



*18th Annual Report 2011*

A decorative graphic consisting of multiple thin, parallel lines that flow from the bottom left towards the top right, creating a sense of movement and depth. The lines are arranged in a series of overlapping, wavy bands that curve upwards and then downwards, creating a dynamic, ribbon-like effect.

**RAVIKUMAR  
DISTILLERIES LIMITED**



Factory



Factory Premises

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. R.V. Ravikumar	Managing Director
Dr. Anand Ravikumar	Director
Mr. Badrinath S Gandhi	Director
Mr. K.S.M. Rao	Independent Director
Mr. Ashok R Shetty	Independent Director
Mr. Popatlal Kathariya	Independent Director
Mr. R. Ramanujam	Independent Director
Mrs. S Vijayalakshmi	Executive Director

### COMPANY SECRETARY & PRESIDENT (CORP. AFFAIRS)

Mr. G.K. Prem Kumar Menon

### AUDITORS

M/s. Ramanand & Associates,  
6/C, Gr. Floor, Ostwal Park Building,  
No.4, Near Jesal Park Jain Temple,  
Bhayandar (East),  
District Thane - 401 105.

### BANKERS

State Bank of India

### REGISTERED OFFICE

"Mena Kampala", 3rd Floor,  
B Wing, B-Block,  
No.114 & 115, Sir Theagaraya Road,  
T. Nagar, Chennai - 600 017, India.  
Tel. No. 91 - 044 - 28154087  
Fax No. 91 - 044 - 28154087  
Website: www.ravikumardistilleries.com  
Email: cs@ravikumardistilleries.com

### CORPORATE OFFICE:

No.17, Kamaraj Salai,  
Puducherry - 605 011  
Tel. No. 91 - 0413 - 2343278 & 2346386  
Fax No. 91 - 0413 - 2331032  
Website: www.ravikumardistilleries.com

### REGISTRAR & SHARE TRANSFER AGENT

M/s. Karvy Computershare Pvt.Ltd.,  
17-24, Vittal Rao Nagar,  
Madhapur,  
Hyderabad - 500 081.  
Phone: 91 - 040 - 44655000  
Email : einward.ris@karvy.com

### FACTORY OFFICE:

At. R.S. 89/4A,  
Katterikuppam Village,  
Manndipat Commune, Puducherry - 605 502.  
Tel. No. 91 - 0413 - 2674444, 2674888

## CONTENTS

Corporate Information .....	1
Directors' Report .....	2
Corporate Governance Report .....	5
Management Discussion and Analysis .....	12
Auditors' Certificate & Declaration .....	14
Auditors' Report .....	15
Balance Sheet .....	18
Profit & Loss Account .....	19
Cash Flow Statement .....	20
Schedules to Accounts .....	21

**DIRECTORS' REPORT**

To

The Members,  
Ravikumar Distilleries Limited

Your Directors have pleasure in presenting the 18th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2011.

Financial Results	(Rs)	
	2010-11	2009-10
Income from Operations	530597417	502049002
Profit Before Depreciation and Taxes	19770884	34655841
Less: Depreciation	6401109	7094680
Less : Provision for		
(a) Income tax	5080707	9996600
(b) Deferred tax	(467465)	(407253)
Less proposed dividend	6000000	-
Dividend Distribution tax	1019700	-
Profit for the Year	1736833	17971814
Balance Carried Forward to Balance sheet	1736833	17971814

**Business:**

The performance of the Company during the year under review was as follows:

Your Company is engaged in the business of manufacture and trade of Indian Made Foreign Liquor (IMFL) under own brand Capricorn, 2 Barrels, Green Magic, Chevalier, Konarak as well as under tie-up arrangements with other Companies. The IMFL comprises of Whisky, Brandy, Rum, Gin and Vodka. Your Company currently operate through own manufacturing unit located at R.S 89/4A, Katterikuppam Village, Mannadipet Commune, Puducherry. The Unit is equipped with state of art infrastructure facilities and technology, which encompasses all modern facilities for blending and bottling can undertake manufacture of IMFL. The core competency of your Company is in house technical and formulation knowledge, skilled workforce and well equipped manufacturing facilities, which enable us to manufacture a wide range of IMFL products to diverse client requirements.

During the year, the total Income from operations was Rs. 10074.94 lakhs compared to Rs.9865.18 lakhs in the previous year recording a growth of 210.76. Gross profit was Rs. 1236.79 lakhs as against gross profit of Rs.1048.88 lakhs in the previous year. The net profit was Rs. 87.56 lakhs as against profit after tax Rs.179.72 lakhs in the previous year. Earning per share is Rs. 0.57 against Rs.1.56 in the previous year on a weighted average basis as per Accounting Standard 20 issued by the Institute of Chartered Accountants of India.

**Dividend during the year**

Your Directors are happy to propose a dividend of Rs.0.25 paise per share for the year 2010-11 which constitutes 2.5% on the paid up capital of the Company.

**Initial Public ISSUE:**

During the year under review your Company successfully completed the Initial Public Offer and is listed with Bombay Stock Exchange Limited (BSE) and National Stock Exchange Limited (NSE). The Scrip code in BSE is 533294 and NSE is RKDL. Your Directors are happy to inform that, there are 5967 valued shareholders with the Company. The shareholding pattern and other particulars are given in the Corporate Governance report annexed to this report.

**Future Outlook:**

During current year, your Company will try to achieve maximum capacity utilization in our existing plant at Pondicherry. Further, your Company management has entered into a Share Purchase Agreement with the promoters of S V Distilleries Private Limited, Regd. Office S No.112 to 114, Malchapur Village, Balki Taluk, Bidar Dist., Karnataka for acquiring 51% of the paid up capital of the said company thus acquired the control of the Company. During the current financial year your Company management plan to acquire the balance 49% thus making it wholly owned subsidiary of your Company.

S V Distilleries Pvt. Limited, has an existing plant with a manufacturing capacity of Rectified Spirit (RS) of 20,000 Litres per day and an ENA plant of 20,000 litres per day. It has an expansion project which is under process with a capacity of 1,00,000 litres ENA per day. When it becomes fully operational, it will have capacity of 1,20,000 litres of ENA and 20000 litres RS per day. Additionally, it will produce ENA, Ethanol, Compost, 4.5 MW Power, IMFL, CO<sub>2</sub>, Ash for Bricks manufacturing. Once the project is completed it will be a zero emission plant.

The total project cost of this plant is estimated at approximately Rs.10000 Lakhs. Your Company management is in discussion with Banks for additional fund requirements. The project is proposed to be completed by February/March 2012. When the Company is fully operational your Company management foresee that, it will generate a profit of Rs.2000 Lakhs per year including sale of power on a sales volume of Rs. 12000 Lakhs per year.

Further, your management is planning further acquisitions and expansions during the year to make your Company a major one in the Southern Region of the Country.

**Employees' Stock Option Plan 2011**

During the current financial year, your company management is proposing Stock Options to the employees to keep the talents within the industry and to incentivise them.

**Subsidiary Companies:**

Your Company do not have any subsidiary Companies during the year under review.

**Auditors' Report:**

The Auditors report to the shareholders is self-explanatory under serial no.16 of annexure to auditor report, the auditors commented about non utilisation of loan for the purpose availed by the Company. The reason for the same is the machinery proposed for purchase was from to be not usable as per requirement of the Company an hence the programme was shelved with intimation to the said NBFC.

**Directors:**

Mr. K S M Rao and Mr. Ashok R Shetty, Directors retire by rotation and being eligible, offers themselves for re-appointment. Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, brief resume of Mr. K S M Rao and Mr. Ashok R Shetty have been provided in the Notice convening the Annual General Meeting.

Mrs. Amrithavalli, Director has resigned from the Board of the Company w.e.f. 28th May 2011 and accepted the same in the Board meeting dated 30th May 2011. The Board placed on record the valuable contribution made by Mrs. Amrithavalli during her continuance as the Director of the Company.

**Directors' Responsibility statement:**

As required under Section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm that:

In the preparation of the Annual Accounts for the year 2010-11, the applicable Accounting Standards have been followed and there are no material departures;

The accounting policies selected and applied are consistent and the judgment and estimates made 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 of the Company for the financial year;

Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

The annual accounts have been prepared on a going concern basis.

**Particulars of employees' U/S 217 (2A) of the Companies Act, 1956:**

None of the employees of the Company employed throughout the financial year/part of the year were in receipt of remuneration in excess of the limits as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and hence no particulars are required to be given.

**Auditors:**

The statutory auditors of the Company M/s. Ramanand & Associates, Mumbai retire at the conclusion of the ensuing Annual General Meeting. The retiring auditors have furnished a certificate under Sec. 224 (1B) of the Companies Act, 1956 confirming their eligibility for reappointment.

**Corporate Governance Report:**

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a Report on Corporate Governance with Auditors Certificate on Compliance with the conditions of Corporate Governance and a Management Discussion & Analysis Report has been attached and form part of the Annual Report.

**Personnel.**

During the year under review the overall industrial relation were normal.

**Annexure to Directors' Report showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo:****Conservation of Energy, Technology Absorption:**

The particulars regarding the disclosure of the conservation of energy, technology absorption, as required under clause (e) of sub Section (1) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are given below.

- a) Energy Conservation Measures Taken: The Company continues to accord high priority to conserve the energy. Details of some of the measures undertaken to optimize energy conservation are.**
- i. Installation of circuit breakers, safely and easily operative and accessible in each machinery / equipment resulting in reduction of idle run.
  - ii. Trip system in automatic bottling lines easily and safely operative, in case of lag / fault in any equipment / machinery across the line.
  - iii. Use of Waste Water after recycling thereby reduction of pumping of fresh water resulting in conservation of energy and water.
  - iv. Gravity Liquor flow system for blend to bottling transfer resulting in lesser consumption of energy.
  - v. Natural ventilation system along with air operated exhaust fans have been fixed in roofs of all buildings resulting in avoiding of power consuming exhaust fans.
  - vi. Installation of Transparent Poly Coat Sheets in the roof resulting in availability of natural light.



- b) Statement of total energy consumption and energy consumption per unit are given as under:

**Power and Fuel Consumption** 2010-2011 2009-2010

**1. Lighting**

Units Consumed	14,255	33,232
Rate per Unit (in Rs.)	4.00	3.25
Amount paid (in Rs.)	53,533/-	1,08,281/-

**2. Power**

Units Consumed	1,10,964	91,402
Rate per Unit (in Rs.)	3.00	2.45
Amount paid (in Rs.)	3,21,228/-	2,23,997/-

**3. Own generation by Diesel Generator**

Diesel utilized Litres	3,001	1,981
Unit per Litre of diesel oil generated	3.30	3.30
Rate per Unit (in Rs.)	12.35	11.52

**4. Foreign Exchange Earnings and Outgo:**

There was no Foreign Exchange inflow or outgo during the last year.

**Acknowledgments:**

The management is grateful to the Regulatory Authorities, share holders, Company's Bankers, Financial Institutions, Insurance Companies, Investors, Clients and Business Associates for their continued support and co-operation.

The Directors also wish to place on record their appreciation for the co-operation, active involvement and dedication of the employees, which enabled the management to contribute to the growth of the Company.

For and on behalf of the Board of Directors

Place : Chennai  
Date : 30/05/2011

**R. V. Ravikumar**  
Managing Director

**Registered Office:**

"Mena Kampala"  
3rd Floor, B Wing, B-Block,  
No.114 & 115, Sir Theagaraya Road,  
T. Nagar, Chennai - 600 017.

## CORPORATE GOVERNANCE REPORT

### Mandatory Requirements

#### 1. Company's Philosophy on Code of Corporate Governance:

Effective Corporate Governance is needed to maintain public trust and to active success in business. The Company lays great emphasis on regulatory compliance and strives to ensure that high standard of professionalism and ethical conduct is maintained throughout the organization. The Company believes that shareholders interest is utmost and the management is only a trustee to carry out the activities in a truthful manner.

