



Date : 08.08.2020

<b>Bombay Stock Exchange Ltd.</b> Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001.  Symbol : 532497	<b>National Stock Exchange of India Ltd.</b> Exchange Plaza, 5 <sup>th</sup> Floor Plot no.C/1, G Block Bandra-Kurla Complex, Bandra (E) Mumbai – 400 051. Symbol : RADICO
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**Sub: Intimation under Regulation 34 (1)(a) of the SEBI ( Listing Obligations and Disclosure Requirements) Regulations, 2015 of Annual Report together with the Notice for Annual General Meeting of the Company scheduled to be held on Monday, 31<sup>st</sup> August, 2020**

Dear Sir/Madam,

Pursuant to Regulation 34 (1) (a) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, We submit Annual Report of the Company for the Financial Year 2019-20 together with the Notice of the 36<sup>th</sup> Annual General Meeting scheduled to be held on **Monday, the 31<sup>st</sup> August ,2020 at 01.00 P.M.** at Registered office of the Company at Rampur Distillery, Bareilly Road, Rampur – 244901 (U.P.). The Annual Report and Notice for the FY2019-20 is also available on the Company's website at [www.radicokhaitan.com](http://www.radicokhaitan.com).

The soft copy Annual Report and Notice is being sent by email to the shareholders.

Please take note of the same in your record.

Thanking you,

Yours faithfully  
For Radico Khaitan Limited

Amit Manchanda  
Vice President – Legal &  
Company Secretary  
Membership No. FCS 6615

**Radico Khaitan Limited**

Plot No. J-1, Block B-1, Mohan Co-op. Industrial Area  
Mathura Road, New Delhi-110044  
Ph : (91-11) 4097 5444/555 Fax: (91-11) 4167 8841-42  
Registered Office : Bareilly Road, Rampur-244901 (U.P.)  
Phones : 0595-2350601/2, 2351703 Fax : 0595-2350009  
e-mail : [info@radico.co.in](mailto:info@radico.co.in), website : [www.radicokhaitan.com](http://www.radicokhaitan.com)  
CIN No. L26941UP1983PLC027278



## Radico Khaitan Limited

Registered Office: Bareilly Road, Rampur – 244 901 (UP)

CIN L26941UP1983PLC027278

E-mail: [Info@radico.co.in](mailto:Info@radico.co.in) | Website: [www.radicokhaitan.com](http://www.radicokhaitan.com)

Ph: 0595-2350601-2 | Fax: 0595-2350009

### NOTICE

Notice is hereby given that the 36<sup>th</sup> Annual General Meeting of the Members of Radico Khaitan Limited (RKL) will be held on **Monday, the 31<sup>st</sup> day of August, 2020 at 1.00 p.m.** at the registered office of the Company at Rampur Distillery, Bareilly Road, Rampur - 244 901 (UP) to transact the following businesses:

#### Ordinary Business:

1. To consider and adopt (a) the audited standalone and consolidated financial statement of the Company for the financial year ended on March 31, 2020 and the reports of the Board of Directors and Auditors thereon and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:

**“RESOLVED THAT** the audited standalone and consolidated financial statement of the Company for the financial year ended on March 31, 2020 and the report of the Board of Directors and Auditors thereon, as circulated to the members, be and are hereby considered and adopted.”

2. To declare a dividend on equity shares for the financial year ended March 31, 2020 and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** a dividend @ Rs.2.00 per equity share of face value of 2/- each of the Company, as recommended by the Board of Directors, be and is hereby declared for the financial year ended March 31, 2020 and the same be paid out of the profits of the Company for the financial year ended March 31, 2020.”

3. To appoint Mr. K.P. Singh, who retires by rotation as a Director and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. K.P. Singh (DIN:00178560), who retires by rotation at this meeting be and is hereby appointed as a Director of the Company.”

#### Special Business:

4. To ratify the remuneration of Cost Auditors for the financial year ending March 31, 2021 and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:



**“RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as may be amended from time to time, Mr. R. Krishnan (Membership No. 7799), Cost Accountant, R/o. Flat No. H-301, Green Valley Apartment, Plot No.18, Sector-22, Dwarka, New Delhi -110 077, appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year 2020-21 be paid remuneration of Rs. 1.10 Lakhs (Rupees One Lakh Ten thousand only) apart from reimbursement of actual expenses to be incurred by him in connection with conducting the audit of cost records of the Company.”

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”

**By order of the Board  
for Radico Khaitan Limited**

**Amit Manchanda  
Vice President – Legal & Company Secretary  
FCS No.6615**

**Place: New Delhi  
Date: 23.07.2020**

**NOTES:**

- (1) A member entitled to attend and vote at the 36<sup>th</sup> Annual General Meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of himself / herself and the proxy need not be a member of the Company. Pursuant to Section 105 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 a person shall not act as proxy for more than fifty (50) members and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of a Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

Proxies, to be effective, must be received by the Company not less than 48 hours before the meeting.

Corporate members intending to send their authorized representatives to attend the meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.

Members are requested to notify immediately the changes of address, if any, to the Company or the Share Transfer Agent and Registrar.

- (2) Members are requested to bring their Attendance Slip.
- (3) Members who hold shares in dematerialized form are requested to write their Client ID and DPID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
- (4) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 25<sup>th</sup> August 2020 to Monday, 31<sup>st</sup> August 2020, both days inclusive.
- (5) The dividend on Equity Shares @ Rs. 2.00 per equity share, if declared at the Meeting, will be paid on or after 05.09.2020 to those Members whose names shall appear on the Company's Register of Members on 25.08.2020. In respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd. as at the closing hours on 24.08.2020.
- (6) Members holding shares in electronic form are requested to furnish the new Bank Account Number allotted to them by their bank, (after implementation of CBS), along with photocopy of a cheque pertaining to the concerned account, to their Depository Participant (DP). Please send these details to the Company/Registrars, if the shares are held in physical form, immediately.

Members holding shares in physical form are advised to submit particulars of their bank account, viz. name and address of the branch of the bank, MICR code of the branch, type of account and account number, relating to shares and unclaimed dividends, change of address, bank details, email address etc. to the RTA at the following address latest by 24.08.2020 to our Registrar and Share Transfer Agent, M/s. Kfin Technologies Private Limited, Karvy Selenium

Tower B, Plot number 31&32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032.

(7) Non-Resident Indian Members are requested to inform the Company's Registrars and Transfer Agents, M/s. Kfin Technologies Private Limited, immediately of:

(a) Change in their Residential status on return to India for permanent settlement.

(b) Particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with Pin Code Number, if not furnished earlier.

(8) Pursuant to SEBI circular dated 20th April 2018, shareholders whose ledger folios having incomplete details with regard to PAN and Bank particulars are required to compulsorily furnish the same to the Registrar and Share Transfer Agents (RTA)/ to the Company for registration in the folio.

Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar and Share Transfer Agent – Kfin Technologies Private Limited for consolidation into a single folio.

(9) In case of joint holders, the Member whose name appears as first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

(10) As per the provisions of the Act, nomination facility is available to the Members in respect of the shares held by them. Members holding shares in single name and physical form may send duly completed and signed nomination form to the Registrar and Share Transfer Agent – Kfin Technologies Private Limited (nomination form can be downloaded from the Company's website [www.radicokhaitan.com](http://www.radicokhaitan.com)). Members holding shares in dematerialised form may contact their respective Depository Participants.

(11) Compulsory transfer of Equity Shares to Investor Education and Protection Fund (IEPF) Account: In terms of the requirements of Section 124(6) of the Act read with the Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended ("the Rules"), the Company is required to transfer the shares in respect of which the dividend has remained unpaid or unclaimed for a period of seven consecutive years to the IEPF Account.

Members are requested to take note of the same and claim their unclaimed dividends immediately to avoid transfer of the underlying shares to the IEPF Account. The shares transferred to the IEPF Account can be claimed back by the concerned Members from IEPF Authority after complying with the procedure prescribed under the Rules.

Pursuant to the applicable provisions, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, is required to be transferred to the IEPF Account.



Accordingly, unpaid or unclaimed dividend in respect of Final Dividend for the financial year 2012-13, have been transferred to the IEPF. Members who have not encashed or claimed the dividends that are yet to be transferred to the IEPF, are requested to contact the Company's Registrar and Share Transfer Agent – KFin Technologies Private Limited ('KFINtech') at the earliest.

During the Financial Year 2019-20, the Company has transferred 70165 shares to the IEPF Account.

In terms of the circular, the Company has uploaded the details of unpaid and unclaimed dividend and the same can be viewed on [www.radicokhaitan.com](http://www.radicokhaitan.com).

(12) In accordance with the provisions of Schedule VI of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company had opened a demat account namely "Radico Khaitan Limited – Unclaimed Suspense Account" with Stock Holding Corporation of India Limited and as on 31.3.2020, **NIL Shares**.

(13) As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from 1<sup>st</sup> April 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's RTA for assistance in this regard.

(14) In compliance with the MCA Circulars and SEBI Circular dated 12<sup>th</sup> May 2020, the Annual Report 2019-20, the Notice of the 36<sup>th</sup> AGM and the instructions for e-voting are being sent by electronic mode to all the Members whose e-mail addresses are registered with the Company / respective Depository Participants. Members may also note that the Annual Report 2019-20 and the Notice convening the AGM are also available on the Company's i.e. [www.radicokhaitan.com](http://www.radicokhaitan.com), Websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively.

**By order of the Board  
for Radico Khaitan Limited**

**Amit Manchanda  
Vice President – Legal & Company Secretary  
FCS No.6615**

**Place: New Delhi  
Date: 23.07.2020**

**Voting through electronic means** in terms of the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2015 (as amended from time to time) and Regulation 44 of the Listing Regulations and the MCA Circulars, the Company is pleased to provide the facility of “e-voting” to its Shareholders, to enable them to cast their votes on the resolutions proposed to be passed at the AGM, by electronic means. The instructions for e-voting are given herein below. The Company has engaged the services of KFin Technologies Private Limited, who will provide the e-voting facility of casting votes to a Shareholder using remote e-voting system (e-voting from a place other than venue of the AGM) (“remote e-voting”). The remote e-voting period commences on 27.08.2020 (9:00 A.M. IST) and ends on 30.08.2020 (5:00 P.M. IST).

During this period, Members holding shares either in physical form or in dematerialized form, as on 30.08.2020 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by KFin Technologies Private Limited for voting thereafter. Those Members, who will be present in the AGM have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote during the AGM.

The Board of Directors has appointed M/s. TVA & Co. LLP, Company Secretary firm, to act as the Scrutinizer, to scrutinize the e-voting process in a fair and transparent manner.

Mr. Tanuj Vohra, Company Secretary having Membership No. F5621 and Certificate of Practice No. 5253 as a Scrutinizer to scrutinize the voting process in a fair and transparent manner.

**Instructions and other information relating to e-voting are as under:**

1. In case a Member receives an email from Karvy (for Members whose email Ids are registered with the Company/Depository Participant(s):
  - i) Launch internet browser by typing the URL: <https://evoting.karvy.com> in the address bar and click on “Enter”. The Home screen will be displayed then click on shareholders icon in the homepage.
  - ii) Enter the login credentials ( i.e.User ID and password mentioned over leaf). Your Folio No. DP ID – Client ID will be your User ID. However, if you are already registered with Karvy for E-voting, you can use your existing User ID and password for casting your vote.
  - iii) After entering these details appropriately, click on “LOGIN”.
  - iv) You will now reach password change Menu wherein you are required to mandatory change your password. The new password shall comprise minimum characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@#s.etc). The system will prompt you to change your password and update your contact details like mobile number, email ID. etc. on first login. You may also enter a secret question and answer of your choice to retrieve password and that you take utmost care to keep your password confidential.
  - v) You need to login again with the new credentials.

- vi) On successful login, the system will prompt you to select the E-Voting Event Number for Radico Khaitan Limited.
  - vii) On the voting page enter the number of shares (which represents the number of votes) as on the Cut-off Date under each of the heading of the resolution and cast your vote by choosing the "FOR/ AGAINST " option or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as mentioned overleaf. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head. Option "FOR" implies assent to the resolution and "AGAINST" implies dissent to the resolution.
  - viii) Members holding multiple folios/demat accounts shall choose the voting process separately for each of the folios/ demat accounts.
  - ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
  - x) You may then cast your vote by selecting an appropriate option and click on "Submit".
  - xi) A confirmation box will be displayed Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
  - xii) Corporate/ Institutional Members (i.e other than Individuals, HUF,NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter, etc., together with attested specimen signature(S) of the duly authorized representative(s), to the Scrutinizer at e-mail ID:tanujvohra@yahoo.com or evoting@Karvy.com. They may also upload the same in the E-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_EVENTNO".
2. Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently, Further, the Members who have cast their vote electronically shall not be allowed to vote again at the Meeting.
  3. In case of any query pertaining to E-voting, please visit Help & FAQ's section available at Karvy's website <https://evoting.karvy.com>.
  4. The members who have cast their vote by remote E-voting may also attend AGM, but shall not be entitled to cast their vote again.
  5. The voting rights of the Members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the Cut-off date, being, 24.08.2020.
  6. The Board of Directors has appointed M/s. TVA & CO.LLP, Company Secretary firm, to act as the Scrutinizer to scrutinize the E-voting process in a fair and transparent manner.



7. The facility for ballot / polling paper shall be made available at the Annual General Meeting (AGM) and the members attending AGM who have not cast their vote by remote e-voting shall be able to vote at the AGM through ballot / polling paper.
8. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories at the close of business hours on 24.08.2020 shall be entitled to avail the facility of remote E-voting.
9. Any person who becomes member of the Company after email of the Notice of the meeting and holding shares as on the cut-off date i.e. 24.08.2020 may obtain the User Id and password by in the manner as mentioned below:
  - a. If the mobile number of the member is registered against Folio No./ DPID Client ID, the member may send SMS: MYEPWD<space> E-Voting Event Number +Folio no. or DPID Client ID to +91-9212993399 Example for NSDL: MYEPWD<SPACE>IN12345612345678 Example for CDSL: MYEPWD<SPACE>1402345612345678 Example for Physical: MYEPWD<SPACE>XXXX1234567890
  - b. If e-mail address or mobile number of the member is registered against Folio No. / DPID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DPID Client ID and PAN to generate a password.
  - c. Member may Call Karvy's Toll free number 1800-3454-001
  - d. Member may send an e-mail request to [evoting@kfintech.com](mailto:evoting@kfintech.com) / [suresh.d@kfintech.com](mailto:suresh.d@kfintech.com)
10. However, if you are already registered with Karvy for E-voting, you can use your existing User ID and password for casting your vote.
11. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the Annual General meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized in writing, who shall countersign the same and declare the result of the voting forthwith.
12. The Results on resolutions shall be declared at or after the Annual General Meeting of the Company and the resolutions will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favour of the Resolutions.
13. The Results declared along with the Scrutinizer's Report(s) will be available on website of the Company ([www.radicokhaitan.com](http://www.radicokhaitan.com)) and on Karvy's website (<https://evoting.karvy.com>). The results shall simultaneously be communicated to Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

### **Other Instructions:**

1. Those persons, who have acquired shares and have become Shareholders of the Company after the email of Notice of the AGM by the Company and whose names appear in the Register of Shareholders or Register of beneficial holders as on the cut-off date i.e. 24.08.2020 shall view the Notice of the AGM on the Company's website or on the website of KFin Technologies Private Limited.
2. Such persons may obtain the login ID and password by sending a request at [evoting@karvy.com](mailto:evoting@karvy.com). However, if he/she is already registered with NSDL for remote e-voting then he/she can cast his/her vote by using existing User ID and password and by following the procedure as mentioned above or by voting at the AGM.
3. Voting rights of the Shareholders shall be in proportion to their shares in the paid- up equity share capital of the Company as on the cut-off date i.e. 24.08.2020. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
4. Every Client ID No./Folio No. will have one vote, irrespective of number of joint holders.
5. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 (forty eight) hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.

