
- fair value through profit or loss (FVTPL)

Trade Receivables and Loans: Trade receivables are initially recognised at fair value. Subsequently these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses (ECL). The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument

Financial assets measured at amortised cost: A financial asset is measured at amortised cost if

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

both the following conditions are met:

A. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
B. Contractual terms of the instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables, loans, etc.

Measured at fair value through other comprehensive income: Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

Measured at fair value through Profit or Loss: A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity investments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The entity makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Derecognition: The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or the same are transferred.

Impairment of financial assets: Expected credit losses (ECL) are recognized for all financial assets subsequent to initial recognition other than financial assets in FVTPL category. For financial assets, as per Ind AS 109, the Company recognises 12–month expected credit losses for all originated or acquired financial assets if at the reporting date. The credit risk of the financial asset has not increased significantly since its initial recognition. Expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

B. Financial liabilities

Subsequent measurement

» Financial liabilities are subsequently measured at amortised cost using the EIR method.
» Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Derecognition: A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

Reclassification of financial assets: No reclassification is made for financial assets which are equity instruments and financial liabilities.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the entity's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The entity does not restate any previously recognised gains, losses (including impairment gains or losses).

C. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.21. Derivative financial instruments

The entity uses derivative financial instruments, such as forward currency contracts, interest rate swaps to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

1.22. Cash and cash equivalents

Cash and cash equivalent in the Balance Sheet comprise balance at banks and cash on hand and short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible which are subject to an insignificant risk of changes in value.

1.23. Significant accounting judgements, estimates and assumptions

The preparation of the standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, contingent liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements:

In the process of applying the accounting policies, management has made the following judgements, which have most significant effect on the amounts recognised in the separate financial statements:

A. Arrangement containing lease: The entity applies Appendix C of Ind AS 17, "Determining Whether an Arrangement Contains a Lease", to contracts entered with contract bottling units. Appendix C deals with the method of identifying and recognizing service, purchase and sale contracts that do not take the legal form of a lease but convey a right to use an asset in return for a payment or series of payments. The entity has determined that where the capacity utilisation by the entity is less the 100% and others take more than an insignificant amount of output, the arrangement does not contain leases. Where the entity utilise 100% capacity and others take less than an insignificant output the agreement contains lease. However, based on an evaluation of the terms and conditions of the arrangements, the company has concluded that these contracts are in the nature of operating leases.

B. Revenue recognition: The entity assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent. The entity has generally concluded that it is acting as a principal in all its revenue arrangements.

When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the entity and its business partners are reviewed to determine each party's respective role in the transaction.

Where the entity's role in a transaction is that of a principal, revenue is recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, net off sales tax/VAT/GST, trade discounts and rebates but inclusive of excise duty with any related expenditure charged as an operating cost.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

Estimates and assumptions:
The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The entity based its assumptions and estimates on parameters available when the separate financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the entity. Such changes are reflected in the assumptions when they occur.

A. Impairment reviews: At each reporting date, the entity reviews the carrying amount of its non-financial assets to determine whether there are any indication that those assets have suffered an impairment loss. If any such indication exists, recoverable amount of the assets is estimated in order to determine the extent of impairment loss.

   Impairment reviews in respect of the relevant CGUs are performed at least annually or more regularly if events indicate that this is necessary.

   Impairment reviews are based on discounted future cash flows. The future cash flows which are based on business forecasts, the long-term growth rates and the pre-tax discount rates, that reflects the current market assessment of the time value of money and the risk specific to the asset or CGU, used are dependent on management estimates and judgements. Future events could cause the assumptions used in these impairment reviews to change.

B. **Allowance for uncollectible account receivables and advances:** Trade receivables and certain financial assets do not carry any interest unlike other interest bearing financial assets viz inter-corporate deposits. Such financial assets are stated at their carrying value as reduced by impairment losses determined in accordance with expected credit loss. Allowance as per expected credit loss model is based on simplified approach which is based on historically observed default rates and changed as per forward-looking estimates. In case of trade receivables entity uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables which is also based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. The actual loss could differ from the estimate made by the management.

C. **Taxes:** The entity is subject to income tax laws as applicable in India. Significant judgement is required in determining the provision for taxes as the tax treatment is often by its nature complex, and cannot be finally determined until a formal resolution has been reached with the relevant tax authority which may take several years to conclude. Amounts provided are accrued based on management's interpretation of country specific tax laws and the likelihood of settlement. The entity recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Actual liabilities could differ from the amount provided which could have a consequent adverse impact on the results and net position of the entity.

D. **Pension and post-retirement benefits:** The cost of defined benefit plans viz. gratuity, provident fund, leave encashment, etc. are determined using actuarial assumptions. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

   The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

   The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about defined benefit plans are given in note no. 54.

E. **Depreciation / amortisation and useful lives of property plant and equipment / intangible assets:** Property, plant and equipment / intangible assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous **estimates.**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

1.24. RECENT ACCOUNTING DEVELOPMENTS

Standards issued but not yet effective: In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Appendix B to Ind AS 21, "Foreign currency transactions and advance consideration"" and Ind AS 115- "Revenue from Contract with Customers"". The amendments are applicable to the Company from April 01, 2018.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 01, 2018.

The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition:• Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors • Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 01, 2018.

The Company will adopt the standard on April 01, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

2. Property, plant and equipment

(Refer notes 1.09 and 1.10)

(Rs. in Lakhs unless otherwise stated)

Description of Assets	Gross Block			Depreciation			Net Block
	As at April 01, 2017	Additions	Deductions	Up to March 31, 2017	For the year	Written back	As at March 31, 2018
Tangible Assets							
Freehold land	12,916.29	11.21	-	-	-	-	12,927.50
Leasehold land	3,467.56	-	-	91.86	45.93	-	3,329.77
Buildings	8,681.49	179.76	-	778.14	359.47	-	7,723.64
Plant & equipments	49,392.02	1,907.83	533.64	6,339.89	3,170.92	523.02	41,778.42
Office equipments	96.02	32.08	10.86	43.77	26.12	8.74	56.09
Furniture & fittings	164.72	17.24	-	68.50	20.75	-	92.71
Vehicles	932.17	100.00	143.67	133.02	127.48	114.44	742.44
Leasehold improvements	136.67	51.05	-	44.56	24.64	-	118.52
	75,786.94	**2,299.17**	**688.17**	**7,499.74**	**3,775.31**	**646.20**	**66,769.09**
Intangible Assets							
Brands & trade marks	2,552.26	-	-	573.80	215.75	-	1,762.71
Software	394.96	-	-	278.61	98.96	-	17.39
	2,947.22	**-**	**-**	**852.41**	**314.71**	**-**	**1,780.10**
Total	**78,734.16**	**2,299.17**	**688.17**	**8,352.15**	**4,090.02**	**646.20**	**68,549.19**

Description of Assets	Gross Block			Depreciation			Net Block
	As at April 01, 2016	Additions	Deductions	Up to March 31, 2016	For the year	Written back	As at March 31, 2017
Tangible Assets							
Freehold land	12,874.01	42.28	-	-	-	-	12,916.29
Leasehold land	3,467.56	-	-	45.93	45.93	-	3,375.70
Buildings	8,630.49	51.00	-	407.57	370.57	-	7,903.35
Plant & equipments	48,495.27	1,107.60	210.85	3,206.24	3,150.06	16.41	43,052.13
Office equipments	54.57	43.70	2.25	27.45	17.44	1.12	52.25
Furniture & fittings	149.31	15.41	-	38.60	29.90	-	96.22
Vehicles	500.39	616.45	184.67	108.66	119.25	94.89	799.15
Leasehold improvements	136.67	-	-	24.15	20.41	-	92.11
	74,308.27	**1,876.44**	**397.77**	**3,858.60**	**3,753.56**	**112.42**	**68,287.20**
Intangible Assets							
Brands & trade marks	2,552.26	-	-	286.90	286.90	-	1,978.46
Software	372.34	22.62	-	148.75	129.86	-	116.35
	2,924.60	**22.62**	**-**	**435.65**	**416.76**	**-**	**2,094.81**
Total	**77,232.87**	**1,899.06**	**397.77**	**4,294.25**	**4,170.32**	**112.42**	**70,382.01**

Description of Assets	Gross Block			Depreciation			Net Block
	As at April 01, 2017	Additions	Deductions	Up to March 31, 2017	For the year	Written back	As at March 31, 2018
Tangible Assets							
Freehold land	12,916.29	11.21	-	-	-	-	12,927.50
Leasehold land	3,467.56	-	-	91.86	45.93	-	3,329.77
Buildings	8,681.49	179.76	-	778.14	359.47	-	7,723.64
Plant & equipments	49,392.02	1,907.83	533.64	6,339.89	3,170.92	523.02	41,778.42
Office equipments	96.02	32.08	10.86	43.77	26.12	8.74	56.09
Furniture & fittings	164.72	17.24	-	68.50	20.75	-	92.71
Vehicles	932.17	100.00	143.67	133.02	127.48	114.44	742.44
Leasehold improvements	136.67	51.05	-	44.56	24.64	-	118.52
	75,786.94	**2,299.17**	**688.17**	**7,499.74**	**3,775.31**	**646.20**	**66,769.09**
Intangible Assets							
Brands & trade marks	2,552.26	-	-	573.80	215.75	-	1,762.71
Software	394.96	-	-	278.61	98.96	-	17.39
	2,947.22	**-**	**-**	**852.41**	**314.71**	**-**	**1,780.10**
Total	**78,734.16**	**2,299.17**	**688.17**	**8,352.15**	**4,090.02**	**646.20**	**68,549.19**

Description of Assets	Gross Block			Depreciation			Net Block
	As at April 01, 2016	Additions	Deductions	Up to March 31, 2016	For the year	Written back	As at March 31, 2017
Tangible Assets							
Freehold land	12,874.01	42.28	-	-	-	-	12,916.29
Leasehold land	3,467.56	-	-	45.93	45.93	-	3,375.70
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Furniture & fittings	149.31	15.41	-	38.60	29.90	-	96.22
Vehicles	500.39	616.45	184.67	108.66	119.25	94.89	799.15
Leasehold improvements	136.67	-	-	24.15	20.41	-	92.11
	74,308.27	**1,876.44**	**397.77**	**3,858.60**	**3,753.56**	**112.42**	**68,287.20**
Intangible Assets							
Brands & trade marks	2,552.26	-	-	286.90	286.90	-	1,978.46
Software	372.34	22.62	-	148.75	129.86	-	116.35
	2,924.60	**22.62**	**-**	**435.65**	**416.76**	**-**	**2,094.81**
Total	**77,232.87**	**1,899.06**	**397.77**	**4,294.25**	**4,170.32**	**112.42**	**70,382.01**

3. Investment in a joint venture

(Rs. in Lakhs unless otherwise stated)

Unquoted Investments	March 31, 2018	March 31, 2017
Equity Shares (at cost)		
Radico NV Distilleries Maharashtra Limited - 26,59,500 (previous year: 26,59,500) equity shares of Rs. 100 each, fully paid up	13,538.53	13,538.53
Preference Shares (at amortised cost)		
Radico NV Distilleries Maharashtra Limited - 20,00,000 (previous year: 20,00,000) 10% cumulative, non-convertible preference shares of Rs.100 each, fully paid up	2,000.00	2,000.00
	15,538.53	**15,538.53**
Aggregate amount of unquoted investments	15,538.53	15,538.53
Aggregate amount of impairment in value of investments.	-	-

4. Investment in Others (Unquoted at FVTPL)

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
New Urban Cooperative Bank Ltd. - 2,388 (previous year: 2,388) equity shares of Rs. 25 each, fully paid up	0.60	0.60
	0.60	**0.60**
Aggregate amount of unquoted investments	0.60	0.60
Aggregate amount of impairment in value of investments.	-	-

5. Loans

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
(Unsecured- Considered good unless otherwise stated)		
Security Deposits	2,901.30	6,330.19
	2,901.30	**6,330.19**

6. Others

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Interest accrued on- term deposits	2.67	4.23
Balances with banks (Refer note-12)	214.84	87.58
	217.51	**91.81**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

7. Other non-current assets

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Capital Advances	3,328.34	3,061.68
Advances other than capital advances		
Advances recoverable	6,245.31	8,327.08
Prepaid Assets	421.64	1,677.56
	9,995.29	**13,066.32**

8. Inventories

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
(Refer note-1.13 on valuation of inventories)		
Raw materials	6,733.72	10,795.14
Work-in-progress	2,266.89	2,306.31
Finished goods *	15,396.54	10,234.16
Stock-in-trade	376.34	356.42
Stores & spares	2,471.50	1,708.46
Packing materials	3,964.83	3,956.72
Goods in transit - Raw material	0.64	6.17
	31,210.46	29,363.38
Less: Provision for obsolete and non-moving inventories	124.78	60.06
	31,085.68	**29,303.32**

Amount recognised in statement of profit and loss
Write-downs of inventories to net realisable value resulted in net loss/(gain) of Rs. 64.72 lakhs (previous year Rs.1.88 lakhs). These were recognised as an expense/income during the year in the Statement of Profit and Loss.

* Includes provision for excise duty Rs. 7471.84 lakhs (previous year Rs. 3610.97 lakhs)

9. Investments (Unquoted at FVTPL)

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Certificate of deposit with a financial institution	5000	5000
	5000	**5000**
Aggregate amount of unquoted investments	5000	5000
Aggregate amount of impairment in value of investments	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

10. Trade Receivables

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Unsecured, considered good	65,764.06	71,388.89
Doubtful	1,230.00	1,925.00
	66,994.06	**73,313.89**
Less: Allowance for expected credit losses	(3,992.99)	(10,912.82)
	63,001.07	**62,401.07**

11. Cash and Cash Equivalents

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Balances with banks in current accounts	1,658.55	785.17
Cash on hand	17.96	25.92
	1,676.51	**811.09**

12. Bank Balances other than Cash and Cash Equivalent

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Balances with banks		
In unpaid dividend accounts	139.39	130.07
In term deposits #	634.37	553.20
Deposits with more than 12 months maturity (Refer note-6)	(214.84)	(87.58)
	558.92	**595.69**
# Deposit are:		
Under lien with Government departments and banks as security	634.37	553.20

13. Loans

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
(Unsecured- Considered good, unless otherwise stated)		
Security Deposits	909.51	1,102.49
Loans and advances to related parties		
Radico NV Distilleries Maharashtra Limited (Joint Venture)	0.12	28.35
Others		
Advances recoverable	749.57	758.31
Inter corporate deposits (Refer note-55)	9,890.00	10,085.00
	11,549.20	**11,974.15**
Less: Allowance for expected credit losses	(6,100.00)	(6,100.00)
	5,449.20	**5,874.15**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

14. Others

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Dividend accrued on preference share	400.00	400.00
Accrued export incentives	510.22	1,096.85
Other balances recoverable from Statutory/ Government authorities	1,036.18	128.17
Interest accrued on		
term deposits	27.19	36.98
loans and advances	1,462.90	1,301.43
Less: Allowance for expected credit losses	(928.10)	(928.10)
	2,508.39	**2,035.33**

15. Current Tax assets

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Income Tax (Net of provisions)	2.27	413.51
	2.27	**413.51**

16. Other current assets

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
(Unsecured - Considered good)		
Advances recoverable in kind	1,704.49	1,677.97
Others		
Amount paid under protest	195.57	197.59
Claims and duties adjustable from Excise Department	7,615.58	4,758.25
Advances recoverable	2,746.46	1,164.69
Prepaid assets	2,350.14	2,155.84
	14,612.24	**9,954.34**

17. Equity share capital

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Authorised		
17,00,00,000 (Previous year 17,00,00,000) equity shares of Rs. 2/- each	3,400.00	3,400.00
60,00,000 (Previous year 60,00,000) preference shares of Rs. 100/- each	6,000.00	6,000.00
	9,400.00	**9,400.00**
Issued, subscribed and fully paid		
13,33,07,265 (previous Year13,30,38,765) equity shares of Rs. 2/- each	2,666.15	2,660.78
	2,666.15	**2,660.78**

a. The Company has issued only one class of shares, referred to as equity shares having a par value of Rs. 2/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders

b. Reconciliation of the number of share

	No. of Shares	No. of Shares
Outstanding at the beginning of the year	133,038,765	133,038,765
Add: Issued during the year	268,500	-
Outstanding at the end of the year	**133,307,265**	**133,038,765**

c. Details of shareholders holding more than 5% of total equity shares of the company

		No. of Shares		No. of Shares
Sapphire Intrex Ltd.*	34.04%	45,379,098	34.11%	45,379,098
Reliance Capital Trustee Company Ltd.	-	-	9.59%	12,757,960
TIMF Holdings	6.06%	8,081,575	6.99%	9,293,781

* Name of Shailaja Finance Limited has been changed as Sapphire Intrex Ltd. on dated July 17, 2017.

d. Shares reserved for issue under options: ESOPs

The Company established Employee Stock Options Plan, duly approved by the shareholders in the meeting held on May 25, 2006 which was effective from July 25, 2006. Accordingly, the Company has granted 42,80,000 equity options up to March 31, 2018 which will get vested over a period of 4 years from the date of the grant. The employees have the options to exercise the right within a period of 3 years from the date of vesting. The compensation cost of stock options granted to employees are accounted by the Company using the fair value method.

e. Summary of Stock Option

	No. of Stock Options	No. of Stock Options
Option granted up to the year end	4,280,000	4,280,000
Options forfeited up to the year end	1,741,451	1,583,326
Options exercised up to the year end	2,172,049	1,903,549
Option outstanding at the year end	366,500	793,125
Exercise price (weighted average)	Rs. 84.02	Rs. 80.58

In respect of Options granted under the Employee Stock Options plan, in accordance with the guidelines issued by SEBI, the accounting value of the options is accounted as deferred employee compensation, which is amortized on a straight line basis over the period between the date of grant of options and eligible dates for conversion into equity shares. Consequently, Employee benefits expense (Refer note-34) includes Rs. 20.48 lakhs debit (previous year Rs. 29.40 lakhs debit) being the amortisation of deferred employee compensation.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

18. Other Equity

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Reserves & Surplus		
Retained Earning / Surplus	33,699.07	22,774.36
Securities Premium Reserve	37,806.45	37,469.28
General Reserve	40,000.00	40,000.00
Employee Stock Options Outstanding Account	40.28	84.25
	111,545.80	**100,327.89**

Refer statement of changes in equity for detailed movement in above reserves and surplus.