#### Code of Conduct:

The Board has laid down a code of conduct for all the Board Members and Senior Management of the Company. Senior Management includes personnel of the core management team excluding Board of Directors but including all functional heads.

#### 2. Board of Directors:

The Board of Directors comprises of both executive and non-executive directors with rich professional experience in various fields. The present strength of the Board of Directors is eight members. Half of the Board consists of Independent Directors. The size and composition of the Board therefore conforms to the requirements of Corporate Governance Clause under the Listing Agreement with the Stock Exchanges.

#### 3. Board Meetings & Procedures

During the year, the Board met 10 times on 07.06.2010, 14.06.2010, 12.08.2010, 30.08.2010, 23.09.2010, 02.11.2010, 03.11.2010, 18.12.2010, 12.01.2011 and 12.02.2011.

No Director of the Company is a member in more than 10 or Chairman of more than 5 specified committees of the Board across all the companies in which he is a Director.

The composition of Board of Directors, attendance at the Board Meetings during the financial year and attendance at the last Annual General Meeting, number of outside Directorship, Chairman/Membership of Committees are as under:

Name of Director	Category	No. of Board meetings attended	Last AGM attendance	No of other Directorships	Membership/ Chairmanship of Board Committees *
Mr. R.V. Ravikumar	Managing Director	10	Yes	7	-
Mrs. R. Amirthavalli	Executive Director	7	Yes	7	-
Mr. Badrinath S Gandhi	Director	10	Yes	-	2/0
Mr. K.S.M. Rao	Independent Director	4	Yes	-	1/1
Mr. Ashok R Shetty	Independent Director	4	-	-	1/1
Mr. Popatlal Kathariya	Independent Director	2	-	1	1/0
Mr. R. Ramanujam	Independent Director	5	Yes	-	-
Mr. S. Vijayalakshmi	Executive Director	7	-	-	-

\* Includes only Audit & Shareholder's Committee

#### 4. Appointment/Reappointment of Directors:

Mr. K.S.M. Rao is an Independent Director of the Company. He has graduated in Law and is a retired Banker. At the time of retirement he was a working at senior level in a Nationalised Bank. His association with the Company will be beneficial to the Company in the overall business interests of the Company.

Mr. K.S. M. Rao do not hold any shares in the Company.



Mr. Ashok R. Shetty is an Independent Director of the Company. He is a Chartered Accountant by profession and has varied experience in finance and accounts related areas.

Mr. Ashok R. Shetty do not hold any shares in the Company.

**5. Audit Committee:**

The Audit Committee comprises of 4 members out of which 3 are Independent Directors. Mr. Ashok R. Shetty is the Chairman of the Audit Committee. All the members of the Committee are financially literate. Mr. Ashok R Shetty and Mr. Popatlal Katharia are Chartered Accountants and Mr. K S M Rao is a retired Banking professional and Mr. Badrinath S Gandhi is an Engineer by profession but has varied experience in finance and industrial management.

During the year, the Committee met 5 times on 23.06.2010, 15.07.2010, 30.08.2010, 22.10.2010 and 12.02.2011 and the gap between any 2 meetings was less than 4 months.

The Board had designated the Company Secretary as the Compliance Officer.

Attendance at the Audit Committee Meeting:

Name	Designation	Category	Attendance out of 4 meetings
Mr. Ashok R Shetty	Chairman	Independent	5
Mr. K.S.M. Rao	Member	Independent	5
Mr. Popatlal Kathariya	Member	Independent	1
Mr. Badrinath S Gandhi	Member	Director	5

**6. Shareholders' Grievance Committee:**

During the year under review the Committee met once in a year on 12.01.2011. The Shareholders' Grievance Committee focuses on shareholders' grievances and strengthening of investor relations, specifically looking into re-dressal of grievances pertaining to:

- 1) transfer and transmission of shares
- 2) non-receipt of balance sheet
- 3) non-receipt of declared dividend
- 4) matters relating to demat / remat
- 5) other related issues

The committee comprises of

Name	Designation	Category	Attendance out of two meetings held
Mr. K.S.M. Rao	Chairman	Independent	1
Mr. Ashok R Shetty	Member	Independent	1
Mr. Badrinath S Gandhi	Member	Director	1

- The Company Secretary has been designated as Compliance Officer.
- The investors may register their complaints at the email-id [cs@ravikumardistilleries.com](mailto:cs@ravikumardistilleries.com)
- During the year, the Company received 10 complaints on various matters. The Company has attended the same and complaints pending unresolved at the end of the financial year were NIL.

**7. Remuneration / Compensation Committee:**

The Board constituted a Remuneration/Compensation Committee comprising the following members:

1. Mr. K.S.M. Rao, Chairman
2. Mr. Ashok R Shetty, Member
3. Mr. R.V. Ravikumar, Member

One meeting was held on 18.08.2010



**Details of remuneration paid to the Directors.**

(In Lacs)

Directors	Salary (including Performance Incentive, if any and other allowance)	Perquisites	Contribution to P.F Superannuation and Gratuity	Sitting Fees	Total
Mr. R.V. Ravikumar	12.00	NIL	NIL	NIL	12.00
Mrs. R. Amirthavalli	7.20	NIL	NIL	NIL	7.20
Mrs. S. Vijayalakshmi	3.12	NIL	NIL	NIL	3.12
Mr. K.S.M. Rao	NIL	NIL	NIL	0.20	0.20
Mr. Ashok R Shetty	NIL	NIL	NIL	0.20	0.20
Mr. Badrinath S Gandhi	NIL	NIL	NIL	0.10	0.10
Mr. R. Ramanujam	NIL	NIL	NIL	NIL	NIL
Mr. Popatlal Kathariya	NIL	NIL	NIL	0.20	0.20

**8. General Body Meetings:**

(i) Details of Annual General Meetings during the last three years

Financial Year	Day, Date & Time	Venue	Special Resolution passed
2008-09	Wednesday, 30th September, 2009 at 10.00 a.m.	Registered Office at No.1-C, Nandita Apartments, 47, Thirumalai Pillai Road, T. Nagar, Chennai - 600 017.	Yes
2009-10	Tuesday, 28th September, 2010 at 11.00 a.m	Registered Office at No.1-C, Nandita Apartments, 47, Thirumalai Pillai Road, T. Nagar, Chennai - 600 017.	Yes
2010-11	Saturday, 6th August 2011, 3.00 p.m	Hotel Benz Park, 62, Thirumalai Pillai Road, T. Nagar, Chennai - 600 017	Yes

**Postal Ballot**

In the ensuing AGM one resolution u/s 372 A of the Companies Act, 1956 is proposed under postal ballot from members approval.

**9. Disclosures:**

- i There were no transactions of material nature with its Promoters, Directors or the Management, their subsidiaries or relatives during the period that may have potential conflict with the interest of the company at large.
- ii Transactions with the related parties are disclosed in Note No.11 of Schedule 23 (B) to the accounts in the Annual Report as required by Accounting Standards under AS 18 issued by Institute of Chartered Accountants of India.
- iii There were no non-compliances by the Company during the year. No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authorities on any matters related to the capital markets, during the previous three financial years.
- iv The Board has adopted a Code of Conduct including Business Ethics Policy for its Directors and Senior Management. This is available on the Company's web-site.
- v The Managing Director has submitted before the Board a declaration of compliance with the Code of Conduct by the Directors during the financial year ended March 31, 2011.
- vi The Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of the financial statement; the Company has not adopted a treatment different from that prescribed by any Accounting Standard.
- vii Risk assessment and minimization procedures are periodically reviewed by the Audit Committee and the Board of Directors of the Company.
- viii The Chief Executive Officer has submitted a certificate to the Board of Directors in compliance of Clause 49(V) of the Listing Agreement with the Stock Exchanges.
- xi The Company has complied with all mandatory requirements under Clause 49 of the Listing Agreement with the Stock Exchanges. The adoption of non-mandatory requirements has been dealt with in this Report.



X The Company is proposing a special resolution u/s. 372A of the Company's Act, 1956 under Postal Ballot in Compliance of the said provisions which is clearly elaborated in the notice to the shareholders attached along with this Annual Report.

#### 10. Means of Communication:

Quarterly un-audited financial results are published in leading English/Vernacular newspapers. The half yearly report is not sent separately to the Shareholders. Annual Reports will be sent to the shareholders at their registered address with the company and also put up on Company's web site [www.ravikumardistilleries.com](http://www.ravikumardistilleries.com)

#### 11. General Shareholders' Information:

##### Annual General Meeting

Date : 6th August, 2011  
Time : 3 .00 p.m.  
Venue : Hotel Benz Park, 62,Thirumalai Pillai Road, T. Nagar, Chennai - 600 017.

##### Financial Calendar (Tentative)

Financial reporting for the quarter ending June 30, 2011 : 1st week of August 2011  
Financial reporting for the quarter ending Sept. 30, 2011 : 1st week of November 2011  
Financial reporting for the quarter ending Dec. 31, 2011 : 1st week of February 2012  
Financial reporting for the quarter ending Mar. 31, 2012 : Last week of June 2012  
Annual General Meeting for the year ended Mar. 31, 2012 : August-September, 2012

**Date of Book Closure** : 28th July 2011 to 6th August 2011 (Both days inclusive)

**Listing on Stock Exchanges** : Bombay Stock Exchange Ltd (BSE)  
: National Stock Exchange of India Ltd (NSE)

**Stock Code** : Bombay Stock Exchange Ltd, - 533294  
: National Stock Exchange of India Ltd -RKDL

**Payment of Annual Listing fees** : Listing fees for the financial year 2011-2012 has been paid to both the Stock Exchanges BSE & NSE

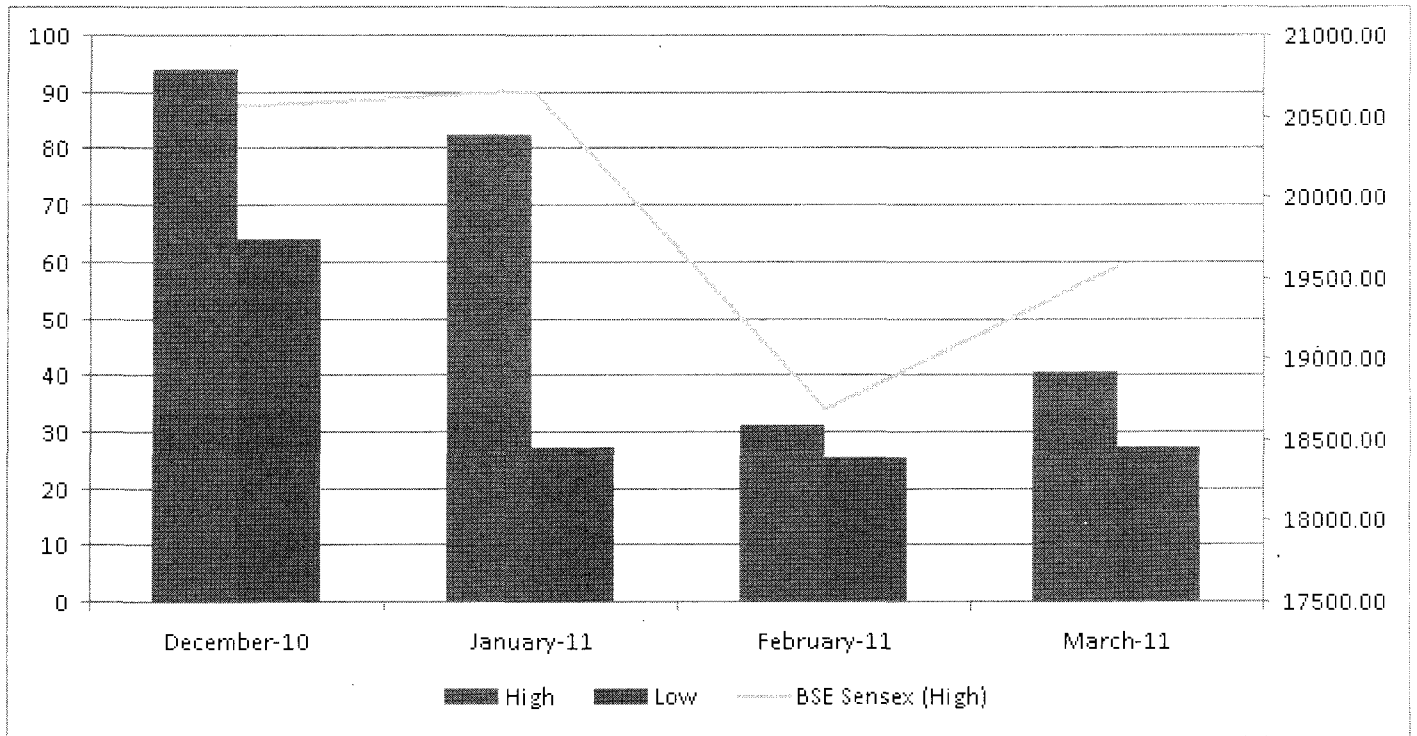
**Demat ISIN for NSDL& CDSL** : INE722J01012