The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.radicokhaitan.com](http://www.radicokhaitan.com) immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

**By order of the Board  
for Radico Khaitan Limited**

**Amit Manchanda**  
**Vice President – Legal & Company Secretary**  
**FCS No.6615**

**Place: New Delhi**  
**Date: 23.07.2020**



## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice.

#### Item No. 4

Pursuant to Section 148 (3) of the Companies Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditors should be ratified by the shareholders of the Company. Board of Directors had in its meeting held on 28.5.2020 and on the basis of recommendations of the Audit Committee appointed Mr. R. Krishnan, Cost Accountant (Membership No. 7799), Cost Accountant of Flat no. H-301, Green Valley Apartment, Plot No.18, Sector-22, Dwarka, New Delhi-110077, as the Cost Auditor to conduct audit of cost records of the Company for the Financial Year 2020 - 2021 in respect of the business activities of manufacturing and bottling of alcohol and subject to ratification by shareholders, fixed their remuneration at Rs. 1.10 Lakh (Rupees One Lakh Ten thousand only) apart from reimbursement of actual expenses to be incurred by him in connection with conducting the said audit.

None of the Directors / Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise in this resolution.

The Board recommends the resolution set out at Item No.4 as an ordinary resolution to the shareholders for their approval.

**By order of the Board  
for Radico Khaitan Limited**

**Amit Manchanda  
Vice President - Legal & Company Secretary  
FCS No.6615**

**Place: New Delhi  
Date: 23.07.2020**



## Radico Khaitan Limited

Registered Office: Bareilly Road, Rampur – 244 901 (UP)

CIN L26941UP1983PLC027278

E-mail: [Info@radico.co.in](mailto:Info@radico.co.in) | Website: [www.radicokhaitan.com](http://www.radicokhaitan.com)

Ph: 0595-2350601-2 | Fax: 0595-2350009

### ATTENDANCE SLIP

Regd. Folio No. / DP ID / Client ID: \_\_\_\_\_

Name & Address of First / Sole Shareholder: \_\_\_\_\_

No. of Shares held: \_\_\_\_\_

I hereby record my presence at the 36<sup>th</sup> Annual General Meeting of the Company to be held on Monday, 31<sup>st</sup> day of August 2020 at 1.00 p.m. at Bareilly Road, Rampur – 244 901 (UP).

\_\_\_\_\_  
Signature of Member / Proxy

Notes:

- a) Only Member / Proxy can attend the meeting. No minors would be allowed at the meeting.
- b) Member / Proxy wish to attend the meeting must bring this attendance slip to the meeting and handover at the entrance duly filled in and signed.

**Route Map to the Venue of the  
36<sup>th</sup> Annual General Meeting of  
Radico Khaitan Limited**





**FORM NO.MGT-11**

**PROXY FORM**

**(Pursuant to Section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014)**

Name of the Member (s)	
Registered Address	
Email id	
Folio No. / Client Id:	
* DP ID	

I / We, being the member (s) of Radico Khaitan Ltd. (hereinafter called "the Company") hereby appoint:

1. Name:  
Address:  
Email Id:  
Signature:

or failing him

2. Name:  
Address:  
Email Id:  
Signature:

or failing him

3. Name:  
Address:  
Email Id:  
Signature:

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 36<sup>th</sup> Annual General Meeting of the Company to be held on the Monday, the 31<sup>st</sup> day of August, 2020 at 1.00 P.M. at the Registered office of the Company at Bareilly Road, Rampur – 244 901 (U.P.) and at any adjournment thereof in respect of such resolutions as are indicated below:

No.	Ordinary Business	Resolution Type	For	Against
1	To adopt the Standalone and Consolidated Annual Financial Statement of the Company including Report of Board of Directors and Auditors Report for the Financial Year 2019-20	Ordinary Resolution		
2	To Declare Dividend on Equity Shares	Ordinary Resolution		
3	To appoint Mr. K.P. Singh, who retires by	Ordinary		



	rotation and being eligible, offers himself for re-appointment.	Resolution		
	<b>Special Business</b>			
4	To approve remuneration of Mr. R. Krishnan, as Cost Auditor of the Company.	Ordinary Resolution		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2020

\_\_\_\_\_

Signature of shareholder

\_\_\_\_\_

Signature of Proxy holder(s)

Affix Re.1.00 Revenue Stamp Signature
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**Notes:**

1. This form should be signed across the stamp as per specimen signature registered with the Company.
2. THIS FORM OF PROXY IN ENDED, TO BE EFFECTIVE SHOULD BE DULY COMPLETED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
4. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. Please put a (√) in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the solutions, your Proxy will be titled to vote in the manner as he/she thinks appropriate. This is only optional.
6. Instrument of Proxy which is unnamed, unstamped, not dated, multiple proxies bearing same date, shall be treated as invalid.

\* Applicable for investors holding shares in demat form





TOUGHENED  
TO LAST.



SPIRITED  
TO SHINE.

# Toughened to Last. Spirited to Shine.

Diamond, a rare mineral composed of pure carbon, is the hardest naturally occurring substance known. The hardness, durability, brilliance and sparkle of diamonds make them unmatched as gems.

Over its rich heritage of 75 years, Radico Khaitan has endured the tests of time and stood unfazed. Each down cycle has enabled the Company to come out even stronger. With an innovation led culture and consumer focused approach, Radico Khaitan continues to strengthen its brand portfolio and leading market position. Given its resilient business model and timeless brands, the Company has not only outperformed the industry during these turbulent times, but is also strongly positioned for the future.

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## Highlights of FY2020

Total IMFL volume  
**24.30 Million Cases**  
 12.5% y-o-y growth

Prestige & Above volume  
**7.05 Million Cases**  
 15.2% y-o-y growth

Regular & Others volume  
**17.25 Million Cases**  
 11.4% y-o-y growth

Revenue from Operations (Net)  
**Rs. 2,427.04 Crore**  
 15.7% y-o-y growth

EBITDA  
**Rs. 368.19 Crore**  
 15.2% margin

**Rs. 6,991 Crore**  
 Excise Duty Paid

### Disclaimer

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

# Corporate Overview



# Radico Khaitan at a Glance

Over the years, Radico Khaitan has evolved from being just a distiller of spirits for others to a leading IMFL company in India with a highly reputable brand portfolio.



**1943**  
Year of Incorporation

Over 75 years of experience in spirits making.  
One of the most recognized IMFL brands in India

**157**  
Million Litres

One of the largest spirits manufacturers. Operates three own distilleries in Rampur, UP and two operating as joint venture in Aurangabad, Maharashtra

**33**  
Bottling Units

Five own and 28 contract bottling units spread across the country. Strategically limiting interstate taxes and transport costs

**75,000**  
Retailers

Strong distribution network. Sale through over 75,000 retail and 8,000 on premise outlets

# Business Strategy

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

In context of the current crisis, the Company has adopted a deliberate and prudent approach which is not very different from our long term strategy.

## Continue to Strengthen the Premium Brand Portfolio

- Make core brands more aspirational and drive premiumisation
- Gain consumer behaviour insights and to strengthen R&D pipeline
- Launch new products in the premium category

## Leaner Operations and Cost Structure

- Review of each and every fixed cost and capex line item
- Optimize variable cost structure through alternate sourcing and vendor diversification

## Enhance Focus on Digital Marketing

- Increase focus on digital and social media initiatives to improve consumer engagement
- Build data analytics capabilities for faster and efficient decision making
- Targeted digital media campaigns to connect with the right consumer group

## Digital Transformation at Workplace

- Drive transformation in the work environment and support the workforce
- Enterprise-wide collaboration over a single platform and automate business-as-usual tasks
- Leverage unified data accessibility and AI-driven tools to implement intelligent business systems

# Our Journey

1st phase

(1943-1996)

## The legacy

- The Rampur Distillery Company was established with a focus on distillation and bottling. We manufactured high quality spirit for branded players and to the armed forces / canteen stores
- Gained significant experience as manufacturer of spirits and bottler for other companies
- Mr. Abhishek Khaitan, our present Managing Director (MD) joined the family business and instilled the idea of creating our own brands

2nd phase

(1997-2006)

## Platform for the branded journey

- Started the branded IMFL division and launched its first brand 8PM Whisky; Became a millionaire brand within the first year of its launch
- Launched Old Admiral Brandy in the regular category; became one of the leading brands in Canteen Stores Department (CSD)
- Achieved sales volume of 10 Million cases
- Made investment at the Rampur facility for creating a strong manufacturing platform for IMFL
- Developed strong marketing machinery; Established pan-India selling and distribution setup

3rd phase

(2007-Present)

## Premiumisation

- After creating brands in the high-volume regular categories, we launched the first product in the premium category, Magic Moments Vodka
- Launched Morpheus Super Premium Brandy; Magic Moments became a millionaire brand
- Launched After Dark, a premium category whisky
- Launched Magic Moments Verve, a super-premium vodka followed by flavours of Verve
- Launched ELECTRA, a premium ready-to-drink vodka-based cocktail
- Launched 1965 The Spirit of Victory premium rum, exclusively in canteen stores department, commemorating India's victory in the 1965 war; it built an emotional connect with the soldiers and the armed forces
- Launched Rampur Indian Single Malt luxury whisky
- Launched Regal Talons semi-deluxe whisky
- Launched Pluton Bay premium rum
- Launched Jaisalmer, a luxury Indian craft gin
- Launched 8PM Premium Black whisky and Morpheus Blue super premium brandy
- Launched select expressions of Rampur Indian Single Malt - Rampur PX Sherry and Rampur Double Cask

## Brand Portfolio

Radico Khaitan is one of the few companies in India to have developed its entire brand portfolio organically with in-house capabilities. This is a true testament to the Company's focus on innovation, R&D strength and understanding of customer preferences that it launched twelve new brands over the last decade of which eleven were in the premium category.

### Rampur Indian Single Malt Whisky

#### Decades of Perfection

With footprint in over 45 countries, Rampur Indian Single Malt Whisky was made available in Delhi, India, for the very first time at select retails and the top 5-star properties. Rampur is a luxury brand that is manufactured at our plant in Rampur (UP). It is aged to perfection in the foothills of the Himalayas and is called the Kohinoor of single malts. Packaged in a stout bottle with a thick base, the bottle exhibits a quintessential look as it comes in a hand-crafted silk pouch. It has drawn global recognition for its smoothness, taste, and quality within a very short time, since its launch in FY2017, with expressions priced between US \$70 and US \$1400. Its success is an affirmation of our R&D expertise. We have made investment in malt capacity expansion to cater to the demand for this product.



- ◆ The Rampur Double Cask expression was awarded with the 'Best World Whisky Gold Medal 2020' by The Fifty Best, New York
- ◆ Rampur Select won Gold Medal at the San Francisco World Spirits Competition in 2017
- ◆ Whisky Advocate Magazine ranked it among the Top 20 Whiskies of the World at 5th position

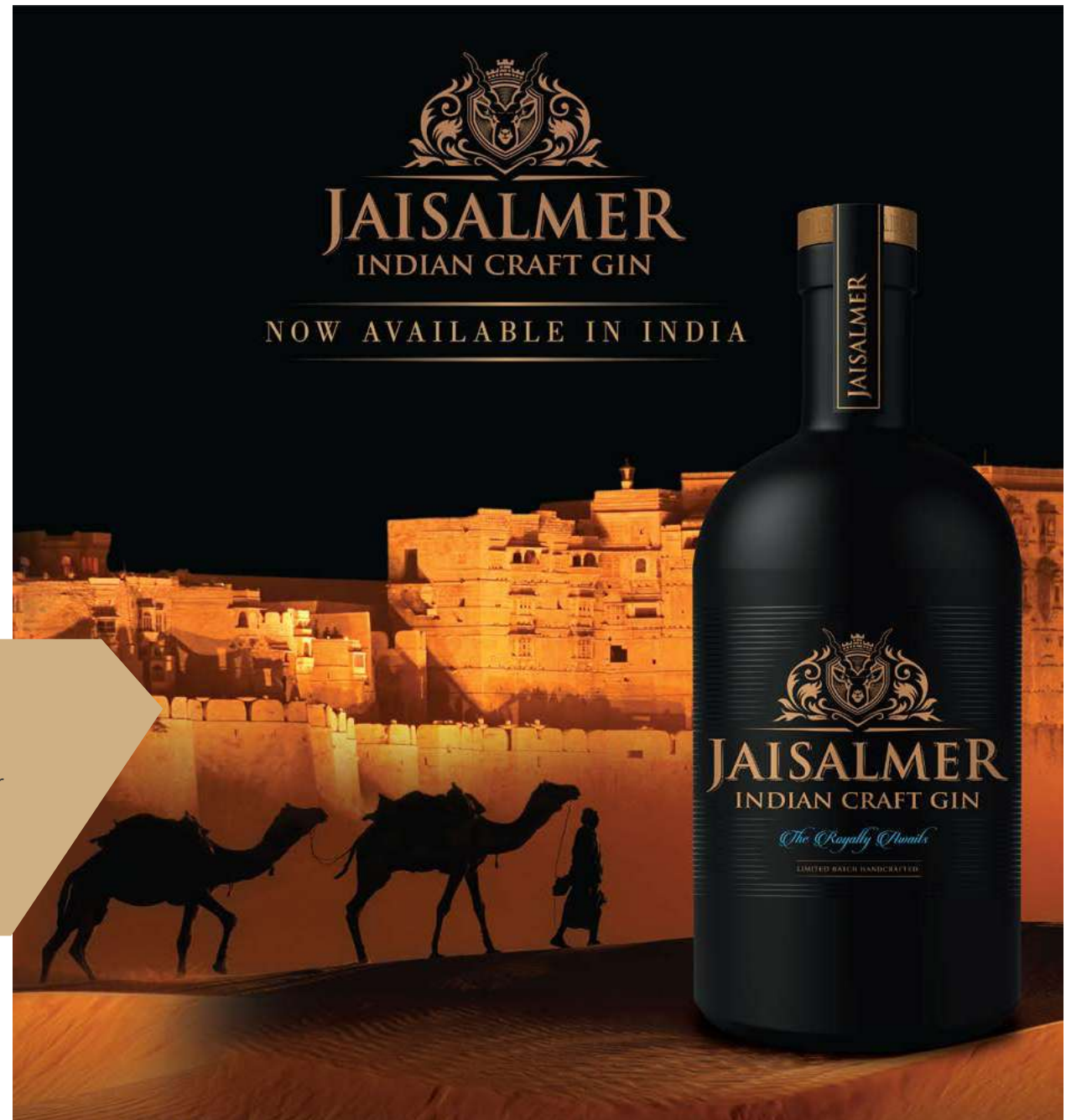


## Jaisalmer Indian Craft Gin

### The Royalty Awaits

This gin is made using time-honoured recipe enhanced with the ancient wisdom of Indian herbs and handpicked botanicals. It is a triple-distilled neutral, grain spirit, redistilled in a traditional copper pot, and handcrafted to perfection. It is available in over 25 countries worldwide and has piqued consumers' interest globally.

- ▼ Won Grand Gold at the Global Monde Selection Awards in the calendar year 2020
- ▼ Rated as the Best Gin produced out of Asia in 2019 at The Gin Guide Awards, the most respected honour for Gin in the world
- ▼ Gold Medal By The Fifty Best New York 2020
- ▼ Scored 95 points in Ultimate Spirits Challenge 2020





- ▼ 20% market share in the premium vodka category
- ▼ Won Gold in seven calendar years - 2013, 2014, 2015, 2016, 2017, 2019 and 2020 at the Global Monde Selection Awards
- ▼ Two Verve flavours – Orange and Green Apple – won Gold at the Global Monde Selection Awards in the calendar years 2019 and 2020

## Magic Moments Verve

### The Smooth Blend of Sophistication

Verve is a super-premium vodka launched in 2012. Using a five-staged slow filtration process with silver and platinum filters, this vodka is unique, with distinct flavours that have made it a hit among consumers. In line with consumer insights and changing market trends, this is being redesigned with an unparalleled packaging. What's more, Magic Moments Verve will also be launched in exotic flavours this year. Stay tuned!