19. Borrowings

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Term Loans - Secured #		
Rupee loans from banks	4,810.20	6,773.06
Rupee loans from others	587.47	1,764.71
Foreign currency loans from banks (ECB)	5,027.29	16,275.15
	10,424.96	**24,812.92**
Less: Shown in current maturities of long-term debt (Refer note- 26)		
Rupee loan from banks	1,351.07	1,968.33
Rupee loans from others	588.24	1,176.47
Foreign currency loans from banks	5,045.86	11,337.35
	6,985.17	**14,482.15**
	3,439.79	**10,330.77**

 # Notes

1. The above loans are secured by a pari-passu first charge on fixed assets (Property, Plant and Equipment excluding Intangible Assets) of the Company, both present and future. Vehicle loans are secured by respective vehicles.
2. Terms of repayment are as follows:

(Rs. in Lakhs unless otherwise stated)

Name		Year of Maturity	Outstanding as at 31.03.2018	Outstanding as at 31.03.2017
IDBI Bank Ltd		July 2017	-	625.00
State Bank of Hyderabad		Aug 2017	-	619.72
Lakshmi Vilas Bank		Sep 2021	4,375.00	4,999.80
HDFC Bank		Jan 2022	435.20	528.54
Aditya Birla Finance Ltd.		Aug 2018	587.47	1,764.71
ICICI Bank Ltd (ECB): Outstanding	$15.00 lakhs	April 2018	975.66	4,668.38
ICICI Bank Ltd (ECB): Outstanding	$43.83 lakhs	July 2018	2,832.05	7,959.60
State Bank of India (ECB): Outstanding	$18.75 lakhs	July 2018	1,219.58	3,647.17
			10,424.96	**24,812.92**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

20. Others (at amortised cost)

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Security Payable	68.19	60.00
	68.19	**60.00**

21. Provisions

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Provision for employee benefits		
Leave encashment	980.60	837.13
	980.60	**837.13**

22. Deferred Tax Liabilities (Net) (Refer note-43)

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Deferred Tax Liabilities	11,905.45	12,624.68
Deferred Tax Assets	(2,500.07)	(5,543.52)
MAT Credit Entitlement	(153.00)	(153.00)
Deferred Tax Liability (Net)	**9,252.38**	**6,928.16**

23. Other non-current liabilities

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Present value of future lease payments	2.54	2.47
Other Payable	32.61	16.58
	35.15	**19.05**

24. Borrowings

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Secured - from Banks #		
Cash credit (repayable on demand)	33,274.07	32,699.70
Rupee loans *	6,006.03	11,890.97
Unsecured- from Banks		
Rupee loans	9,499.99	10,500.00
	48,780.09	**55,090.67**

Secured by hypothecation of inventories and trade receivables. Further secured by a second charge on fixed assets of the Company.

Non-fund based facilities provided by banks are also secured by second charge on the fixed assets (Property, Plant and Equipment excluding Intangible Assets) of the Company.

* Under the "Receivable buyout" facility sanctioned by IDBI Bank Ltd. against trade receivables.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

25. Trade Payables

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Outstanding dues of micro and small enterprises #	-	-
Others	21,413.50	18,532.34
	21,413.50	**18,532.34**

The Company has not received information from suppliers or service providers, whether they are covered under Micro, Small and Medium Enterprises (Development) Act, 2006 and hence it has not been possible to ascertain the required information relating to amounts unpaid, if any, as at year end together with interest paid or payable to them.

26. Other (Financial liability carried at amortised cost)

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Current maturities of long-term debt		
Rupee loan from banks	1,351.07	1,968.33
Rupee loan from others	588.24	1,176.47
Foreign currency loans from banks	5,045.86	11,337.35
Interest accrued but not due on borrowings	52.93	150.97
Interest accrued and due on borrowings	147.49	217.99
Security Payable	1,028.29	557.70
Unclaimed dividends #	139.03	129.70
	8,352.91	**15,538.51**

This does not include any amount due and outstanding, to be credited to the Investor Education and Protection Fund.

27. Provisions

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
For employee benefits		
Gratuity (Refer note-54)	348.21	110.83
Leave encashment	336.88	292.87
For excise/custom duty on closing stock	7,471.84	3,610.97
Other contingencies	-	7.36
	8,156.93	**4,022.03**

28. Other Current Liabilities

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
On account of capital goods/ services	971.18	831.65
Advances from customers and others	3,764.35	4,065.79
Other payables		
Accrued salary and benefits	489.82	508.34
Statutory dues	3,198.92	2,264.98
	8,424.27	**7,670.76**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

29. Revenue from Operations

(Refer note-1.05 on revenue recognition)

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Sale of		
Alcohol and other alcoholic products	614,810.55	475,487.01
Pet bottles & caps	4,440.98	4,889.93
Jaivik khad	241.04	245.45
Others	759.18	612.57
Sale of traded goods		
Indian Made Foreign Liquor	2,024.68	829.70
Income from Traded Goods	516.86	306.88
Imported Liquor	697.29	730.13
Royalty Income	954.37	685.36
Other operating revenues		
Export incentives	429.86	1,211.69
SAD refund	2.57	15.51
Scrap sales	2,159.05	1,781.22
	627,036.43	**486,795.45**

30. Other Income

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Interest income on		
Term deposit with banks and financial institutions	494.03	510.48
Loans (including inter corporate deposits)	395.80	436.82
Deferred income on deposit	1,456.96	657.70
Interest on income tax refunds	-	18.64
Dividend income on non-current (trade) investments	200.00	200.00
Other non-operating income		
Profit on sale of fixed assets	4.73	45.97
Excess provisions written back	77.32	40.46
Miscellaneous income	38.18	54.58
	2,667.02	1,964.65

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

31. Cost of Materials Consumed

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Raw Materials		
Opening Stock	10,795.14	8,904.20
Add: Purchases	43,854.75	53,967.70
	54,649.89	62,871.90
Less: Closing Stock	6,733.72	10,795.14
Raw material consumed	47,916.17	52,076.76
Packing materials consumed	46,003.93	38,168.89
	93,920.10	**90,245.65**

32. Purchase of Traded Goods

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Indian Made Foreign Liquor	2,084.32	871.14
Imported Liquor	469.80	581.54
	2,554.12	**1,452.68**

33. Change in inventories of finished goods, stock-in-trade and work-in-progress

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Opening Stock		
Stock-in-trade	356.42	335.17
Finished goods	10,234.16	9,888.94
Work-in-progress	2,306.31	2,231.14
	12,896.89	**12,455.25**
Less : Closing Stock		
Stock-in-trade	376.34	356.42
Finished goods	15,396.54	10,234.16
Work-in-progress	2,266.89	2,306.31
	18,039.77	12,896.89
Increase / (Decrease) of excise duty on Finished Goods	3,889.63	883.71
	(1,253.25)	**442.07**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

34. Employee benefits expense

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Salaries, wages and allowances	14,170.26	12,957.78
Contribution to provident and other funds	692.15	593.32
Gratuity	155.58	129.45
Employee stock options scheme (Refer note-17)	20.48	29.40
Staff welfare expenses	458.37	407.33
	15,496.84	**14,117.28**

35. Finance costs

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Interest expense	6,632.97	7,855.40
Other borrowing costs	191.45	183.00
	6,824.42	**8,038.40**

36. Depreciation and amortization expense

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Depreciation on tangible assets	3,775.31	3,753.56
Amortisation of intangible assets	314.71	416.76
	4,090.02	**4,170.32**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

37. Other expenses

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Power and fuel	3,547.39	2,775.15
Stores and spares consumed	2,112.81	2,799.52
Repairs and maintenance		
Building	132.80	116.98
Plant and equipment	1,695.43	1,469.31
Others	231.01	218.51
Machinery and other hire charges	4.62	4.40
Insurance	558.97	484.50
Rent	774.71	665.49
Rates and taxes	4,566.80	4,446.16
Travelling		
Directors	131.48	107.52
Others	1,148.61	1,110.42
Directors' fee	19.30	18.66
Foreign exchange fluctuations (net)	(324.86)	(84.25)
Provision for Non-moving/ obsolete Inventory	64.72	1.88
Charity and donation	14.28	10.07
Corporate Social Responsibility Expenses (Refer note-48)	216.43	142.11
Provision for Expected Credit Losses (Net)	892.23	(1.29)
Bio composting expenses	162.13	80.81
Professional Fee & retainership expenses	418.17	460.92
Communication	158.19	195.18
Sundry balances written off	8.14	12.80
Loss on sale / write off of assets	27.37	190.75
Bank charges	35.60	34.41
Other overheads	4,298.85	3,324.11
Bottling Charges	2,101.64	2,232.12
Selling and distribution:		
Freight outwards	8,619.28	8,023.41
Supervision charges after sales	591.38	670.75
Supervision charges to supervisors	1,033.87	770.74
Rebate discount and allowance	2,609.62	2,269.59
Advertisement & sales promotion	8,732.43	8,052.59
	44,583.40	**40,603.32**

38. Other comprehensive income

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Items that will not be reclassified to profit or loss		
Actuarial (Gain) / loss on employee benefits	(232.01)	(120.68)
	(232.01)	**(120.68)**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

39. Contingent Liabilities and commitments

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Capital Commitments		
Estimated amount of Capital commitments (Net of advances)	1,241.48	638.84
Contingent Liabilities not provided for:		
i. Claims against the Company, not acknowledged as debts		
a. Disputed liability relating to ESI Contribution	0.89	0.89
b. Disputed liability relating to PF contribution of contractor labour	33.04	33.04
c. Disputed liability relating to payment of late re-calibration fees on verification and stamping of manufacturing vats/ tanks installed at distillery.	88.00	88.00
d. Disputed VAT/Sales/Entry Tax matters under appeal	136.24	138.27
e. Disputed Excise matters	174.06	159.75
f. Disputed Stamp duty claim arising out of amalgamation, being contested	80.00	80.00
g. Disputed customs duty	10.73	10.73
h. Disputed demands on account of service tax including interest and penalty thereon for the period July 2003 to March 2012, being contested and under appeal	140.39	140.39
	663.35	**651.07**

ii. Madhya Pradesh State Industrial Development Corporation Ltd. in February 2007 demanded a sum of Rs.168.09 lakhs besides unspecified expenses arising out of the alleged non compliance of conditions relating to its holding of shares in Abhishek Cement Ltd, prior to its merger with Radico Khaitan Ltd. in the financial year 2002-03. The writ petition filed by Company before Madhya Pradesh high court has been partly allowed by confirming the recovery of Rs. 167.32 lakhs against the Company. However, the division bench of Madhya Pradesh High court has stayed the recovery proceedings initiated by local collector office. The court has ordered to maintain Rs. 100 lakhs in State Bank of India till the final adjudication of the matter. The matter is since sub-judice.

iii. As a result of certain dispute between the Income Tax Department and Andhra Pradesh State Breweries Corporation Ltd (APBCL), the Department had attached the stocks lying with APBCL. Later on in the writ petition filed by the Company and on direction of Andhra Pradesh High Court the stock was sold and proceeds remitted back to the company. However in subsequent development on appeal by the Income Tax Department, the Division Bench ordered for redeposit of sales proceeds back to the separate account directed to be maintained by the Court. The Company has filed an appeal before the Hon'ble Supreme Court which stayed the re-deposit of sales proceeds. The amount of sales proceeds aggregating to Rs.588.09 lakhs may have to be redeposited back by the Company, till the disposal of the matter by the appropriate court. However, the same is recoverable from APBCL.

In respect of the items above (i), (ii) and (iii), future cash outflows are determinable only on receipt of judgements / decisions pending at various forums / authorities.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
iv. Commitments:		
Leases		
A. Operating lease arrangements-Company as lessee		
The Company has entered into operating leases on building and plant and machinery with lease terms between one to ten years.		
i. The Company has paid towards minimum lease payment.	804.58	669.89
ii. Future minimum rentals payable under non-cancellable operating leases as at March 31 are, as follows		
Not later than one year	805.47	663.04
Later than one year but not later than five years	1321.18	1,170.00
Later than five years	-	-

B. Finance lease arrangements

The entity has finance leases arrangements for leasehold land for multiple decades. The entity's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases arrangements together with the present value of the net minimum lease payments are as follows:

	March 31, 2018		March 31, 2017	
	MLP	Present value of MLP	MLP	Present value of MLP
Within one year	0.27	0.24	0.25	0.22
After one year but not more than five years	1.08	0.73	1.06	0.71
More than five years	39.47	1.48	40.28	1.41
	40.82	2.45	41.59	2.34

40. In the opinion of the Management and to the best of their knowledge and belief, the value on realisation of current/non current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the financial statements.

41. Dividend on Equity Shares

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Dividend on Equity Shares declared and paid during the year		
Dividend of Rs. 0.80 per share for financial year 2016-17	1,065.15	1,064.31
Dividend Distribution Tax	216.84	216.67
	1,281.99	**1,280.98**
Proposed dividends on Equity shares not recognised as liability		
Dividend of Rs. 1.00 per share for financial year 2017-18	1,333.07	1,064.31
Dividend Distribution Tax	274.02	216.67
	1,607.09	**1,280.98**

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including Dividend Distribution Tax thereon) as at March 31. All proposed dividends were approved as proposed and paid in subsequent year.

42. Earnings per equity share (EPS)

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the entity by the weighted average number of Equity shares outstanding during the year (Amount in INR)	9.26	6.02
Diluted EPS is calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares (Amount in INR).	9.25	6.00
The following reflects the income and share data used in the basic and diluted EPS computations:		
Profit attributable to equity holder for basic earnings	**12,345.33**	**8,006.97**
Effect of dilution:		
Share options	20.48	29.40
Profit attributable to equity holders adjusted for the effect of dilution	**12,365.81**	**8,036.37**
Weighted average number of Equity shares for basic EPS	**133,307,265**	**133,038,765**
Effect of dilution:		
Share options	366,500	793,125
Weighted average number of Equity shares adjusted for the effect of dilution	**133,673,765**	**133,831,890**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

43. Income Tax

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
The major components of Income Tax expense		
Current Income Tax:		
Current income tax charge	3,978.12	1,402.00
Adjustments in respect of current income tax of previous year	-	4.34
Total (A)	**3,978.12**	**1,406.34**
Deferred Tax:		
Relating to origination and reversal of temporary differences	2,404.51	1,471.75
Total (B)	**2,404.51**	**1,471.75**
OCI section		
Deferred tax related to items recognised in OCI during the year:		
Net loss/(gain) on re-measurements of defined benefit plans	(80.29)	(41.76)
Income tax charged to OCI	**(80.29)**	**(41.76)**
Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for:-		
Differential tax impact for land indexation at a rate different from the statutory rate	112.50	44.64
Differential impact of deferred tax arising during tax holiday period	38.17	35.47
Amortisation of certain assets not claimed as deduction under tax	32.49	31.87
Differential impact of provisions	8.05	571.66
Loss on sale of fixed assets (net)	(7.83)	(50.10)
Deduction claimed in Tax but not in books	141.03	308.35
Others	(225.67)	(52.87)
Total (C)	**98.74**	**889.02**
Total (A)+ (B)+ (C)	**6,481.37**	**3,767.11**
Accounting profit before tax	18,727.96	10,885.06
Income tax calculated at India's statutory Income Tax Rate	6,481.37	3,767.10
Total	**6,481.37**	**3,767.10**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

Deferred tax

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Deferred tax relates to the following:		
Fair valuation of property, plant and equipment	(11,631.48)	(12,014.08)
Other Ind-AS adjustments (security deposit, corporate guarantee etc.)	993.79	1,343.96
Provision created under Expected credit loss	1,381.89	3,776.71
Tax holiday units	(149.58)	(187.75)
Mat Credit Entitlement	153.00	153.00
Net deferred tax assets/(liabilities)	**(9,252.38)**	**(6,928.16)**
Reflected in the balance sheet as follows:		
Deferred tax assets (continuing operations)	2,500.07	5,543.52
Deferred tax liabilities (continuing operations)	(11,905.45)	(12,624.68)
Mat Credit Entitlement	153.00	153.00
Deferred tax liabilities (net)	**(9,252.38)**	**(6,928.16)**
Reconciliation of deferred tax liabilities (net):		
Opening balance	6,928.16	5,498.17
Tax income/(expense) during the year recognised in profit or loss	2,404.51	1,471.75
Tax income/(expense) during the year recognised in OCI	(80.29)	(41.76)
Closing balance	9,252.38	6,928.16
The entity offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority		
Amount of MAT credit available which can be set off against future taxable profits where company is required to pay taxes in accordance with normal provisions of Income Tax Act 1961.	153.00	153.00

During the year ended March 31, 2018 and March 31, 2017, the company has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

44. List of Investment

	March 31, 2018	March 31, 2017
	Joint Venture	**Joint Venture**
i. The name of Investee	Radico NV Distilleries Maharashtra Limited	Radico NV Distilleries Maharashtra Limited
ii. The principal place of business	Aurangabad	Aurangabad
iii. The ownership interest held	36%	36%
iv. The method used to account for the investment	Accounted at cost	Accounted at cost

45. Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the Chief Operating Decision Maker, in deciding how to allocate resources and assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Based on the management approach as defined in Ind AS 108, the Chief Operating Decision Maker evaluates the company's performance based on only one segment i.e. manufacturing and trading in Liquor & Alcohol.

46. Related party transactions and disclosures

01. Related parties and their relationship:

i. Key Management personnel:
   1. Dr. Lalit Khaitan, Chairman & Managing Director
   2. Mr. Abhishek Khaitan, Managing Director
   3. Mr. K.P. Singh, Whole Time Director

ii. Relatives of Key Management personnel:
   1. Mrs. Deepshikha Khaitan (Wife of Mr. Abhishek Khaitan)
   2. Ms. Shailja Devi (Women Director and Daughter of Dr. Lalit Khaitan)

iii. Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise:
   1. Sapphire Intrex Ltd.*
   2. The Rampur Distillery & Chemical Company Ltd. (Employees P. F. Trust)
   3. The Rampur Distillery & Chemical Company Ltd. (Employees Group Gratuity Trust)
   4. The Rampur Distillery & Chemical Company Ltd. (Employees Superannuation Scheme)

* Name of Shailaja Finance Limited has been changed as Sapphire Intrex Ltd. on dated July 17, 2017.

iv. Joint Ventures:
   1. Radico NV Distilleries Maharashtra Limited

02. Transaction with above in the ordinary course of business :

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Key Management Personnel:		
Dr. Lalit Khaitan, Chairman & Managing Director		
Remuneration		
Salary and Allowances	475.72	443.34
Contribution to Provident and other Funds.	34.23	30.56
Value of benefits, calculated as per Income Tax Rules	28.19	24.56
Mr. Abhishek Khaitan, Managing Director		
Remuneration		
Salary and Allowances	452.47	419.56
Contribution to Provident and other Funds.	32.92	29.22
Value of benefits, calculated as per Income Tax Rules	21.74	19.89
Mr. K.P. Singh, Whole Time Director		
Remuneration		
Salary and Allowances	169.35	160.00
Contribution to Provident and other Funds.	6.49	6.04
Value of benefits, calculated as per Income Tax Rules	38.26	1.70
Relatives of Key Management personnel:		
Mrs. Deepshikha Khaitan (wife of Mr. Abhishek Khaitan)		
Remuneration		
Salary and Allowances	11.60	11.60
Contribution to Provident and other Funds.	1.95	1.95
Value of benefits, calculated as per Income Tax Rules	1.70	0.91
Ms. Shailja Devi (Woman Director and Daughter of Dr. Lalit Khaitan)		
Sitting Fees	0.95	1.35
Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise:		
1. Sapphire Intrex Ltd.		
Security Receivable	60.00	60.00
Rent Paid (excluding Service Tax / GST borne by the Company)	65.69	64.92
Contribution paid		
2. The Rampur Distillery & Chemical Company Ltd (Employees P. F. Trust)	433.59	393.81
3. The Rampur Distillery & Chemical Company Ltd. (Employees Group Gratuity Trust)	387.59	250.13
4. The Rampur Distillery & Chemical Company Ltd. (Employees Superannuation Scheme)	97.24	89.19

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

Joint Venture

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Radico NV Distilleries Maharashtra Limited		
Sale of Goods	-	29.34
Loan Paid	-	1,000.00
Loan received	-	1,000.00
Lease rent paid	7.04	6.00
Reimbursement of IT support charges received	-	31.86
Bottling Charges Paid	407.15	310.84
Tie-up operation income	113.13	88.12
Dividend Income on Preference Shares	200.00	200.00
Purchase of material	2,734.75	2,551.50
Receivable	0.12	28.34
Payable	153.28	107.26
Dividend receivable	400.00	400.00
Investment in preference share & equity share	15,538.53	15,538.53

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no outstanding guarantees provided or received for any related party receivables or payables in the current financial year. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: INR Nil). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.