#### 12. Stock performance vs BSE Sensex and NSE

Market Price Data during the year ended 31.03.2011

##### BSE

Month	High	Low	BSE Sensex (High)
Apr-2010	-	-	-
May-2010	-	-	-
June-2010	-	-	-
July-2010	-	-	-
Aug-2010	-	-	-
Sept-2010	-	-	-
Oct-2010	-	-	-
Nov-2010	-	-	-
Dec-2010	93.95	64.00	20552.03
Jan-2011	82.45	27.00	20664.80
Feb-2011	31.15	25.10	18690.97
Mar-2011	40.40	27.10	19575.16



## NSE

Month	High	Low	Close Price
Apr-2010	-	-	-
May-2010	-	-	-
June-2010	-	-	-
July-2010	-	-	-
Aug-2010	-	-	-
Sept-2010	-	-	-
Oct-2010	-	-	-
Nov-2010	-	-	-
Dec-2010	93.80	65.15	80.45
Jan-2011	82.50	27.00	28.35
Feb-2011	31.35	24.95	27.35
Mar-2011	40.35	26.00	35.05

**Registrars & Transfer Agents** : M/s. Karvy Computershare Pvt. Ltd.  
17-24, Vittal Rao Nagar,  
Madhapur,  
Hyderabad - 500 081.

Contact person : Mr. P.A. Varghese, General Manager

Contact No. : 040 - 44655000

Email : einward.ris@karvy.com

**Share Transfer System**

- Securities lodged for transfer at the Registrar's Office are normally processed with in 15 days from the date of lodgment, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. The Company Secretary is empowered to approve transfer of shares and other investor related matters. Grievances received from investors and other miscellaneous correspondence on change of address, mandates, etc are processed by the Registrars with in 30 days
- Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-Practice for timely dematerialization of the shares of the Company and for conducting a Secretarial Audit on a quarterly basis for reconciliation of the Share Capital of the Company.

Distribution of Shareholding as on 31-03-2011

No of equity shares held	No. of Shareholders	% of Shareholders	Total no of shares held	% of shares held
Upto1 - 5000	8040	82.06	12754300.00	5.31
5001 - 10000	819	8.36	6678320.00	2.78
10001 - 20000	460	4.69	7432990.00	3.10
20001 - 30000	154	1.57	3978500.00	1.66
30001 - 40000	70	0.71	2470810.00	1.03
40001 - 50000	60	0.61	2796990.00	1.17
50001 - 100000	115	1.17	8515060.00	3.55
100001 and above	80	0.82	195373030.00	81.41
<b>Total</b>	<b>9798</b>	<b>100</b>	<b>240000000.00</b>	<b>100.00</b>

Shareholding Pattern as on 31-03-2011

Sl. No.	Category	No. of Shares	% of Holding
1	Promoters & Persons acting in Concert	1,25,00,000	52.08
2	Mutual funds / UTI / Banks / FIs	--	--
3	Private Corporate Bodies	70,46,754	29.36
4	NRIs / OCBs	36,412	0.15
5	Indian Public	44,16,834	18.41
6	Foreign Institutional Investors	--	--
<b>Grand Total</b>		<b>2,40,00,000</b>	<b>100.00</b>

Dematerialization of shares : NSDL - 15.27 %  
CDSL - 84.73 %  
100% of the shares have been dematerialized by the the members so far.

Outstanding GDRs/ADRs/Warrants or any convertible/instruments, conversion data and likely impact on equity :

N.A.

Plant location :

Not applicable

Address for correspondence :

No. 17, Kamaraj Salai,  
Puducherry - 605 011, India.

Contact person :

Shri.G K Prem Kumar Menon, President  
(Corporate Affairs) & Company Secretary

E-mail :

cs@ravikumardistilleries.com

Members holding shares in Demat mode should address all their correspondence to their respective Depository Participant

**13. Postal Ballot:**

The provisions relating to Postal Ballot will be complied with in respect of matters wherever applicable.

Non-mandatory requirements:

- 1 **Chairman of the Board** - No separate office is maintained for the Non-Executive Chairman. Company does not reimburse expenses incurred by him in performance of his duties.

Mr. Popatlal Kathariya, Mr. K.S.M. Rao, Mr. Ashok R Shetty and Mr. R. Ramanujam are Independent Directors on the Board of the Company. No specific period has been specified for these Directors. All of them have requisite qualification and experience and in the opinion of the Company this would enable them to contribute effectively to the Company in their capacity as Independent Directors.

- 2 **Shareholder Right** - The Company has not sent half yearly financial performance including summary of the significant events to each household of the shareholders, since the results were published in 2 news papers, one in Vernacular and one in English newspaper.
- 3 **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.
- 4 **Training of Board Members** - The Directors interact with the management in a very free and open manner on information that may be required by them.
- 5 **Mechanism for evaluation of Non-Executive Board Members** - The evaluation process is yet to be formulated by the Board.

### CEO/ CFO CERTIFICATION:

We hereby certify to the Board that:

- a) We have reviewed the financial statements and the cash flow statements for the year ended 31st March, 2011 and to the best of our knowledge and belief.
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
  - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.
- c) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that, we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any of which we are aware and the steps we have taken or propose to take steps to rectify these deficiencies.
- d) We further certify that:
  - i) There have been no significant changes in internal control during the year;
  - ii) There have been no significant changes in accounting policies during the year,
  - iii) To the best of our knowledge, there have been no instances of fraud, involving management or an employee having a significant role in the Company's internal control systems.

For Ravikumar Distilleries Ltd

Place: Chennai  
Date: 30.05.2011

**R V Ravikumar**  
Managing Director



## MANAGEMENT DISCUSSION AND ANALYSIS

The company is engaged in the business of manufacturing and trade of Indian Made Foreign Liquor (IMFL) under our own brand portfolio as well as under tie up arrangements with other companies. The IMFL comprises of whisky, Brandy, Rum, Gin & Vodka. We started our initial capacity of 7,20,000 cases per annum and a bond capacity of 6300 cases of Excise Bonded warehouse. Presently our plant is having an installed capacity of 14,25,000 cases per annum and 26000 cases of Excise Bonded warehouse. We are an ISO 9001:2000 certified Company since 2007.

The Company achieved a revenue of ofRs. 10075.94 lakhs during the year compared to Rs. 9865.18 lakhs in the previous year. Gross profit was Rs. 1236.79 lakhs as against gross profit of Rs. 1048.88 lakhs in the previous year. The competitive strength of the Company is our popular brand Capricon, 2 Barrels, Chevalier, Konark & Green Magic.

### Business Outlook

There are two major segments for liquor in India: Branded and unbranded. Total branded sales are 85 million cases while country liquor (unbranded, low-priced alcohol) sales are 200 million cases. The branded segment has grown at around 7-8% annually for the past three years. The country liquor segment has distinct characteristics of it's own and forms largest component of the industry. This is often sold through separate distribution channels. However, even at such a size it still results in a per capita consumption of 2.5 liters.

The Indian IMFL market is dominated by low-priced whisky. The whisky segment constitutes almost 60% of the total IMFL market. 17% & 18% is brandy and Rum and the rest 5% is white spirits. The maximum consumption is in Andhra Pradesh followed by Karnataka and Maharashtra.

### Risk Factors:

Government regulations affects the Indian Liquor industry introducing structural rigidities. Apart from the high level taxes and levies (that account for upto 65% of consumer price) regulations pertaining to licensing creation or expenses of

brewing / distillery and bottling capacities , manufacturing process (grain based and molasses based ), distribution and advertising impinge on the industry. Further liquor being a state subject, every state has different regulations (including those on distribution) and tax rate for the industry apart from restrictions as well as levies on the inter- state movement of liquor.

### Future Outlook

The Company's core competencies are our in house technical and formulation knowledge, skilled workforce and well-equipped manufacturing facilities, which enables us to manufacture a wide range of IMFL products, to meet diverse client requirements.

The Company presently having our market presence in Puducherry and now we plan to enter new lucrative markets of adjoining States such as Kerala, Andhra Pradesh, Karnataka. Your Company also propose to submit an application for enlistment to Canteen Stores Department (CSD), for supply of IMFL to CSD which is expected to materialize.

During this year, your Company will try to achieve maximum capacity utilization in our existing plant at Pondicherry. Further, your Company management has entered into a Share Purchase Agreement with the promoters of S V Distilleries Private Limited Regd. Office S No.112 to 114, Malchapur Village, Balki Taluk, Bidar Dist., Karnataka for acquiring 51% of the paid up capital of the said company thus acquiring the control of the Company. During the current financial year your Company management plan to acquire the balance 49% thus making it wholly owned subsidiary of your Company.

S V Distilleries Pvt. Limited, has an existing plant with a manufacturing capacity of Rectified Spirit (RS) of 20000 Litres and 20000 Litres ENA Plant per day. It has an expansion project which is under process with a capacity of 1,00,000 litres ENA per day. When it becomes fully operational, it will have capacity of 1,20,000 litres of ENA, 20000 litres RS per day. Additionally, it will also produce ENA, Ethanol, Compost, 4.5 MW power, IMFL, CO2, Ash and Bricks manufacturing. Once the project is completed by annexing the existing plant it will be a zero emission plant.

The total project cost of this plant will be approximately Rs.9600 Lakhs. Your Company management is in discussion with Banks for additional fund requirements. The project is proposed to be completed by February / March 2012. When the Company is fully operational your Company management foresee that, it will generate an income of Rs.2000 Lakhs per year including sale of power on a sales volume of Rs. 12000 Lakhs per year.

Further, your management is planning further acquisitions and expansions during the year to make your Company a major one in the Southern states.

**Internal control systems and their adequacy**

The CEO/CFO certification provided in the report discusses the adequacy of our internal control systems and procedures.

**Human Resource Development**

The most important asset of the company is its Human Resources. The company is planning to introduce ESOP scheme for sharing of wealth with employees.

**Cautionary statements**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectation may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.



## AUDITORS' CERTIFICATE

To  
To The Members of  
Ravikumar Distilleries Limited

We have reviewed the relevant records of Ravikumar Distilleries Limited for the year ended 31 March 2011 relating to compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges.

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

In our opinion and according to the information and explanations given to us, we have to state that, to the best of our knowledge, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We further state that, such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Ramanand & Associates**  
Chartered Accountants  
Firm No.117776W

Place: Chennai  
Date: 30.05.2011

Ramanand R. Gupta  
Partner  
Membership No.: 103975

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## DECLARATION

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Board Members and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct and Ethics during the financial year ended March 31, 2011.