## Magic Moments

### Make Every Moment a Magic Moment

This premium vodka millionaire brand undergoes triple distilling process and is a mark of absolute purity. It gained significant traction when it entered the flavoured category. Magic Moments Remix is available in eight different flavours - Orange, Green Apple, Lemon, Lemongrass & Ginger, Raspberry, Chocolate, Grapefruit & Watermelon, and Cucumber & Wildgreen Lemon. Owing to the growing cocktail trend in the Indian markets, these flavours have become a favourite amongst mixologists that take the experience up a notch.



- ▼ 58% market share in the vodka category
- ▼ Ranked 11th on the Vodka Brand Champion list in the Spirits Business Magazine 2020
- ▼ Ranked the 7th fastest growing vodka in the world by IWSR Top 100 rankings
- ▼ Grapefruit & Watermelon flavoured vodka won Gold and Cucumber & Wild Green Lemon flavoured vodka won Silver at the Monde Selection Awards in 2020



## Magic Moments Electra

### Party Charger

Electra is a ready-to-drink (RTD) premium vodka-based cocktail and a first of its kind in the industry. It is available in two different variants based on the strength of the liquor - Electra 8 and 4.8. The brand is targeted at our young and lively consumers, helping us carve a niche in the RTD segment.

## Morpheus XO Brandy

### Dare to Dream

Morpheus, India's largest selling premium brandy, crafted by our master blenders to challenge traditional brandy tenets. Its fruity and floral top notes combine with sweet and heavy-bodied traces of matured wood, vanilla, and raisin to leave consumers with a truly exquisite aftertaste.

Named after the Greek God of Dreams, it provides an exotic experience to the premium brandy lovers. Its goblet packaging and brand positioning have helped create a niche as a spirit that is intense and sophisticated.



- ◆ 56% market share in the premium brandy category
- ◆ Won Gold five times at the Global Monde Selection Awards in the calendar years – 2011, 2015, 2016, 2017 and 2018



## Morpheus Blue XO Premium Brandy

### Dare to Dream

Indulge in the taste of excellence the enriched XO blended premium brandy in the sublime allure of Morpheus Blue

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

It takes one sip of Morpheus Blue to understand that not all brandies are created equal. Crafted by our master blenders, Morpheus Blue is perfection in a bottle, packed for the most deserving of dreamers

- ◆ Won Gold at the Global Monde Selection Awards in the calendar year 2019 and 2020

## 8PM Premium Black Whisky

### Rivals become friends

8PM Premium Black - India's new premium whisky, achieving the perfect balance of strength & smoothness. Made with the finest quality grain, this whisky is the epitome of lavishness and quality drinking.

Once you savour its rich, full-bodied, yet smooth taste, you'll realise why it's the ideal blend to help you unwind. Enjoy an unparalleled experience of taste and witness a royal marriage of finesse and elegance.



- ▼ Won Gold at the Global Monde Selection Awards in the calendar years 2019 and 2020



- ▼ Ranked 7th in the Indian Whisky Brand Champion list in the Spirits Business Magazine 2020
- ▼ 11th fastest growing whisky in the world - IWSR Top 100, June 2019

## 8PM Whisky

### Har Shaam Ki Shuruat

8PM is our flagship brand and reflects the true essence of quality drinking, blended with the rich taste of finest quality grains.

8PM is the first brand in the liquor industry to make it to the Limca Book of Records for selling one million cases in the very first year of its launch. The growth of 8PM whisky as a brand marks the brand creation journey of Radico Khaitan.

## After Dark Premium Whisky

**Your passion. Your blend.**

When the setting sun takes with it every single remnant of the day and the sky begins to glimmer with a sheet of stars, that's when After Dark can be enjoyed in all its glory. The night has different connotations for different people. It unfolds and brings a unique world of desire, adventure and excitement. A promising brand in the fast-growing premium segment in India, After Dark is a drink meant to be savoured with friends. It is a bold celebration of fun and action.



## Regal Talons Premium Grain Whisky

**Apne Dum Par**

Spread your wings, soar high where only the eagles dare. Get a firm hold on your destiny, and own the skies. It's the unmatched spirit of adventure that has inspired the immaculate smoothness of this rare generation whisky. The exuberant and unbridled flavour of Indian grains blended with imported scotch malts are infused with a fruity and woody aroma, and a hint of lightly peated and salty notes, that give Regal Talons an exceptional taste worth relishing.



- ▼ Won Gold twice at the Global Monde Selection Awards in the calendar years – 2017 and 2018

## 1965 The Spirit of Victory Premium XXX Rum

**Experience The Spirit Of Victory**

1965 The Spirit Of Victory, Premium XXX Rum, is a salute to the gallantry and bravery of India's soldiers during the 1965 war. The product, with rich flavours like dried fruits, chocolate, oak and honey was created to cater to the demand of premium rum drinkers. It was launched for the CSD in 2017 and exclusively marketed to the Indian Defence Forces. Having tasted success in creating a strong emotional connect with the armed forces personnel, the brand has now been made available in select civil markets.



- ▼ Won Monde Selection Gold Quality Awards in the calendar years 2019 and 2020



- ▼ Ranked 9th on the Rum Brand Champion list in the Spirits Business Magazine 2020

## Contessa Rum

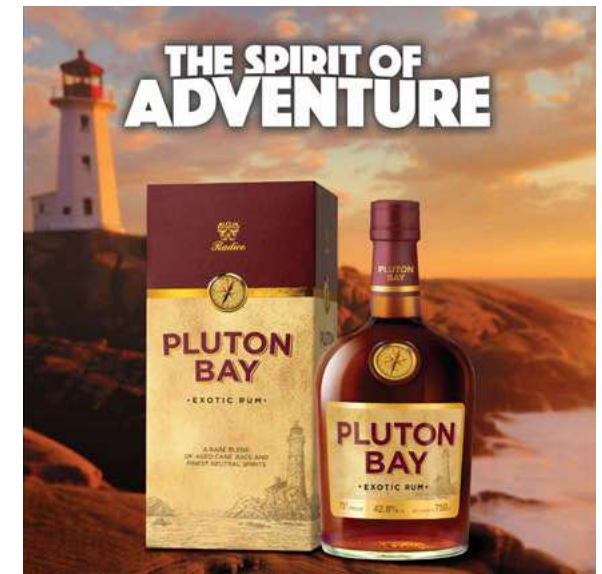
**For the Man of Courage**

A rum that touches the right chords. A blend that reflects the true essence of bravery. A spirit that tastes of courage. Contessa Rum is another millionaire brand from the house of Radico Khaitan. This brand has surpassed expectations and has garnered a strong foothold in the Indian market. The highest selling rum brand in the defence segment with a formidable leadership in the market, Radico Khaitan has spread its splendid taste in parts of Africa, South East Asia and Middle East, and recently also launched it in the USA and Canada.

## Pluton Bay Rum

**Spirit of Adventure**

Pluton Bay is about passion, adventure and the pursuit of excellence. The journey of Pluton Bay is one of passion and a sense of adventure. Pluton Bay is a spicy, dark brown rum, smoother than any other. It's a promise of a million cheers for true lovers of quality rum. It's truly a treat for discerning rum lovers who would accept nothing but the best.



- ▼ Won Silver at the Global Monde Selection awards in the calendar years 2017, 2018

## Whytehall Premium Brandy

### Legacy of Perfection

The perfect sequel to a fabulous feast, Whytehall premium brandy is the after-dinner drink that, if had alone, can fill one with peace and calm or, if had with company can spark up great conversations. It is an exquisite drink for our elegant consumers. With a round and fruity start, the brandy slowly reveals its complexity in the mouth with a long and elegant finish.



- ◆ Won Monde Selection Gold Quality Awards in the calendar years 2019 and 2020

- ◆ Old Admiral Brandy is ranked as the world's 5th largest selling brandy by the Drinks International, Millionaires' Club 2018 Rankings.
- ◆ Earned the Brandy Brand Champion 2020 title by The Spirits Business Magazine.



## Old Admiral Brandy

### For Real Men Only

Made especially for the men with pride, honor and courage, the splendid taste of this spectacular brandy celebrates the achievement of greatness and passion for all the good things in life. The classic taste perfectly blended with rich sensations and enthralling aroma ensures that it is savored the way it is desired and truly deserved.

# Brand Campaigns



## 8PM Premium Black now smoother with our brand ambassador – Tiger Shroff

Taking a leap on the 'Rivals Become Friends' theme of 8PM Premium Black, we introduced our campaign – The Smooth Taste of Friendship, and roped in the very dashing Tiger Shroff to represent it. As the brand ambassador, he perfectly complements the premiumness and smoothness of the blend, and his down-to-earth attitude reiterates our campaign message, taking it to a whole new level.

The new commercial for 8PM Premium Black, featuring Tiger Shroff, created a sensation in the industry along with a surge in our sales, and the hit number 'Are U Coming?', directed by Remo D'souza, garnered more than 17 million views on YouTube.

## Creating some magical moments with our brand ambassadors - Jacqueline and Kartik

Renowned Bollywood stars, Jacqueline Fernandez and Kartik Aryan are the chosen brand ambassadors for Magic Moments. We rolled out a 360-degree brand campaign with a TVC featuring Jacqueline and Kartik in Budapest. The TVC was played across platforms as a part of the campaign and received an overwhelming response from the audiences and consumers.





# Key Performance Indicators

Prestige & Above Brands as % of Total Volume (%)



Total Volume (lakh cases)

15.7% y-o-y growth 10.1% 5-year CAGR



Net revenue from operations (₹ in crores)

5.4% y-o-y growth 18.6% 5-year CAGR



EBITDA (₹ in crores)

20.0% y-o-y growth 33.0% 5-year CAGR



Net Income (₹ in crores)



Revenue Breakup





## Message from the Chairman & Managing Director

“

I am confident that we will continue to outperform the industry and strengthen our market positioning in the years to come.

”

Dear Shareholders,

India represents one of the largest global consumption hubs and there is no doubt about the significant growth opportunities that the country presents due its current low per capita consumption. The middle class is expanding rapidly and the number of household below poverty line is declining. The young Indian is very well informed, aspirational and increasingly becoming affluent. These are all the perfect ingredients for the long term growth of a consumer products company like Radico Khaitan.

In the near to medium term, the current global health calamity has resulted in an economic crisis that is unprecedented. It has impacted millions of lives globally and has brought economies to near standstill as governments across the world imposed restrictions to contain the outspread of COVID-19. After the stringent lock downs and other measures, the number of new cases has started to decline in certain countries which had seen major outbreaks. Healthcare organisations across the globe are working at a remarkable pace to develop vaccines which provides hope that this should all normalise soon. Swift policy actions undertaken by governments to protect and support businesses and individuals will not only

alleviate the severe pressure that the economy is facing but also pave the way for a smooth recovery.

The Indian economy was anyway under pressure during the first eleven months and the outbreak of COVID-19 in March 2020 aggravated the situation. Despite this, it is heartening to see that Radico Khaitan has closed the financial year FY2020 with a remarkable operational and financial performance. Despite the lock down during the later part of March 2020, we have delivered a robust double digit IMFL volume growth. This is a reflection of our strong brand equity and consumer focused brand portfolio. Management continues to make strategic and highly targeted investments in innovative marketing and products to gain market share. I am confident that we will continue to outperform the industry and strengthen our market positioning in the years to come.

Majority of the businesses worldwide have faced disruptions and economic fallout. Therefore, they are looking to diversify and de-risk their supply chain and manufacturing.

After the COVID-19 pandemic, India will have the opportunity to build an economy that is more resilient, diversified and attractive to the global OEMs. This is an opportunity to rebuild a truly Atmanirbhar Bharat or a self-dependent India.

These are uncertain times and it is difficult to predict the extent of this pandemic, therefore we are being cautious in our approach. But at the same time we are very optimistic on the strength and resilience of our business model, Indian economy and the humanity as a whole. Once this is over, we will step towards a healthier and brighter future.

Warm regards,

**Lalit Khaitan**  
Chairman & Managing Director





## Message from the Managing Director

“

We continue to take necessary steps to maintain our robust foundation and financial strength whilst at the same time delivering differentiated consumer experience. ”

Dear Shareholders,

Radico Khaitan has continued the growth momentum during FY2020. Despite the ongoing economic crisis, we delivered IMFL volume growth of 12.5%, led by Prestige & Above volume growth of 15.2%. This has been made possible due to the all round efforts of each of our employees, the trust of our loyal consumers and our robust business model. We currently have four millionaire brands and at least two more of our brands are approaching the milestone of annual sales of a million case in the near to mid-term. I am also proud to report that the 8PM family of brands has crossed volume of 10 million cases during FY2020.

Though COVID-19 pandemic has created an unprecedented situation, it has also brought significant learning opportunities to each one of us. This has enabled Radico Khaitan to introspect our strategies and the resilience of the business model. We have developed and implemented a company-wide policy framework on how things will change during the post-COVID era. Amidst this crisis, we have prioritised the health and safety of our employees and communities around us.

In the current scenario, the Company has adopted a deliberate and prudent approach which is not very different from our long term strategy. First and foremost is the focus on strengthening our brand portfolio. We will continue to launch brands in the premium

category which will contribute to the future growth. Digital has always been an important part of our marketing strategy. We will reassess and refocus our A&SP strategy and we believe that going forward, the share of digital will increase even further. We are taking a conscious effort towards the review of each capex and cost line item. Particularly in context of the COVID-19 scenario, this will enable the Company to further optimize cash flows and make operations much leaner. Finally, we are leveraging technology to drive transformation in the work environment and support the workforce.

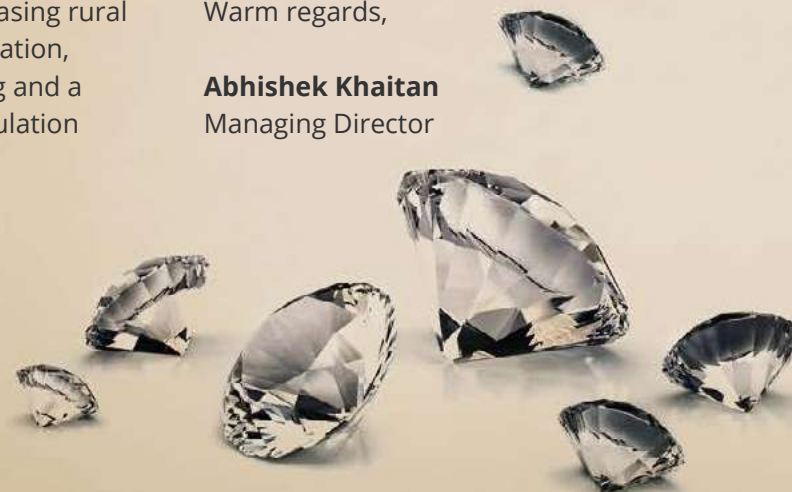
Although in the short term the spirits industry has faced significant challenges, the long-term dynamics of the industry remain intact. There are a number of factors that make India one of the top markets for global spirits companies. These include growing disposable incomes particularly with the younger Indian, expansion of the middle-class, increasing rural consumption and dispersed urbanization, greater acceptance of social drinking and a higher proportion of the young population entering the drinking age.

We entered the new financial year when the major global economies were shut down. The impact is widespread and the coming months are going to be very challenging. Consumers are likely to hold back on discretionary spends with focus on health and hygiene potentially leading to future behaviour shifts. Going forward technology will take a centre stage for providing convenience and enhanced experiences to consumers. Given the uncertain economic environment, it difficult to predict how exactly is the consumer behaviour going to change in the longer term and its impact on business models.

Radico Khaitan has a strong brand equity and loyal consumer base. This will enable us to continue to gain market shares in the coming years. We continue to take necessary steps to maintain our robust foundation and financial strength whilst at the same time delivering differentiated consumer experience.

Warm regards,

**Abhishek Khaitan**  
Managing Director



# ◆ Corporate Social Responsibility (CSR)

CSR at Radico Khaitan is creating sustainable programs that actively contribute to and support the social and economic development of the society. The Company is committed to community development, enhancing livelihood, promoting education and health care including preventive health care and ensuring environmental sustainability.