47. Payment to Auditors

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
i. Audit Fee	25.50	25.50
ii. Limited Review Fee	12.00	12.00
iii. Service tax / GST on (i) and (ii) above	6.75	5.63
iv. Reimbursement of Out of Pocket Expenses (including taxes)	2.60	4.87
v. Other Services (Certification Fee including Taxes)	0.80	0.53
	47.65	**48.53**

48. Details of CSR expenditure

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018		March 31, 2017	
i. Gross amount required to be spent by the company (including carry forwarded unspent amount)	347.66		281.63	
	In cash/ Payable	Yet to be paid in cash	In cash/ Payable	Yet to be paid in cash
ii. Amount spent during the year:				
For construction / acquisition of assets	-	-	-	-
For other purposes	216.43	-	142.11	-
iii. Unspent amount	131.23	-	139.52	-

49. Quantitative and other information

a. Particulars of Capacity and Production*

(Rs. in Lakhs unless otherwise stated)

	Unit Per Annum	March 31, 2018	March 31, 2017
1. Molasses / Grain / Malt spirit			
KL/BL AT 94%	Licensed / Installed Capacity	102,460	102,460
	Production	92,926	96,857
KL/AL	Licensed / Installed Capacity	96,312	96,312
	Production	87,350	91,045
2. Bio gas	No license required		
000 'M3	Production	38,003	37,120
3. Pet bottles	No license required		
NOS./1000	Installed Capacity	600,000	600,000
	Production	609,647	521,854

* As certified by the management and not verified by the auditors.

b. Opening Stock, Closing Stock & Turnover

(Rs. in Lakhs unless otherwise stated)

	Unit	March 31, 2018		March 31, 2017	
		Qty	Value	Qty	Value
1. Alcohol products					
a. Rectified spirit					
Opening Stock	KL/AL	206	68.02	553	165.37
Closing Stock	KL/AL	23	2.92	206	68.02
Turnover	KL/AL	447	111.84	304	88.04
b. Silent spirit					
Opening Stock	KL/AL	1,437	600.60	4,705	1,730.04
Closing Stock	KL/AL	1,024	198.02	1,437	600.60
Turnover	KL/AL	7,230	3,931.11	21,977	11,538.01
c. Cane juice spirit					
Turnover	KL/AL	85	85.51	52	46.19

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

b. Opening Stock, Closing Stock & Turnover (Continued)

(Rs. in Lakhs unless otherwise stated)

	Unit	March 31, 2018		March 31, 2017	
		Qty	Value	Qty	Value
d. Malt spirit					
Opening Stock	KL/AL	966	2,419.51	964	2,253.99
Closing Stock	KL/AL	966	2,218.44	966	2,419.51
Turnover	KL/AL	245	526.66	288	768.44
e. Grain spirit					
Opening Stock	KL/AL	2,453	1,161.52	1,190	689.00
Closing Stock	KL/AL	1,874	848.90	2,453	1,161.52
Turnover	KL/AL	18,775	8,752.41	15,570	7,334.39
f. Ethanol					
Opening Stock	KL/AL	163	60.32	214	68.80
Closing Stock	KL/AL	258	41.18	163	60.32
Turnover	KL/AL	4,354	1,747.85	11,837	5,001.95
2. Other alcohol products					
a. Denatured spirit					
Opening Stock	KL/AL	1.10	0.28	1.00	0.29
Closing Stock	KL/AL	1.12	0.28	1.10	0.28
Turnover	KL/AL	-	-	-	-
b. Indian made foreign liquor					
Opening Stock	KL/AL	1,208	5,809.51	1	4,899.20
Closing Stock	KL/AL	2,314	9,672.82	1,208	5,809.51
Turnover	KL/AL	70,723	408,134.89	46,140	317,699.32
c. Country liquor					
Opening Stock	KL/AL	20	11.00	-	-
Closing Stock	KL/AL	317	2,248.88	20	11.00
Turnover	KL/AL	27,466	193,829.17	18,975	134,033.39
d. Imported Alcoholic products					
Opening Stock	BTL	79,636	296.95	86,800	302.02
Closing Stock	BTL	72,212	259.76	79,636	296.95
Turnover	BTL	173,554	697.29	175,872	730.13
3. Pet bottles and Caps					
Opening Stock	Nos.	74	162.71	70	115.22
Closing Stock	Nos.	104	190.10	74	162.71
Turnover	Nos.	1,914	4,440.98	2,297	4,889.93
4. Jaivik Khad					
Opening Stock	Qtls	163	0.16	163	0.18
Closing Stock	Qtls	141,018	91.58	163	0.16
Turnover	Qtls	324,085	241.04	371,758	245.45
5. Others					
Turnover			991.83		726.44

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

b. Opening Stock, Closing Stock & Turnover (Continued)

(Rs. in Lakhs unless otherwise stated)

	Unit	March 31, 2018		March 31, 2017	
		Qty	Value	Qty	Value
6. Other operating income					
Turnover			3,545.85		3,693.77
Total:					
Opening Stock			**10,590.58**		**10,224.11**
Closing Stock			**15,772.88**		**10,590.58**
Turnover			**627,036.43**		**486,795.45**

c. Purchases

(Rs. in Lakhs unless otherwise stated)

	Unit	March 31, 2018		March 31, 2017	
		Qty	Value	Qty	Value
Indian Made Foreign Liquor	Cases	97,994	2,084.32	45,788	871.14
Imported Liquor	BTL	166,130	469.80	168,708	581.54
Alcohol	BL	-	-	-	-
			2,554.12		**1,452.68**

d. Consumption of raw materials

(Rs. in Lakhs unless otherwise stated)

	Unit	March 31, 2018		March 31, 2017	
		Qty	Value	Qty	Value
i. Molasses	Qtls	2,592,165	9,601.99	2,901,022	14,794.20
ii. Cane juice	Qtls	9,635	41.20	12,503	56.53
iii. Barley Malt	Qtls	20,234	619.11	19,016	536.36
iv. Sorghum	Qtls	5,474	78.51	35,641	503.94
v. Broken Rice	Qtls	344,353	5,245.07	430,175	6,699.64
vi. Millet (Bajra)	Qtls	460,724	5,913.92	45,039	632.26
vii. Maize	Qtls	58,918	723.69	272,139	4,124.72
viii. Malt /Malt Scotch/Grain/Grape Spirits	-	-	2,553.72	-	2,992.93
ix. Rectified spirit / Extra Neutral Alcohol	-	-	16,403.96	-	15,236.99
x. Resin	KG	8,344,400	6,819.55	7,370,425	5,793.57
xi. Press Mud	Qtls	740,479	298.22	1,116,520	473.38
xii. Others			1,431.78		1,301.39
xiii. Input Tax Credit			(1,814.55)		(1,069.15)
			47,916.17		**52,076.76**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

50. i. Remittance in foreign currency / or to the mandate banks on account of dividends to non residents

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
i. Number of non resident shareholders	16	16
ii. Number of shares held by them	14,880	14,880
iii. Dividend	0.12	0.12
iv. Financial year to which the dividend relates	2016-17	2015-16

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
50. ii. Earnings in foreign exchange: Export of goods on FOB basis	11,530.34	15,588.61

51. Foreign currency exposure

Derivatives not designated as hedging instruments

The entity uses foreign currency denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. However such foreign currency denominated borrowings have not been designated as hedge. Such derivatives are recorded at mark to market at each reporting date with a corresponding recognition in the Statement of Profit and Loss.

(Rs. in Lakhs unless otherwise stated)

Details of foreign currency exposure of the company :	March 31, 2018		March 31, 2017	
	Foreign Currency	INR	Foreign Currency	INR
a. Borrowings against which forward contracts have been taken:				
Borrowings (including interest) - ECB				
In US$	10.00	650.44	-	-
b. Borrowings against which forward contracts have not been taken:				
Borrowings - ECB				
In US$	67.58	4,395.42	252.42	16,366.79
In Euro	-	-	-	-
Interest payable on ECB (US$)	0.81	52.93	2.33	150.97
c. Other foreign currency exposures:				
Export Receivables (US$)	75.80	4,929.80	69.85	4,528.98
Export Receivables (EURO)	0.29	22.99	0.01	0.56
Other payable (US$)	-	-	20.00	1,296.77
Balance with banks (US$)	3.72	241.70	0.30	19.32

52. Financial Instruments

A. Fair values: The carrying amount of financial assets and liabilities except for certain financial assets i.e. "instrument carried at fair value" appearing in the financial statement are reasonable approximation of fair value. Such investments of those financial instruments carried at fair value are disclosed below:-

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

(Rs. in Lakhs unless otherwise stated)

	Fair value		Carrying value	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Financial assets measured at fair value through profit and loss				
Investments				
Equity shares	0.60	0.60	0.60	0.60
Certificate of deposit with a financial institution	5,000.00	5,000.00	5,000.00	5,000.00
Total	**5,000.60**	**5,000.60**	**5,000.60**	**5,000.60**

B. Fair value hierarchy: The following table provides fair value management hierarchy of the company`s assets:

(Rs. in Lakhs unless otherwise stated)

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
March 31, 2018			
Investment			
Certificate of deposit with a financial institution	-	5,000.00	-
Equity share	-	-	0.60
Total	**-**	**5,000.00**	**0.60**
March 31, 2017			
Investment			
Certificate of deposit with a financial institution	-	5,000.00	-
Equity share	-	-	0.60
Total	**-**	**5,000.00**	**0.60**

There have been no transfer between level 1, level 2 and level 3 during the year.

C. Valuation techniques and processes used to determine fair value: Fair value of unquoted investments is determined based on the present values, calculated using generally accepted valuation principles.

D. Valuation inputs and relationships to fair value: Significant unobservable inputs used in Level 3 fair value measurement:

(Rs. in Lakhs unless otherwise stated)

Non current investment - Unquoted	March 31, 2018	March 31, 2017
Fair Value	0.60	0.60
Significant unobservable inputs*		
Earnings growth rate (%)	10.00	10.00
Risk adjusted discount rate (%)	10.00	10.00

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

E. Reconciliation of financial instruments categorised under level 3

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Opening at the beginning of the year	0.60	0.60
Additions during the year	-	-
Gain/(Loss) recognised in OCI during the year	-	-
Closing at the end of the year	0.60	0.60

53. Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, security deposits and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, investment in preference shares & equity shares, trade and other receivables, and cash and cash equivalents that are derived directly from its operations.

The Company's business activities are exposed to a variety of financial risks, namely market risks, credit risk and liquidity risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company.

a. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk and currency risk and equity price risk. Financial instruments affected by market risk include loans and borrowings.

The sensitivity analysis in the following sections relate to the position as at March 31, 2018 and March 31, 2017. The sensitivity analysis have been prepared on the basis that the amount of net debt , the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant as at March 31, 2018. The analysis exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analysis: The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at Mart 31, 2018 and March 31, 2017.

i. Interest Rate Risk:
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The entity's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Interest rate sensitivity: The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows

A change of 100 basis points in interest rates for variable rate instruments at the reporting date would have increased/ (decreased) profit or loss for the below years by the amounts shown below. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018		March 31, 2017	
Increase/ (decrease) in basis points	100	(100)	100	(100)
Effect on profit before tax (increase)/ decrease	592.05	(592.05)	799.04	(799.04)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

ii. Foreign currency risk:
The Indian National Rupee is the entity's most significant currency. As a consequence, the company's results are presented in Indian National Rupee and exposures are managed against Indian National Rupee accordingly. The company has limited foreign currency exposure which are mainly on account ECB loan, import and exports.

The company has hedged 12.89% as at March 31, 2018 (NIL as at March 31, 2017) of its ECB loan to minimize the risk. Import and export have short recovery cycle and counter each other reducing the foreign currency risk.

Foreign currency sensitivity: The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant. The impact on the Company's profit before tax due to changes in the fair value of foreign currency exposure.

(Rs. in Lakhs unless otherwise stated)

Sensitivity to risk	March 31, 2018		March 31, 2017	
Increase/ (decrease) in Currency rate (US$)	2.75%	(2.75%)	2.75%	(2.75%)
Effect on profit before tax increase/ (decrease)	20.52	(20.52)	(364.81)	364.81

iii. Equity price risk:
The company's equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. Reports on the equity portfolio are submitted to the company's senior management on a regular basis. The company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was Rs. 0.60 lakhs.

b. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The entity is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

Trade receivables and loans:
Credit risk is managed by company subject to the company's established policy, procedures and control relating to credit risk management. Credit quality is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and loans are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for receivables and loans. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note below. The company does not hold collateral as security. The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and has been rated highly based on internal credit assessment parameters.

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

Financial instruments and cash deposits:
Credit risk from balances with banks and financial institutions is managed by the entity's treasury department in accordance with the entity's policy. Counterparty credit limits are reviewed by the entity's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the Balance Sheet at March 31, 2018 and March 31, 2017 is the carrying amounts as illustrated in note below.

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Security deposits	3,810.81	7,432.68
Bank deposits	214.84	87.58
Trade receivables	63,001.07	62,401.07
Cash and cash equivalents	1,676.51	811.09
Bank balances other than above	558.92	595.69
Loans to related parties	0.12	28.35
Inter corporate deposits	9,890.00	10,085.00
Investment in preference share	2,000.00	2,000.00
Total	**81,152.27**	**83,441.46**

c. Liquidity Risk

The Company monitors its risk of shortage of funds on a regular basis. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

(Rs. in Lakhs unless otherwise stated)

	Payable within one year	Payable within one year to five years	Total
As at March 31, 2018:			
Term loans from banks	6,985.17	3,459.12	10,444.29
Short term loan	48,780.09	-	48,780.09
Trade payables	21,413.50	-	21,413.50
Other Financial Liabilities	1,367.74	68.19	1,435.93
As at March 31, 2017:			
Term loans from banks	14,482.15	10,427.68	24,909.83
Short term loan	55,090.67	-	55,090.67
Trade payables	18,532.34	-	18,532.34
Other Financial Liabilities	1,056.36	60.00	1,116.36

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Excessive risk concentration:
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the entity's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the entity's policies and procedures include specific guidelines

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Collateral:
The Company has created a charge in favor of the lenders for loans and borrowings (Refer note-19 and 24 on Borrowings for details).

54. Post-employment benefit plans

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Gratuity	348.21	110.83

The entity has a defined benefit plans for Gratuity, Provident Fund and Leave Encashment. For provident fund, entity makes contribution to provident fund trust. Gratuity plan is funded with LIC and requires contributions to be made to a separate fund administered by LIC. Leave encashment liability of the entity is unfunded. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Each year, the Board of Trustees reviews the level of funding in the Gratuity plan and Provident fund. Such a review includes the asset-liability matching strategy and investment risk management policy. The Board of Trustees decides its contribution based on the results of this annual review. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

The following tables summaries the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the respective plans.

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2018 and March 31, 2017

(Rs. in Lakhs unless otherwise stated)

	Gratuity		
	Defined benefit obligation	Fair value of plan assets	Benefit liability
April 01, 2017	**(2,032.68)**	**1,921.84**	**(110.83)**
Cost charged to profit or loss			
Service cost	(140.11)		-
Net interest expense	(152.45)	144.14	-
Sub-total included in profit or loss	**(292.56)**	**144.14**	**(148.42)**
Benefits paid	154.13	(154.13)	-
Remeasurement gains/(losses) in other comprehensive income	-	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	4.80	-
	-	-	-
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	41.41	-	-
Experience adjustments	(278.22)	-	-
Sub-total included in OCI	**(236.81)**	**4.80**	**(232.01)**
Contributions by employer	-	143.06	143.06
March 31, 2018	**(2,407.92)**	**2,059.71**	**(348.21)**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

(Rs. in Lakhs unless otherwise stated)

	Gratuity		
	Defined benefit obligation	Fair value of plan assets	Benefit liability
April 01, 2016	**(1732.34)**	**1376.44**	**(355.89)**
Cost charged to profit or loss			
Service cost	(125.24)	-	-
Net interest expense	(138.59)	110.12	-
Sub-total included in profit or loss	(263.83)	110.12	(153.71)
Benefits paid	81.93	(81.93)	-
Remeasurement gains/(losses) in other comprehensive income	-	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	(2.23)	-
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	(73.11)	-	-
Experience adjustments	(45.33)	-	-
Sub-total included in OCI	(118.44)	(2.23)	(120.68)
Contributions by employer	-	519.45	519.45
March 31, 2017	**(2,032.68)**	**1,921.84**	**(110.83)**

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Funds Managed by Insurer	2,059.72	1,921.84
Total	**2,059.72**	**1,921.84**

Significant assumptions used in calculation of post-employment defined benefit obligation of the company's are shown below:

	March 31, 2018	March 31, 2017
Discount rate	7.75%	7.50%
Future salary increases	5.50%	5.50%
Mortality rate	100% of IALM (2006- 08)	100% of IALM (2006 - 08)

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

A quantitative sensitivity analysis for significant assumption as at March 31, 2018 and March 31, 2017:

(Rs. in Lakhs unless otherwise stated)

	Gratuity		Gratuity	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Assumption	**Discount Rate**		**Discount Rate**	
Sensitivity Level	0.50% Increase	0.50% Increase	0.50% Decrease	0.50% Decrease
Impact on defined benefit obligation	(77.62)	(70.29)	84.91	76.61
Assumption	**Future Salary**		**Future Salary**	
Sensitivity Level	0.50% Increase	0.50% Increase	0.50% Decrease	0.50% Decrease
Impact on defined benefit obligation	86.38	77.75	(79.56)	(71.89)
The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.				
Expected contribution to post employment benefit plans for the next Annual reporting period is Rs.158.55 lakhs				
The following payments are expected contributions to the defined benefit plan in future years:				
Within the next 12 months (next annual reporting period)			1,006.86	302.81
Between 2 and 5 years			332.47	680.88
Beyond 5 years			1,068.59	1,048.99
Total expected payments			**2,407.92**	**2,032.68**
The average duration of the Gratuity at the end of the reporting period			18.06 years	18.94 years

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

55. Information under 186(4) of the Companies Act, 2013

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
a. Loans given		
i. To a Joint Venture Company (interest free working capital advance)		
Opening Balance	-	-
Given during the year	-	1,000.00
Received during the year	-	1,000.00
Closing Balances	**-**	**-**
ii. In the form of unsecured short-term Inter corporate Deposits *		
Opening Balance	10,085.00	9,695.00
Given during the year	2,300.00	1,750.00
Received during the year	2,495.00	1,360.00
Closing Balances	**9,890.00**	**10,085.00**

b. Investments made (As disclosed under Note.3,4 & 9)

*All loans are given to unrelated entities at interest rates ranging from 10% to 14% per annum. All the loans are provided for business purposes of respective entities, repayable on demand with prepayment option to the borrower.