Place: Chennai  
Date : 30.05. .2011

**R V Ravikumar**  
Managing Director



## AUDITORS' REPORT

To,  
The Members of  
Ravikumar Distilleries Limited

We have audited the attached Balance Sheet of "RAVIKUMAR DISTILLERIES LIMITED" as at 31st March, 2011, the Profit & Loss Account & also Cash flow Statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004 (the 'Order') issued by the Central Government of India in terms of Section 227 (4A) of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the annexure referred to above, we Report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books.
- c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, the Balance Sheet and the Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section 3(C) of Section 211 of the Companies Act, 1956.
- e) On the basis of the written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011; and
  - ii. In the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date, and
  - iii. In the case of the Cash Flow statement of the Cash Flow for the year ended on the date.

**For Ramanand and Associates**  
Chartered Accountants  
Firm No. 117776W

**CA Ramanand Gupta**  
Partner  
Membership No.: 103975

Place : Chennai  
Date : 30th May 2011



## ANNEXURE TO AUDITOR'S REPORT

(Annexure referred to in paragraph 4 of the Auditors' Report of even date to the Members of on the accounts for the year ended 31 March 2011)

- 1 (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) The fixed assets of the company have been physically verified by the Management during the year. We have been informed that no material discrepancies were noticed on such physical verification.  
(c) No substantial part of the fixed assets has been disposed off during the year, which has bearing on the going concern status of the company.
- 2 (a) The stock of inventory has been physically verified during the year, by the Management. In our opinion, the frequency of verification is reasonable.  
(b) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) In our opinion and according to the information given to us, the company is maintaining proper records of the inventory and no material discrepancies were noticed on physical verification of the inventory.
- 3 (a) The company has not granted any unsecured loans to any party covered in the register maintained u/s 301 of the companies act, 1956. And hence the provisions of clause 4(iii) (a),(b),(c) and (d) are not applicable .  
(b) In our opinion and according to information and explanation given to us the company had taken interest free unsecured loans from a director covered in the register maintained under section 301 of the Companies Act 1956. Maximum amount outstanding during the year ended 31st March 2011 is Rs.31.54/-Lakhs and the year ended balance was Rs.2.38/-Lakhs.  
(c) According to information and explanations provided to us, the terms and conditions of the said unsecured loans are prima facie not prejudicial to the interest of the Company.  
(d) According to information provided to us there is no stipulation of time schedule for repayment of principal and hence provision of clause 4(iii) (g) of the order is not applicable.
- 4 In our opinion and according to information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regards to purchase of inventory and fixed assets and for the sale of inventories. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- 5 (a) According to the information and explanation given to us, we are of the opinion that the transactions/particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section.  
(b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and as per the information and explanation given to us, the Company has not accepted deposits within the meaning of section 58-A or Section 58-AA of the Companies Act,1956 and the Companies Acceptance of Deposit Rules,1975 and hence the provisions of Clause 4(vi) of the order are not applicable to the Company .
7. In our opinion and according to the information and explanations given to us the Company has an internal audit system commensurate with the size and nature of its business.
8. In our opinion and as per the information and explanation given to us, the Central Government has not prescribed maintenance of cost records, Under Section 209(1) (d) of the Companies Act, 1956 for any of the products of the Company. Hence the provisions of clause 4(viii) of the Order are not applicable to the Company.
9. According to the records of the company, the company is not regular in depositing the undisputed statutory dues relating to the contributions under provident fund Act, Employees State Insurance Act and the remittance in respect of TDS, Income Tax And the Fringe Benefit Tax Wherever applicable to it with appropriate authorities. The company is generally regular in depositing statutory tax dues including Excise Duty Customs Duty and other applicable dues with appropriate authorities.

There is no amount payable in respect of the above undisputed dues are in arrears, as at 31st March, 2011 for the period of more than six months from the date on which they become payable due.

In our opinion and as per information and explanations given to us other statutory due applicable mentioned in the clause are not applicable to the company.

According to the information and explanations given to us and the records of the company examined by us there are no dues of income tax, sales tax, Wealth tax, service tax, custom duty, and excise duty which have not been deposited on account of any dispute pending before any forum other than the following amounts:

Sr. No.	Name of the Statute	Nature of dues	Amount (in lakhs)	Period to which the amount relates	Forum where the dispute is pending.
1	Pondicherry General Sales Tax Act	Turnover Tax	25.89	2002-2004	Appellate Assistant Commissioner Pondicherry
2	Pondicherry General Sales Tax Act	Turnover Tax	84.70	2004-2008	High Court , Madras
3	Pondicherry General Sales Tax Act	Turnover Tax	27.04	1999-2002	High Court , Madras
4	Kerala General Sales Tax Act	Turnover Tax & Interest thereon	84.92	2001-2004	High Court , Kerala
5	Income Tax Act 1961	Tax Deducted at Source	29.49	2006-2007	Commissioner of Appeals, Chennai
6	Income Tax Act 1961	Non Deduction of Tax Deducted at Source	450.17	2001-2002 & 2007-2008	Commissioner of Appeals, Chennai

10. In our opinion, The Company does not have accumulated losses as at the end of financial year and has not incurred cash losses in the current financial year and immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank or debentureholders.
12. In our opinion and according to the records of the Company, the Company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities and hence the provisions of clause 4(xii) of the Order are not applicable to the Company.
13. The company is not a chit fund, nidhi, mutual benefit fund or a society and clause 12 of the order is not applicable. Therefore the provision of clause 4 (xiii) of the Companies (Auditor's report) order, 2003 are not applicable to the company.
14. As the company is not dealing or trading in shares, securities, debentures and other investments so clause (xiv) of the said order is not applicable to the company.
15. According to the information and explanations given to us, the Company has given guarantee for loan taken by others from bank or financial institutions are not prejudicial to the interest of company.
16. In our Opinion & on the Basis of the Review of utilization of funds pertaining to term loan & related information as made available to us, the term loan taken by the company from Sundaram Finance Limited, (Non Banking Financial Institution) of Rs.1.20 Crores for the purpose of Machinery have been utilized for working capital purpose.
17. According to the information and explanation given to us, and On the basis of an Overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that no funds raised on short-term basis have been used for long term investment.
18. According to the information and explanation given to us, during the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act; hence question of issue price of shares prejudicial to interest of the company does not arise
19. During the year covered by our audit report, the company has not issued any Secured debentures. Hence the creation of security in respect of debenture is not applicable.
20. The Company has made an invitation to the public to subscribe to share of the Company with initial public offering during the year. As explained to us, the Allotment of shares were completed during the year. (Also Refer to Note no.3 of Schedule 23 to the Financial Statements)
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us, we report that no fraud on or by the company has been noticed or reported during the course or our audit during the year.

**For Ramanand and Associates**  
Chartered Accountants  
Firm No.117776W

**CA Ramanand Gupta**  
Partner  
M.No. 103975

Place : Chennai  
Date : 30th May 2011

**BALANCE SHEET AS AT 31ST MARCH, 2011**

	Schedule	As at 31.03.2011 (Rs.)		As at 31.03.2010 (Rs.)	
<b>SOURCES OF FUNDS</b>					
<b>(1) Shareholders Funds</b>					
(a) Capital	1	240,000,000		125,000,000	
(b) Share Application money pending allotment					
(c) Reserves and Surplus	2	<u>648,067,570</u>	<u>888,067,570</u>	<u>25,330,737</u>	<u>150,330,737</u>
<b>(2) Loan Funds</b>					
(a) Secured Loans	3	<u>626,402,767</u>		<u>248,323,144</u>	
(b) Unsecured Loans	4	<u>37,760,901</u>	<u>664,163,668</u>	<u>34,700,597</u>	<u>283,023,741</u>
<b>(3) Deferred Tax Liability/(Asset)</b>			<u>3,778,046</u>		<u>4,245,511</u>
<b>Total</b>			<u>1,556,009,284</u>		<u>437,599,989</u>
<b>APPLICATION OF FUNDS</b>					
<b>(1) Fixed Assets</b>	5				
(a) Gross Block		<u>148,965,892</u>		<u>146,127,098</u>	
(b) Less: Accumulated Depreciation		<u>89,387,816</u>		<u>82,986,707</u>	
(c) Net Block			<u>59,578,076</u>		<u>63,140,391</u>
Capital Work-in-Progress			<u>329,000,126</u>		<u>109,968,126</u>
<b>(2) Investments</b>			<u>40,051,000</u>		<u>51,000</u>
<b>(3) Current Assets, Loans &amp; Advances</b>					
(a) Inventories	6	<u>163,341,271</u>		<u>98,971,924</u>	
(b) Sundry Debtors	7	<u>169,247,884</u>		<u>205,731,183</u>	
(c) Cash and Bank balances	8	<u>414,397,780</u>		<u>17,078,693</u>	
(d) Other Current Assets	9	<u>10,374,486</u>		<u>4,053,289</u>	
(e) Loans and Advances	10	<u>449,448,780</u>		<u>38,355,395</u>	
		<u>1,206,810,201</u>		<u>364,190,484</u>	
<b>Less : Current Liabilities &amp; Provisions</b>					
(a) Current Liabilities	11	<u>73,527,129</u>		<u>89,753,412</u>	
(b) Provisions	12	<u>24,594,535</u>		<u>9,996,600</u>	
		<u>98,121,664</u>		<u>99,750,012</u>	
Net Current Assets			<u>1,108,688,537</u>		<u>264,440,472</u>
Miscellaneous Expenditure (to the Extent not written off)			<u>18,691,545</u>		<u>-</u>
<b>Total</b>			<u>1,556,009,284</u>		<u>437,599,989</u>

Significant Accounting Policies and Notes to the Accounts 23

The Schedules referred to above form an integral part of the Balance Sheet

The Schedules referred to above and attached notes form an integral part of the Balance Sheet

As per our report of even date annexed

**For Ramanand And Associates**

Chartered Accountants

Firm No. 117776W

**CA Ramanand Gupta**

Partner

M.No. 103975

Place : Chennai

Date : 30/05/2011

**For and on behalf of Board of Directors****R.V. Ravikumar**  
Managing Director**Badrinath S. Gandhi**  
Director**Dr. Anand Ravikumar**  
Director**G.K. Prem Kumar Menon**  
Company Secretary

**PROFIT AND LOSS ACCOUNT** FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	31.03.2011 (Rs.)	31.03.2010 (Rs.)
<b>I. INCOME</b>			
a. Sales (Gross)	13	988,650,487	977,178,170
Less: Excise Duty		506,492,994	493,680,366
Sales (Net)		482,157,494	483,497,804
b. Other Income	14	18,943,014	9,339,737
c. Increase / (Decrease) in Finished Stock	15	29,496,910	9,211,461
		<u>530,597,417</u>	<u>502,049,002</u>
<b>II. EXPENDITURE</b>			
a. Materials Consumed	16	182,525,659	183,078,703
b. Other Manufacturing & Operating Expenses	17	37,992,789	50,343,952
c. Cost of Goods Traded	18	186,409,385	163,738,046
d. Employees Cost	19	13,587,708	13,293,999
e. Administrative Expenses	20	19,096,604	11,050,728
f. Financial Expenses	21	44,480,142	27,675,142
g. Selling and Distribution Expenses	22	31,473,628	18,592,024
h. Depreciation	5	6,401,109	7,094,680
		<u>521,967,024</u>	<u>474,867,274</u>
<b>III. PROFIT:</b>			
Profit before Taxation and prior period items		8,630,393	27,181,728
Add: Extra Ordinary Items		4,739,382	379,433
Profit Before Taxation		13,369,775	27,561,161
Provision for Taxation			
Current Tax		5,080,707	9,996,600
Deferred Tax (Reversal of liability)		(467,465)	(407,253)
Net Profit after Taxation		8,756,533	17,971,814
<b>APPROPRIATION</b>			
Proposed Dividend		6,000,000	-
Add: Dividend Distribution Tax		1,019,700	-
Balance of profit Carried to Balance Sheet		1,736,833	17,971,814
Earnings Per share- Face Value Rs 10/-			
Basic		0.57	1.56
Diluted		0.57	1.56
Significant Accounting Policies and Notes to the Accounts	23		
The Schedules referred to above form an integral part of the Profit & Loss Account			