## COVID-19 Relief Measures

In a bid to contribute to the nation's fight against COVID-19, Radico Khaitan started the manufacture of hand sanitizers at the Rampur distillery. The Company has supplied sanitizers to primary health care authorities, government hospitals and police stations in a number of states including Uttar Pradesh, Telangana, Hyderabad, Karnataka and Uttarakhand. Some of the other contributions made by Radico Khaitan during these challenging times include donation of Rs. 1 Crore to UP COVID Care Fund and Rs. 21 lakh to COVID-19 relief fund through District Magistrate, Rampur.

## Partnered with the 59th National Inter-State Senior Athletics Championship 2019

Radico Khaitan partnered with this prestigious event organised by the PHD Chamber of Commerce & Industry, UP, Athletics Association (UPAA) and Athletics Federation of India (AFI). The four-day championship was contested by over 600 athletes from India as well as from countries like Sri Lanka, Maldives, Iran, Kazakhstan and Bhutan. This event provided an opportunity for Indian athletes to qualify for the IAAF World Championships in Athletics that was held in Doha, Qatar in October 2019.

## Doublethon in Rampur

The Company organized the 6th edition of half marathon in Rampur with a twist this year. Apart from the half marathon, for the first time, a Cyclothon was introduced to make the event Doublethon. Participants from all across UP, Uttarakhand and Haryana turned up in large numbers on 28 January's morning when the temperature was as low as 4°C. To acknowledge the clean water crisis in the country, the theme of this year's marathon was 'Jal Hi Jeevan Hai' to promote water conservation.



### Mega Bicycle Rally, Bikeathon 2019

Continuing its commitment and support towards public health awareness and promoting sports, Radico Khaitan offered financial support to over 1500 underprivileged children to register for the Bikeathon in Lucknow, UP.



### Academic Excellence Awards

Eleven intermediate level district toppers of CBSE and UP Board in Rampur were awarded a laptop and a trophy at an award function organised by Smt. Kiran Devi Khaitan Memorial Charitable Trust. Seven district toppers of high school were also awarded trophies, medals and cheques along with three toppers of each school (overall 57 students) of CBSE board in Rampur. Besides this, 32 children of the Company's workers, who have scored over 60% marks were also felicitated. In addition to above, eleven girls of Sri Dudhiya Baba Kanya Chhatrawas, Rudrapur whose parents were suffering from leprosy were awarded sponsorship for their education and livelihood and six orphan students were also given financial assistance to fund their education.



### Tree Plantation Drive

Rampur Distillery planted 5100 plants in Rampur and neighboring villages in a bid to protect the environment.

### Donation to the Armed Forces Flag Day Fund

To mark a tribute to the Pulwama attack martyrs, the Company contributed Rs. 5 Lakhs to the 'Armed Forces Flag Day Fund Maharashtra State'.



# Board of Directors

Pillars for a strong governance structure



**Dr. Lalit Khaitan**

Chairman and Managing Director



**Abhishek Khaitan**

Managing Director



**Krishan Pal Singh**

Whole Time Director,  
Director – Operations



**Raghupati Singhania**

Independent Director  
Chairman and Managing Director of  
JK Tyre & Industries Limited



**Sarvesh Srivastava**

Independent Director

Eminent lawyer with over 30 years  
of experience in taxation laws and  
corporate restructuring



**Tushar Jain**

Independent Director

Entrepreneur with over 25 years  
of experience; Managing Director  
at Automat Industries and Smith  
Industrial Corporation



**Sharad Jaipuria**

Independent Director

Chairman and Managing Director  
of Ginni International and  
Chairman of Ginni Global



**Sushmita Singha**

Independent Director

Director, Kajaria Ceramics Limited,  
Ginni International Limited and  
Green Panel Industries Limited

# Management Team

Leadership delivering sustainable growth



**Dr. Lalit Khaitan**

Chairman and Managing Director



**Abhishek Khaitan**

Managing Director



**Krishan Pal Singh**

Whole Time Director,  
Director – Operations



**Dilip K Banthiya**

Chief Financial Officer



**Amar Sinha**

Chief Operating Officer



**Sanjeev Banga**

President – International Business

# Risk Management

Risk management is embedded in Radico Khaitan's corporate strategies and operating framework, and the risk framework helps the Company meet its objectives by aligning operating controls with the corporate mission and vision.



## Nature of Risk

### Macroeconomic Instability

*(Risk change compared to last year: New risk in view of COVID-19)*

Global macroeconomic slowdown driven by the pandemic and the likely recession may result in a reduction in disposable income of consumers and slowdown in the IMFL industry. This may impact the Company's revenues and profitability adversely.

### Regulatory Environment

*(Risk change compared to last year: No change)*

The Indian spirits industry continues to be one of the most regulated sectors in India. The industry is subject to different laws and regulations which vary from state to state. The complexity of state regulation makes an intricate tax and licensing environment. It restricts economies of scale and diminishes the capability of new manufacturers and products to achieve national distribution and gain competitive advantage. Furthermore, a ban on direct advertising creates major barriers to promote new as well as existing brands. Regulatory changes such as state

## Management of Risk

Despite a tough backdrop of the economic slowdown in the first 11 months of FY2020 and lockdown in March 2020, Radico Khaitan has delivered a strong and profitable growth. The Company delivered a double digit IMFL volume growth of 12.5% in FY2020. Industry volumes growth during the year was only 0.5%.

Radico Khaitan's outperformance is a reflection of our strong brand equity and consumer focused brand portfolio. Management continues to make strategic and highly targeted investments in innovative marketing and products to gain market share. We are confident that we will continue to outperform the industry and strengthen our market positioning in the years to come.

Radico Khaitan has been in the business of liquor manufacturing for over 75 years and in the IMFL business for about 24 years with presence across almost all states of India. The Company is therefore well versed with relevant laws and regulations applicable to such business. The Company is committed to complying with the laws and regulations of the country. In respective areas, the relevant teams are responsible for setting detailed standards and ensuring that all employees are aware of and comply with regulations and laws specific and relevant to their roles. Our legal and compliance team is closely involved in monitoring and reviewing our practices to provide reasonable assurance that we remain aware



level prohibition, change in legal drinking age and change in route-to-market may have an adverse impact on the liquor industry as well as the Company's operations. Any policy formulated by the central or state government in areas such as production, distribution, marketing or taxation may have an adverse impact on the performance of the Company.

of and are in line with all relevant laws and legal obligations.

Historically liquor prohibition in India has not stayed. Furthermore, after GST implementation, the importance of liquor industry for state's revenue has increased and any prohibition may have an adverse impact resulting in state revenue deficits.

### Raw Material Prices ▼

*(Risk change compared to last year: Decreased)*

ENA and packaging materials are the two key components of the raw materials required for the Company's product portfolio and hence commodity price volatility remains one of the key considerations. Lower than anticipated sugarcane production and/or any sharp rise in prices of molasses or ENA will have an impact on the Company's profitability. ENA prices may also increase due its alternative use in ethanol blending and a more attractive price offered by the petrochemical industry.

With an improved monsoon, better crop this sugar season and significant decline in the crude prices, raw material pricing scenario is expected to be stable in the near term. Radico Khaitan's ability to shift production to grain-based ENA insulates it against any significant increase in prices of molasses. The Company has a robust procurement team which monitors and forecasts commodity prices and advises on strategy to ensure that it is safeguarded against market volatility. Raw material price volatility has a very marginal impact on the products in the Prestige & Above category brands. Furthermore, increasing proportion of Prestige & Above category brands coupled with price increases accorded by various state governments will mitigate the risks of raw materials price increases.

### Competition from International Players ↔

*(Risk change compared to last year: No change)*

As the per capita liquor consumption in India is significantly lower compared to other countries, many international manufacturers are trying to penetrate the Indian market. Furthermore, the ongoing structural changes with the focus on premiumization will allow them to introduce their premium brands in India. Such developments may have a potential impact on the market share of existing players.

Given the strong barriers to entry in this industry it is difficult for a foreign player to establish footprints in India. Radico Khaitan has strong brand loyalty among consumers and is committed to provide them with better quality products across price points with a value for money proposition. This provides the Company a competitive edge.

# Statutory Reports



# Directors' Report

Dear Members,

Your Directors take pleasure in presenting the Thirty Sixth Annual Report on the business and operations together with the Audited Financial Statements of your Company for the year ended March 31, 2020.

## Summary of Standalone Financial Performance

(₹ in Crore)	FY2020	FY2019	Change (%)
Revenue from Operations (Gross)	9,417.89	8,058.00	16.9%
<b>Revenue from Operations (Net)</b>	<b>2,427.04</b>	<b>2,096.95</b>	<b>15.7%</b>
Other Income	9.19	13.29	(30.9)%
<b>Income from Operations</b>	<b>2,436.23</b>	<b>2,110.23</b>	<b>15.4%</b>
Cost of Goods Sold	1,247.21	1,035.43	20.5%
Excise Duty on Finished Goods <sup>1</sup>	8.46	(21.10)	-
Employee Benefit Expenses	186.08	171.38	8.6%
Selling & Distribution Expenses	311.25	297.23	4.7%
Depreciation	52.53	42.44	23.8%
Finance Cost	31.61	35.48	(10.9)%
Other Operating Expenses	302.23	263.67	14.6%
<b>Total Expenses</b>	<b>2,139.37</b>	<b>1,824.52</b>	<b>17.3%</b>
<b>Profit Before Tax &amp; Exceptional Item</b>	<b>296.85</b>	<b>285.71</b>	<b>3.9%</b>
Exceptional Item	(24.17)	0.00	
<b>Profit Before Tax</b>	<b>272.69</b>	<b>285.71</b>	<b>(4.6)%</b>



(₹ in Crore)	FY2020	FY2019	Change (%)
Current Tax	70.95	85.73	
Deferred Tax	(25.76)	11.91	
<b>Net Profit</b>	<b>227.50</b>	<b>188.06</b>	<b>21.0%</b>
<b>Net Income Margin (%)</b>	<b>9.4%</b>	<b>9.0%</b>	
Other Comprehensive Expenses / (Income)	2.70	0.72	
<b>Total Comprehensive Income</b>	<b>224.80</b>	<b>187.35</b>	<b>20.0%</b>
<b>Total Comprehensive Income Margin (%)</b>	<b>9.3%</b>	<b>8.9%</b>	
Basic EPS (Rs.)	17.05	14.10	
<b>Gross Profit<sup>1</sup></b>	<b>1,179.83</b>	<b>1,061.52</b>	<b>11.1%</b>
<b>Gross Margin (%)</b>	<b>48.6%</b>	<b>50.6%</b>	
<b>EBITDA<sup>2</sup></b>	<b>368.19</b>	<b>349.23</b>	<b>5.4%</b>
<b>EBITDA Margin (%)</b>	<b>15.2%</b>	<b>16.7%</b>	
Paid-up Equity Share Capital (Face Value of ₹ 2 each)	26.71	26.68	
Reserves & Surplus	1,493.82	1,288.26	
Transfer to General Reserve	-	-	
Proposed Dividend and tax thereon	26.71	19.30	



#### Note:

1. Gross Profit adjusted for the excise duty component on the finished stock of country liquor transferred to depot as per IND AS accounting treatment
2. EBITDA for 12M FY2020 adjusted for ₹ 24.17 Crore pertaining to exceptional items: Write off of debtors in Bihar of ₹ 8.56 Crore in Q4 FY2020; ₹ 8.59 Crore paid under the SV Scheme during Q3 FY2020 and Environmental Compensation of ₹ 7.02 Crore paid during H1 FY2020. SV Scheme is Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 which became effective from September 2019 as per the Finance Act, 2019

# Performance Review

## Revenue from Operations

Volume (Million Cases)	FY2020	FY2019	Change (%)
Prestige & Above	7.05	6.12	15.2%
Regular & Others	17.25	15.48	11.4%
<b>Total Volume</b>	<b>24.30</b>	<b>21.61</b>	<b>12.5%</b>
<i>Prestige &amp; Above as % of Total</i>	29.0%	28.3%	



Revenue from Operations (Net) grew by 15.7%. Total IMFL volumes increased by 12.5%. This volume growth was led by a strong Prestige & Above category volume increase of 15.2%. Volume growth was broad based across key states and key IMFL brands. Our new brands such as 8PM Premium Black whisky and 1965 The Spirit of Victory rum continued their strong growth trajectory and made meaningful contributions to the overall volumes. IMFL sales value during the same period increased by 18.5%. Non-IMFL sales value growth was 5.0%. In value terms, Prestige & Above brands contributed to about 49.5% of total IMFL sales value. IMFL sales value accounted for 81.5% of the total Revenue from Operations (net) of the Company compared to 79.6% last year.

### Gross Profit

Gross Profit was adjusted for the excise duty

component on the finished stock of country liquor transferred to depot as per Ind AS accounting treatment. Gross Margin declined by over 200 bps to 48.6%. On Y-o-Y basis, increase in raw material prices is partly offset by higher IMFL price realization and higher contribution from IMFL business. The Company also experienced a consolidation trend in ENA prices in the fourth quarter.

### EBITDA

EBITDA, adjusted for exceptional items of ₹ 24.17 Crore, increased by 5.4% y-o-y with margins of 15.2% (down 150 bps y-o-y). Exceptional items included write off of debtors in Bihar of ₹ 8.56 Crore in Q4 FY2020, ₹ 8.59 Crore paid under the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 during Q3 FY2020 and Environmental Compensation of ₹ 7.02 Crore paid during H1 FY2020.

During FY2020, Advertising & Sales Promotion (A&SP) expenses were ₹ 139.61 Crore (up 0.8%). Given the COVID-19 scenario, A&SP expenses during Q4 FY2020 were lower than last year. The Company continues to make judicious marketing investment which has enabled us to sustain the growth profile. Other Expenses have been higher primarily due to Cow Cess in the state of Uttar Pradesh (effective April 2019).

### Finance Cost

Finance Cost for FY2020 decreased by 10.9% y-o-y from ₹ 35.48 Crore to ₹ 31.61 Crore.

### Total Comprehensive Income

Total Comprehensive Income increased by 20.0% compared to last year.



## Capital Structure, Liquidity and Return Ratios

### Share Capital

As of March 31, 2020, Radico Khaitan had an authorized equity share capital of ₹ 34 Crore, divided into 17,00,00,000 equity shares of ₹ 2 each. The Company also had an authorized preference share capital of ₹ 60 Crore, divided into 60,00,000 preference shares of ₹ 100 each. As of March 31, 2020, the Company had issued, subscribed and paid-up equity share capital of ₹ 26.71 Crore divided into 13,35,34,265 equity shares of ₹ 2 each.

During the year under review, the Company has allotted 1,25,000 equity shares on exercise of stock options under the Employees Stock Option Scheme 2006 to the eligible employees. During the year under review, the Company granted no stock options under the Employees Stock Option Scheme 2006.

### General Reserve

Your Directors do not propose to transfer any amount to General Reserve and the entire amount of the profit for the year ended March 31, 2020 forms part of retained earnings.

### Borrowings

As of March 31, 2020, Total Debt was ₹ 400.28 Crore, Cash & Bank Balances were ₹ 18.24 Crore resulting in Net Debt of ₹ 382.04 Crore (vs. ₹ 319.35 Crore as of March 31, 2019). Gross Debt consists of ₹ 397.37 Crore of Working

Capital loans and ₹ 2.91 Crore of Long-Term loans. During this period, working capital has been higher due to increase in average collection period in certain state corporations. However, we do not see any credit risk with these receivables.

### Working Capital

As of March 31, 2020, the Company had trade receivables balance of ₹ 823.05 Crore (up 28.3% y-o-y), inventories of ₹ 374.18 Crore (up 4.0% y-o-y) and trade payables of ₹ 264.24 Crore (up 7.9%), resulting in working capital balance of ₹ 932.99 Crore (up 23.3% y-o-y). On gross sales basis, working capital turnover was 36 days in FY2020 compared to 34 days in FY2019 and 42 days in FY2018.