56. Capital management

For the purpose of the company's capital management, capital includes issued equity share capital and other equity attributable to the equity holders of the company. The primary objective of the company's capital management is to maximise the shareholder's wealth.

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital employed as well as the level of dividend to shareholders.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using a debt equity ratio, which is net debt divided by total capital. The company's policy is to keep the debt equity ratio between 70% and 100%. The company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations.

The Company's debt equity ratio was as follows:

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Borrowings	59,205.05	79,903.59
Less: Cash and cash equivalents	1,676.51	811.09
Net debt	**57,528.54**	**79,092.50**
Equity Capital	2,666.15	2,660.78
Other Equity	111,545.80	100,327.89
Total Equity	**114,211.95**	**102,988.67**
Debt Equity Ratio	**50.37%**	**76.80%**

Notes to the Standalone Financial Statements

for the year ended March 31, 2018 (Continued)

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current financial year. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2018.

57. Previous year figures have been re-grouped, wherever necessary, to correspond to current year figures.

As per our report of even date attached

For BGJC & Associates LLP
Chartered Accountants
Firm Registration No. 003304N

Darshan Chhajer
Partner
Membership Number: 088308

Place: New Delhi
Date: May 03, 2018

For and on behalf of Board of Directors

Dilip K. Banthiya
Chief Financial Officer

Dr. Lalit Khaitan
Chairman &
Managing Director

Amit Manchanda
Vice President Legal &
Company Secretary

Abhishek Khaitan
Managing Director

Ajay K. Agarwal
President (Finance & Accounts)

Director

Independent Auditor's Report

To the Members of Radico Khaitan Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Radico Khaitan Limited (hereinafter referred to as "the Company") and its Joint Venture (the Company and its Joint Venture together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated Ind AS 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 including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The respective Board of Directors of the companies included in the Group are responsible for design, implementation and maintenance of internal control 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. Further, in terms with provisions of the Act, the respective Board of Directors of the company, joint venture, which are incorporated in India are responsible for maintenance of adequate accounting records; safeguarding of the assets; preventing and detecting frauds and other irregularities; the 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 Ind-AS financial statements,which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 of the consolidated Ind AS financial statements 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 consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated Ind AS financial statements that give a true and fair view 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 the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the 'Other Matter' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor's on separate financial statements of the joint venture as noted below in the Other Matters paragraph, the aforesaid consolidated Ind AS 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, as at March 31, 2018, their consolidated profit, their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Independent Auditor's Report (Continued)

Other Matter

The consolidated Ind AS financial Statement include share of net profit of Rs. 50.81 lakhs for the year ended March 31, 2018 as considered in the consolidated Ind AS financial statement, in respect of joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditor whose report and additional information thereon have been furnished to us and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of joint venture, are based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

a. 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 Ind AS financial statements;

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books and the report of the other auditor;

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. On the basis of written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of joint venture incorporated in India, none of the directors of such companies, is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting of the Group, which are incorporated in India, as at March 31, 2018, in conjunction with our audit of the consolidated Ind AS financial statements of the group, for the year ended on that date and, we give our separate Report is in "Annexure-1".

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 impact of pending litigations on the consolidated financial position of the Group, has been disclosed as detailed in Note 38 to the consolidated Ind AS financial statements;

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the group;

For BGJC & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 003304N

Darshan Chhajer
Partner
Membership No. 088308

Place: New Delhi
Date: May 03, 2018

Annexure 1 to Independent Auditors' Report

Referred to in paragraph(f) under "Report on Other Legal and Regulatory Requirements" in Independent Auditors' Report of even date to the members of Radico Khaitan Limited on the Consolidated Ind AS financial statements for the year ended March 31, 2018.

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act 2013 "the Act"

We have audited the internal financial controls over financial reporting of Radico Khaitan Limited (hereinafter referred to as "the Company") and its Joint Venture (the Company and its joint venture together referred to as "the Group"), which are incorporated in India as at March 31, 2018 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company, its joint venture, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business,including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information,as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of company, its joint venture as aforesaid, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls over financial reporting. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the others auditors in terms of their report referred to in the others matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on internal financial controls system over financial reporting of the company, its joint venture as aforesaid.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and based on the consideration of the reports of other auditor referred to in the 'Other Matter' paragraph below, the company, joint venture,which are incorporated in India, have, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

We did not audit the internal financial controls over financial reporting insofar as it relates to joint venture,which are incorporated in India, in respect of which,the Group's share of net profit of Rs. 50.81 lakhs for the year ended March 31, 2018 has been considered in the consolidated Ind AS financial statement. Our report on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the aforesaid entities, is based solely on the corresponding reports of the auditors of such companies. Our opinion is not modified in respect of the above matter.

For BGJC & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 003304N

Darshan Chhajer
Partner
Membership No. 088308

Place: New Delhi
Date: May 03, 2018

Consolidated Balance Sheet as at March 31, 2018

(Rs. in Lakhs unless otherwise stated)

	Note No.	March 31, 2018	March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2	66,769.09	68,287.20
Capital work-in-progress		2,019.06	220.14
Intangible assets	2	1,780.10	2,094.81
Financial assets			
Investment in a joint venture	3	17,011.46	16,962.16
Investment in others	4	0.60	0.60
Loans	5	2,901.30	6,330.19
Others	6	217.51	91.81
Other non-current assets	7	9,995.29	13,066.32
Total non-current assets		**100,694.41**	**107,053.23**
Current assets			
Inventories	8	31,085.68	29,303.32
Financial assets			
Investments	9	5,000.00	5,000.00
Trade receivables	10	63,001.07	62,401.07
Cash and cash equivalents	11	1,676.51	811.09
Bank balances other than above	12	558.92	595.69
Loans	13	5,449.20	5,874.15
Others	14	2,508.39	2,035.33
Current tax assets	15	2.27	413.51
Other current assets	16	14,612.24	9,954.34
Total current assets		**123,894.28**	**116,388.50**
Total Assets		**224,588.69**	**223,441.73**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	2,666.15	2,660.78
Other Equity	18	113,018.73	101,751.53
		115,684.88	**104,412.31**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	19	3,439.79	10,330.77
Others	20	68.19	60.00
Provisions	21	980.60	837.13
Deferred tax liabilities (Net)	22	9,252.38	6,928.16
Other non current liabilities	23	35.15	19.05
Total non-current liabilities		**13,776.11**	**18,175.11**
Current liabilities			
Financial liabilities			
Borrowings	24	48,780.09	55,090.67
Trade payables			
Outstanding dues of micro and small enterprises		-	-
Others	25	21,413.50	18,532.34
Others	26	8,352.91	15,538.51
Provisions	27	8,156.93	4,022.03
Other current liabilities	28	8,424.27	7,670.76
Total current liabilities		**95,127.70**	**100,854.31**
Total Liabilities		**224,588.69**	**223,441.73**
Significant Accounting Policies	1		
Other Notes on Accounts	2-59		

As per our report of even date attached

For BGJC & Associates LLP
Chartered Accountants
Firm Registration No. 003304N

Darshan Chhajer
Partner
Membership Number: 088308

Place: New Delhi
Date: May 03, 2018

For and on behalf of Board of Directors

Dilip K. Banthiya
Chief Financial Officer

Dr. Lalit Khaitan
Chairman & Managing Director

Amit Manchanda
Vice President Legal & Company Secretary

Abhishek Khaitan
Managing Director

Ajay K. Agarwal
President (Finance & Accounts)

Director

Consolidated Statement of Profit and Loss for the year ended March 31, 2018

(Rs. in Lakhs unless otherwise stated)

	Note No.	March 31, 2018	March 31, 2017
INCOME			
Revenue from operations	29	627,036.43	486,795.45
Other income	30	2,667.02	1,964.65
Total Income		**629,703.45**	**488,760.10**
EXPENSES			
Cost of materials consumed	31	93,920.10	90,245.65
Excise duty		444,759.84	318,805.32
Purchase of stock-in-trade	32	2,554.12	1,452.68
Change in inventories of finished goods, stock-in-trade and work-in-progress	33	(1,253.25)	442.07
Employee benefits expense	34	15,496.84	14,117.28
Finance costs	35	6,824.42	8,038.40
Depreciation and amortization expense	36	4,090.02	4,170.32
Other expenses	37	44,583.40	40,603.32
Total Expenses		**610,975.49**	**477,875.04**
Profit for the year before tax and share of joint venture		**18,727.96**	**10,885.06**
Add: Share in profit of joint venture		50.81	9.81
Profit for the year before tax		**18,778.77**	**10,894.87**
Less : Tax expense			
Current tax		3,978.12	1,402.00
Deferred tax		2,404.51	1,471.75
Tax for previous years		-	4.34
Profit for the period from continuing operations		**12,396.14**	**8,016.78**
Other comprehensive income			
Items that will not be reclassified to profit or loss	38	(232.01)	(120.68)
Income tax relating to items that will not be reclassified to profit or loss		80.29	41.76
Share in other comprehensive income of joint venture		(1.51)	(4.00)
Total other comprehensive income		**(153.23)**	**(82.92)**
Total comprehensive income for the year (Comprising profit and other comprehensive income for the year)		**12,242.91**	**7,933.86**
Basic earnings per share in INR (face value of Rs. 2/- each)	42	9.30	6.03
Diluted earnings per share in INR (face value of Rs. 2/- each)	42	9.29	6.01
Significant Accounting Policies	**1**		
Other Notes on Accounts	**2-59**		

As per our report of even date attached

For BGJC & Associates LLP
Chartered Accountants
Firm Registration No. 003304N

Darshan Chhajer
Partner
Membership Number: 088308

Place: New Delhi
Date: May 03, 2018

For and on behalf of Board of Directors

Dilip K. Banthiya
Chief Financial Officer

Dr. Lalit Khaitan
Chairman & Managing Director

Amit Manchanda
Vice President Legal & Company Secretary

Abhishek Khaitan
Managing Director

Ajay K. Agarwal
President (Finance & Accounts)

Director

Consolidated Statement of Cash Flows for the year ended March 31, 2018

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
A. Cash flow from operating activities		
Profit for the year before tax	**18,778.77**	**10,894.87**
Adjustments for		
Depreciation and amortization expense	4,090.02	4,170.32
Profit on sale of fixed assets	(4.73)	(45.97)
Loss on sale / write off assets	27.37	190.75
Finance costs	6,824.42	8,038.40
Interest income	(2,346.79)	(1,623.64)
Provision for Expected credit loss (net)	823.06	(28.95)
Provision for Non-moving/ obsolete Inventory	64.72	1.88
Employees stock option scheme	20.48	29.40
Dividend income on non current (trade) investment	(200.00)	(200.00)
Operating profit before working capital changes	**28,077.32**	**21,427.06**
Changes in working capital		
Decrease/(Increase) in Inventories	(1,847.08)	(1,895.86)
Decrease/(Increase) in Trade Receivables	(1,423.05)	(1,279.56)
Decrease/(Increase) in current financial assets (loans)	424.95	10,950.82
Decrease/(Increase) in current financial assets (Others)	(321.38)	(35.13)
Decrease/(Increase) in other current assets	(4,657.90)	7,076.66
Decrease/(Increase) in non-current financial assets (loans)	3,428.89	(713.77)
Decrease/(Increase) in other non-current assets	3,337.69	(7,556.26)
Increase/(Decrease) in non-current financial liabilities (others)	8.19	(53.59)
Increase/(Decrease) in other non-current liabilities	16.10	16.65
Increase/(Decrease) in long term provisions	143.47	119.41
Increase/(Decrease) in short term provisions	3,902.89	536.10
Increase/(Decrease) in current Trade Payables	2,881.16	931.32
Increase/(Decrease) in current financial liabilities (others)	470.59	67.55
Increase/(Decrease) in other current liabilities	753.51	(2,879.28)
Cash generated from operating activities before taxes	35,195.35	26,712.12
Net income tax paid	(3,566.88)	(1,511.41)
Net Cash flow from operating activities (A)	**31,628.47**	**25,200.71**
B. Cash flow from investing activities		
Additions in tangible assets	(2,299.17)	(1,876.44)
Additions in intangible assets	-	(22.62)
Sale of fixed assets	19.33	140.57
Investment in CWIP	(1,798.92)	(29.24)
Interest received	2,196.67	1,761.85
Dividend received	200.00	200.00
Capital expenditure on fixed assets including capital advances	(266.66)	46.21
Fixed deposits matured during the year	(127.26)	91.05
Investment in joint venture	(50.81)	(9.81)
Net Cash flow from Investing activities (B)	**(2,126.82)**	**301.57**

Consolidated Statement of Cash Flows for the year ended March 31, 2018 (Continued)

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
C. Cash flow from financing activities		
Increase/(Decrease) in share capital (including securities premium)	291.17	-
Net Loans (repaid) / taken	(21,272.91)	(14,087.87)
Dividend paid including Dividend Distribution Tax	(1,281.99)	(1,280.98)
Interest paid	(6,992.96)	(8,028.84)
Net Cash flow from financing activities (C)	**(29,256.69)**	**(23,397.69)**
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	**244.96**	**2,104.59**
Cash and cash equivalents at the beginning of the year	(31,422.99)	(33,527.58)
Cash and cash equivalents at the end of the year	**(31,178.03)**	**(31,422.99)**
Reconciliation of Cash and cash equivalents		
Cash in hand	17.96	25.92
Bank Balance		
In Current account	1,658.55	697.59
In term deposits	419.53	553.20
Cash Credit (repayable on demand)	(33,274.07)	(32,699.70)
Total Cash and Cash equivalents	**(31,178.03)**	**(31,422.99)**

Notes

1. The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.
2. Amendment to Ind AS 7: Effective April 1, 2017, the Group adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material effect on the consolidated financial statements.

As per our report of even date attached

For BGJC & Associates LLP
Chartered Accountants
Firm Registration No. 003304N

Darshan Chhajer
Partner
Membership Number: 088308

Place: New Delhi
Date: May 03, 2018

For and on behalf of Board of Directors

Dilip K. Banthiya
Chief Financial Officer

Dr. Lalit Khaitan
Chairman &
Managing Director

Amit Manchanda
Vice President Legal &
Company Secretary

Abhishek Khaitan
Managing Director

Ajay K. Agarwal
President (Finance & Accounts)

Director

Consolidated Statement of changes in equity

for the year ended March 31, 2018

A. EQUITY SHARE CAPITAL

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
At the beginning of the year	2,660.78	2,660.78
Changes in Equity Share capital during the year	5.37	
At the end of the year	**2,666.15**	**2,660.78**

B. OTHER EQUITY

(Rs. in Lakhs unless otherwise stated)

	Securities Premium Reserve	General Reserves	Employee Stock Options outstanding account	Retained Earnings	Total
Balance as at March 31, 2016	**37,469.28**	**40,000.00**	**54.85**	**17,545.12**	**95,069.25**
Profit/ (Loss) for the year (1)	-	-	-	8,016.78	-
Other Comprehensive Income/(loss) (2)	-	-	-	(82.92)	-
Total Comprehensive Income/ (loss) (1+2)	**-**	**-**	**-**	**7,933.86**	**7,933.86**
Dividends including Dividend Distribution Tax (Refer Note- 41)				(1,280.98)	(1,280.98)
Share based payments			29.40	-	29.40
Balance as at March 31, 2017	**37,469.28**	**40,000.00**	**84.25**	**24,198.00**	**101,751.53**
Profit/ (Loss) for the year (1)	-	-	-	12,396.14	-
Other Comprehensive Income / (loss) (2)	-	-	-	(153.23)	-
Total Comprehensive Income/ (loss) (1+2)	**-**	**-**	**-**	**12,242.91**	**12,242.91**
Dividends including Dividend Distribution Tax (Refer Note- 41)	-	-	-	(1,281.99)	(1,281.99)
Share based payments	337.17	-	(43.97)	13.09	306.29
Balance as at March 31, 2018	**37,806.45**	**40,000.00**	**40.28**	**35,172.00**	**113,018.73**

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For BGJC & Associates LLP
Chartered Accountants
Firm Registration No. 003304N

Darshan Chhajer
Partner
Membership Number: 088308

Place: New Delhi
Date: May 03, 2018

For and on behalf of Board of Directors

Dilip K. Banthiya
Chief Financial Officer

Dr. Lalit Khaitan
Chairman &
Managing Director

Amit Manchanda
Vice President Legal &
Company Secretary

Abhishek Khaitan
Managing Director

Ajay K. Agarwal
President (Finance & Accounts)

Director

Notes to the consolidated financial statements

for the year ended March 31, 2018

Background

Radico Khaitan Limited (the Company) is a company limited by shares, incorporated and domiciled in India. The Company is engaged in the manufacturing and trading of Alcoholic products such as Indian Made Foreign Liquor (IMFL), Alcohol, Country Liquor etc. The Company has its presence in India as well as various other global markets. The joint venture is in the business of manufacturing of potable and industrial alcohol and also bottling of IMFL for other brand owners, country liquor and allied activities.