As per our report of even date annexed

**For Ramanand And Associates**

Chartered Accountants

Firm No. 117776W

**CA Ramanand Gupta**

Partner

M.No. 103975

Place : Chennai

Date : 30/05/2011

**For and on behalf of Board of Directors****R.V. Ravikumar**  
Managing Director**Badrinath S. Gandhi**  
Director**Dr. Anand Ravikumar**  
Director**G.K. Prem Kumar Menon**  
Company Secretary

**CASH FLOW STATEMENT** FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	13,369,775	27,561,161
Adjustments for		
Depreciation	6,401,109	7,094,680
Preliminary Expenses Written off	4,672,886	
Interest & Other income	-18,943,014	-9,719,170
Interest expenses	44,480,142	
	<b>36,611,123</b>	<b>27,675,142</b>
	<b>49,980,899</b>	<b>52,611,813</b>
<b>B OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		
Adjustments for		
Trade and other Receivables	-380,931,283	-15,460,054
Deffered Supplier Credits	286,335	3,561,716
Inventories	-64,369,347	-11,524,201
Branch / Divisions	0	0
Trade payables	-13,728,755	
	<b>-458,743,050</b>	<b>2,030,006</b>
<b>C NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>-408,762,152</b>	<b>31,219,280</b>
Cash flow from investing activities		
Purchase of Fixed Assets	-2,838,794	-1,442,741
Increase in Investments	-40,000,000	24,478,038
Capital Work-in-Progress including capital advances	-219,032,000	-60,000,000
Interest and other income	18,943,014	8,986,563
<b>Net Cash from Investing activities</b>	<b>-242,927,780</b>	<b>-27,978,140</b>
<b>Cash flow from Financing activities</b>		
Proceeds from Term \ Other loan from bank	378,079,623	30,185,948
Other Loans	2,773,969	-64,613
Share Capital including Securities Premium	736,000,000	0
IPO Expenses (Net)	-23,364,431	-
Interest paid	-44,480,142	-27,675,142
<b>Net cash flow from financing activities</b>	<b>1,049,009,019</b>	<b>2,446,193</b>
<b>Net increase / (Decrease) in cash &amp; cash equivalents</b>	<b>397,319,087</b>	<b>5,687,333</b>
<b>Cash &amp; cash equivalents as at April 1, 2010 (Opening balance)</b>	<b>17,078,693</b>	<b>11,391,360</b>
<b>Cash &amp; cash equivalents as at March 31, 2011 (Closing balance)</b>	<b>414,397,780</b>	<b>17,078,693</b>

As per our report of even date annexed

For Ramanand And Associates  
Chartered Accountants  
Firm No. 117776W

CA Ramanand Gupta  
Partner  
M.No. 103975

Place : Chennai  
Date : 30/05/2011

For and on behalf of Board of Directors

R.V. Ravikumar  
Managing Director

Badrinath S. Gandhi  
Director

Dr. Anand Ravikumar  
Director

G.K. Prem Kumar Menon  
Company Secretary

**SCHEDULES** FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2011

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
<b>SCHEDULE 1</b>		
<b>AUTHORISED CAPITAL</b>		
2,50,00,000 (Previous Year 2,50,00,000) Equity Shares of Rs. 10/- Each	250,000,000	250,000,000
<b>Issued, Subscribed and Paidup Capital</b>		
2,40,00,000 (Previous Year 1,25,00,000) Equity Shares of Rs 10/- each Fully Paid up	240,000,000	125,000,000
<b>TOTAL</b>	<u>240,000,000</u>	<u>125,000,000</u>
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
A. Share Premium	621,000,000	-
Less: Amount Utilised for issue of Bonus Shares	-	-
(1)	621,000,000	-
Surplus in Profit and Loss Account		
Opening Balance	25,330,737	32,358,923
Add: Surplus brought from Profit & Loss Account	1,736,833	17,971,814
	27,067,570	50,330,737
Less: Utilised for the Issue of bonus shares during the year	-	25,000,000
(2)	27,067,570	25,330,737
<b>TOTAL (1+2)</b>	<u>648,067,570</u>	<u>25,330,737</u>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
a) Term Loans		
(i) From Non-Banking Financial Institutions	45,153,080	54,310,070
(ii) From Bank	-	3,899,260
b) Cash Credit & Overdrafts	581,249,687	190,113,814
	<u>626,402,767</u>	<u>248,323,144</u>
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS</b>		
Loan From ETKIF Limited	827,500	827,500
Loan From Managing Director	238,319	-
Loan from Krishnan	2,535,650	-
Deferred Credit from Corporate Suppliers	34,159,432	33,873,097
<b>TOTAL</b>	<u>37,760,901</u>	<u>34,700,597</u>

## SCHEDULE 5

## FIXED ASSETS AND DEPRECIATION FOR THE YEAR ENDED 31-03-2011

## DEPRECIATION AS PER COMPANIES ACT, 1956

Sr. No. Description	Rate of Depreciation	GROSS BLOCK			As on 31.3.2011 (Rs.)	DEPRECIATION			NET BLOCK		
		Cost as on 1.04.2010 (Rs.)	Additions During the year (Rs.)	Deletions during the year (Rs.)		Depreciation upto 31.3.2010 (Rs.)	Adjustment on Account of Sale (Rs.)	Depreciation during the Year (Rs.)	Depreciation upto 31.3.2011 (Rs.)	As on 31.3.2011 (Rs.)	As on 31.3.2010 (Rs.)
<b>I Land &amp; Building</b>											
Land (Inclusive of Development Cost)	0%	13,639,683	0	0	13,639,683	0	0	0	0	13,639,683	13,639,683
Factory Building	10%	51,392,181	779,556	0	52,171,737	30,048,913	0	2,178,115	32,227,028	19,944,709	21,343,268
<b>II Plant &amp; Machinery</b>											
Plant & Machinery	13.91%	68,912,972	1,255,365	0	70,168,337	43,204,308	0	3,662,509	46,866,817	23,301,520	25,708,664
Office Equipments	13.91%	3,092,367	179,200	0	3,271,567	1,881,205	0	183,581	2,064,786	1,206,781	1,211,162
Motor Vehicles	25.89%	610,289	0	0	610,289	576,442	0	8,763	585,205	25,084	33,847
Computers & Printers	40.00%	4,989,240	340,452	0	5,329,692	4,637,705	0	184,800	4,822,505	507,187	351,535
<b>III Intangible Assets</b>	40.00%	39,708	0	0	39,708	39,708	0	0	39,708	0	0
<b>IV Furniture &amp; Fixtures</b>											
Furniture & Fixtures	18.10%	3,450,658	284,221	0	3,734,879	2,598,426	0	183,341	2,781,767	953,112	852,232
<b>V Capital Work in Progress</b>											
Capital Work in Progress	0%	109,968,126	219,032,000	0	329,000,126	0	0	0	0	329,000,126	109,968,126
Current Year Total		256,095,224	221,870,794	0	477,966,018	82,986,707	0	6,401,109	89,387,816	388,578,202	173,108,517
Previous Year Total		218,659,094	61,442,741	24,006,611	256,095,224	76,153,207	7,094,680	261,180	82,986,707	173,108,517	92,537,761





	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
<b>SCHEDULE 6</b>		
<b>INVENTORIES</b>		
<b>(As certified and valued by the Management)</b>		
Raw Material - ENA	68,478,742	35,701,944
Flavours and Essence	7,007,685	6,332,739
Packing Materials	32,227,926	28,047,019
Work - In - Progress	6,368,214	3,343,198
Finished Goods	43,812,667	17,340,773
Finished Goods - Trading	5,446,037	8,206,251
<b>TOTAL</b>	<b>163,341,271</b>	<b>98,971,924</b>
<b>SCHEDULE 7</b>		
<b>SUNDRY DEBTORS</b>		
<b>(Unsecured , considered good) for which the Company holds no security other than debtors personal security</b>		
Debt outstanding for a period exceeding six months	52,057,811	36,577,842
Other Debts	117,190,073	169,153,341
<b>TOTAL</b>	<b>169,247,884</b>	<b>205,731,183</b>
<b>SCHEDULE 8</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	526,178	2,029,185
Balance With Scheduled Banks		
in Current accounts	48,838,291	9,125,687
in Deposit accounts	365,033,311	5,923,821
<b>TOTAL</b>	<b>414,397,780</b>	<b>17,078,693</b>
<b>SCHEDULE 9</b>		
<b>OTHER CURRENT ASSETS</b>		
Prepaid Expenses	4,825,050	2,546,238
Deposits	5,549,436	1,507,051
<b>TOTAL</b>	<b>10,374,486</b>	<b>4,053,289</b>



	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
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**SCHEDULE 10****LOANS AND ADVANCES**

(Unsecured considered good)

Advances recoverable in cash or in kind or for value to be received

Advance Employees	1,030,577	1,633,958
Rent Advance	1,690,000	416,000
Advance to Suppliers	298,300,000	11,283,972
Advance Income Tax & Tax Deducted/Collected at Source	26,745,075	1,079,368
Other Advances	121,683,127	23,942,097
<b>TOTAL</b>	<b>449,448,779</b>	<b>38,355,395</b>

**SCHEDULE 11****CURRENT LIABILITIES**

Advance Received	2,600,000	8,370,484
Creditors For Expenses	34,950,911	23,989,593
Creditors For Goods	28,956,518	57,393,335
Proposed Dividend (Including Dividend Distribution Tax)	7,019,700	
<b>TOTAL</b>	<b>73,527,129</b>	<b>89,753,412</b>

**SCHEDULE 12****PROVISIONS**

Provision for Income Tax	24,124,274	9,996,600
Provision for Fringe Benefit Tax	470,261	-
<b>TOTAL</b>	<b>24,594,535</b>	<b>9,996,600</b>

**SCHEDULES** FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
<b>SCHEDULE 13</b>		
<b>SALES</b>		
Export Sales	-	-
Domestic Sales	988,650,487	977,178,170
	988,650,487	977,178,170
Less: Excise Duty Paid	506,492,994	493,680,366
<b>TOTAL</b>	<u>482,157,494</u>	<u>483,497,804</u>
<b>SCHEDULE 14</b>		
<b>OTHER INCOME</b>		
Bank Interest	7,640,458	237,635
Discount Received	8,138,932	6,789,913
Profit on Sale of Asset	-	353,174
Other Income	3,163,624	1,959,015
<b>TOTAL</b>	<u>18,943,014</u>	<u>9,339,737</u>
<b>SCHEDULE 15</b>		
<b>INCREASE (DECREASE) IN STOCK</b>		
Opening Stock		
Work-in-Progress	3,343,198	2,689,803
Finished Goods	17,340,773	8,782,707
	20,683,971	11,472,510
Less : Closing Stock		
Work-in-Progress	6,368,214	3,343,198
Finished Goods	43,812,667	17,340,773
	50,180,881	20,683,971
Increase in Stock	29,496,910	9,211,461