### Return Ratios

Return on Average Equity (ROE) was 15.9% in FY2020 compared to 15.2% in FY2019. Return on Average Capital Employed (ROCE) was 17.7% in FY2020 compared to 18.1% in FY2019.

#### Note:

ROE = Total Comprehensive Income / Average Shareholder Equity

ROCE = Earnings Before Interest & Tax (EBIT) / Average Capital Employed

Capital Employed = Shareholder Equity + Total Debt

## COVID-19 and its Impact

The outbreak of COVID-19 created a global health calamity and economic crisis. Nationwide lock down in India brought businesses to

a halt and disrupted the economy. To fight the pandemic, Radico Khaitan immediately implemented employee health and safety measures in line with health authorities' guidelines at all our office and factory premises. During the lock down period, IMFL bottling was fully suspended from 24-March to 4-May but manufacturing of ENA was partially operational as we started production of sanitizers to support the nation's fight against Coronavirus. However, we believe that it is a temporary phase for the business and after the lock down is over, we shall return to normalcy soon. The Company was focused on driving agility and responsiveness across the value chain. Furthermore, we developed and implemented a company-wide policy framework to reflect how systems and processes need to change post COVID-19.

The Company has also undertaken a number of preventive measures to ensure safety of its employees in the offices and manufacturing units. Radico Khaitan has allowed alternate working day for employees to ensure crowd management. Face masks and hand gloves are made mandatory for all employees at all times. Hand sanitizers are placed at the entry/exit points in offices as well as manufacturing units. The Company undertakes regular sanitization and disinfection of all touch-points at the manufacturing units, offices and stores. While social distancing norms of at least one metre within our offices and manufacturing units is followed, we are encouraging virtual meetings and presentations instead of gathering in a

conference room. In addition, the Company has also implemented provisions such as flexible work hours and stress management counselling for the staff.

### Capital Market Ratings

Radico Khaitan's long-term and short-term credit facilities are rated by CARE Ratings. The Company's long-term credit facilities are rated CARE AA- (Double A Minus) with stable outlook and short-term credit facilities are rated CARE A1+ (A One Plus).

CARE AA rated instruments are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. CARE A1 rated instruments are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk. Modifiers (+/-) reflect the comparative standing within the category.

### Directors

During the year under review, the Company appointed Ms. Sushmita Singha as an Additional Independent Director with effect from April 1, 2019 and Mr. Tushar Jain and Mr. Sharad Jaipuria as Additional Independent Directors with effect from August 8, 2019, subject to approval of shareholders at the 35th Annual General Meeting. At the 35th Annual General Meeting, the shareholders approved their appointment as Independent Directors of the

Company, not liable to retire by rotation and to hold the office for a term of five consecutive years commencing from the date of 35th Annual General Meeting. Details of Directors retiring by rotation / seeking appointment / re-appointment at this Meeting are provided in the annexure to the Notice.

Ms. Shailja Devi resigned from the Board of the Company on personal grounds and she ceased to be a Director of the Company with effect from May 7, 2019. Mr. K.S. Mehta and Mr. Ashutosh Patra were appointed as Independent Directors of the Company from September 30, 2014 for a period of five years. They ceased to be Directors of the Company from the date of 35th Annual General Meeting. The Board puts on record its appreciation for the valuable guidance provided by all the Directors during their tenure.

The Company has a Nomination & Remuneration Committee and formulated the criteria for determining the qualifications, positive attributes and independence of a Director ("the Criteria"). The policy relates to the remuneration of the Directors, Key Managerial Personnel and other employees, as required under Section 178(3) of the Act. The criteria includes that a person to be appointed on the Board of the Company should possess in addition to the fundamental attributes of character and integrity, appropriate qualifications, skills, experience and knowledge.

### Board Meetings

During FY2020, the Board of Directors met four times on May 2, 2019, August 8, 2019, November 6, 2019 and January 23, 2020. The gap between any two consecutive meetings of the Board of Directors of the Company was not more than 120 days. The details regarding composition, number of Board Meetings held and attendance of the Directors during FY2020 are set out in the Corporate Governance Report which forms part of this Annual Report.

### Meeting of Independent Directors

The Independent Directors of the Company met separately on January 23, 2020 without the presence of the Non-Independent Directors and the members of management. The meeting was conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company. In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), following matters were, inter-alia, discussed in the meeting:

1. Review of the performance of Non-Independent Directors and the Board as a whole;
2. Review of the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;

3. Assess the quality, quantity and timelines of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties

### **Declaration by Independent Directors**

The Company's Independent Directors have submitted requisite declarations confirming that they continue to meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. The Independent Directors have also confirmed that they have complied with Schedule IV of the Act and the Company's Code of Conduct. The Company keeps a policy of transparency and arm's length while dealing with its Independent Directors. No transaction was entered with Independent Directors during the year which could have any material pecuniary relationship with them. Apart from sitting fee, no other remuneration was paid to any of the Independent Directors.

The Ministry of Corporate Affairs ("MCA") vide Notification Number G.S.R. 804(E) dated 22nd October 2019 and effective from December 1st, 2019 has introduced the provision relating to inclusion of names of Independent Directors in the Data Bank maintained by Indian Institute of Corporate Affairs (IICA). All Independent Directors of the Company are registered with IICA.

In the opinion of the Board, the Independent Directors hold highest standard of integrity and

possess the requisite qualifications, experience, expertise and proficiency.

### **Board Evaluation**

The Board of Directors of Radico Khaitan is committed to transparency in assessing the performance of Directors. In accordance with the Companies Act, 2013 and Rules made thereunder, Schedule – IV of the Act and Regulation 4(2)(f) of the Listing Regulations, Radico Khaitan has framed a policy for the formal annual evaluation of the performance of the Board, Committees and individual Directors. The Company has put in place a robust framework for evaluation of the Board, its Committees, the Chairman, individual Directors and the governance processes that support the Board's functioning. This framework covers specific criteria and the grounds on which all Directors in their individual capacity are evaluated. The key criteria for performance evaluation of the Board and its Committees include aspects such as composition and structure, effectiveness of board processes, information sharing and functioning.

The criteria for performance evaluation of the individual Directors include aspects such as professional conduct, competency, and contribution to the Board and Committee meetings. The criteria for performance evaluation of the committees of the Board include aspects such as the composition of committees and effectiveness of committee meetings. The performance evaluation of the Independent Directors was done by the entire

Board excluding the Director being evaluated. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

### **Policy on Nomination, Remuneration and Board Diversity**

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

### **Roles and Responsibilities of Board Members**

The Company has a clearly laid out policy defining the structure and role of the Board Members. The Company has an Executive Chairman and Managing Director, presently Dr Lalit Khaitan; a Managing Director, currently Mr. Abhishek Khaitan and an optimum combination of executive and non-executive independent directors. The duties of the Board Members

including Independent Directors have been elaborated in the Listing Regulations, Section 166 of the Companies Act, 2013 and Schedule IV of the said Act. There is a clear segregation of responsibility and authority amongst the Board Members.

### **Risk Management Policy**

Radico Khaitan's business is exposed to a variety of risks which are inherent to a liquor manufacturing company in India. In this volatile, uncertain and complex operating environment, only companies that manage their risk effectively can sustain. Risk management is embedded in Radico Khaitan's corporate strategies and operating framework, and the risk framework helps the Company meet its objectives by aligning operating controls with the corporate mission and vision. The Company has in place comprehensive risk assessment and minimization procedures, integrated across all operations and entails the recording, monitoring and controlling enterprise risks and addressing them timely and comprehensively. The risks that the Company faces as strategic, financial, liquidity, security, regulatory, reputational and other risks are reviewed by the Risk Management Committee, the Audit Committee and the Board from time to time and new risks are identified based on new business initiatives and the same are assessed, minimisation framework and controls are designed and appropriately implemented.

### **Insurance of Fixed Assets**

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

### **Awards and Recognition**

During the year, Radico Khaitan was ranked as the no. 1 mid-cap company in Fortune India's "The Next 500" list, the first comprehensive ranking of India's midsize companies. The Next 500 list represents the most promising companies in India, outside the Fortune 500. Radico Khaitan has consistently improved its ranking in this list from 60th in 2015 to 28th in 2019 and jumped 27 places to first rank in 2020.

The Company also continued to shine at the Monde Selection Quality Awards in 2020 with one grand gold and eight gold awards. Radico Khaitan's Old Admiral Brandy emerged as the Brandy Brand Champion in the Spirits Business Magazine 2020 and ranked first. 8 PM whisky ranked 7th on the Indian Whisky Brand Champion list, Contessa rum ranked 9th on the Rum Brand Champion list and Magic Moments Vodka ranked 11th on the Vodka Brand Champion list. Rampur India Single Malt's Double Cask expression has been awarded with the 'Best World Whisky Gold Medal 2020' by The Fifty Best, New York.

### **Employee Stock Option Scheme**

Radico Khaitan's employee stock option scheme was implemented to provide the employees with an opportunity to share in the growth

of the Company and to reinforce long term commitment.

The ESOP Compensation Committee, at its meetings held on 09.12.2019 granted 88,000 stock options, and on 23.01.2020 granted 37,000 stock options, to the eligible employees, as per the Employees Stock Option Scheme 2006. The particulars of the options as required by SEBI (Share Based Employee Benefits) Regulations, 2014 are appended as Annexure – A and forms part of this report.

### **Dividend**

The Company has a dividend policy that balances the dual objective of appropriately rewarding its shareholders and retaining capital to support future growth. Your Directors are pleased to recommend a dividend of ₹ 2.00 per equity share or 100% on face value of ₹ 2.00 each for the year ended March 31, 2020. The total dividend pay-out for the financial year will be ₹ 26.71 Crore. This higher dividend pay-out is to demonstrate our commitment towards our shareholders. The dividend is subject to approval of shareholders at the Annual General Meeting on Monday, August 31, 2020 and will be paid to the shareholders whose names appear in the Register of Members as on the date of book closure, i.e. August 25, 2020 to August 31, 2020.

### **Dematerialisation**

During the year 313,315 shares of the Company constituting 0.23% of the issued and

subscribed Share Capital of the Company, were dematerialised. As on March 31, 2020, 98.95% of the shares of the Company have been dematerialized. Your Directors would request all the members who have not yet converted their holdings into dematerialized form, to do so thereby facilitating trading of their shares. As per SEBI guidelines it is mandatory that the shares of a company are in dematerialized form for trading.

### Public Deposits

During the year under review, your Company has neither invited nor accepted any fixed deposits from the public within the meaning of Section 73 of the Companies Act, 2013, read

with the Companies (Acceptance of Deposits) Rules, 2014.

### Subsidiaries and Joint Ventures

During the year under review, the Company has no subsidiary. Radico Khaitan has one joint venture, namely, Radico NV Distilleries Maharashtra Limited ("RNV"). The Company has 36% stake in the said joint venture. In terms of the Section 129 (3), financial results of RNV are consolidated with the accounts of the Company. In terms of the section 129 (3) of the Companies Act, 2013, the salient features of the financial statement of the joint venture company is set out in the prescribed form AOC - 1 and is attached herewith as a separate Annexure - B.

### Transfer to Investor Education & Protection Fund

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

Financial Year	Date of Declaration of Dividend	Total Dividend	Unclaimed Dividend as on 31-3-2020	Due Date of Transfer to IEPF account
FY2002	16.07.2002	38,579,176.00	730,556.00	22.08.2009
FY2003	19.07.2003	34,721,258.40	914,312.00	24.08.2010
FY2004	17.07.2004	38,579,176.00	973,284.00	22.08.2011
FY2005	16.11.2005	42,437,093.60	983,341.00	21.12.2012
FY2006	25.09.2006	48,223,970.00	1,135,840.00	30.10.2013
FY2007	26.09.2007	51,231,109.50	922,432.00	05.11.2014
FY2008	30.09.2008	51,231,109.50	1,065,509.00	16.10.2015
FY2009	15.09.2009	30,738,665.70	699,978.00	07.10.2016
FY2010	09.09.2010	79,300,632.60	1,620,668.00	26.10.2017
FY2011	09.09.2011	92,853,567.80	1,630,738.00	24.09.2018
FY2012	24.09.2012	106,195,503.20	2,312,827.00	11.10.2019

### Key Managerial Personnel

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

### Remuneration of the Directors and Employees

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

### Particulars of Employees and Remuneration

In terms of the first proviso to Section 136 of the Act, the Reports and Accounts are being sent to the shareholders excluding the information required under Rule 5 (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Any shareholder interested in obtaining the same may write to the Company Secretary at the Registered Office of the Company on any working day of the Company up to the date of the 36th Annual General Meeting.

The statement containing information as required under the provisions of Section

197(12) of the Act read with Rule 5 (1), Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in Annexure - C and forms part of this Report.

### Audit Report

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

### Statutory Auditor

M/s. BGJC & Associates LLP, Chartered Accountants are the Statutory Auditors of the Company for a period of five years with effect from July 11, 2016. M/s. BGJC & Associates LLP have confirmed to the Company that they are not disqualified under Section 141 of the Companies Act, 2013, or any other applicable provisions for the time being in force and are eligible for being appointed as statutory auditors of the Company. M/s. BGJC & Associates LLP have also confirmed to the Company that their appointment is within the limits prescribed under the Companies Act, 2013.

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

### Cost Auditor

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

The Board of Directors, on the recommendation of the Audit Committee, has appointed Mr. R. Krishnan, Cost Accountants, as the cost auditor to audit the cost accounts of the Company for the financial year 2020 at a remuneration of ₹ 1.10 Lakhs plus applicable government taxes (GST) and reimbursement of out of pocket expenses. As required under the Companies Act, 2013, a resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting.

### Secretarial Audit

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

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

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

### **Vigil Mechanism**

Pursuant to the requirement of Section 177 (9) & (10) of the Companies Act, 2013, Radico Khaitan has in place a robust vigil mechanism and has adopted a Whistle Blower Policy which allows employees of the Company to raise their concerns relating to fraud, malpractice or any other activity or event which is against the interest of the Company or society as a whole. All employees shall be protected from any adverse action for reporting any unacceptable or improper practice and/or any unethical practice, fraud or violation of any law, rule or regulation. This policy is also applicable to the Directors of the Company. All cases reported as part of whistle-blower mechanism are taken to their logical conclusion within a reasonable timeframe. Details of complaints received and the action taken are reviewed by the Audit Committee. The functioning of the Vigil Mechanism is reviewed by the Audit Committee from time to time. The Vigil Mechanism Policy has been uploaded on the website of the Company at <http://www.radicokhaitan.com/investor-relations/>.

### **Archival Policy**

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

### **Policy on Dividend Distribution**

The Board of Directors have adopted Dividend Distribution Policy in terms of the requirements of Listing Regulations. The Policy is available on the website of the Company at <https://www.radicokhaitan.com/investor-relations>. The Dividend Distribution Policy forms a part of this Report.

### **Related Party Transactions**

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

Related Party Transactions framework through Standard Operating Procedures for the purpose of identification and monitoring of such transactions.

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

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

### **Environmental Protection Measures Taken by the Company**

In view of the corporate responsibility on environmental protection, the Company has adopted a number of measures for improvement in the field of environment, safety and health. Measures such as standard operating procedures, training programmes for all levels of employees regarding resource

conservation, housekeeping, Green Belt development and onsite emergency plan have been taken. Sustainable living is a part of long-term business strategy and your Company continuously strives to reduce our environmental footprint, while enhancing the livelihood of people across our product value chain.

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

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

### Corporate Social Responsibilities (CSR)

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

### Composition of the CSR Committee as on March 31, 2020

1. Dr. Lalit Khaitan	Chairman
2. Mr. Abhishek Khaitan*	Member
3. Mr. K.P. Singh	Member
4. Ms. Shailja Devi **	Member
5. Ms. Sushmita Singha	Member

\* w.e.f August 8, 2019      \*\* up to August 8, 2019

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

An unspent amount of ₹ 25.96 Lakhs, which could not be spent due to sudden lockdown in country from 21st March 2020 due to COVID 19, will be spent together with the eligible spend of FY2021.