Significant Accounting Policies

1.01. Basis of preparation

The consolidated financial statements of the Company, its joint venture (together referred to as the "Group"), comprising of Consolidated Balance Sheet and Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity, Statement of Consolidated Cash Flows together with the consolidated notes have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Effective March 31, 2016, the group has prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2018 has been prepared in accordance with Ind AS.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Defined benefit plans
- Share Based Payments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

1.02. Current versus non-current classification

The group presents assets and liabilities in the Balance Sheet based on current/non-current classification. An asset is treated as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.
A liability is current when:

- it is expected to be settled in normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has assumed twelve months as its operating cycle.

1.03. Fair value measurement

The group measures financial instruments, such as, derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1-Quoted (unadjusted) market prices in active markets for identical assets or liabilities,
- Level 2-Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable,
- Level 3-Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable,

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1.04. Foreign Currency Transactions

The consolidated financial statements are presented in INR, which is also its functional currency.

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the day of transaction. The outstanding liabilities/ receivables are translated at the year end rates.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss.

Non-monetary items denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction. Any gain or losses arising on translation or settlement are recognized in the Statement of Profit and Loss as per the requirements of Ind AS 21.

1.05. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government with an exception to excise duty. The group has concluded that it is the principal in all of its revenue arrangements with tie up units since the group is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. In arrangements with tie up units, revenue is recognised at gross value with corresponding cost being recognised under cost of production.

However, in case of revenue arrangements with royalty units, the group has concluded that it is acting as an agent in all such revenue arrangements since the company is not the primary obligor in all such revenue arrangements, has no pricing latitude and is not exposed to inventory and credit risks. The group earns fixed royalty for sales made of its products which is recognised as revenue.

The group has assumed that recovery of excise duty flows to the group on its own and liability for excise duty forms part of the cost of production, irrespective of whether the goods are sold or not. Revenue therefore includes excise duty.

Sale of goods: Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Interest income: For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the Statement of Profit and Loss.

Royalty: Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement

Export Incentives: Income from export incentives such as duty drawback etc. are recognised on accrual basis.

Dividend: Dividend is recognised when the right to receive the payment is established, which is generally when shareholders approve the dividend.

1.06. Excise Duty

In respect of stocks covered by Central Excise, excise duty is provided on closing stocks and also considered for valuation. In respect of country liquor and IMFL stocks, applicable State excise duty/ export duty is provided on the basis of state-wise dispatches identified. In the case of Rectified Spirit/ ENA, it is not ascertainable as to how much would be converted finally into country liquor or IMFL or sold as such and also to which particular state or exported outside India. Duty payable in such cases is not determinable (as it varies depending on the places and the form in which these are dispatched). Hence, the excise duty on such stocks lying in factory is accounted for on clearances of such goods. The method of accounting followed by the group has no impact on the financial statements of the year.

1.07. Government grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all attached conditions are complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the Statement of Profit and Loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual installments. When loans or similar assistance are provided by Governments or related institutions, with an interest rate lower than the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial instruments.

1.08. Taxes

Current Income Tax: Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax: Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss.

In respect of taxable temporary differences associated with interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable group and the same taxation authority.

1.09. Property, plant and equipment

Property, plant and equipment have been measured at fair value at the date of transition to Ind AS. The group recognised the fair value as deemed cost at the transition date, viz., 1 April 2015.

Assets are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Capital work in progress is stated at cost, less accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. When significant parts of plant and equipment are required to be replaced at intervals, the group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred. (Refer to note 1.23 regarding significant accounting judgements, estimates and assumptions).

Depreciation

Cost of leasehold land and leasehold improvements are amortised over the period of lease.

Depreciation is provided as per Schedule II to the Companies Act, 2013, on straight line method with reference to the useful life of the assets specified therein.

On additions costing less than Rs.5000, depreciation is provided at 100% in the year of addition.

The determination of the useful economic life and residual values of property, plant and equipment is subject to management estimation. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

1.10. Intangible assets

On transition to Ind AS, the group has elected to continue with the carrying value of all of intangible assets (except goodwill which was impaired) and use that carrying value as the deemed cost of intangible assets.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Amortization

Based on the anticipated future economic benefits, the life of Brands & Trade Marks are amortised over twenty years on straight line method.

Software are amortised over a period of three years on straight line method.

1.11. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an group incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

1.12. Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

1.13. Inventories

Finished goods and work-in-progress are valued at lower of cost or net realisable value. Cost includes cost of conversion and other expenses incurred in bringing the goods to their location and condition. Raw materials, packing materials, stores and spares are valued at lower of cost or net realisable value. Cost is ascertained on "moving weighted average" basis for all inventories.

1.14. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 01, 2015, the group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

The group as a lessee: A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the group's general policy on the borrowing costs (See note 1.11). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the lower of the estimated useful life of the asset and the lease term.

As on transition date, the group has newly classified a land lease as a finance lease and has recognised such asset and liability at fair value with differential being recognised in retained earnings.

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

Operating lease rentals are charged off to the Statement of Profit and Loss.

1.15. Impairment of non-financial assets

At each reporting date, the group reviews the carrying amount of it assets to determine whether there are any indication that those assets have suffered an impairment loss. If any such indication exists, recoverable amount of the assets is estimated in order to determine the extent of impairment loss.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

1.16. Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are recognized when the group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability and Contingent Assets: Contingent liabilities are not recognized but are disclosed where possibility of any outflow in settlement is remote. Contingent assets are not recognised but disclosed where an inflow of economic benefits is probable.

1.17. Employee benefits

Short-term obligations: Liabilities for salaries and wages, including non-monetary benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized up to the end of the reporting period and are measured at the amounts expected to be paid on settlement of such liabilities. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

Other long-term employee benefit obligations: The liabilities for earned and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the Balance Sheet since the group does not have an unconditional right to defer the settlement for atleast twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The group operates the following post-employment schemes:

- Defined benefit plans in the form of gratuity, and
- Defined contribution plans such as provident fund and superannuation fund

Gratuity obligations: The group operates a defined benefit gratuity plan for employees. The group has obtained group gratuity scheme policies from Life Insurance Corporation of India to cover the gratuity liability of these employees. The difference in the present value of the defined benefit obligation and the fair value of plan assets at the end of the reporting period is recognized as a liability or asset,

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

as the case may be, in the Balance Sheet. The defined benefit obligation is calculated annually on the basis of actuarial valuation using the projected unit credit method.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in OCI.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in statement of profit or loss as past service cost.

Defined contribution plans: The group makes contribution to statutory provident fund and pension funds as per local regulations. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.18. Share-based payments

Employees of the group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The fair value of the options granted is recognized as an employee benefits expense with a corresponding increase in equity. Total amount to be expensed is determined by reference to the fair value of the option granted:

- including any market performance conditions (e.g., the Company's share price),
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining and employee of the group over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holding shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in statement of profit or loss, with a corresponding adjustment to equity.

1.19. Earnings Per Share

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the group by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period adjusted for the effects of all dilutive potential equity shares.

1.20. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement: Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than those designated as fair value through profit or loss (FVTPL), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities recognised at FVTPL are recognized immediately in Statement of Profit and Loss.

A. Financial Assets

Subsequent measurement

Financial assets are subsequently classified as measured at:

- amortised cost
- fair value through other comprehensive income (FVTOCI)
- fair value through profit or loss (FVTPL)

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

Trade Receivables and Loans: Trade receivables are initially recognised at fair value. Subsequently these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses (ECL). The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument

Financial assets measured at amortised cost: A financial asset is measured at amortised cost if both the following conditions are met:

1. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

2. Contractual terms of the instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables, loans, etc.

Measured at fair value through other comprehensive income: Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

Measured at fair value through Profit or Loss: A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity investments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as FVTPL. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Derecognition: The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or the same are transferred.

Impairment of financial assets: Expected credit losses (ECL) are recognized for all financial assets subsequent to initial recognition other than financial assets in FVTPL category. For financial assets, as per Ind AS 109, the group recognises 12–month expected credit losses for all originated or acquired financial assets if at the reporting date. The credit risk of the financial asset has not increased significantly since its initial recognition. Expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

B. Financial liabilities

Subsequent measurement

- Financial liabilities are subsequently measured at amortised cost using the EIR method.
- Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Derecognition: A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

Reclassification of financial assets: No reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The group's senior management determines change in the business model as a result of external or internal changes which are significant to the group's operations. Such changes are evident to external parties. A change in the business model occurs when the group either begins or ceases to perform an activity that is significant to its operations. If the group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The group does not restate any previously recognised gains, losses (including impairment gains or losses).

C. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.21. Derivative financial instruments

The group uses derivative financial instruments, such as forward currency contracts, interest rate swaps to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

1.22. Cash and cash equivalents

Cash and cash equivalent in the Balance Sheet comprise balance at banks and cash on hand and short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible which are subject to an insignificant risk of changes in value.

1.23. Significant accounting judgements, estimates and assumptions

The preparation of the consolidation financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, contingent liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the accounting policies, management has made the following judgements, which have most significant effect on the amounts recognised in the separate financial statements:

a. Arrangement containing lease

The group applies Appendix C of Ind AS 17, "Determining Whether an Arrangement Contains a Lease", to contracts entered with contract bottling units. Appendix C deals with the method of identifying and recognizing service, purchase and sale contracts that do not take the legal form of a lease but convey a right to use an asset in return for a payment or series of payments. The group has determined that where the capacity utilisation by the group is less the 100% and others take more than an insignificant amount of output, the arrangement does not contain leases. Where the group utilise 100% capacity and others take less than an insignificant output the agreement contains lease. However, based on an evaluation of the terms and conditions of the arrangements, the group has concluded that these contracts are in the nature of operating leases.

b. Revenue recognition

The group assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent. The group has generally concluded that it is acting as a principal in all its revenue arrangements.

When deciding the most appropriate basis for presenting revenue or costs of revenue, both

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

the legal form and substance of the agreement between the group and its business partners are reviewed to determine each party's respective role in the transaction.

Where the group's role in a transaction is that of a principal, revenue is recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, net off sales tax/VAT/GST, trade discounts and rebates but inclusive of excise duty with any related expenditure charged as an operating cost.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The group based its assumptions and estimates on parameters available when the group financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the group. Such changes are reflected in the assumptions when they occur.

a. **Impairment reviews**

At each reporting date, the group reviews the carrying amount of its non-financial assets to determine whether there are any indication that those assets have suffered an impairment loss. If any such indication exists, recoverable amount of the assets is estimated in order to determine the extent of impairment loss.

Impairment reviews in respect of the relevant CGUs are performed at least annually or more regularly if events indicate that this is necessary.

Impairment reviews are based on discounted future cash flows. The future cash flows which are based on business forecasts, the long-term growth rates and the pre-tax discount rates, that reflects the current market assessment of the time value of money and the risk specific to the asset or CGU, used are dependent on management estimates and judgements. Future events could cause the assumptions used in these impairment reviews to change.

b. **Allowance for uncollectible account receivables and advances**

Trade receivables and certain financial assets do not carry any interest unlike other interest bearing financial assets viz intercorporate deposits. Such financial assets are stated at their carrying value as reduced by impairment losses determined in accordance with expected credit loss. Allowance as per expected credit loss model is based on simplified approach which is based on historically observed default rates and changed as per forward-looking estimates. In case of trade receivables group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables which is also based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. The actual loss could differ from the estimate made by the management.

c. **Taxes**

The group is subject to income tax laws as applicable in India. Significant judgement is required in determining the provision for taxes as the tax treatment is often by its nature complex, and cannot be finally determined until a formal resolution has been reached with the relevant tax authority which may take several years to conclude. Amounts provided are accrued based on management's interpretation of country specific tax laws and the likelihood of settlement. The group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Actual liabilities could differ from the amount provided which could have a consequent adverse impact on the results and net position of the group.

d. **Pension and post-retirement benefits**

The cost of defined benefit plans viz. gratuity, provident fund, leave encashment, etc. are determined using actuarial assumptions. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about defined benefit plans are given in note no. 54.

e. **Depreciation / amortisation and useful lives of property plant and equipment / intangible assets**

Property, plant and equipment / intangible assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the group's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

1.24. RECENT ACCOUNTING DEVELOPMENTS

Standards issued but not yet effective: In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Appendix B to Ind AS 21, Foreign currency transactions and advance consideration and Ind AS 115- Revenue from Contract with Customers:.' The amendments are applicable to the Company from April 1, 2018.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The group has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition: • Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors • Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The group will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

2. Property, plant and equipment

(Refer notes 1.09 and 1.10)

(Rs. in Lakhs unless otherwise stated)

Description of Assets	Gross Block				Depreciation				Net Block
	As at April 01, 2017	Additions	Deductions	As at March 31, 2018	Up to March 31,2017	For the year	Written back	Up to March 31,2018	As at March 31,2018
Tangible Assets									
Freehold land	12,916.29	11.21	-	12,927.50	-	-	-	-	12,927.50
Leasehold land	3,467.56	-	-	3,467.56	91.86	45.93	-	137.79	3,329.77
Buildings	8,681.49	179.76	-	8,861.25	778.14	359.47	-	1,137.61	7,723.64
Plant & equipments	49,392.02	1,907.83	533.64	50,766.21	6,339.89	3,170.92	523.02	8,987.79	41,778.42
Office equipments	96.02	32.08	10.86	117.24	43.77	26.12	8.74	61.15	56.09
Furniture & fittings	164.72	17.24	-	181.96	68.50	20.75	-	89.25	92.71
Vehicles	932.17	100.00	143.67	888.50	133.02	127.48	114.44	146.06	742.44
Leasehold improvements	136.67	51.05	-	187.72	44.56	24.64	-	69.20	118.52
	75,786.94	**2,299.17**	**688.17**	**77,397.94**	**7,499.74**	**3,775.31**	**646.20**	**10,628.85**	**66,769.09**
Intangible Assets									
Brands & trade marks	2,552.26	-	-	2,552.26	573.80	215.75	-	789.55	1,762.71
Software	394.96	-	-	394.96	278.61	98.96	-	377.57	17.39
	2,947.22	**-**	**-**	**2,947.22**	**852.41**	**314.71**	**-**	**1,167.12**	**1,780.10**
Total	**78,734.16**	**2,299.17**	**688.17**	**80,345.16**	**8,352.15**	**4,090.02**	**646.20**	**11,795.97**	**68,549.19**

Description of Assets	Gross Block				Depreciation				Net Block
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017	Up to March 31, 2016	For the year	Written back	Up to March 31, 2017	As at March 31, 2017
Tangible Assets									
Freehold land	12,874.01	42.28	-	12,916.29	-	-	-	-	12,916.29
Leasehold land	3,467.56	-	-	3,467.56	45.93	45.93	-	91.86	3,375.70
Buildings	8,630.49	51.00	-	8,681.49	407.57	370.57	-	778.14	7,903.35
Plant & equipments	48,495.27	1,107.60	210.85	49,392.02	3,206.24	3,150.06	16.41	6,339.89	43,052.13
Office equipments	54.57	43.70	2.25	96.02	27.45	17.44	1.12	43.77	52.25
Furniture & fittings	149.31	15.41	-	164.72	38.60	29.90	-	68.50	96.22
Vehicles	500.39	616.45	184.67	932.17	108.66	119.25	94.89	133.02	799.15
Leasehold improvements	136.67	-	-	136.67	24.15	20.41	-	44.56	92.11
	74,308.27	**1,876.44**	**397.77**	**75,786.94**	**3,858.60**	**3,753.56**	**112.42**	**7,499.74**	**68,287.20**
Intangible Assets									
Brands & trade marks	2,552.26	-	-	2,552.26	286.90	286.90	-	573.80	1,978.46
Software	372.34	22.62	-	394.96	148.75	129.86	-	278.61	116.35
	2,924.60	**22.62**	**-**	**2,947.22**	**435.65**	**416.76**	**-**	**852.41**	**2,094.81**
Total	**77,232.87**	**1,899.06**	**397.77**	**78,734.16**	**4,294.25**	**4,170.32**	**112.42**	**8,352.15**	**70,382.01**

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

3. Investment in a joint venture

(Rs. in Lakhs unless otherwise stated)

Unquoted Investments	March 31, 2018	March 31, 2017
Equity Shares (at cost)		
Radico NV Distilleries Maharashtra Limited - 26,59,500 (previous year: 26,59,500) equity shares of Rs. 100 each, fully paid up	13,538.53	13,538.53
Add: Group's share of profit/reserve	1,472.93	1,423.63
	15,011.46	**14,962.16**
Preference Shares (at amortised cost)		
Radico NV Distilleries Maharashtra Limited - 20,00,000 (previous year: 20,00,000) 10% cumulative, non-convertible preference shares of Rs.100 each, fully paid up	2,000.00	2,000.00
	17,011.46	**16,962.16**
Aggregate amount of unquoted investments	17,011.46	16,962.16
Aggregate amount of impairment in value of investments.	-	-

4. Investment in Others (Unquoted at FVTPL)

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
New Urban Cooperative Bank Ltd. - 2,388 (previous year: 2,388) equity shares of Rs. 25 each, fully paid up	0.60	0.60
	0.60	**0.60**
Aggregate amount of unquoted investments	0.60	0.60
Aggregate amount of impairment in value of investments.	-	-

5. Loans

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
(Unsecured- Considered good unless otherwise stated)		
Security Deposits	2,901.30	6,330.19
	2,901.30	**6,330.19**

6. Others

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Interest accrued on- term deposits	2.67	4.23
Balances with banks (Refer note-12)	214.84	87.58
	217.51	**91.81**

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

7. Other non-current assets

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Capital Advances	3,328.34	3,061.68
Advances other than capital advances		
Advances recoverable	6,245.31	8,327.08
Prepaid Assets	421.64	1,677.56
	9,995.29	**13,066.32**

8. Inventories

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
(Refer note-1.13 on valuation of inventories)		
Raw materials	6,733.72	10,795.14
Work-in-progress	2,266.89	2,306.31
Finished goods *	15,396.54	10,234.16
Stock-in-trade	376.34	356.42
Stores & spares	2,471.50	1,708.46
Packing materials	3,964.83	3,956.72
Goods in transit - Raw material	0.64	6.17
	31,210.46	29,363.38
Less: Provision for obsolete and non-moving inventories	124.78	60.06
	31,085.68	**29,303.32**

Amount recognised in statement of profit and loss
Write-downs of inventories to net realisable value resulted in net loss/(gain) of Rs. 64.72 lakhs (previous year Rs.1.88 lakhs). These were recognised as an expense/income during the year in the Statement of Profit and Loss.