	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
<b>SCHEDULE 16</b>		
<b>MATERIALS CONSUMED</b>		
<b>Opening Stock</b>		
Raw Materials	35,701,944	37,004,233
Flavours & Essence	6,332,739	3,239,522
Packing Materials	28,047,019	27,961,765
<b>TOTAL (A)</b>	<u>70,081,702</u>	<u>68,205,520</u>
<b>Add : Purchases</b>		
Raw Materials	111,479,011	89,052,939
Flavours & Essence	1,779,187	3,992,003
Packing Materials	106,900,111	91,909,943
<b>TOTAL (B)</b>	<u>220,158,310</u>	<u>184,954,885</u>
<b>TOTAL (A+B)</b>	<u>290,240,012</u>	<u>253,160,405</u>
<b>Less : Closing Stock</b>		
Raw Materials	68,478,742	35,701,944
Flavours & Essence	7,007,685	6,332,739
Packing Materials	32,227,926	28,047,019
	<u>107,714,353</u>	<u>70,081,702</u>
Materials Consumed	182,525,659	183,078,703
<b>SCHEDULE 17</b>		
<b>OTHER MANUFACTURING &amp; OPERATING EXPENSES</b>		
Excise Duty & Charges	11,625,855	5,826,848
Factory Expenses	4,031,137	1,845,471
Freight Inward	11,252,317	11,381,922
Label Charges	528,511	555,298
Utilities	631,313	794,740
Operational Support Cost	8,875,943	28,382,631
Other Operating Expenses	1,047,713	1,557,042
<b>TOTAL</b>	<u>37,992,789</u>	<u>50,343,952</u>
<b>SCHEDULE 18</b>		
<b>COST OF GOODS TRADED</b>		
Opening Stock	8,206,251	7,769,693
Add : Purchase	183,649,171	164,174,604
	<u>191,855,422</u>	<u>171,944,297</u>
Less : Closing Stock	5,446,037	8,206,251
Cost of Goods Traded	<u>186,409,385</u>	<u>163,738,046</u>
<b>SCHEDULE 19</b>		
<b>EMPLOYEE COST</b>		
Salaries, Wages & Incentives	10,963,166	9,842,574
Staff welfare expenses	392,542	994,425
Remuneration to Whole Time Directors	2,232,000	2,457,000
<b>TOTAL</b>	<u>13,587,708</u>	<u>13,293,999</u>

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
<b>SCHEDULE : 20</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Rent	2,781,497	2,082,780
Electricity Charges	312,098	102,445
Rates, Duties & Taxes	2,632,593	1,853,978
Insurance	190,050	171,567
Professional & Consultancy Charges	1,085,460	486,257
Telephone & Communication Expenses		580,689
Legal expenses	12,500	-
Travelling & Conveyance	1,162,193	467,518
Interest-service Tax	32,357	-
Printing & Stationery	241,497	316,678
Security Charges	71,125	71,680
Vehicle Running & Maintenance Expenses	1,179,775	1,252,056
Pooja Expenses	122,255	175,257
Books & periodicals	12,676	7,045
Postage & Courier Charges	115,748	113,172
Gifts & Articles	-	148,911
Repairs & Maintenance	684,952	530,964
Issue Expenses	-	1,340,662
Miscellaneous Expenses written off	4,672,886	-
Internal Audit Fees	330,900	-
Auditors Remuneration	716,950	496,350
Gratuity Premium	115,056	547,459
Directors Sitting Fees	70,000	70,000
Other Expenses	2,032,823	235,260
<b>TOTAL</b>	<u>19,096,604</u>	<u>11,050,728</u>
<b>SCHEDULE : 21</b>		
<b>FINANCIAL EXPENSES</b>		
Bank Charges	1,748,191	286,732
Interest & Finance Charges	42,731,951	27,388,410
<b>TOTAL</b>	<u>44,480,142</u>	<u>27,675,142</u>
<b>SCHEDULE : 22</b>		
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Advertisement Expenses	235,794	204,476
Discounts, Schemes & Allowances	16,999,513	4,984,807
Sales Promotion	3,059,620	1,136,815
Incentives & Commissions	8,634,424	9,932,862
Outward Freight Charges	2,281,871	2,003,154
Miscellaneous Expenses	262,406	329,910
<b>TOTAL</b>	<u>31,473,628</u>	<u>18,592,024</u>

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011****SCHEDULE 23 (A):****SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS:****A. SIGNIFICANT ACCOUNTING POLICIES:****(1) Basis of preparation of Financial Statements**

The Financial Statements have been prepared under Historical Cost conventions and in accordance with the Generally Accepted Accounting Principles ('GAAP') applicable in India, Companies (Accounting Standard) Rules, 2006 notified by Ministry of Company Affairs and relevant provisions of the Companies Act, 1956.

**(2) Use of Estimates**

The preparation of Financial Statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets and intangible assets, provision for doubtful debts / advances, future obligations in respect of retirement benefit plans, etc. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized. Management believes that the estimates used in preparation of Financial statements are prudent and reasonable.

**(3) Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation. Direct cost are capitalized until fixed assets are ready for use. Capital Work-in-Progress comprises of advances paid to acquire Fixed Assets, and the costs of the fixed assets are not ready for use for their intended use as at Balance sheet date. Capital advances representing unfulfilled contracts are included in Capital Work-in-Progress.

**(4) Depreciation / Amortisation**

Depreciation on fixed assets is provided on written down value method (WDV) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 over their useful life. Depreciation of asset sold / discarded during the period is proportionately charged. Individual low cost assets (acquired for less than Rs 5000/-) are depreciated in the year of acquisition. Intangible assets are amortized over their estimated useful life on a straight line basis.

**(5) Borrowing Costs**

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

**(6) Investment**

Investments that are readily realizable and intended to be held for not more than a year are classified as 'Current Investments'. All other Investments are classified as Long Term Investments.

Current Investments are carried at lower of cost or Market / Fair Value determined on a individual investment basis.

Long Term investments are valued at cost. Provision for diminution in the value of long term investment is made only if such decline is other than temporary in nature.

**(7) Grants and Subsidies**

Grants and Subsidies are recognized when there is reasonable assurance that the Grant / Subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to a revenue item it is recognized as income over the period necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the Grant on subsidy relates to an asset its value is deducted in arriving at the carrying amount of the related asset.

**(8) Impairment of asset**

As on Balance Sheet date, the Company reviews the carrying amount of Fixed Assets to determine whether there are any indications that those assets have suffered 'Impairment Loss'. Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

**(9) Revenue Recognition**

The company is in the business of manufacture and sale of IMFL productions. Sale of goods are recognized when the goods are dispatched / on passing title of the Goods to the customers. The sales are accounted by including the scheme/ discounts/ Excise Duty and Sales Tax. The Scheme discounts / Sales Tax are charged off separately to the Profit and Loss Account.

Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sale price and the carrying value of the investment. Interest is recognized based on time-proportion method based on rates implicit in the transaction.

**(10) Inventories**

Inventories are valued at lower of cost and estimated net realizable value after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. Cost includes taxes, duties and all incidental expenses directly attributable to the purchases.

Method of assignment of cost is as under:

Raw Material, Stores & Spares	: Weighted average cost basis
Work - in - progress	: Direct expenses plus appropriate Factory overheads on the basis of completed production
Finished Goods	: Cost of goods, direct expenses plus appropriate Factory overheads and Excise Duty
Traded Goods	: Actual cost Basis

**(11) Employee Benefits**

The Provident fund scheme and Employee State Insurance Scheme are defined contribution plans. The company contributes a fixed sum to the Provident Fund / Employees State Insurance Scheme maintained by the Central Government. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

The liability for Gratuity to employees as at the Balance Sheet date is as per the obligation to fund gratuity fund administered by the trustees and managed by Life Insurance Corporation of India. The contribution thereof paid/payable for the relevant period is charged off to Profit and Loss Account.

**(12) Foreign Exchange Transactions**

- (i) Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the respective transactions.
- (ii) Foreign Exchange monetary items in the Balance Sheet are translated at the year-end rates. Exchange differences on settlement/ conversion are adjusted to Profit and Loss Account.

**(13) Income Taxes**

Tax expenses for the year comprises of Current Income tax and Deferred Tax

- (i) Tax expenses for the year comprise of current tax and deferred tax. Current tax is measured after taking into consideration the deductions and exemptions admissible under the provision of Income Tax Act, 1961 and in accordance with Accounting Standard 22 on "Accounting for Taxes on Income".
- (ii) Deferred Tax represents the tax effect of timing differences between taxable income and accounting income for the reporting period and is capable of reversal in one or more subsequent periods. Deferred tax are quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet Date.
- (iii) Deferred Tax Assets are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax asset on unabsorbed depreciation and carry forward of losses are not recognized unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**(14) Contingent Liabilities and Provisions**

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent Liability is disclosed for

- a) Possible obligation which will be confirmed only by future events not wholly within the control of the company or
- b) Present obligations arising from the past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made.
- c) Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized



**(15) Earnings Per Share**

In determining the Earnings Per share, the company considers the net profit after tax includes any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the Weighted average number of shares outstanding during the period.

The number of shares used in computing Diluted earnings per share comprises the Weighted average number of shares considered for computing Basic Earning per share and also the weighted number of equity shares that would have been issued on conversion of all potentially dilutive shares.

In the event of issue of bonus shares, or share split the number of equity shares outstanding is increased without an increase in the resources. The number of Equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

**(16) Leases**

*Finance Lease*

Leases which effectively transfer to the company all the risks and benefits incidental to ownership of the leased item, are classified as Finance Lease. Lease rentals are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return.

*Operating Lease*

Lease where the lessor effectively retains substantially all risks and benefits of the asset are classified as Operating lease. Operating lease payments are recognized as an expense in the Profit & Loss account on a Straight Line Basis over the Lease term.

**(17) Segment Reporting**

- a. The generally accepted accounting principles used in the preparation of the financial statements are applied to record revenue and expenditure in individual segments
- b. Segment revenue and segment results include transfers between business segments. Such transfers are accounted for at the agreed transaction value and such transfers are eliminated in the consolidation of the segments.
- c. Expenses that are directly identifiable to segments are considered for determining the segment result. Expenses, which relate to the company as a whole and are not allocable to segments are included under unallocated corporate expenses.
- d. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocated corporate assets and liabilities represent the assets and liabilities that relate to the company as a whole and not allocable to any segment.



**SCHEDULE 23 (B):****NOTES ON ACCOUNTS FORMING PART OF BALANCE SHEET****1. General**

The Company was incorporated during the year 1993 and is engaged in the business of manufacture and sale of Indian Manufactured Foreign Liquor. The Company has its manufacturing unit at Pondicherry.

**2. Equity Share Capital**

During the year the Company had Initial Public Offering of 1,15,00,000 Equity Shares of Rs.10 each at a Price Band of Rs.56 to Rs.64 per Equity Shares for Cash. Thus, the total paid up capital of the company stands at Rs. 24,00,00,000/- as against the Authorised Share Capital of Rs. 25,00,00,000/- as on 31-03-2011 and a balance in Securities Premium Account of Rs. 62,10,00,000/-.

**3. Utilisation of proceeds from Public Issue :-**

The company has raised money by public issues during the year of Rs.7360 Lacs, the details of utilization and end use of the money raised by public issue are as under:

Particulars	Amount to be utilized as per prospectus	Actual utilization till 31st March 2011	Balance to be utilized
Expansion of Manufacturing Unit	1122.19	2190.32	(1068.13)
Marketing and Brand Building Expenses	300.00	NIL	300.00
Incremental Working Capital & General Corporate Expenses	5587.81	1001.04	4586.77
Issue Expenses	350.00	233.64	116.36
Total	7360.00	3425.00	3935.00

Pending utilization of Rs. 3935/-Lacs as of 31st March 2011 the funds are temporarily invested in bank accounts by way of Fixed Deposits Rs.3590/-Lacs and SBI Mutual Fund investment of Rs 400/-Lacs.