### Significant and Material Orders Passed by the Regulators or Courts

During the year, the Central Pollution Control Board (CPCB) levied an environmental compensation of ₹ 7.02 Crore on the Company and the same was paid by the Company. The operations of molasses plant at Rampur were

briefly hampered due to the CPCB order. The loss pertaining to such restriction was around ₹ 15 Crore. The matter pertaining to the CPCB was filed before NGT. Apart from that there has been no significant and material order passed by the Regulators or Courts that would impact the going concern status of the Company and its future operations.

### Safety & Wellbeing of Women

Gender equality and women safety is a very important part of Radico Khaitan's human resource policies. The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The Company has endeavoured to encourage women professionals by creating proper policies to tackle issues relating to safe and proper working conditions and create and maintain a healthy and conducive work environment that is free from discrimination. During the year under review, there were no sexual harassment cases reported to the Company.



### **Composition of the Sexual Harassment Committee as on March 31, 2020**

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1. Ms. Roopali Makhija	Presiding Officer
2. Ms. Jyoti Negi	Member
3. Mr. Amit Manchanda	Member
4. Ms. Manu Chaudhary	Member
5. Mr. Vinay Padroo	Member
6. Mr. Mukesh Arora	Member

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### **Business Responsibility Report**

The Business Responsibility Report for FY2020, as stipulated under Regulation 34(2)(f) of the Listing Regulations is annexed as a separate report and forms part of this Annual Report.

### **Extract of Annual Return**

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

### **Management Discussion and Analysis**

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

### **Corporate Governance Report**

Report on Corporate Governance along with the certificate from Mr. Tanuj Vohra, Partner at M/s. TVA & Co. LLP, Company Secretaries, confirming

compliance with conditions of corporate governance, as stipulated under the Listing Regulations, forms part of the Annual Report.

### **Reporting of Frauds**

There was no instance of a fraud during the year under review which required the statutory auditor to report to the Audit Committee or the Board under section 18 (12) of the Companies Act, 2013 and rules made thereunder.

### **Cyber Risk**

The failure of information Technology (IT) systems due to malicious attacks and / or non-compliance with data privacy laws can potentially lead to financial loss, business disruption and / or damage to the Company's reputation. Radico Khaitan has in place a data protection policy. It also maintains a cyber security infrastructure. The Company uses standardised backup tools, service and procedures to ensure that information and data are stored at two or more diverse locations.

### **Internal Financial Controls**

The Board of Directors of the Company has devised systems, policies, procedures and frameworks, which are currently operational within the Company for ensuring the orderly and efficient conduct of its business, which includes adherence to policies, safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information.

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

Management team has assessed the effectiveness of the Company's internal control over financial reporting as at March 31, 2020. The Statutory Auditors of the Company have audited the financial statements included in this Annual Report and issued their report on internal control over financial reporting (as defined under section 143 of the Companies Act, 2013). The Company has appointed reputed firms of Chartered Accountants to carry out Internal Audits. The audit is based on focused and risk-based internal plans, which is reviewed every year in consultation with the Audit Committee. In line with international practices, the focus of Internal Audit is oriented towards the review of internal controls and risks in operations.

## Audit Committee

The Audit Committee invites the Chairman & Managing Director, Managing Director, Chief Financial Officer, Company Secretary, Statutory Auditor(s) and Internal Auditor and Cost Auditors to attend the meetings of the Audit Committee. The Company Secretary acts as Secretary to the Committee. The minutes of each Audit Committee meeting are placed and discussed at the next meeting of the Board. All Members of the Audit Committee are qualified in finance and bring in expertise in the fields of finance, taxation, economics, industry and risk.

### Composition of the Audit Committee as of March 31, 2020

1. Mr. Sarvesh Srivastava	Chairman
2. Dr. Raghupati Singhania	Member
3. Mr. Tushar Jain	Member

## Statement on Compliance of Secretarial Standards

The Company has followed applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively.

## Directors' Responsibility Statement

Based on the framework of Internal Financial Controls and compliance systems established and maintained by the Company, the work performed by the Internal Auditors, Statutory

Auditors and Secretarial Auditors, including the Audit of Internal Financial Controls over financial reporting by the Statutory Auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY2020.

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

1. In the preparation of the Annual Accounts for the year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. The Board has selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the

Company and for preventing and detecting fraud and other irregularities.

4. The annual accounts have been prepared on a going concern basis;
5. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
6. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Dispatch of Annual Report through Electronic Mode

In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website (<https://www.radicokhaitan.com/investor-relations>), websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively, and on the website of the Company's Registrar and Transfer Agent, KFin Technologies Private Limited ("KFinTech") at <https://evoting.karvy.com>.

## Acknowledgements

Financial year 2020 had seen unprecedented operating environment due to the outbreak of the pandemic which brought the global economic activity to standstill. It adversely impacted all sectors of the economy. Your Company was no exception and continues to fight adversities. During this difficult time, your trust and confidence has been of immense support. Your Directors take this opportunity to thank our customers for their continued loyalty with our products which has resulted in Radico Khaitan outperforming the industry. This encourages us to continue to deliver consumer satisfaction through our diverse product portfolio. Your Directors take this opportunity to express their sincere appreciation to all the employees for their commitment and contribution to the success of the Company. Their enthusiasm and hard work has enabled the Company to not only face various challenges but also be at the forefront of the industry.

The Board would like to convey their sincere gratitude to the investors and bankers for their continued support during the year. Your Directors further take this opportunity to acknowledge the support and assistance extended by the Regulatory Authorities such as SEBI, Stock Exchanges and other Central & State Government authorities and agencies, Auditors, Registrars, Legal Advisors and other consultants. The Board also appreciates the support and co-operation your Company has been receiving from its supply chain partners and others associated with the Company as its trading partners. Your Company looks upon them as partners in its progress and has shared with them the rewards of growth.

We look forward to another successful year ahead.

For & on behalf of the Board

**Dr. Lalit Khaitan**

Chairman & Managing Director  
DIN - 00238222



Place: New Delhi  
Date: July 23, 2020

# Annexures to Directors' Report

## ANNEXURE – A

### Requirements under the SEBI (Share Based Employee Benefits) Regulations, 2014 Summary of Status of ESOPs Granted

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

PARTICULARS	OPTIONS	
<b>Date of Grant</b>	<b>23rd November, 2015</b>	<b>2nd March, 2017</b>
<b>Opening ESOP as on 01.04.2019</b>	<b>1,64,500</b>	<b>1,00,000</b>
Granted during the year	-	-
Forfeited / Lapsed	NIL	-
Exercised during the year	1,25,000	-
<b>Outstanding as on 31.03.2020</b>	<b>39,500</b>	<b>1,00,000</b>
Vesting period	4 Years	4 Years
Method of settlement	Equity	Equity
Exercise Price	104.72	110.42

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

The position of the existing schemes is summarized as under:

Sl. No.	Particulars	Scheme 2006
<b>I</b>	<b>Details of the ESOS</b>	
1.	Date of Shareholder's Approval	25th May 2006
2.	Total Number of Options approved	42,80,000
3.	Vesting Requirements	10% in first year of Vest i.e. 1 year from the date of grant, 25% on 2nd and 3rd vest and 40% on 4th vest.
4.	Exercise Price or Pricing formula (Rs.)	15% discount to closing price as per Scheme of 2006 on the date of Grant
5.	Maximum term of Options granted (years)	Options to be exercised within 3 years of vesting
6.	Source of shares	Primary issuance
7.	Variation in terms of ESOP	Nil



**Sl. No. Particulars** **Scheme 2006**

<b>II Option Movement during the year</b>	
1. No. of Options Outstanding at the beginning of the year	2,64,500
2. Options Granted during the year	0
3. Options Forfeited / lapsed during the year	0
4. Options Vested during the year	0
5. Options Exercised during the year	1,25,000
6. Total number of shares arising as a result of exercise of options	1,25,000
7. Money realised by exercise of options (Rs.)	0
8. Number of options Outstanding at the end of the year	1,39,500
9. Number of Options exercisable at the end of the year	99,500

<b>III Weighted average exercise price of Options granted during the year whose</b>	
A. Exercise price equals market price	Nil
B. Exercise price is greater than market price	Nil
C. Exercise price is less than market price	104.72

<b>Weighted average fair value of options granted during the year whose</b>	
A. Exercise price equals market price	Nil
B. Exercise price is greater than market price	Nil
C. Exercise price is less than market price	58.88

<b>Weighted average market price of options exercised during the year</b>	
A. Market price	368.53
B. No. of options exercised	1,25,000

**IV Employee-wise details of options granted during the financial year 2019-20 to:**

1. Senior managerial personnel :		
<b>Name</b>	<b>No. of options granted</b>	<b>Designation</b>
Nil	Nil	Nil
2. Employees who were granted, during the year, options amounting to 5% or more of the options granted during the year		
<b>Name</b>	<b>No. of options granted</b>	<b>Designation</b>
Nil	Nil	Nil
3. Identified employees who were granted option, during the year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.		
<b>Name</b>	<b>No. of options granted</b>	<b>Designation</b>
Nil	Nil	Nil



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

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model are as follows:

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

### Assumptions:

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

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

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

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

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

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

- VI 1. The stock-based compensation cost calculated as per the intrinsic value method for the period April 1, 2019 to March 31, 2020 is (Rs.1,61,454). If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the period April 1, 2019 to March 31, 2020 would be Rs.9,02,120/-. The effect of adopting the fair value method on the net income and earnings per share is presented below:

### Pro Forma Adjusted Net Income and Earning Per Share

Particulars	Rs.
<b>Net Income as reported</b>	<b>2,27,50,05,490</b>
Add: Intrinsic Value Compensation Cost	(1,61,454)
Less: Fair Value Compensation Cost	9,02,120
<b>Adjusted Pro Forma Net Income</b>	<b>2,27,39,41,916</b>
<b>Earning Per Share: Basic</b>	
As Reported	17.05
Adjusted Pro Forma	17.04
<b>Earning Per Share: Diluted</b>	
As Reported	17.05
Adjusted Pro Forma	17.04

VI	Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20	17.05
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## ANNEXURE – B

### FORM AOC-1

(Pursuant to first proviso to sub-section(3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014)

#### Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

##### PART A SUBSIDIARIES

Information in respect of each subsidiary to be presented Amount in ₹  
 There is no Subsidiary of the Company

##### PART B ASSOCIATES AND JOINT VENTURES

Information in respect of each subsidiary to be presented Amount in lakhs  
 There is no Subsidiary of the Company

Name of Associates or Joint Ventures	Radico NV Distilleries Maharashtra Ltd.	
1. Latest audited Balance Sheet Date	31.03.2020	
2. Date on which the Associate or Joint Venture was associated or acquired	26.05.2007	
3. Shares of Associate or Joint Ventures held by the company on the year end	Equity shares	Preference Shares
No.	13,58,447	20,00,000
Amount of Investment in Associates or Joint Venture	15,538.53	
Extent of Holding (in percentage)	36%	
4. Description of how there is significant influence	As per Joint Venture and Shareholders Agreement dated 26.5.2007. The day-to-day management for the operations of the JV Company shall be the responsibility of the Radico Khaitan Limited.	
5. Reason why the associate/joint venture is not consolidated	N.A.	
6. Net worth attributable to shareholding as per latest audited Balance Sheet	43,297.16	
7. Profit or Loss for the year:		
i. Considered in Consolidation	606.83	
ii. Not Considered in Consolidation	N.A.	

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

For and on behalf of Board of Directors

**Dr. Lalit Khaitan**  
Chairman & Managing Director

**Abhishek Khaitan**  
Managing Director

Director

**Dilip K. Banthiya**  
Chief Financial Officer

**Amit Manchanda**  
Vice President  
Legal & Company Secretary

**Alok Agarwal**  
Sr Vice President  
(Finance & Accounts)

Place : New Delhi  
Date: 23.07.2020

As per our report of even date attached

**For BGJC & Associates LLP**  
Chartered Accountants  
Firm Regn. No. 003304N/  
N500056

**Darshan Chhajer**  
Partner  
Membership No. 088308  
Place: Gurugram

Place: New Delhi  
Date: 23.07.2020

## ANNEXURE – C

### Disclosure in the Board's Report under Section 197(2) of the Companies Act, 2013 read with Rule 5 (1) of The Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

	Director's Name	Ratio to mean remuneration
1. The Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2019-20	Dr. Lalit Khaitan	136.8:1
	Mr. Abhishek Khaitan	136.9:1
	Mr. Ashutosh Patra	N.A.
	Mr. K.S. Mehta	N.A.
	Dr. Raghupati Singhanian	N.A.
	Mr. K.P. Singh	30.7:1
	Mr. Sarvesh Srivastava	N.A.
	Ms. Shailja Devi	N.A.
	Ms. Sushmita Singha	N.A.
	Mr. Sharad Jaipuria	N.A.
Mr. Tushar Jain	N.A.	
2. The Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any in the financial year 2019-20 compared to 2018-19.	Director's/CFO/CEO/CS/Manager name	% age increase in remuneration
	Dr. Lalit Khaitan, Chairman & Managing Director	13.7%
	Mr. Abhishek Khaitan, Managing Director	13.7%
	Mr. K.P. Singh, Director	7%
	Mr. Dilip K. Banthiya, Chief Financial Officer	7%
	Mr. Amit Manchanda, Vice President – Legal & Company Secretary	8%
3. Percentage increase in the median remuneration of employees in the financial year 2019-20 compared to 2018-19		7.1%
4. Number of permanent employees on the rolls of the Company	<b>As on 31.03.2020</b>	<b>As on 31.03.2019</b>
	1,145	1,171
5. Average percentile increase already made in the salaries of Employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	During 2019-20	During 2018-19
	9%	8.9%
	The increase is based on remuneration policy of the company that rewards people based on their contribution to the success of the company and external market competitiveness.	The increase is based on remuneration policy of the company that rewards people based on their contribution to the success of the company and external market competitiveness.
6. The Board of Directors of the Company affirms that the remuneration is as per the remuneration policy of the Company.		



## ANNEXURE – D

### FORM NO. MR-3

#### SECRETARIAL AUDIT REPORT

##### FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Radico Khaitan Limited (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct

of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

3. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
4. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - A. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - B. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

C. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;	Company has complied with following Acts, Laws and Regulations applicable specifically to the Company:-	India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
D. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;	A. Food Safety and Standards Act, 2006 and Rules and Regulations made thereunder;	3. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
E. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;	B. State Excise Laws relating to alcohol industry;	4. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
F. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with the client;	We have also examined compliance with the applicable clauses of the following:	5. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018.
G. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;	1. Secretarial Standards issued by the Institute of Company Secretaries of India.	<b>We further report that</b> during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.
H. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018; and	2. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited (NSE).	<b>We further report that</b> the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
I. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.	3. Codes and Policies adopted by the Company.	<b>We further report that</b> adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful
<b>6. We further report that</b> , having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the	<b>We further report that</b> during the period under review the following Act, Rules, Regulations and Guidelines were not applicable to the Company:	
	1. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;	
	2. The Securities and Exchange Board of	

participation at the meeting. Decisions carried through by the Board do not have any dissenting views and hence no relevant recordings were made in the minutes book maintained for the purpose.

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

**We further report that** during the audit period there were following events/actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc, having a major bearing on the Company's affairs:

### 1. Change in Capital Structure

During the period under review, the Company had allotted 88,000 (Eighty Eight Thousand) equity Shares of Rs. 2 (Rupees Two Only) each on December 9, 2019 and 37,000 (Thirty Seven Thousand) equity Shares of Rs. 2 (Rupees Two Only) each on January 23, 2020 under ESOS-2006 to the eligible employees.

### 2. Change in Board of Directors

During the period under review, Ms. Shailja Devi, Non-Executive director, had resigned from the Board w.e.f. May 7, 2019.