* Includes provision for excise duty Rs. 7471.84 lakhs (previous year Rs. 3610.97 lakhs)

9. Investments (Unquoted at FVTPL)

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Certificate of deposit with a financial institution	5000	5000
	5000	**5000**
Aggregate amount of unquoted investments	5000	5000
Aggregate amount of impairment in value of investments	-	-

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

10. Trade Receivables

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Unsecured, considered good	65,764.06	71,388.89
Doubtful	1,230.00	1,925.00
	66,994.06	**73,313.89**
Less: Allowance for expected credit losses	(3,992.99)	(10,912.82)
	63,001.07	**62,401.07**

11. Cash and Cash Equivalents

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Balances with banks in current accounts	1,658.55	785.17
Cash on hand	17.96	25.92
	1,676.51	**811.09**

12. Bank Balances other than Cash and Cash Equivalent

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Balances with banks		
In unpaid dividend accounts	139.39	130.07
In term deposits #	634.37	553.20
Deposits with more than 12 months maturity (Refer note-6)	(214.84)	(87.58)
	558.92	**595.69**
# Deposit are:		
Under lien with Government departments and banks as security	634.37	553.20

13. Loans

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
(Unsecured- Considered good, unless otherwise stated)		
Security Deposits	909.51	1,102.49
Loans and advances to related parties		
Radico NV Distilleries Maharashtra Limited (Joint Venture)	0.12	28.35
Others		
Advances recoverable	749.57	758.31
Inter corporate deposits (Refer note-55)	9,890.00	10,085.00
	11,549.20	**11,974.15**
Less: Allowance for expected credit losses	(6,100.00)	(6,100.00)
	5,449.20	**5,874.15**

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

14. Others

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Dividend accrued on preference share	400.00	400.00
Accrued export incentives	510.22	1,096.85
Other balances recoverable from Statutory/ Government authorities	1,036.18	128.17
Interest accrued on		
term deposits	27.19	36.98
loans and advances	1,462.90	1,301.43
Less: Allowance for expected credit losses	(928.10)	(928.10)
	2,508.39	**2,035.33**

15. Current Tax assets

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Income Tax (Net of provisions)	2.27	413.51
	2.27	**413.51**

16. Other current assets

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
(Unsecured - Considered good)		
Advances recoverable in kind	1,704.49	1,677.97
Others		
Amount paid under protest	195.57	197.59
Claims and duties adjustable from Excise Department	7,615.58	4,758.25
Advances recoverable	2,746.46	1,164.69
Prepaid assets	2,350.14	2,155.84
	14,612.24	**9,954.34**

17. Equity share capital

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Authorised		
17,00,00,000 (Previous year 17,00,00,000) equity shares of Rs. 2/- each	3,400.00	3,400.00
60,00,000 (Previous year 60,00,000) preference shares of Rs. 100/- each	6,000.00	6,000.00
	9,400.00	**9,400.00**
Issued, subscribed and fully paid		
13,33,07,265 (previous Year13,30,38,765) equity shares of Rs. 2/- each	2,666.15	2,660.78
	2,666.15	**2,660.78**

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

a. The Radico Khaitan Ltd. has issued only one class of shares, referred to as equity shares having a par value of Rs. 2/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Radico Khaitan Ltd., the holders of equity shares will be entitled to receive remaining assets of the Radico Khaitan Ltd., after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b. Reconciliation of the number of shares

	No. of Shares	No. of Shares
Outstanding at the beginning of the year	133,038,765	133,038,765
Add: Issued during the year	268,500	-
Outstanding at the end of the year	**133,307,265**	**133,038,765**

c. Details of shareholders holding more than 5% of total equity shares of the Radico Khaitan Ltd.

		No. of Shares		No. of Shares
Sapphire Intrex Ltd.*	34.04%	45,379,098	34.11%	45,379,098
Reliance Capital Trustee Company Ltd.	-	-	9.59%	12,757,960
TIMF Holdings	6.06%	8,081,575	6.99%	9,293,781

* Name of Shailaja Finance Limited has been changed as Sapphire Intrex Ltd. on dated July 17, 2017.

d. Shares reserved for issue under options: ESOPs

The Radico Khaitan Ltd. established Employee Stock Options Plan, duly approved by the shareholders in the meeting held on May 25, 2006 which was effective from July 25, 2006. Accordingly, the Radico Khaitan Ltd. has granted 42,80,000 equity options up to March 31, 2018 which will get vested over a period of 4 years from the date of the grant. The employees have the options to exercise the right within a period of 3 years from the date of vesting. The compensation cost of stock options granted to employees are accounted by the Radico Khaitan Ltd. using the fair value method.

e. Summary of Stock Option

	No. of Stock Options	No. of Stock Options
Option granted up to the year end	4,280,000	4,280,000
Options forfeited up to the year end	1,741,451	1,583,326
Options exercised up to the year end	2,172,049	1,903,549
Option outstanding at the year end	366,500	793,125
Exercise price (weighted average)	Rs. 84.02	Rs. 80.58

In respect of Options granted under the Employee Stock Options plan, in accordance with the guidelines issued by SEBI, the accounting value of the options is accounted as deferred employee compensation, which is amortized on a straight line basis over the period between the date of grant of options and eligible dates for conversion into equity shares. Consequently, Employee benefits expense (Refer note-34) includes Rs. 20.48 lakhs debit (previous year Rs. 29.40 lakhs debit) being the amortisation of deferred employee compensation.

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

18. Other Equity

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Reserves & Surplus		
Retained Earning / Surplus	35,172.00	24,198.00
Securities Premium Reserve	37,806.45	37,469.28
General Reserve	40,000.00	40,000.00
Employee Stock Options Outstanding Account	40.28	84.25
	113,018.73	**101,751.53**

Refer statement of changes in equity for detailed movement in above reserves and surplus.

19. Borrowings

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Term Loans - Secured #		
Rupee loans from banks	4,810.20	6,773.06
Rupee loans from others	587.47	1,764.71
Foreign currency loans from banks (ECB)	5,027.29	16,275.15
	10,424.96	**24,812.92**
Less: Shown in current maturities of long-term debt (Refer note- 26)		
Rupee loan from banks	1,351.07	1,968.33
Rupee loans from others	588.24	1,176.47
Foreign currency loans from banks	5,045.86	11,337.35
	6,985.17	**14,482.15**
	3,439.79	**10,330.77**

 # Notes

1. The above loans are secured by a pari-passu first charge on fixed assets (Property, Plant and Equipment excluding Intangible assets) of the group, both present and future. Vehicle loans are secured by respective vehicles.
2. Terms of repayment are as follows:

(Rs. in Lakhs unless otherwise stated)

		Year of Maturity	Outstanding as at 31.03.2018	Outstanding as at 31.03.2017
IDBI Bank Ltd		July 2017	-	625.00
State Bank of Hyderabad		Aug 2017	-	619.72
Lakshmi Vilas Bank		Sep 2021	4,375.00	4,999.80
HDFC Bank		Jan 2022	435.20	528.54
Aditya Birla Finance Ltd.		Aug 2018	587.47	1,764.71
ICICI Bank Ltd (ECB): Outstanding	$15.00 lakhs	April 2018	975.66	4,668.38
ICICI Bank Ltd (ECB): Outstanding	$43.83 lakhs	July 2018	2,832.05	7,959.60
State Bank of India (ECB): Outstanding	$18.75 lakhs	July 2018	1,219.58	3,647.17
			10,424.96	**24,812.92**

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

20. Others (at amortised cost)

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Security Payable	68.19	60.00
	68.19	**60.00**

21. Provisions

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Provision for employee benefits		
Leave encashment	980.60	837.13
	980.60	**837.13**

22. Deferred Tax Liabilities (Net) (Refer note-43)

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Deferred Tax Liabilities	11,905.45	12,624.68
Deferred Tax Assets	(2,500.07)	(5,543.52)
MAT Credit Entitlement	(153.00)	(153.00)
Deferred Tax Liability (Net)	**9,252.38**	**6,928.16**

23. Other non-current liabilities

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Present value of future lease payments	2.54	2.47
Other Payable	32.61	16.58
	35.15	**19.05**

24. Borrowings

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Secured - from Banks #		
Cash credit (repayable on demand)	33,274.07	32,699.70
Rupee loans *	6,006.03	11,890.97
Unsecured- from Banks		
Rupee loans	9,499.99	10,500.00
	48,780.09	**55,090.67**

Secured by hypothecation of inventories and trade receivables. Further secured by a second charge on fixed assets of the group.

Non-fund based facilities provided by banks are also secured by second charge on the fixed assets (Property, Plant and Equipment) of the group.

* Under the "Receivable buyout" facility sanctioned by IDBI Bank Ltd. against trade receivables.

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

25. Trade Payables

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Outstanding dues of micro and small enterprises #	-	-
Others	21,413.50	18,532.34
	21,413.50	**18,532.34**

The group has not received information from suppliers or service providers, whether they are covered under Micro, Small and Medium Enterprises (Development) Act, 2006 and hence it has not been possible to ascertain the required information relating to amounts unpaid, if any, as at year end together with interest paid or payable to them.

26. Other (Financial liability carried at amortised cost)

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Current maturities of long-term debt		
Rupee loan from banks	1,351.07	1,968.33
Rupee loan from others	588.24	1,176.47
Foreign currency loans from banks	5,045.86	11,337.35
Interest accrued but not due on borrowings	52.93	150.97
Interest accrued and due on borrowings	147.49	217.99
Security Payable	1,028.29	557.70
Unclaimed dividends #	139.03	129.70
	8,352.91	**15,538.51**

This does not include any amount due and outstanding, to be credited to the Investor Education and Protection Fund.

27. Provisions

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
For employee benefits		
Gratuity (Refer note-54)	348.21	110.83
Leave encashment	336.88	292.87
For excise/custom duty on closing stock	7,471.84	3,610.97
Other contingencies	-	7.36
	8,156.93	**4,022.03**

28. Other Current Liabilities

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
On account of capital goods/ services	971.18	831.65
Advances from customers and others	3,764.35	4,065.79
Other payables		
Accrued salary and benefits	489.82	508.34
Statutory dues	3,198.92	2,264.98
	8,424.27	**7,670.76**

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

29. Revenue from Operations

(Refer note-1.05 on revenue recognition)

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Sale of		
Alcohol and other alcoholic products	614,810.55	475,487.01
Pet bottles & caps	4,440.98	4,889.93
Jaivik khad	241.04	245.45
Others	759.18	612.57
Sale of traded goods		
Indian Made Foreign Liquor	2,024.68	829.70
Income from Traded Goods	516.86	306.88
Imported Liquor	697.29	730.13
Royalty Income	954.37	685.36
Other operating revenues		
Export incentives	429.86	1,211.69
SAD refund	2.57	15.51
Scrap sales	2,159.05	1,781.22
	627,036.43	**486,795.45**

30. Other Income

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Interest income on		
Term deposit with banks and financial institutions	494.03	510.48
Loans (including inter corporate deposits)	395.80	436.82
Deferred income on deposit	1,456.96	657.70
Interest on income tax refunds	-	18.64
Dividend income on non-current (trade) investments	200.00	200.00
Other non-operating income		
Profit on sale of fixed assets	4.73	45.97
Excess provisions written back	77.32	40.46
Miscellaneous income	38.18	54.58
	2,667.02	1,964.65

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

31. Cost of Materials Consumed

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Raw Materials		
Opening Stock	10,795.14	8,904.20
Add: Purchases	43,854.75	53,967.70
	54,649.89	62,871.90
Less: Closing Stock	6,733.72	10,795.14
Raw material consumed	47,916.17	52,076.76
Packing materials consumed	46,003.93	38,168.89
	93,920.10	**90,245.65**

32. Purchase of Traded Goods

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Indian Made Foreign Liquor	2,084.32	871.14
Imported Liquor	469.80	581.54
	2,554.12	**1,452.68**

33. Change in inventories of finished goods, stock-in-trade and work-in-progress

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Opening Stock		
Stock-in-trade	356.42	335.17
Finished goods	10,234.16	9,888.94
Work-in-progress	2,306.31	2,231.14
	12,896.89	**12,455.25**
Less : Closing Stock		
Stock-in-trade	376.34	356.42
Finished goods	15,396.54	10,234.16
Work-in-progress	2,266.89	2,306.31
	18,039.77	12,896.89
Increase / (Decrease) of excise duty on Finished Goods	3,889.63	883.71
	(1,253.25)	**442.07**

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

34. Employee benefits expense

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Salaries, wages and allowances	14,170.26	12,957.78
Contribution to provident and other funds	692.15	593.32
Gratuity	155.58	129.45
Employee stock options scheme (Refer note-17)	20.48	29.40
Staff welfare expenses	458.37	407.33
	15,496.84	**14,117.28**

35. Finance costs

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Interest expense	6,632.97	7,855.40
Other borrowing costs	191.45	183.00
	6,824.42	**8,038.40**

36. Depreciation and amortization expense

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Depreciation on tangible assets	3,775.31	3,753.56
Amortisation of intangible assets	314.71	416.76
	4,090.02	**4,170.32**

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

37. Other expenses

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Power and fuel	3,547.39	2,775.15
Stores and spares consumed	2,112.81	2,799.52
Repairs and maintenance		
Building	132.80	116.98
Plant and equipment	1,695.43	1,469.31
Others	231.01	218.51
Machinery and other hire charges	4.62	4.40
Insurance	558.97	484.50
Rent	774.71	665.49
Rates and taxes	4,566.80	4,446.16
Travelling		
Directors	131.48	107.52
Others	1,148.61	1,110.42
Directors' fee	19.30	18.66
Foreign exchange fluctuations (net)	(324.86)	(84.25)
Provision for Non-moving/ obsolete Inventory	64.72	1.88
Charity and donation	14.28	10.07
Corporate Social Responsibility Expenses (Refer note-48)	216.43	142.11
Provision for Expected Credit Losses (Net)	892.23	(1.29)
Bio composting expenses	162.13	80.81
Professional Fee & retainership expenses	418.17	460.92
Communication	158.19	195.18
Sundry balances written off	8.14	12.80
Loss on sale / write off of assets	27.37	190.75
Bank charges	35.60	34.41
Other overheads	4,298.85	3,324.11
Bottling Charges	2,101.64	2,232.12
Selling and distribution:		
Freight outwards	8,619.28	8,023.41
Supervision charges after sales	591.38	670.75
Supervision charges to supervisors	1,033.87	770.74
Rebate discount and allowance	2,609.62	2,269.59
Advertisement & sales promotion	8,732.43	8,052.59
	44,583.40	**40,603.32**

38. Other comprehensive income

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Items that will not be reclassified to profit or loss		
Actuarial (Gain) / loss on employee benefits	(232.01)	(120.68)
	(232.01)	**(120.68)**

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

39. Contingent Liabilities and commitments

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Capital Commitments		
Estimated amount of Capital commitments (Net of advances)	1,241.48	638.84
Contingent Liabilities not provided for:		
i. Claims against the Group, not acknowledged as debts		
a. Disputed liability relating to ESI Contribution	0.89	0.89
b. Disputed liability relating to PF contribution of contractor labour	33.04	33.04
c. Disputed liability relating to payment of late re-calibration fees on verification and stamping of manufacturing vats/ tanks installed at distillery.	88.00	88.00
d. Disputed VAT/Sales/Entry Tax matters under appeal	136.24	138.27
e. Disputed Excise matters	174.06	159.75
f. Disputed Stamp duty claim arising out of amalgamation, being contested	80.00	80.00
g. Disputed customs duty	10.73	10.73
h. Disputed demands on account of service tax including interest and penalty thereon for the period July 2003 to March 2012, being contested and under appeal	140.39	140.39
	663.35	**651.07**

ii. Madhya Pradesh State Industrial Development Corporation Ltd. in February 2007 demanded a sum of Rs.168.09 lakhs besides unspecified expenses arising out of the alleged non compliance of conditions relating to its holding of shares in Abhishek Cement Ltd, prior to its merger with Radico Khaitan Ltd. in the financial year 2002-03. The writ petition filed by Radico Khaitan Ltd. before Madhya Pradesh high court has been partly allowed by confirming the recovery of Rs. 167.32 lakhs against the Radico Khaitan Ltd. However, the division bench of Madhya Pradesh High court has stayed the recovery proceedings initiated by local collector office. The court has ordered to maintain Rs. 100 lakhs in State Bank of India till the final adjudication of the matter. The matter is since sub-judice.

iii. As a result of certain dispute between the Income Tax Department and Andhra Pradesh State Breweries Corporation Ltd (APBCL), the Department had attached the stocks lying with APBCL. Later on in the writ petition filed by the Radico Khaitan Ltd. and on direction of Andhra Pradesh High Court the stock was sold and proceeds remitted back to the Radico Khaitan Ltd. However in subsequent development on appeal by the Income Tax Department, the Division Bench ordered for redeposit of sales proceeds back to the separate account directed to be maintained by the Court. The Radico Khaitan Ltd. has filed an appeal before the Hon'ble Supreme Court which stayed the re-deposit of sales proceeds. The amount of sales proceeds aggregating to Rs.588.09 lakhs may have to be redeposited back by the Radico Khaitan Ltd., till the disposal of the matter by the appropriate court. However, the same is recoverable from APBCL.

In respect of the items above (i), (ii) and (iii), future cash outflows are determinable only on receipt of judgements / decisions pending at various forums / authorities.

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
iv. Commitments:		
Leases		
A. Operating lease arrangements-group as lessee		
The group has entered into operating leases on building and plant and machinery with lease terms between one to ten years.		
i. The group has paid towards minimum lease payment.	804.58	669.89
ii. Future minimum rentals payable under non-cancellable operating leases as at March 31 are, as follows:		
Not later than one year	805.47	663.04
Later than one year but not later than five years	1321.18	1,170.00
Later than five years	-	-

B. Finance lease arrangements

The group has finance leases arrangements for leasehold land for multiple decades. The group's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases arrangements together with the present value of the net minimum lease payments are as follows:

	March 31, 2018		March 31, 2017	
	MLP	Present value of MLP	MLP	Present value of MLP
Within one year	0.27	0.24	0.25	0.22
After one year but not more than five years	1.08	0.73	1.06	0.71
More than five years	39.47	1.48	40.28	1.41
	40.82	2.45	41.59	2.34

40. In the opinion of the Management and to the best of their knowledge and belief, the value on realisation of current/ non current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the financial statements.

41. Dividend on Equity Shares

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Dividend on Equity Shares declared and paid during the year		
Dividend of Rs. 0.80 per share for financial year 2016-17	1,065.15	1,064.31
Dividend Distribution Tax	216.84	216.67
	1,281.99	**1,280.98**
Proposed dividends on Equity shares not recognised as liability		
Dividend of Rs. 1.00 per share for financial year 2017-18	1,333.07	1,064.31
Dividend Distribution Tax	274.02	216.67
	1,607.09	**1,280.98**

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including Dividend Distribution Tax thereon) as at March 31. All proposed dividends were approved as proposed and paid in subsequent year.