**4. Term Loan and Working Capital**

- The Company has availed Term Loan from Non Banking Finance Company (Financial Institutions) amounting to Rs. 958.74 lakhs for expansion of facilities.
- The Company has availed Cash Credit from a Scheduled Bank for a sum of Rs 2,500.50 lakhs (Previous Year Rs.1900.49) lakhs for Working Capital requirements.
- The company has also been sanctioned short term loans of Rs. 3,312 Lacs from a Scheduled Bank which is secured by way of lien on Fixed Deposits.
- The above facilities are secured by Hypothecation of all present and future goods, book debts and all other movable assets of the Company, outstanding monies, receivables claims by way of refund of cess to excise duties under the duty draw back credit scheme or any other scheme and Company's plant and machinery and First charge on the entire assets acquired out of the term loan. Further the Facilities from the Bank are secured by the personal Guarantee of 5 Directors.

**5. Contingencies and Commitments**

	(Amount Rs. in Lakhs)	
	Year Ending March 31, 2011	Year Ending March 31, 2010
5.1 Contingent Liability not provided for in the books		
Turnover Tax	222.55	222.55
Company law Matters - Compounding Fee	2.80	2.80
Guarantee given to a bank	1.00	1.00
Counter Guarantee provided by the Bank on behalf of the Company	90.00	90.00
Income Tax matters	479.66	479.16
Claims against the company not acknowledged as debt	Nil	Nil



	Year Ending March 31, 2011	Year Ending March 31, 2010
5.2 Capital Work-in-progress		
Estimated amount of contract remaining to be execute on Capital account and not provided for	Nil	Nil
Capital Advances for immovable properties	3290.00	1099.69

(Amount Rs. in Lakhs)

	Year Ending March 31, 2011	Year Ending March 31, 2010
5.3. Managerial Remuneration:		
Managing Director	12.00	12.00
Directors	10.32	12.57
Total	20.32	24.57

**6. Remuneration to Directors**

Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956

(Amount Rs. in Lakhs)

	Year Ending March 31, 2011	Year Ending March 31, 2010
Profit as per Profit & Loss Account	87.56	179.72
Add:		
Income Tax	50.81	99.97
Fringe Benefit Tax	0	0
Deferred Tax	(-)4.67	(-) 4.07
Depreciation	64.01	70.95
Directors Remuneration	22.32	24.57
	220.03	371.14
Less:		
Depreciation allowable U/s 350 of the Companies Act, 1956	64.01	70.95
Net Profit as per Section 198 of the Companies Act, 1956	156.02	300.19

**7. Auditor's Remuneration (inclusive of service tax) Amount Rs. in lakhs**

(Amount Rs. in Lakhs)

	Year Ending March 31, 2011	Year Ending March 31, 2010
Statutory Audit	6.62	4.58
Tax Audit	0.55	0.38
Total	7.17	4.96

## 8. Foreign Exchange Earnings and Expenditure

Foreign Currency Transaction	(Amount Rs. in Lakhs)	
	Year Ending March 31, 2011	Year Ending March 31, 2010
A) Foreign Exchange Earnings	Nil	Nil
B) Foreign Exchange Expenditure	Nil	Nil

## 9. Manufacture of IMFL Brands owned by other Corporates

The Company manufactures and sells its own brand of liquors and also uses the brand of others. For the purpose of manufacture and sales of liquor brands not owned by the company, the company has entered in to arrangement / agreement with the respective brand owners.

The terms of the Agreement / Arrangement with such brand owners provide for payment of consideration for use of brand name / for the additional services rendered by the brand owners / other amount due to the brand owners in the agreed proportion. The payment towards use of Brand name is accounted in the books as "Royalty". Other dues / payments along with Royalty are grouped as "Operational Support Cost". The Operational Support Cost is included under the head "Other Manufacturing Expenses"

Further the Agreements / Arrangements with other Brand owners provide a facility of Deferred Payment of the amount due under the agreement. These payables, as per the Terms, which are payable after a period exceeding 12 months are classified as "Deferred Credit from Corporate Suppliers" and are grouped under "Unsecured Loans".

## 10. Additional information as required under paragraph 3,4 and 4C of part II of schedule VI of the Companies Act (As certified by the Management not verified by the Auditors)

	(Amount Rs. in Lakhs)	
	Year Ending March 31, 2011	Year Ending March 31, 2010
Licensed Capacity (Units in cases)	14,25,300	14,25,300
Installed Capacity (as certified by the Management) (Units in cases)	14,25,000	14,25,000
Actual Production (Units in cases)	7,65,000	7,47,074

The quantitative details of opening stock, purchases, turnover and closing stock of manufactured goods, consumables are as under, quantity expressed in terms of ten litres

## a. Raw Material Consumed

Particulars	Year Ending March 31, 2011		Year Ending March 31, 2010	
	Quantity (in Litres)	Value (Rs.in Lacs)	Quantity (in Litres)	Value (Rs.in Lacs)
ENA				
Opening Stock	10,90,840	357.02	10,43,940	370.04
Add : Purchases	34,65,075	1,114.79	28,98,590	890.53
Less : Closing Stock	16,99,730	684.79	10,90,840	357.02
Materials Consumed	28,56,185	787.02	28,51,690	903.55

*Flavours & Essence*

Opening Stock	-	63.33	-	32.40
Add : Purchases	-	17.79	-	39.92
Less : Closing Stock	-	70.08	-	63.33
Materials Consumed	-	11.04	-	8.99

The Quantitative Details for the Primary Raw Material - Extra Neutral Alcohol has been provided. The Quantitative Details for Flavours & Essence and other items could not be provided due to huge volume of various types of items.

Particulars of Opening and Closing Stock of goods produced and sold:

Particulars	Year Ending March 31, 2011		Year Ending March 31, 2010	
	Quantity (in Litres)	Value (Rs.in Lacs)	Quantity (in Litres)	Value (Rs.in Lacs)
<b>Manufacturing</b>				
Opening Stock	7,338	173.41	10,313	87.82
Production	7,65,000		747,074	
Turnover	7,51,816	8,552.57	750,049	8134.40
Closing Stock	20,522	438.13	7,338	173.41
<b>Trading</b>				
Opening Stock	7,742	82.06	7,364	77.69
Purchases - Local	1,74,904	1,836.49	160,965	1641.75
Sales - Local	1,76,547	1,853.29	160,587	1637.38
Closing Stock	6,099	54.46	7,742	82.06

The Quantitative Details of the Manufactured Finished Products comprising of various quantities have been presented in the form of Number of cases

*b. Value of Raw Materials, Spare Parts and Components consumed during the year*

Raw Material and Other Materials

Particulars	Year Ending March 31, 2011		Year Ending March 31, 2010	
	Amount	%	Amount	%
Imported	Nil	Nil	Nil	Nil
Indigenous	1,825.26	100%	1,830.79	100%
Total	1,825.26		1,830.79	

11. The amount due to ETK Investment and Finance Limited is Rs.8.27 Lacs and amount of Rs.7.20 lacs maintained as deposit with State Bank of India represents the amount withheld by the Bank as per the specific direction of the Madras High Court towards the Income Tax due by ETK Investment and Finance Limited.

**12. Related Party transaction****A. Related parties and their relationship:**

Nature of Relationship	Name of the Related Party
Enterprises that directly or indirectly through one or more intermediaries, control, or are controlled by or are under common control with the reporting enterprises	Ravikumar Properties Private Limited
	Craze India Private Limited
	Ravikumar Resorts and Hotels Private Limited
	Ravikumar Powergen Private Limited
	RKR Hotels Private Limited
	Reality Projects & Entertainments Private Limited
	Brahmar Cellulose Products Private Limited
	RV Matrix Software Technologies Private Limited
Key Management personnel	R.V.Ravikumar
	R.Amirthavalli
	Vijayalakshmi
	Badrinath S Gandhi

**B. Transactions with Related Parties (other than those advances given for business purposes)**

(Rs. in lacs)

Transaction	Related Party	Year Ending March31, 2011	Year Ending March31, 2010
Remuneration	Mr R V Ravikumar	12.00	12.00
	Mrs Amrithavalli	7.20	7.20
	Mrs Vijayalakshmi	3.12	3.12
	Mr. Badrinath S Gandhi	Nil	2.25
Benefits & Perquisites to Whole-time Directors		Nil	Nil
Rent	Mr. R V Ravikumar	12.96	12.96
Issue of Bonus Shares	Mr. R V Ravikumar	Nil	186.99
	Mrs Amrithavalli	Nil	1.50
	Ravikumar Properties Private Limited	Nil	61.50
Unsecured Loans received and repaid	Mr. R.V.Ravikumar	441.44	1775.17
Year End Balances: Purchase / Advance for Purchase of Immoveable Assets	Ravikumar Properties Private Limited	3290.00	1099.68
Loan from director	Mr R V Ravikumar	2.38	Nil
Advances to Companies	Brahmar Cellulose Products Private Limited	1.00	Nil
	Ravikumar Properties Private Limited	50.61	50.15
	R V Matrix Software Technologies Private Limited	0.89	Nil

**13. Current Assets / Loans and Advances**

The Confirmation of Advances and Creditors are yet to be received. In the opinion of the Management the balances under the head Current Assets, Loans & Advances are recoverable in the ordinary course at the amount stated in the Financial Statements and all known Liabilities and expenses have been provided for.

**14. Prior Period Items :**

Particulars	Income	Expense
Rent Advance received back for earlier years	1.00	-
Excess Managerial Remuneration received back	75.78	-
Excess Demand of Income Tax for A. Y. 2008-09	-	7.02
Excess Demand of FBT for A. Y. 2008-2009	-	0.85
Interest on Secured Loans from Sundaram Finance – Prior Period Interest	-	21.52
<b>Total</b>	<b>76.78</b>	<b>29.39</b>
<b>Net Prior Period Income</b>	<b>47.39</b>	

**15. Deferred Taxes**

Deferred Tax liability on account of depreciation has been recognized in the financial statements. Details of deferred tax are as under:

	Year Ending March 31, 2011	Year Ending March 31, 2010
Deferred Tax Liability on account of Depreciation	37.78	42.46
Deferred Tax Asset on items Disallowed under the Income Tax Act	-	-

**16. Earnings Per Share as per Accounting Standard 20**

	Year Ending March 31, 2011	Year Ending March 31, 2010
Profit / (Loss) after Tax	87.57	179.72
Weighted Average number of Equity Shares used as denominator for calculating EPS	1,53,35,616	1,15,47,974
Basic Earnings Per Share of Rs.10/- each	Rs. 0.57	Rs.1.56
Potentially dilutive shares	Nil	Nil
Diluted Earnings per share	Rs. 0.57	Rs.1.56

**17. Advance for Capital Items:**

The Company has entered in to an Agreement with one of the group companies for purchase of immoveable properties and Capital equipments for expansion of manufacturing operations in Tamilnadu. The Company has submitted all the necessary documents to the Government Authorities for getting the manufacturing licence. The advance paid in respect of the same amounts to Rs.3290.00 lakhs and has been shown as Capital Advances for the period ending on 31st March, 2011 and Rs. 1099.68 lakhs for the year ending on 31st March, 2010.

**18. Taxation Matters:**

The Company has received a Demand Notice from Income Tax Department in respect of the Assessment year 2003-04 on account of disallowance of exemption under section 80 IB of the Income Tax Act, 1961 and in respect of the Assessment year 2007-08 on account of disallowance of deduction under section 80 IB and disallowance of expenditure under section 40a(ia) of the Income Tax Act, 1961. The Department has raised a demand of Rs.305.77 lakhs for both the assessment years. The Company has filed appeals with the Commissioner of Income Tax (Appeals) against the orders of the Assessing Officer. The Company is confident of succeeding in both the appeals and the Company has also taken favorable opinion from legal experts.

Similar disallowance of deduction under Section 80 IB has been made by the Department which has been contested and favorable decisions have been received from the First Appellate Forum. Hence no provision has been made in the books of accounts and the demand raised by the Department has been shown under "Contingent Liabilities".