Mr. Sarvesh Srivastava and Mr. Raghupati Singhania, Independent Directors, had re-appointed as Independent Directors for a second term of 5 (Five) years commencing from the date of 35th Annual General Meeting i.e. September 26, 2019.

Mr. Karna Singh Mehta and Mr. Ashutosh Patra, independent directors, had ceased from the directorship of the Company with effect from September 30, 2019 due to completion of their tenure as independent directors. Further, Ms. Sushmita Singha was appointed in the Board as Additional Director (Independent) w.e.f. April 1, 2019 and Mr. Sharad Jaipuria and Mr. Tushar Jain were appointed as Additional Directors (Independent) w.e.f. August 8, 2019 for a term of 5 (five) years subject to the approval of shareholders. The said appointments were approved by the shareholders at 35th Annual General Meeting of the Company held on September 26, 2019.

Delhi, July 14, 2020

### 3. Central Pollution Control Board Order

The Central Pollution Control Board (CPCB), New Delhi, had made certain observation on Zero Liquid Discharge system of one of the plant of the Company to improve the environmental conditions and pending fulfilment of additional requirements has directed the closure of manufacturing operations at Company's Rampur Plant. With respect to this matter CPCB has levied an environmental compensation of Rs. 7,29,00,000 (Rupees Seven Crores Twenty Nine Lakhs Only)

In this regard, the company has made necessary disclosures to the stock exchange from time to time under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**For TVA & Co. LLP  
Company Secretaries**

**Tanuj Vohra**

Partner

M. No.: F5621, C.P. No.: 5253

UDIN: F005621B000452078

PR 708/2020

Note: This report is to be read with our letter of even date which is annexed and forms an integral part of our report.

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

1. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the various compliances but the maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain

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

3. We have not verified the correctness and appropriateness of the financial records and Books of accounts of the Company.
4. We have obtained necessary management representation about the compliance of various laws, correctness of information shared and happening of events, wherever required.

5. Compliance with respect to the filings of various reports, returns, forms, certificates and documents under the various statutes as mentioned in our report is the responsibility of the management of the Company. Our examination was limited to checking the execution and timeliness of filing and we have not verified the contents of such reports, returns, forms, certificates etc.
6. Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

## ANNEXURE – E

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

The information under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March, 2020 is given here below and forms part of the Directors Report.

#### (A) CONSERVATION OF ENERGY:

Steps taken or impact on conservation of energy

1. In the printing plant, productivity was increased through installation of a new high speed K-15 machine in place of a low speed machine (printing from 750,000 to 1,350,000 bottles per day) and a new high speed frosting machine (frosting from 84,000 to 120,000 bottles per day) with same level of power consumption. There is no extra power required for more production. Total energy saving of 45 kw/hr. or 1.7 lakhs kwh in four months. (Cost saving Rs. 8.02 Lakhs)
2. Saving by improving the power factor of transformer (Cost saving Rs. 2.11 Lakhs)
3. Replacing sodium vapor light with power saving LED light (Cost saving Rs.1.79 Lakhs)
4. Power saving through the installation of a performance monitoring system for chillers and optimize the % loading at tetra plant. Total power saving 48,510 units (Cost saving Rs. 1.75 Lakhs)
5. Installing light grade aluminum fans/FRP blades in two cooling towers (Saving Rs.1.05 Lakhs)

The capital investment on energy conservation equipment's

The investments are:

1. Rs. 14.0 Crores for both new machines to increase production
2. Rs. 4.5 Lakhs for power factor improvement
3. Rs. 4.4 Lakhs for factory light power saving
4. Rs. 5.0 Lakhs for power saving from chiller plant
5. Rs. 6.0 Lakhs for power saving from cooling tower

## (B) TECHNOLOGY ABSORPTION:

Efforts made towards technology absorption and process improvement.

1. Installed a new automated (SCADA base) malt plant of 5 KBL / day for the manufacture of fresh malt spirit. Fresh malt spirit is then matured in oak wood cask to produce matured malt spirit (whisky). Indian single malt whisky is very popular and is in high demand worldwide and hence potential to earn valuable foreign currency.
2. Installed a new 300 MT silo for barley malt storage to enhance the existing capacity of barley malt from 60 ton to 300 ton. Automatic control system provided for barley malt pre-cleaning, unloading and milling for both old and new plant. Total cost of 1 and 2 is Rs. 1,360 lakhs.
3. By optimising the process parameter and re use of steam condensate of the new 5kl malt plant, we have saved steam consumption by 0.7 Kg/BL and 5M\*3/KBL DM water consumption and saving about Rs. 14.50 Lakhs / annum.
4. To enhance the cattle feed generation by modification, upgraded the GSP plant integrated evaporation and analyser flash tank re-boiler CIP system. Optimisation of feed distribution, energy integration and other parameter after modification of evaporation to enhance efficiency of evaporation and improvement in thick syrup quality. Saving of Rs. 150 lakhs/Annum.
5. Installation of one new maturation hall at the cost of Rs. 613 Lakhs for a capacity 8,460 wood cask of 200 BL each (16.90 Lakh BL) for the maturation of fresh malt spirit. Purchased 6,500 oak wood casks for fresh malt spirit maturation to enhance the maturation facility to produce single malt whisky.
6. Installation of a one new maturation hall with capacity of 324 wood cask of 200 BL each (64,000 BL) for the maturation of cane juice spirit
7. By modification of heat integration in 100 KLPD GSP distillation saved steam (350 Kg/Hr) resulting in cost saving of Rs.40 lakhs per annum.
8. By using steam saving on recovery column vapor (130KL plant) for preheating of DM water 20 M\*3/Hr from 62°C to 72°C. Cost saving of Rs. 20 lakhs.

Benefits derived like product improvement, cost reduction, product development or import substitution

Benefits derived like product improvement, cost reduction, product development or import substitution

Imported technology (imported during the last three years reckoned from the beginning of the financial year)-	New 5 KL Malt plant
A. Detail of technology imported	Installed a malt plant of 5KL / day based on Scottish technology for the manufacture of fresh malt spirit, to produce whisky and IMFL after maturation in oak wood cask, which has potential to earn valuable foreign currency.
B. Year of Import	2019-20
C. Whether the technology been fully absorbed	Yes
D. If not fully absorbed, areas, where this has not taken place, reasons thereof	N.A.
Expenses incurred on Research and Development	NIL

**(C) FOREIGN EXCHANGE EARNING AND OUTGO:**

Particulars of earnings and outgo of foreign exchange are given in Notes on Accounts in Schedule 53.

**(D) ENVIRONMENT PROTECTION:**

1. Commissioned condensate treatment plant - a new water treatment plant for treating waste water condensates and reusing the same in process for saving of fresh water.
2. Rain water recharging in nearby villages increased up to 300% of water consumption in order to raise underground water level of the area.

3. Ammonia scrubber in BMSW (Bio-Methanated Spent Wash Concentration) - Ammonia scrubber unit added in old BMSW plant for reducing ammonia level in condensate water.
4. New BGG (Bio-gas based power generator) of 1200 KW added in order to reduce dependence of power on UPPCB.

5. Installed Piezometers for underground water level measurement in the nearby villages.
6. Installed dust control system at grain unloading point.

Place: New Delhi  
Date: 23.07. 2020

**For and on behalf of the Board**

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

## ANNEXURE – F

### Segment C: Reporting of Corporate Social Responsibility (CSR) for the Financial Year 2019-20

1. A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.	<p>Refer Section: Corporate Social Responsibility (CSR) in the Board's Report.</p> <p>Web-link for CSR Policy:  <a href="https://www.radicokhaitan.com/wp-content/uploads/2019/03/CSR-Policies.pdf">https://www.radicokhaitan.com/wp-content/uploads/2019/03/CSR-Policies.pdf</a></p> <p>Web-link for projects or programs:  <a href="http://www.radicokhaitan.com/investor-relations/">http://www.radicokhaitan.com/investor-relations/</a></p>
2. The Composition of the CSR Committee	<ol style="list-style-type: none"> <li>1. Dr. Lalit Khaitan</li> <li>2. Mr. Abhishek Khaitan</li> <li>3. Mr. K. P. Singh</li> <li>4. Ms. Sushmita Singha</li> </ol>
3. Average net profit of the Company for last three financial years	Rs.16,130.48Lakhs
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	Rs. 427.18 Lakhs (Rs. 322.61 Lakhs + Rs. 104.57 Lakhs)*
5. Details of CSR spent during the financial year:	
A. Total amount to be spent for the financial year	Rs. 427.18 Lakhs
B. Amount unspent, if any;	Rs. 25.96 Lakhs
C. Manner in which the amount spent during the financial year is detailed below:	



## Annual Report on CSR Activities (Amount in ₹)

1	2	3	4	5	6	7	8
Sl. No.	CSR Project or activity Identified	Sector in which the project is covered	Projects or programs (1) local area or other (2) specify the state & district where projects & programs was undertaken	Amount outlay (budget) projects or programs wise	Amount spent on the projects or programs: Sub heads:- (1) Direct expenditure on projects or programs (2)	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Awareness for Sanitation and Safe Drinking Water	Promoting Sanitation, making availability of Safe Drinking Water	Rampur (U.P.)	20,00,000	16,48,068	16,48,068	Direct
2	Healthcare	Healthcare	Rampur (U.P.) and Delhi	15,00,000	10,46,869	10,46,869	Direct
3	Educational Development	Promoting Education including Enhancement of Vocational Skill	Rampur (U.P.)	2,00,00,000	1,71,78,228	1,71,78,228	Direct
4	Women's Development	Empowering Women & Promoting Gender Equality	Rampur (U.P.)	10,00,000	5,88,600	5,88,600	Direct
5	Environmental sustainability Ecological Balance	Ensuring Environmental Sustainability Ecological Balance	Rampur (U.P.)	50,00,000	28,47,452	28,47,452	Direct
6	Sports Promotional activities	Promotion of Sports & Cultural Activities	Rampur (U.P.) and Delhi	70,00,000	60,98,549	60,98,549	Direct
7	Other social activities	Others	Rampur and Delhi	100,00,000	86,97,055	86,97,055	Direct
8	Others	Others	Rampur and Delhi	30,00,000	20,18,000	20,18,000	Direct
Total				<b>4,75,00,000</b>	<b>4,01,22,821</b>	<b>4,01,22,821</b>	

\*Unspent amount for the last year

Place: New Delhi

Date: 23.07. 2020

For and on behalf of the Board

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



## ANNEXURE – G

### FORM NO. MGT-9

#### EXTRACT OF ANNUAL RETURN as on the financial year ended on 31st March 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

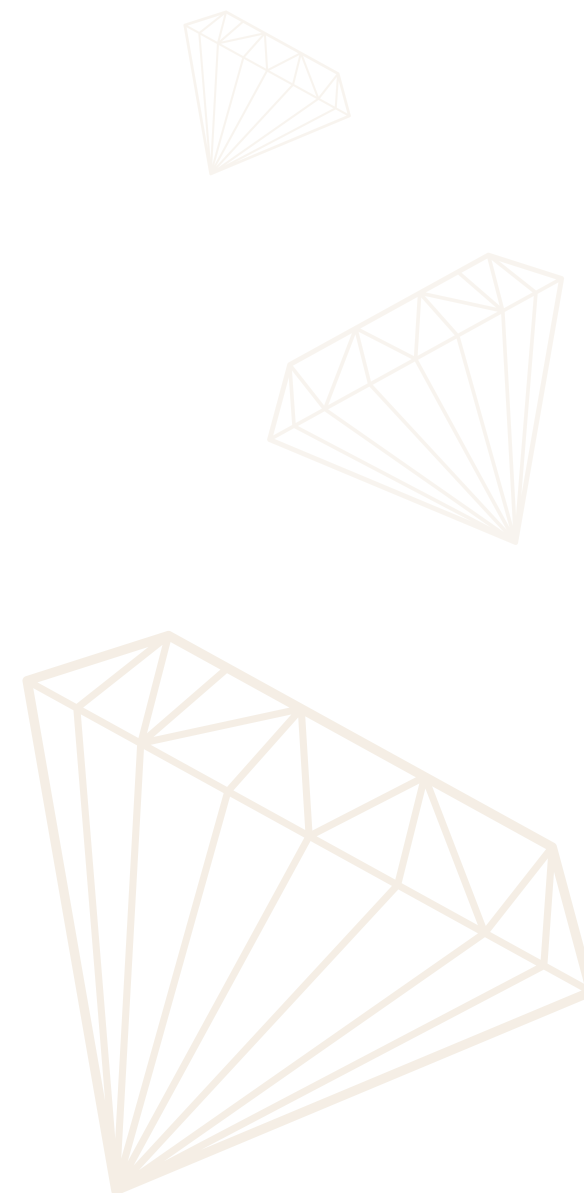
A. CIN:	L26941UP1983PLC027278
B. Registration Date:	21/07/1983
C. Name of the Company:	Radico Khaitan Limited
D. Category / Sub-Category of the Company	
E. Address of the Registered office and contact details:	Radico Khaitan Limited Bareilly Road, Rampur – 244 901 (U.P.)
F. Whether listed company:	Yes
G. Name, Address and Contact details of Registrar and Transfer Agent, if any	

#### Registered Office:

M/s. KFin Technologies Pvt. Ltd  
Karvy Selenium Tower B  
Plot No. 31 & 32, Financial District  
Nanakramguda, Serilinampally Mandal  
Hyderabad – 500032  
Toll Free No.18 00 3454 001  
Telephone no. 040- 4067161518  
Fax No.040-23430814  
Email Id: einward.ris@kfintech.com

#### Delhi Office:

M/s. KFin Technologies Pvt. Ltd.  
305, New Delhi House  
27, Barakhamba Road  
Connaught Place  
New Delhi – 110 001  
Telephone no. 011- 43681700  
Fax No. 011-43681710  
Email Id: einward.ris@kfintech.com



## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No	Name and Description of main products/services	NIC Code of the product/ services	% to total turnover of the Company
1	Manufacturing of Alcohol & Alcoholic products	1101	98.60%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE

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

## IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

### 1. Category-wise Shareholding between 31/03/2019 and 31/03/2020

Category of shareholder	No. of Shares held at the beginning of the year (As on 01.04.2019)				No. of Shares held at the end of the year (As on 31.03.2020)				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(a) Individual/ HUF	412210	0	412210	0.31	412210	0	412210	0.31	0
(b) Central Govt.	0	0	0	0	0	0	0	0	0
(c) State Govt. (s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corporate	53417608	0	53417608	40.04	53417608	0	53417608	40.00	-0.04
(e) Banks / FI	0	0	0	0	0	0	0	0	0
(f) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub total (A) (1):</b>	<b>53829818</b>	<b>0</b>	<b>53829818</b>	<b>40.35</b>	<b>53829818</b>	<b>0</b>	<b>53829818</b>	<b>40.31</b>	<b>-0.04</b>

Category of shareholder	No. of Shares held at the beginning of the year (As on 01.04.2019)				No. of Shares held at the end of the year (As on 31.03.2020)				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
<b>(2) Foreign</b>									
(a) NRI individuals	0	0	0	0	0	0	0	0	0
(b) Other individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corporate	0	0	0	0	0	0	0	0	0
(d) Banks / FI	0	0	0	0	0	0	0	0	0
(e) Any other	0	0	0	0	0	0	0	0	0
<b>Sub total(A) (2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A)= (A) (1)+(A)(2)</b>	<b>53829818</b>	<b>0</b>	<b>53829818</b>	<b>40.35</b>	<b>53829818</b>	<b>0</b>	<b>53829818</b>	<b>40.31</b>	<b>-0.04</b>