42. Earnings per equity share (EPS)

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the group by the weighted average number of Equity shares outstanding during the year (Amount in INR)	9.30	6.03
Diluted EPS is calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares (Amount in INR).	9.29	6.01
The following reflects the income and share data used in the basic and diluted EPS computations:		
Profit attributable to equity holder for basic earnings	**12,396.14**	**8,016.78**
Effect of dilution:		
Share options	20.48	29.40
Profit attributable to equity holders adjusted for the effect of dilution	**12,416.62**	**8,046.18**
Weighted average number of Equity shares for basic EPS	**133,307,265**	**133,038,765**
Effect of dilution:		
Share options	366,500	793,125
Weighted average number of Equity shares adjusted for the effect of dilution	**133,673,765**	**133,831,890**

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

43. Income Tax

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
The major components of Income Tax expense		
Current Income Tax:		
Current income tax charge	3,978.12	1,402.00
Adjustments in respect of current income tax of previous year	-	4.34
Total (A)	**3,978.12**	**1,406.34**
Deferred Tax:		
Relating to origination and reversal of temporary differences	2,404.51	1,471.75
Total (B)	**2,404.51**	**1,471.75**
OCI section		
Deferred tax related to items recognised in OCI during the year:		
Net loss/(gain) on re-measurements of defined benefit plans	(80.29)	(41.76)
Income tax charged to OCI	**(80.29)**	**(41.76)**
Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for:-		
Differential tax impact for land indexation at a rate different from the statutory rate	112.50	44.64
Differential impact of deferred tax arising during tax holiday period	38.17	35.48
Amortisation of certain assets not claimed as deduction under tax	32.49	31.88
Differential impact of provisions	8.05	571.66
Loss on sale of fixed assets (net)	(7.83)	(50.11)
Deduction claimed in Tax but not in books	141.03	308.35
Others	(225.67)	(52.87)
Total (C)	**98.74**	**889.02**
Total (A)+ (B)+ (C)	**6,481.37**	**3,767.11**
Accounting profit before tax	18,727.96	10,885.06
Income tax calculated at India's statutory Income Tax Rate	6,481.37	3,767.10
Total	**6,481.37**	**3,767.10**

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

Deferred tax

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Deferred tax relates to the following:		
Fair valuation of property, plant and equipment	(11,631.48)	(12,014.08)
Other Ind-AS adjustments (security deposit, corporate guarantee etc.)	993.79	1,343.96
Provision created under Expected credit loss	1,381.89	3,776.71
Tax holiday units	(149.58)	(187.75)
Mat Credit Entitlement	153.00	153.00
Net deferred tax assets/(liabilities)	**(9,252.38)**	**(6,928.16)**
Reflected in the balance sheet as follows:		
Deferred tax assets (continuing operations)	2,500.07	5,543.52
Deferred tax liabilities (continuing operations)	(11,905.45)	(12,624.67)
Mat Credit Entitlement	153.00	153.00
Deferred tax liabilities (net)	**(9,252.38)**	**(6,928.16)**
Reconciliation of deferred tax liabilities (net):		
Opening balance	6,928.16	5,498.17
Tax income/(expense) during the year recognised in profit or loss	2,404.51	1,471.75
Tax income/(expense) during the year recognised in OCI	(80.29)	(41.76)
Closing balance	**9,252.38**	**6,928.16**

The group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

Amount of MAT credit available which can be set off against future taxable profits where group is required to pay taxes in accordance with normal provisions of Income Tax Act 1961. 153.00 153.00

During the year ended March 31, 2018 and March 31, 2017, the group has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The group believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

44. List of Investment

	March 31, 2018	March 31, 2017
	Joint Venture	**Joint Venture**
i. The name of Investee	Radico NV Distilleries Maharashtra Limited	Radico NV Distilleries Maharashtra Limited
ii. The principal place of business	Aurangabad	Aurangabad
iii. The ownership interest held	36%	36%
iv. The method used to account for the investment	Accounted at cost	Accounted at cost

45. Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the Chief Operating Decision Maker, in deciding how to allocate resources and assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Based on the management approach as defined in Ind AS 108, the Chief Operating Decision Maker evaluates the group's performance based on only one segment i.e. manufacturing and trading in Liquor & Alcohol.

46. Related party transactions and disclosures

01. Related parties and their relationship:

i. Key Management personnel:
   1. Dr. Lalit Khaitan, Chairman & Managing Director
   2. Mr. Abhishek Khaitan, Managing Director
   3. Mr. K. P. Singh, Whole Time Director

ii. Relatives of Key Management personnel:
   1. Mrs. Deepshikha Khaitan (Wife of Mr. Abhishek Khaitan)
   2. Ms. Shailja Devi (Women Director and Daughter of Dr. Lalit Khaitan)

iii. Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise:
   1. Sapphire Intrex Ltd.*
   2. The Rampur Distillery & Chemical Company Ltd. (Employees P. F. Trust)
   3. The Rampur Distillery & Chemical Company Ltd. (Employees Group Gratuity Trust)
   4. The Rampur Distillery & Chemical Company Ltd. (Employees Superannuation Scheme)

* Name of Shailaja Finance Limited has been changed as Sapphire Intrex Ltd. on dated July 17, 2017.

iv. Joint Ventures:
   1. Radico NV Distilleries Maharashtra Limited

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

02. Transaction with above in the ordinary course of business :

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Key Management Personnel:		
Dr. Lalit Khaitan, Chairman & Managing Director		
Remuneration		
Salary and Allowances	475.72	443.34
Contribution to Provident and other Funds.	34.23	30.56
Value of benefits, calculated as per Income Tax Rules	28.19	24.56
Mr. Abhishek Khaitan, Managing Director		
Remuneration		
Salary and Allowances	452.47	419.56
Contribution to Provident and other Funds.	32.92	29.22
Value of benefits, calculated as per Income Tax Rules	21.74	19.89
Mr. K. P. Singh, Whole Time Director		
Remuneration		
Salary and Allowances	169.35	160.00
Contribution to Provident and other Funds.	6.49	6.04
Value of benefits, calculated as per Income Tax Rules	38.26	1.70
Relatives of Key Management personnel:		
Mrs. Deepshikha Khaitan (wife of Mr. Abhishek Khaitan)		
Remuneration		
Salary and Allowances	11.60	11.60
Contribution to Provident and other Funds.	1.95	1.95
Value of benefits, calculated as per Income Tax Rules	1.70	0.91
Ms. Shailja Devi (Woman Director and Daughter of Dr. Lalit Khaitan)		
Sitting Fees	0.95	1.35
Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise:		
1. Sapphire Intrex Ltd.		
Security Receivable	60.00	60.00
Rent Paid (excluding Service Tax / GST borne by the Group)	65.69	64.92
Contribution paid		
2. The Rampur Distillery & Chemical Company Ltd (Employees P. F. Trust)	433.59	393.81
3. The Rampur Distillery & Chemical Company Ltd. (Employees Group Gratuity Trust)	387.59	250.13
4. The Rampur Distillery & Chemical Company Ltd. (Employees Superannuation Scheme)	97.24	89.19

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

Joint Venture

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Radico NV Distilleries Maharashtra Limited		
Sale of Goods	-	29.34
Loan Paid	-	1,000.00
Loan received	-	1,000.00
Lease rent paid	7.04	6.00
Reimbursement of IT support charges received	-	31.86
Bottling Charges Paid	407.15	310.84
Tie-up operation income	113.13	88.12
Dividend Income on Preference Shares	200.00	200.00
Purchase of material	2,734.75	2,551.50
Receivable	0.12	28.34
Payable	153.28	107.26
Dividend receivable	400.00	400.00
Investment in preference share & equity share	17,011.46	16,962.16

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no outstanding guarantees provided or received for any related party receivables or payables in the current financial year. For the year ended March 31, 2018, the group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: INR Nil). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.

47. Payment to Auditors

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
i. Audit Fee	25.50	25.50
ii. Limited Review Fee	12.00	12.00
iii. Service tax / GST on (i) and (ii) above	6.75	5.63
iv. Reimbursement of Out of Pocket Expenses (including taxes)	2.60	4.87
v. Other Services (Certification Fee including Taxes)	0.80	0.53
	47.65	**48.53**

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

48. Details of CSR expenditure

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018		March 31, 2017	
i. Gross amount required to be spent by the group (including carry forwarded unspent amount)	347.66			281.63
	In cash/ Payable	Yet to be paid in cash	In cash/ Payable	Yet to be paid in cash
ii. Amount spent during the year:				
For construction / acquisition of assets	-	-	-	-
For other purposes	216.43	-	142.11	-
iii. Unspent amount	131.23	-	139.52	-

49. Quantitative and other information

a. Particulars of Capacity and Production*

(Rs. in Lakhs unless otherwise stated)

	Unit Per Annum	March 31, 2018	March 31, 2017
1. Molasses / Grain / Malt spirit			
KL/BL AT 94%	Licensed / Installed Capacity	102,460	102,460
	Production	92,926	96,857
KL/AL	Licensed / Installed Capacity	96,312	96,312
	Production	87,350	91,045
2. Bio gas	No license required		
000 'M3	Production	38,003	37,120
3. Pet bottles	No license required		
NOS./1000	Installed Capacity	600,000	600,000
	Production	609,647	521,854

* As certified by the Management and not verified by the Auditors.

b. Opening Stock, Closing Stock & Turnover

(Rs. in Lakhs unless otherwise stated)

	Unit	March 31, 2018		March 31, 2017	
		Qty	Value	Qty	Value
1. Alcohol products					
a. Rectified spirit					
Opening Stock	KL/AL	206	68.02	553	165.37
Closing Stock	KL/AL	23	2.92	206	68.02
Turnover	KL/AL	447	111.84	304	88.04
b. Silent spirit					
Opening Stock	KL/AL	1,437	600.60	4,705	1,730.04
Closing Stock	KL/AL	1,024	198.02	1,437	600.60
Turnover	KL/AL	7,230	3,931.11	21,977	11,538.01
c. Cane juice spirit					
Turnover	KL/AL	85	85.51	52	46.19

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

b. Opening Stock, Closing Stock & Turnover (Continued)

(Rs. in Lakhs unless otherwise stated)

	Unit	March 31, 2018		March 31, 2017	
		Qty	Value	Qty	Value
d. Malt spirit					
Opening Stock	KL/AL	966	2,419.51	964	2,253.99
Closing Stock	KL/AL	966	2,218.44	966	2,419.51
Turnover	KL/AL	245	526.66	288	768.44
e. Grain spirit					
Opening Stock	KL/AL	2,453	1,161.52	1,190	689.00
Closing Stock	KL/AL	1,874	848.90	2,453	1,161.52
Turnover	KL/AL	18,775	8,752.41	15,570	7,334.39
f. Ethanol					
Opening Stock	KL/AL	163	60.32	214	68.80
Closing Stock	KL/AL	258	41.18	163	60.32
Turnover	KL/AL	4,354	1,747.85	11,837	5,001.95
2. Other alcohol products					
a. Denatured spirit					
Opening Stock	KL/AL	1.10	0.28	1.00	0.29
Closing Stock	KL/AL	1.12	0.28	1.10	0.28
Turnover	KL/AL	-	-	-	-
b. Indian made foreign liquor					
Opening Stock	KL/AL	1,208	5,809.51	1	4,899.20
Closing Stock	KL/AL	2,314	9,672.82	1,208	5,809.51
Turnover	KL/AL	70,723	408,134.89	46,140	317,699.32
c. Country liquor					
Opening Stock	KL/AL	20	11.00	-	-
Closing Stock	KL/AL	317	2,248.88	20	11.00
Turnover	KL/AL	27,466	193,829.17	18,975	134,033.39
d. Imported Alcoholic products					
Opening Stock	BTL	79,636	296.95	86,800	302.02
Closing Stock	BTL	72,212	259.76	79,636	296.95
Turnover	BTL	173,554	697.29	175,872	730.13
3. Pet bottles and Caps					
Opening Stock	Nos.	74	162.71	70	115.22
Closing Stock	Nos.	104	190.10	74	162.71
Turnover	Nos.	1,914	4,440.98	2,297	4,889.93
4. Jaivik Khad					
Opening Stock	Qtls	163	0.16	163	0.18
Closing Stock	Qtls	141,018	91.58	163	0.16
Turnover	Qtls	324,085	241.04	371,758	245.45
5. Others					
Turnover			991.83		726.44

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

b. Opening Stock, Closing Stock & Turnover (Continued)

(Rs. in Lakhs unless otherwise stated)

	Unit	March 31, 2018		March 31, 2017	
		Qty	Value	Qty	Value
6. Other operating income					
Turnover			3,545.85		3,693.77
Total:					
Opening Stock			**10,590.58**		**10,224.11**
Closing Stock			**15,772.88**		**10,590.58**
Turnover			**627,036.43**		**486,795.45**

c. Purchases

(Rs. in Lakhs unless otherwise stated)

	Unit	March 31, 2018		March 31, 2017	
		Qty	Value	Qty	Value
Indian Made Foreign Liquor	Cases	97,994	2,084.32	45,788	871.14
Imported Liquor	BTL	166,130	469.80	168,708	581.54
			2,554.12		**1,452.68**

d. Consumption of raw materials

(Rs. in Lakhs unless otherwise stated)

	Unit	March 31, 2018		March 31, 2017	
		Qty	Value	Qty	Value
i. Molasses	Qtls	2,592,165	9,601.99	2,901,022	14,794.20
ii. Cane juice	Qtls	9,635	41.20	12,503	56.53
iii. Barley Malt	Qtls	20,234	619.11	19,016	536.36
iv. Sorghum	Qtls	5,474	78.51	35,641	503.94
v. Broken Rice	Qtls	344,353	5,245.07	430,175	6,699.64
vi. Millet (Bajra)	Qtls	460,724	5,913.92	45,039	632.26
vii. Maize	Qtls	58,918	723.69	272,139	4,124.72
viii. Malt /Malt Scotch/Grain/Grape Spirits	-	-	2,553.72	-	2,992.93
ix. Rectified spirit / Extra Neutral Alcohol	-	-	16,403.96	-	15,236.99
x. Resin	KG	8,344,400	6,819.55	7,370,425	5,793.57
xi. Press Mud	Qtls	740,479	298.22	1,116,520	473.38
xii. Others			1,431.78		1,301.39
xiii. Input Tax Credit			(1,814.55)		(1,069.15)
			47,916.17		**52,076.76**

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

50. i. Remittance in foreign currency / or to the mandate banks on account of dividends to non residents

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
i. Number of non resident shareholders	16	16
ii. Number of shares held by them	14,880	14,880
iii. Dividend	0.12	0.12
iv. Financial year to which the dividend relates	2016-17	2015-16

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
50. ii. Earnings in foreign exchange: Export of goods on FOB basis	11,530.34	15,588.61

51. Foreign currency exposure

Derivatives not designated as hedging instruments

The group uses foreign currency denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. However such foreign currency denominated borrowings have not been designated as hedge. Such derivatives are recorded at mark to market at each reporting date with a corresponding recognition in the Statement of Profit and Loss.

(Rs. in Lakhs unless otherwise stated)

Details of foreign currency exposure of the Group	March 31, 2018		March 31, 2017	
	Foreign Currency	INR	Foreign Currency	INR
a. Borrowings against which forward contracts have been taken:				
Borrowings (including interest) - ECB				
In US$	10.00	650.44	-	-
b. Borrowings against which forward contracts have not been taken:				
Borrowings - ECB				
In US$	67.58	4,395.42	252.42	16,366.79
In Euro	-	-	-	-
Interest payable on ECB (US$)	0.81	52.93	2.33	150.97
c. Other foreign currency exposures:				
Advance recoverable in cash or kind (US$)	-	-	-	-
Other receivable (US$)	-	-	-	-
Other payable (US$)	-	-	20.00	1,296.77
Balance with banks (US$)	3.72	241.70	0.30	19.32

52. Financial Instruments

A. Fair values: The carrying amount of financial assets and liabilities except for certain financial assets i.e. "instrument carried at fair value" appearing in the financial statement are reasonable approximation of fair value. Such investments of those financial instruments carried at fair value are disclosed below:-

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

(Rs. in Lakhs unless otherwise stated)

	Fair value		Carrying value	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Financial assets measured at fair value through profit and loss				
Investments				
Equity shares	0.60	0.60	0.60	0.60
Certificate of deposit with a financial institution	5,000.00	5,000.00	5,000.00	5,000.00
Discount rates used in determining fair value The interest rates used to discount estimated future cash flows, where applicable, are based on the incremental borrowing rate of the borrower which in case of financial liabilities is the weighted average cost of borrowings of the Company and in case of financial assets is the average market rate of similar credit rated instrument.		12%		12%

B. Fair value hierarchy: The following table provides fair value management hierarchy of the Group`s assets:

(Rs. in Lakhs unless otherwise stated)

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
March 31, 2018			
Investment			
Certificate of deposit with a financial institution	-	5,000.00	-
Equity share	-	-	0.60
Total	**-**	**5,000.00**	**0.60**
March 31, 2017			
Investment			
Certificate of deposit with a financial institution	-	5,000.00	-
Equity share	-	-	0.60
Total	**-**	**5,000.00**	**0.60**

There have been no transfer between level 1, level 2 and level 3 during the year.

C. Valuation techniques and processes used to determine fair value: Fair value of unquoted investments is determined based on the present values, calculated using generally accepted valuation principles.

D. Valuation inputs and relationships to fair value: Significant unobservable inputs used in Level 3 fair value measurement:-

(Rs. in Lakhs unless otherwise stated)

Non current investment - Unquoted	March 31, 2018	March 31, 2017
Fair Value	0.60	0.60
Significant unobservable inputs*		
Earnings growth rate (%)	10.00	10.00
Risk adjusted discount rate (%)	10.00	10.00

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

E. Reconciliation of financial instruments categorised under level 3

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Opening at the beginning of the year	0.60	0.60
Additions during the year	-	-
Gain/(Loss) recognised in OCI during the year	-	-
Closing at the end of the year	0.60	0.60

53. Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, security deposits and trade and other payables. The main purpose of these financial liabilities is to finance the group's operations and to provide guarantees to support its operations. The group's principal financial assets include loans, investment in preference shares & equity shares, trade and other receivables, and cash and cash equivalents that are derived directly from its operations.

The group's business activities are exposed to a variety of financial risks, namely market risks, credit risk and liquidity risk. The group's senior management has the overall responsibility for establishing and governing the group's risk management framework. The group has constituted a Risk Management Committee, which is responsible for developing and monitoring the group's risk management policies. The group's risk management policies are established to identify and analyse the risks faced by the group, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the group.

a. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk and currency risk and equity price risk. Financial instruments affected by market risk include loans and borrowings. The sensitivity analysis in the following sections relate to the position as at March 31, 2018 and March 31, 2017.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant as at March 31, 2018. The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions. The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017.

i. Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's long-term debt obligations with floating interest rates.