In respect of other disputed liabilities pertaining to earlier years such as Turnover Tax, Compounding Fees under the Company Law, Bank Guarantee amount, the amounts have been shown under "Contingent Liabilities" in the respective years.

### 19. Company Law Matters:

During the year 2007-08 and during the current Financial year, the Company received a Notice from the Registrar of Companies, Tamilnadu for alleged non-compliance of provisions of Section 210, 295 and 297 of the Companies Act, 1956 for earlier years up to 31st March, 2009. The Company has filed its application under section 621 A of the Companies Act, 1956 for compounding of aforesaid non compliances. The Chennai Branch of Company Law Board has compounded the aforesaid non compliances by its order dated 15-09-2010. The Company has paid Rs. 19,500/- as compounding Fees.

During the year ending on March 31, 2010, the Company received a Letter from the Registrar of Companies, Tamilnadu seeking replies for non-compliance of provisions of Section 211(3C), 255 of the Companies Act, 1956. The Registrar of Companies observed that the Company had not complied the provisions of Section 211(3C) of the Companies Act, 1956. The Company has sent a reply letter to the Registrar of Companies, Tamilnadu pleading condonation of non-compliance under the Companies Act relating to the financial year 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09. However, the proceeding is still pending and the action report from ROC is awaited.

During the year ending on March 31, 2011, the Company received a Letter from the Registrar of Companies, Tamilnadu seeking replies for non-compliance of provisions of Section 211(3C), 255 of the Companies Act, 1956. The Registrar of Companies observed that the Company had not complied the provisions of Section 211(3C) of the Companies Act, 1956. The Company has sent a reply letter to the Registrar of Companies, Tamilnadu pleading condonation of non-compliance under the Companies Act relating to the financial year 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09. However, the proceeding is still pending and the action report from ROC is awaited.

During the year, ROC has its order dated 13.01.2011 intimated the company to received back the excess remuneration paid to Managing Director Rs. 75.78 Lacs and the Managing Director repaid the same.

### 20. Others

#### (a) Micro Enterprises

The company has not received intimation from all the "Suppliers" regarding their status under Micro, Small and Medium Enterprises Development Act, 2006, and hence, the disclosure relating to amounts unpaid as at March 31, 2011 together with interest paid / payable as required under the said Act has been provided only to the extent of intimations received.

#### (b) Investment:

Investment represents Unquoted - Non-Trade - at Cost value of National Saving Certificate of Rs.51,000/- (Previous Year Rs.51,000/-)

Investment also includes short term investment in SBI-SHF-Ultra Short Term Fund of Rs. 400 Lacs (Market Value as on 31-03-2011 Rs. 400 Lacs).

### 21. Employee Benefit

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

#### Defined Contribution Plan

Particulars	Year Ending March 31, 2011	Year Ending March 31, 2010
Employers Contribution to Provident Fund	5.97	5.22
Employers Contribution to Gratuity Fund	1.15	5.47

#### Gratuity

The liability for Gratuity to employees as at the Balance Sheet date is determined on the basis of actuarial valuation based on Projected Unit Credit method and is funded to a Gratuity fund administered by the trustees and managed by Life Insurance Corporation of India. The contribution thereof paid/payable is charged in the books of accounts.



The employees and the Company make monthly fixed contributions to a Provident Fund Trust, equal to a specified percentage of the covered employee's salary. The interest rate payable by the Trust to the beneficiaries is being notified by the Government every year. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The following table sets forth the status of the Gratuity plan and the Superannuation and the other Pension Plans of the Company and the amount recognized in the Balance Sheet and Profit and Loss Account

Particulars	Gratuity (Funded)	Gratuity (Funded)
	2010-2011	2009-2010
Present Value of obligations at the beginning of the period	19,40,421	13,95,501
Current service cost	1,84,050	1,11,640
Interest Cost	1,55,234	1,45,083
Actuarial loss/(gain)	1,27,961	242,101
Benefits paid	(51,488)	(123,159)
Present Value of obligations at the end of the period	23,56,178	17,71,166
Changes in the fair value of planned assets		
Fair value of plan assets at the beginning of year	3,07,209	3,57,933
Expected return on plan assets	23,235	25,228
Contributions		47,207
Benefits Paid	(51,488)	(123,159)
Actuarial gain on plan assets	Nil	Nil
Fair Value of plan assets at the end of the year	2,78,956	3,07,209
Amounts to be recognised in the balance sheet		
Projected benefit obligation at the end of the period	23,56,178	17,71,166
Fair value of plan assets at the end of the period	2,78,956	3,07,209
Funded status of the plans - (Asset)/ Liability recognised in the balance sheet	20,77,222	14,63,957
Cost for the period		
Current service cost	1,55,234	1,45,083
Interest Cost	1,84,050	111,640
Expected return on plan assets	(23,235)	(25,228)
Net actuarial (gain)/loss recognised in the period	1,27,961	242,101
Net Cost	4,44,010	4,73,596
Assumptions		
Discount rate	8%	8%
Expected rate of planned assets		
Expected rate of salary increases	7%	7%



**22. Segment Reporting**

The company operates only in one reportable business segment namely manufacture and sale of Indian Manufactured Foreign Liquor. The liquor business incorporates the product groups (viz) IMFL and others, which have similar risks and returns. Hence segment reporting is not applicable.

**23. Impairment of Asset**

Assets of the Company are being tested for impairment. Considering the internal and external sources of information, there was no indication of potential impairment loss, and hence estimation of recoverable amount does not arise.

24. The figures have been rounded off to nearest rupee.

25. The figures have been regrouped / reclassified wherever necessary to conform with the current year presentation.

**For Ramanand And Associates**

Chartered Accountants  
Firm No. 117776W

**CA Ramanand Gupta**

Partner  
M.No. 103975

Place : Chennai  
Date : 30/05/2011

**For and on behalf of Board of Directors**

**R.V. Ravikumar**  
Managing Director

**Badrinath S. Gandhi**  
Director

**Dr. Anand Ravikumar**  
Director

**G.K. Prem Kumar Menon**  
Company Secretary



Additional Information Pursuant to the provisions of Part-IV of Shcedule VI of Companies Act, 1956

**BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE**

**I. REGISTRATION DETAILS**

Registration No. **25981** State Code : **44**  
 Balance Sheet Date : **31 03 2011**  
 Date Month Year

**II. CAPITAL RAISED DURING THE YEAR : (Amount in Rs. Thousands)**

Public Issue : **115000** Right Issue : **NIL**  
 Bonus Issue **NIL** Private Placement : **NIL**

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS : (Amount in Rs.Thousands)**

Total Liabilities **1556009** Total Assets : **1556009**

**SOURCE OF FUNDS :**

Paid-Up Capital **240000** Reserves & Surplus: **648068**  
 Share Application Money **NIL** Secured Loans : **626403**  
 Unsecured Loans : **37761**

**APPLICATION OF FUNDS :**

Net Fixed Assets : **388578** Investments : **40051**  
 Net Current Assets : **1108689** Misc.Expenditure : **18692**  
 Accumulated Losses : **NIL** Deferred Tax Liability: **-3778**

**IV. PERFORMANCE OF THE COMPANY: (Amount in Rs.Thousands)**

Total Income **530597** Total Expenditure : **521967**  
 Profit before Tax : **13370** Profit / Loss after Tax : **8757**  
 Basic Earnings Per Share in Rs. **0.57** Dividend Rate (%) **2.5%**

**V. GENERIC NAME OF THE THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY**

Item Code No. **N.A**  
 Product Description **INDIAN MADE FOREIGN LIQUORS (IMFL)**

As per our report of even date annexed

**For Ramanand And Associates**  
 Chartered Accountants  
 Firm No. 11776W

**CA Ramanand Gupta**  
 Partner  
 M.No. 103975

Place : Chennai  
 Date : 30/05/2011

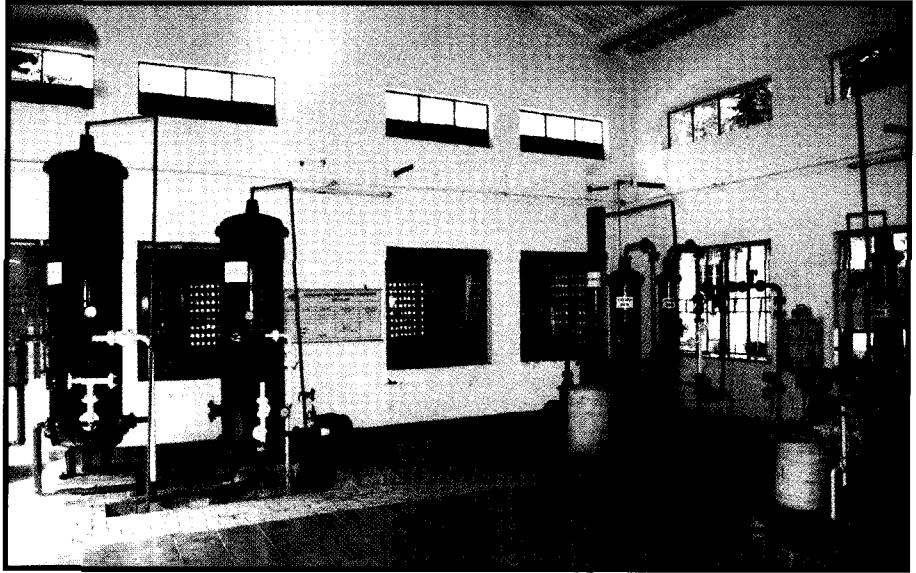
**For and on behalf of Board of Directors**

**R.V. Ravikumar**  
 Managing Director

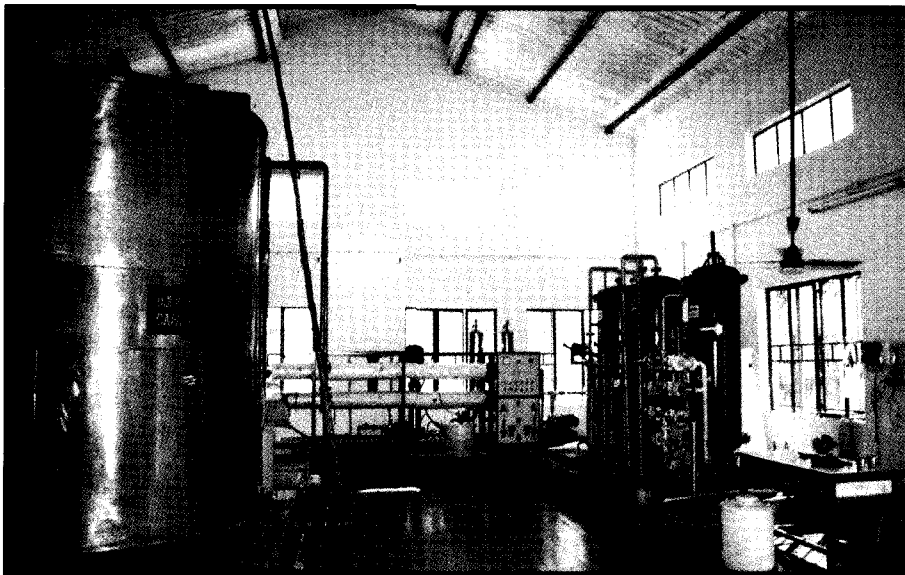
**Badrinath S. Gandhi**  
 Director

**Dr. Anand Ravikumar**  
 Director

**G.K. Prem Kumar Menon**  
 Company Secretary



Factory Plant



Factory Plant



**RAVI KUMAR DISTILLERIES LIMITED**

Regd Office: "Mena Kampala", 3rd Floor, B Wing, B Block,  
No.114 & 115, Sri Theagaraya Road, T. Nagar, Chennai – 600 017.