Interest rate sensitivity: The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the group's profit before tax is affected through the impact on floating rate borrowings, as follows.

At the reporting date the interest rate profile of the entity's interest bearing financial instrument is as its fair value: The Group does not have any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss and neither would it affect the equity.

A change of 100 basis points in interest rates for variable rate instruments at the reporting date would have increased/(decreased) profit or loss for the below years by the amounts shown below. With all other variables held constant, the group's profit before tax is affected through the impact on floating rate borrowings, as follows:

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018		March 31, 2017	
Increase/ (decrease) in basis points	100	(100)	100	(100)
Effect on profit before tax (increase)/ decrease	592.05	(592.05)	799.04	(799.04)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

ii. Foreign currency risk:

The Indian National Rupee is the group's most significant currency. As a consequence, the group's results are presented in Indian National Rupee and exposures are managed against Indian National Rupee accordingly. The group has limited foreign currency exposure which are mainly on account ECB loan, import and exports. The group has hedged 12.89% as at March 31, 2018 (NIL as at March 31, 2017) of its ECB loan to minimize the risk. Import and export have short recovery cycle and counter each other reducing the foreign currency risk.

Foreign currency sensitivity:

(Rs. in Lakhs unless otherwise stated)

Sensitivity to risk	March 31, 2018		March 31, 2017	
Increase/ (decrease) in Currency rate (USD)	2.75%	(2.75%)	2.75%	(2.75%)
Effect on profit before tax increase/ (decrease)	20.52	(20.52)	(364.81)	364.81

iii. Equity price risk:

The group's equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was Rs. 0.60 lakhs.

b. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

Trade receivables and loans:

Credit risk is managed by group subject to the group's established policy, procedures and control relating to credit risk management. Credit quality is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and loans are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for receivables and loans. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note below. The group does not hold collateral as security. The group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and has been rated highly based on internal credit assessment parameters.

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

Financial instruments and cash deposits:
Credit risk from balances with banks and financial institutions is managed by the group's treasury department in accordance with the group's policy. Counterparty credit limits are reviewed by the entity's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The group's maximum exposure to credit risk for the components of the Balance Sheet at March 31, 2018 and March 31, 2017 is the carrying amounts as illustrated in note below:

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Security deposits	3810.81	7432.68
Bank deposits	214.84	87.58
Trade receivables	63,001.07	62,401.07
Cash and cash equivalents	1,676.51	811.09
Bank balances other than above	558.92	595.69
Loans to related parties	0.12	28.35
Inter corporate deposits	9,890.00	10,085.00
Investment in preference share	2,000.00	2,000.00
Total	**81,152.27**	**83,441.46**

c. Liquidity Risk

The group monitors its risk of shortage of funds on a regular basis. The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The table below summarises the maturity profile of the group's financial liabilities based on contractual undiscounted payments:

(Rs. in Lakhs unless otherwise stated)

	Payable within one year	Payable within one year to five years	Total
As at March 31, 2018:			
Term loans from banks	6,985.17	3,459.12	10,444.29
Short term loan	48,780.09	-	48,780.09
Trade payables	21,413.50	-	21,413.50
Other Financial Liabilities	1,367.74	68.19	1,435.93
As at March 31, 2017:			
Term loans from banks	14,482.15	10,427.68	24,909.83
Short term loan	55,090.67	-	55,090.67
Trade payables	18,532.34	-	18,532.34
Other Financial Liabilities	1,056.36	60.00	1,116.36

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Excessive risk concentration:
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the group's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

Collateral:
The group has created a charge in favor of the lenders for loans and borrowings. (Refer note-19 and 24 on Borrowings for details)

54. Post-employment benefit plans

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Gratuity	348.21	110.83
Leave Encashment	1,317.48	1,130.00
Total	**1,665.69**	**1,240.83**

The group has a defined benefit plans for Gratuity, Provident Fund and Leave Encashment. For provident fund, entity makes contribution to provident fund trust. Gratuity plan is funded with LIC and requires contributions to be made to a separate fund administered by LIC. Leave encashment liability of the group is unfunded. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

Each year, the Board of Trustees reviews the level of funding in the Gratuity plan and Provident fund. Such a review includes the asset-liability matching strategy and investment risk management policy. The Board of Trustees decides its contribution based on the results of this annual review. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

The following tables summaries the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the respective plans.

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2018 and March 31, 2017

(Rs. in Lakhs unless otherwise stated)

	Gratuity		
	Defined benefit obligation	Fair value of plan assets	Benefit liability
April 01, 2017	**(2,032.68)**	**1,921.84**	**(110.83)**
Cost charged to profit or loss			
Service cost	(140.11)		-
Net interest expense	(152.45)	144.14	-
Sub-total included in profit or loss	**(292.56)**	**144.14**	**(148.42)**
Benefits paid	154.13	(154.13)	-
Remeasurement gains/(losses) in other comprehensive income	-	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	4.80	-
	-	-	-
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	41.41	-	-
Experience adjustments	(278.22)	-	-
Sub-total included in OCI	**(236.81)**	**4.80**	**(232.01)**
Contributions by employer	-	143.06	143.06
March 31, 2018	**(2,407.92)**	**2,059.71**	**(348.21)**

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

(Rs. in Lakhs unless otherwise stated)

	Gratuity		
	Defined benefit obligation	Fair value of plan assets	Benefit liability
April 01, 2016	**(1732.34)**	**1376.44**	**(355.89)**
Cost charged to profit or loss			
Service cost	(125.24)	-	-
Net interest expense	(138.59)	110.12	-
Sub-total included in profit or loss	(263.83)	110.12	(153.71)
Benefits paid	81.93	(81.93)	-
Remeasurement gains/(losses) in other comprehensive income	-	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	(2.23)	-
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	(73.11)	-	-
Experience adjustments	(45.33)	-	-
Sub-total included in OCI	(118.44)	(2.23)	(120.68)
Contributions by employer	-	519.45	519.45
March 31, 2017	**(2,032.68)**	**1,921.84**	**(110.83)**

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Funds Managed by Insurer	2,059.72	1,921.84
Total	**2,059.72**	**1,921.84**

Significant assumptions used in calculation of post-employment defined benefit obligation of the group's are shown below:

	March 31, 2018	March 31, 2017
Discount rate	7.75%	7.50%
Future salary increases	5.50%	5.50%
Mortality rate	100% of IALM (2006- 08)	100% of IALM (2006 - 08)

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

A quantitative sensitivity analysis for significant assumption as at March 31, 2018 and March 31, 2017:

(Rs. in Lakhs unless otherwise stated)

	Gratuity		Gratuity	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Assumption	**Discount Rate**		**Discount Rate**	
Sensitivity Level	0.50% Increase	0.50% Increase	0.50% Decrease	0.50% Decrease
Impact on defined benefit obligation	(77.62)	(70.29)	84.91	76.61
Assumption	**Future Salary**		**Future Salary**	
Sensitivity Level	0.50% Increase	0.50% Increase	0.50% Decrease	0.50% Decrease
Impact on defined benefit obligation	86.38	77.75	(79.56)	(71.89)
The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.				
Expected contribution to post employment benefit plans for the next Annual reporting period is Rs.158.55 lakhs.				
The following payments are expected contributions to the defined benefit plan in future years:				
Within the next 12 months (next annual reporting period)			1,006.86	302.81
Between 2 and 5 years			332.47	680.88
Beyond 5 years			1,068.59	1,048.99
Total expected payments			**2,407.92**	**2,032.68**
The average duration of the Gratuity at the end of the reporting period			18.06 years	18.94 years

55. Information under 186(4) of the Companies Act, 2013

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
a. Loans given		
i. To a Joint Venture Company (interest free working capital advance)		
Opening Balance	-	-
Given during the year	-	1,000.00
Received during the year	-	1,000.00
Closing Balances	**-**	**-**
ii. In the form of unsecured short-term Inter corporate Deposits *		
Opening Balance	10,085.00	9,695.00
Given during the year	2,300.00	1,750.00
Received during the year	2,495.00	1,360.00
Closing Balances	**9,890.00**	**10,085.00**

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

b. Investments made (As disclosed under Note.3,4 & 9)

*All loans are given to unrelated entities at interest rates ranging from 10% to 14% per annum. All the loans are provided for business purposes of respective entities, repayable on demand with prepayment option to the borrower.

56. Capital management

For the purpose of the group's capital management, capital includes issued equity share capital and other equity attributable to the equity holders of the group. The primary objective of the group's capital management is to maximise the shareholder's wealth.

The group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital employed as well as the level of dividend to shareholders.

The group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The group monitors capital using a debt equity ratio, which is net debt divided by total capital. The group's policy is to keep the debt equity ratio between 70% and 100%. The group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations.

The group's debt equity ratio was as follows:

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Borrowings	59,205.05	79,903.59
Less: Cash and cash equivalents	1,676.51	811.09
Net debt	**57,528.54**	**79,092.50**
Equity Capital	2,666.15	2,660.78
Other Equity	113,018.73	101,751.53
Total Equity	**115,684.88**	**104,412.31**
Debt Equity Ratio	**49.73%**	**75.75%**

In order to achieve this overall objective, the group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current financial year. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2018.

57. Additional Disclosure of Schedule-III

(Rs. in Lakhs unless otherwise stated)

Name of the Entity in the Group	Net Assets (total assets minus total liabilities)		Share in Profit or Loss		Share in other Comprehensive Income/(Loss)		Share in Total Comprehensive Income/(Loss)	
	As % of Consolidated Net assets	Amount	As % of Consolidated profit or (loss)	Amount	As % of Other Comprehensive Income/(Loss)	Amount	As % of total Comprehensive Income/(Loss)	Amount
Radico Khaitan Limited								
March 31, 2018	87.02	100,673.42	99.59	12,345.33	99.01	(151.72)	99.60	12,193.61
March 31, 2017	85.67	89,450.15	99.88	8,006.97	95.18	(78.92)	99.93	7,928.05
Joint Venture								
Radico NV Distilleries Maharashtra Limited								
March 31, 2018	12.98	15,011.46	0.41	50.81	0.99	(1.51)	0.40	49.30
March 31, 2017	14.33	14,962.16	0.12	9.81	4.82	(4.00)	0.07	5.81
Total								
March 31, 2018	**100.00**	**115,684.88**	**100.00**	**12,396.14**	**100.00**	**(153.23)**	**100.00**	**12,242.91**
March 31, 2017	**100.00**	**104,412.31**	**100.00**	**8,016.78**	**100.00**	**(82.92)**	**100.00**	**7,933.86**

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

58. Interest in other Entities

a) Interest in Joint Venture

(Rs. in Lakhs unless otherwise stated)

Name of the Entity	Place of Business	% of Ownership Interest	Relation-ship	Accounting Method	March 31, 2018	March 31, 2017
Radico NV Distilleries Maharashtra Limited	Maharashtra	36%	Joint Venture	Equity Method	15011.46	14962.16

b) Summarised financial information the joint venture:

The table below provide summarised financial information for the joint venture of the group. The information disclosed reflects the amounts presented in the financial statements of the joint venture and not Radico Khaitan Limited's share of those amounts.

(Rs. in Lakhs unless otherwise stated)

Summarised Balance Sheet:	March 31, 2018	March 31, 2017
ASSETS		
Non-current assets		
Property, Plant and Equipment	34,540.41	36,033.72
Capital work-in-progress	2.00	-
Investment property	44.34	47.45
Intangible assets	112.65	112.65
Financial assets	378.34	6,044.99
Other non-current assets	314.08	506.88
Current assets		
Inventories	4,733.76	7,312.23
Financial assets	10,405.89	4,734.76
Other current assets	2,553.33	2,306.95
	53,084.79	**57,099.62**
EQUITY AND LIABILITIES		
Equity		
Equity Share capital	7,387.72	7,387.72
Other Equity	34,310.76	34,173.85
Non-current liabilities		
Financial Liabilities	2,326.56	3,671.54
Provisions	116.24	79.67
Deferred tax liabilities (Net)	3,285.00	3,178.81
Other non-current liabilities	37.14	41.88
Current liabilities		
Financial Liabilities	4,402.42	7,611.94
Other current liabilities	374.54	352.21
Provisions	738.91	602.00
Current tax liabilities (net)	105.51	-
	53,084.79	**57,099.62**

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

(Rs. in Lakhs unless otherwise stated)

Summarized Statement of Profit and Loss for the year ended	March 31, 2018	March 31, 2017
Revenue from operations (including excise duty)	27,850.37	26,437.09
Other income	1,225.43	1,333.08
	29,075.81	**27,770.17**
Cost of materials consumed	16,295.79	18,828.09
Changes in inventories of finished goods and stock in process	1,558.74	(993.79)
Excise Duty on sale of goods	322.80	444.31
Employee benefits expense	1,789.52	1,615.18
Finance costs	585.50	680.02
Depreciation and amortization expense	1,812.83	1,741.89
Other expenses	6,269.46	5,546.97
	28,634.63	**27,862.67**
Profit/(loss) for the year before taxation (A-B)	441.18	(92.50)
Tax expense:	300.05	(119.74)
Profit/(loss) for the year after tax	**141.13**	**27.24**
Other Comprehensive Income	(4.20)	(11.12)
Total Comprehensive Income for the year, net of tax	**136.93**	**16.12**

The capital commitment and contingent liabilities of the above joint venture are given below:

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Capital Commitments	151.91	-
Contingent Liabilities	653.09	558.58

The group has filed legal suits against recovery of its dues from trade receivable and other parties aggregating to Rs 6.66 Lakhs (PY 6.66 Lakhs), which are in the opinion of Management recoverable and no material losses are foreseen.

(c) Reconciliation of Carrying Amount

The table below provides the reconciliation to carrying amounts for the joint venture to the group.

(Rs. in Lakhs unless otherwise stated)

	March 31, 2018	March 31, 2017
Opening net Assets	41,561.57	41,545.45
Profit for the year	141.13	27.24
Other Comprehensive Income	**(4.20)**	**(11.12)**
Total Comprehensive Income/ (Loss) for the year, net of tax	136.93	16.12
Closing Net Assets	41,698.51	41,561.57
Group's Share in %	36%	36%
Group's Share in Rs.	15,011.46	14,962.16
Carrying Amount	**15,011.46**	**14,962.16**

Notes to the consolidated financial statements

for the year ended March 31, 2018 (Continued)

59. Previous year figures have been re-grouped, wherever necessary, to correspond to current year figures.

As per our report of even date attached

For BGJC & Associates LLP
Chartered Accountants
Firm Registration No. 003304N

Darshan Chhajer
Partner
Membership Number: 088308

Place: New Delhi
Date: May 03, 2018

For and on behalf of Board of Directors

Dilip K. Banthiya
Chief Financial Officer

Dr. Lalit Khaitan
Chairman &
Managing Director

Amit Manchanda
Vice President Legal &
Company Secretary

Abhishek Khaitan
Managing Director

Ajay K. Agarwal
President (Finance & Accounts)

Director

Company **Information**

BOARD OF DIRECTORS

Dr. Lalit Khaitan	Chairman & Managing Director
Mr. Abhishek Khaitan	Managing Director
Mr. Krishan Pal Singh	Whole Time Director
Mr. Karna Singh Mehta	Independent Director
Mr. Ashutosh Patra	Independent Director
Dr. Raghupati Singhania	Independent Director
Mr. Sarvesh Srivastava	Independent Director
Ms. Shailja Devi	Non-Executive, Non-Independent Director

CHIEF FINANCIAL OFFICER

Mr. Dilip K Banthiya

VICE PRESIDENT - LEGAL & COMPANY SECRETARY

Mr. Amit Manchanda

AUDIT COMMITTEE

Mr. Sarvesh Srivastava	Chairman
Dr. Raghupati Singhania	Member
Mr. Ashutosh Patra	Member

NOMINATION AND REMUNERATION COMMITTEE

Dr. Raghupati Singhania	Chairman
Mr. Karna Singh Mehta	Member
Mr. Ashutosh Patra	Member

STAKEHOLDER'S RELATIONSHIP COMMITTEE

Mr. Ashutosh Patra	Chairman
Mr. Sarvesh Srivastava	Member
Mr. K.P. Singh	Member

ESOP COMPENSATION COMMITTEE

Mr. Ashutosh Patra	Chairman
Mr. Karna Singh Mehta	Member
Mr. K.P. Singh	Member

RISK MANAGEMENT COMMITTEE

Dr. Lalit Khaitan	Chairman
Mr. Abhishek Khaitan	Member
Mr. Dilip K. Banthiya	Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Dr. Lalit Khaitan	Chairman
Mr. K.P. Singh	Member
Mr. Ashutosh Patra	Member
Ms. Shailja Devi	Member

STATUTORY AUDITORS

BGJC & Associates LLP
202, 2nd Floor, Raj Tower-1
Alaknanda Community Center
New Delhi - 110 019

INTERNAL AUDITORS

Grant Thornton
21st Floor, DLF Square, Jacaranda Marg, DLF Phase II
Gurgaon - 122 002

COST AUDITORS

Mr. R. Krishnan,
Cost Accountants
H -301, Green Valley Apartment
Plot No.18, Sector-22
Dwarka, New Delhi - 110 077

TRANSFER AGENTS

Karvy Computershare Pvt. Ltd.
Karvy Selenium Tower B
Plot No. 31 & 32, Financial District
Nanakramguda, Serilinampally Mandal
Hyderabad - 500032

BANKERS

Punjab National Bank
State Bank of India
AXIS Bank
Kotak Mahindra Bank
Standard Chartered Bank
IDBI Bank Ltd.
ICICI Bank Ltd.
Yes Bank Ltd.
Aditya Birla Finance Ltd.
Lakshmi Vilas Bank Ltd.
HDFC Bank Ltd.
Federal Bank Ltd.
IDFC Bank Ltd.

REGISTERED OFFICE

Bareilly Road
Rampur - 244 901
Uttar Pradesh.

CORPORATE OFFICE

Plot No. J-1, Block B-1,
Mohan Co-operative Industrial Area
Mathura Road, New Delhi - 110 044

WORKS

Rampur Distillery
Bareilly Road, Rampur - 244 901, Uttar Pradesh

B-24, A-25, Shri Khatushyamji Industrial Complex
Reengus, Dist. Sikar - 332 404, Rajasthan

A-1/A-2/B-3, Bazpur Industrial Area
Phase - I, P.O. Sultanpur Patti, Bazpur
Dist. Udham Singh Nagar - 262 123, Uttarakhand

S. No.59, Timmapur Village, Palmakul Post - 509 325
Shadnagar Tq. Dist. Mahaboobnagar, Hyderabad
Andhra Pradesh

44 KM Stone, Delhi Rohtak Road
Village & Post Rohad, Bahadurgarh
Dist. Jhajjar - 124501, Haryana



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