## B. Public Shareholding

<b>(1) Institutions</b>									
(a) Mutual Funds/ UTI	8587935	0	8587935	6.44	14727069	0	14727069	11.03	4.59
(b) Banks / FI	75782	0	75782	0.06	132107	0	132107	0.10	0.04
(c) Central Govt.(s)	0	0	0	0	0	0	0	0	0
(d) State Govt.(s)	0	31620	31620	0.02	0	31620	31620	0.02	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	0	0	0	0	0	0	0	0	0
(g) FIIs/FPI	31253857	0	31253857	23.43	25859801	0	25859801	19.37	-4.06
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others (specify)									
<b>Sub-total (B) (1)</b>	<b>39917574</b>	<b>31620</b>	<b>39949194</b>	<b>29.94</b>	<b>40718977</b>	<b>31620</b>	<b>40750597</b>	<b>30.52</b>	<b>0.58</b>
<b>(2) Non-Institutions</b>									
(a) Bodies Corporate									
(i) Indian	6836823	9825	6846648	5.13	5300604	9080	5309684	3.98	-1.15
(ii) Overseas	0	0	0	0	0	0	0	0	0
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	19657088	1309377	20966465	15.72	17035651	1146342	18181993	13.62	-2.10
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	8192405	0	8192405	6.14	11587991	0	11587991	8.68	2.54
(c) Others (specify)									
Clearing Members	226899	0	226899	0.17	355217	0	355217	0.27	-0.10
IEPF	1356717	0	1356717	1.02	1406982	0	1406982	1.05	0.03

Category of shareholder	No. of Shares held at the beginning of the year (As on 01.04.2019)				No. of Shares held at the end of the year (As on 31.03.2020)				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
Non Resident Indians	1808794	232325	2041119	1.53	1903573	208410	2111983	1.58	-0.05
Sub-total (B)(2):-	38078726	1551527	39630253	29.71	37590018	1363832	38953850	29.17	-0.54
<b>Total Public Shareholding (B)=(B) (1)+(B) (2)</b>	<b>77996300</b>	<b>1583147</b>	<b>79579447</b>	<b>59.65</b>	<b>78308995</b>	<b>1395452</b>	<b>79704447</b>	<b>59.69</b>	<b>0.04</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>131826118</b>	<b>1583147</b>	<b>133409265</b>	<b>100.00</b>	<b>132138813</b>	<b>1395452</b>	<b>133534265</b>	<b>100.00</b>	

## 2. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2019			Shareholding at the end of the year 31.03.2020			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Lalit Kumar Khaitan	234295	0.18	0	234295	0.18	0	0
2	Lalit Kumar Khaitan HUF	41850	0.03	0	41850	0.03	0	0
3	Abhishek Khaitan	86065	0.06	0	86065	0.06	0	0
4	Deepshikha Khaitan	50000	0.04	0	50000	0.04	0	0
5	Sapphire Intrex Ltd	45379098	34.01	1.84	45379098	33.98	1.83	0.04
6	Classic Fintrex Pvt. Ltd.	2576100	1.93	0	2576100	1.93	0	0
7	Elkay Fiscal Services Pvt. Ltd.	66000	0.05	0	66000	0.05	0	0
8	Abhishek Fiscal Services Pvt. Ltd.	99050	0.07	0	99050	0.07	0	0
9	Rampur International Ltd.	5254085	3.94	0	5254085	3.93	0	0
10	Smita Fiscal Pvt. Ltd.	43275	0.03	0	43275	0.03	0	0
	<b>Total</b>	<b>53829818</b>	<b>40.35</b>	<b>1.84</b>	<b>53829818</b>	<b>40.31</b>	<b>1.83</b>	<b>0.04</b>

## 3. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
		NA		NA	NA



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

Sl. No.	Name of Share Holder	No. of Shares at the beginning of the year / end of the year	% of total Shares of the company	Date	Increase/ Decrease in Shareholding*	Cumulative Shareholding during the Year		
						Reason	No. of Shares	% of total shares of the Company
1	TIMF HOLDINGS	7781575	5.83	31/03/2019		Op. Balance	7781575	5.83
				31/03/2020		Closing Balance	7781575	5.83
2	HDFC SMALL CAP FUND.	1550	0.00	31/03/2019		Op. Balance	1550	0.00
				31/01/2020	252080	Transfer	253630	0.19
				14/02/2020	13956	Transfer	267586	0.20
				06/03/2020	100000	Transfer	367586	0.28
				13/03/2020	734700	Transfer	1102286	0.83
				20/03/2020	1351983	Transfer	2454269	1.84
				27/03/2020	125445	Transfer	2579714	1.93
				31/03/2020	499000	Transfer	3078714	2.31
				31/03/2020		Closing Balance	3078714	2.31
3	TATA MUTUAL FUUND - TATA EQUITY P/E FUND	2879395	2.16	31/03/2019		Op Balance	2879395	2.16
				05/04/2019	82000	Transfer	2961395	2.22
				05/04/2019	-6000	Transfer	2955395	2.22
				19/04/2019	50000	Transfer	3005395	2.25
				10/05/2019	106000	Transfer	3111395	2.33
				17/05/2019	119000	Transfer	3230395	2.42
				24/05/2019	75000	Transfer	3305395	2.48
				07/06/2019	5000	Transfer	3310395	2.48
				21/06/2019	718500	Transfer	4028895	3.02
				21/06/2019	-678500	Transfer	3350395	2.51
				28/06/2019	40000	Transfer	3390395	2.54
				19/07/2019	80000	Transfer	3470395	2.60
				19/07/2019	80000	Transfer	3470395	2.60
				09/08/2019	42287	Transfer	3512682	2.63
				16/08/2019	19900	Transfer	3532582	2.65
				30/08/2019	10100	Transfer	3542682	2.66
29/11/2019	30000	Transfer	3612682	2.71				

Sl. No.	Name of Share Holder	No. of Shares at the beginning of the year / end of the year	% of total Shares of the company	Date	Increase/ Decrease in Shareholding*	Cumulative Shareholding during the Year		
						Reason	No. of Shares	% of total shares of the Company
				13/12/2019	110000	Transfer	3722682	2.79
				03/01/2020	-100000	Transfer	3622682	2.71
				17/01/2020	-2100	Transfer	3620582	2.71
				31/01/2020	41000	Transfer	3661582	2.74
				31/01/2020	-35200	Transfer	3626382	2.72
				13/03/2020	19000	Transfer	3645382	2.73
				20/03/2020	40000	Transfer	3685382	2.76
				27/03/2020	15000	Transfer	3700382	2.77
				31/03/2020		Closing Balance	3700382	2.77
4	GOLDMAN SACHS (SINGAPORE)PTE	1367158	1.02	30/03/2019		Op Balance	1367158	1.02
				05/04/2019	-51521	Transfer	1315637	0.99
				12/04/2019	-11290	Transfer	1304347	0.98
				03/05/2019	-6014	Transfer	1298333	0.97
				10/05/2019	746153	Transfer	2044486	1.53
				17/05/2019	387292	Transfer	2431778	1.82
				24/05/2019	72435	Transfer	2504213	1.88
				14/06/2019	3235	Transfer	2507448	1.88
				21/06/2019	44053	Transfer	2551501	1.91
				28/06/2019	101130	Transfer	2652631	1.99
				05/07/2019	444746	Transfer	3097377	2.32
				12/07/2019	54720	Transfer	3152097	2.36
				19/07/2019	24761	Transfer	3176858	2.38
				26/07/2019	1669	Transfer	3178527	2.38
				02/08/2019	-15291	Transfer	3163236	2.37
				09/08/2019	-15722	Transfer	3147514	2.36
				30/08/2019	15563	Transfer	3163077	2.37
				06/09/2019	11776	Transfer	3174853	2.38
				18/10/2019	2458	Transfer	3177311	2.38
				15/11/2019	-10483	Transfer	3166828	2.37
				22/11/2019	-13479	Transfer	3153349	2.36
				29/11/2019	-15367	Transfer	3137982	2.35

Sl. No.	Name of Share Holder	No. of Shares at the beginning of the year / end of the year	% of total Shares of the company	Date	Increase/ Decrease in Shareholding*	Cumulative Shareholding during the Year		
						Reason	No. of Shares	% of total shares of the Company
				20/12/2019	-28035	Transfer	3109947	2.33
				27/12/2019	200000	Transfer	3309947	2.48
				10/01/2020	-80197	Transfer	3229750	2.42
				17/01/2020	-177197	Transfer	3052553	2.29
				24/01/2020	2988159	Transfer	6040712	4.52
				24/01/2020	-3044706	Transfer	2996006	2.24
				31/01/2020	-277847	Transfer	2718159	2.04
				28/02/2020	-22932	Transfer	2695227	2.02
				06/03/2020	-169153	Transfer	2526074	1.89
				27/03/2020	-317	Transfer	2525757	1.89
				31/03/2020		Closing Balance	2525757	1.89
5	MASSACHUSETTS INSTITUTE OF TECHNOLOGY	1020000	0.76	30/03/2019		Op Balance	1020000	0.76
				18/10/2019	50000	Transfer	1070000	0.80
				25/10/2019	80000	Transfer	1150000	0.86
				01/11/2019	100000	Transfer	1250000	0.94
				08/11/2019	135300	Transfer	1385300	1.05
				22/11/2019	131000	Transfer	1631000	1.22
				29/11/2019	194000	Transfer	1825000	1.37
				06/12/2019	150000	Transfer	1975000	1.48
				13/12/2019	36000	Transfer	2011000	1.51
				27/12/2019	120000	Transfer	2131000	1.60
				31/12/2019	70000	Transfer	2201000	1.65
				03/01/2020	75000	Transfer	2276000	1.70
				31/03/2020		Closing Balance	2276000	1.70
6	RELIANCE CAPITAL TRUSTEE CO LTD	2174347	1.63	30/03/2019		Op Balance	1020000	0.76
				14/06/2020	700000	Transfer	2874347	2.15
				09/08/2019	-75000	Transfer	2799347	2.10
				03/01/2020	155937	Transfer	2955284	2.21
				10/01/2020	240766	Transfer	3196050	2.39
				31/01/2020	200000	Transfer	3396050	2.54
				31/03/2020		Closing Balance	3396050	2.54



Sl. No.	Name of Share Holder	No. of Shares at the beginning of the year / end of the year	% of total Shares of the company	Date	Increase/ Decrease in Shareholding*	Cumulative Shareholding during the Year		
						Reason	No. of Shares	% of total shares of the Company
7	DOLLY KHANNA	1882204	1.41	30/03/2019		Op Balance	1882204	1.41
				05/04/2019	-6000	Transfer	1876204	1.41
				12/04/2019	-29500	Transfer	1846704	1.38
				19/04/2019	-14000	Transfer	1832704	1.37
				26/04/2019	-40000	Transfer	1792704	1.34
				03/05/2019	-17000	Transfer	1775704	1.33
				10/05/2019	-40000	Transfer	1735704	1.30
				17/05/2019	-17000	Transfer	1718704	1.29
				24/05/2019	-41000	Transfer	1677704	1.26
				31/05/2019	-41000	Transfer	1636704	1.23
				07/06/2019	-47000	Transfer	1589704	1.19
				14/06/2019	-47000	Transfer	1542704	1.16
				21/06/2019	-28800	Transfer	1613904	1.13
				28/06/2019	-11000	Transfer	1502904	1.13
				05/07/2019	-33000	Transfer	1469904	1.10
				12/07/2019	-46000	Transfer	1423904	1.07
				19/07/2019	-16000	Transfer	1407904	1.06
				26/07/2019	-12927	Transfer	1394977	1.05
				02/08/2019	-18000	Transfer	1376977	1.03
				09/08/2019	-9000	Transfer	1367977	1.03
				16/08/2019	-2000	Transfer	1365977	1.02
				23/08/2019	-17000	Transfer	1348977	1.01
				30/08/2019	-18000	Transfer	1330977	1.00
				06/09/2019	-18000	Transfer	1312977	0.98
				13/09/2019	-5000	Transfer	1307977	0.98
				20/09/2019	-2000	Transfer	1305977	0.98
				27/09/2019	-26000	Transfer	1279977	0.96
				30/09/2019	-6000	Transfer	1273977	0.95
				04/10/2019	-14000	Transfer	1259977	0.94
				11/10/2019	-16000	Transfer	1243977	0.93
				18/10/2019	-10000	Transfer	1233977	0.92
				25/10/2019	-25000	Transfer	1208977	0.91

Sl. No.	Name of Share Holder	No. of Shares at the beginning of the year / end of the year	% of total Shares of the company	Date	Increase/ Decrease in Shareholding*	Cumulative Shareholding during the Year		
						Reason	No. of Shares	% of total shares of the Company
				01/10/2019	-13000	Transfer	1195977	0.90
				08/11/2019	-35500	Transfer	1160477	0.87
				15/11/2019	-8000	Transfer	1152477	0.86
				22/11/2019	-24000	Transfer	1128477	0.85
				29/11/2019	-11000	Transfer	1117477	0.84
				06/12/2019	-20000	Transfer	1097477	0.82
				13/12/2019	-22000	Transfer	1075477	0.81
				20/12/2019	-32000	Transfer	1043477	0.78
				27/12/2019	-10000	Transfer	1033477	0.77
				31/12/2019	-17000	Transfer	1016477	0.76
				03/01/2020	-1000	Transfer	1015477	0.76
				10/01/2020	-18000	Transfer	997477	0.75
				17/01/2020	-10000	Transfer	987477	0.74
				24/01/2020	-12000	Transfer	975477	0.73
				31/01/2020	-8000	Transfer	967477	0.72
				07/02/2020	-16000	Transfer	951477	0.71
				14/02/2020	-6000	Transfer	945477	0.71
				21/02/2020	-30000	Transfer	915477	0.69
				28/02/2020	-14200	Transfer	901277	0.67
				06/03/2020	-29000	Transfer	872277	0.65
				13/03/2020	-46000	Transfer	826277	0.62
				20/03/2020	-85000	Transfer	741277	0.56
				27/03/2020	-33000	Transfer	708277	0.53
				31/03/2020		Closing Balance	708277	0.53
8	CLAREVILLE CAPITAL OPPORTUNITIES MASTER FUND LTD	1678839	1.26	30/03/2019		Op Balance	1678839	1.26
				31/03/2020		Closing Balance	1678839	1.26
9	BENGAL FINANCE & INVESTMENT PVT. LTD.	1677000	1.26	30/03/2020		Op Balance	1677000	1.26
				31/03/2020		Closing Balance	1677000	1.26
10	MADHURI MADHUSUDAN KELA	1677000	1.26	30/03/2019		Op Balance	1541892	1.16
				31/03/2020		Closing Balance	1541892	1.15

## 5. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year 01.04.2019		Shareholding at the end of the year 31.03.2020	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
<b>1</b>	<b>Dr. Lalit Kumar Khaitan</b>				
	At the beginning of the year	234295	0.18		
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year			234295	0.18
<b>2</b>	<b>Mr. Abhishek Khaitan</b>				
	At the beginning of the year	86065	0.06		
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year			86065	0.06
<b>3</b>	<b>Dr. Raghupati Singhania</b>				
	At the beginning of the year	0	0		
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year			0	0
<b>4</b>	<b>Mr. Karna Singh Mehta</b>				
	At the beginning of the year	0	0		
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year			0	0

**Sl. No. Shareholding of each Directors and each Key Managerial Personnel**

	Shareholding at the beginning of the year 01.04.2019		Shareholding at the end of the year 31.03.2020	
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
<b>5 Mr. Ashutosh Patra</b>				
At the beginning of the year	0	0		
Date wise Increase/Decrease in Shareholding during the year				
Buy shares on 07.02.2020	165		165	
Buy shares on 21.02.2020	72		237	
Buy shares on 06.03.2020	25		262	
Sell shares on 31.03.2020	68		194	
specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):				
At the end of the year			194	0
<b>6 Mr. Sarvesh Srivastava</b>				
At the beginning of the year	0	0		
Date wise increase / Decrease in Shareholding during the year	-	-	-	-
specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):				
At the end of the year			0	0
<b>7 Mr. Tushar Jain</b>				
At the beginning of the year	0	0		
Date wise increase / Decrease in Shareholding during the year	-	-	-	-
Buy shares on 30.09.2019	750	0	750	
specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):				
At the end of the year			750	0
<b>8 Mr. K P Singh</b>				
At the beginning of the year	23891	0.02		
Date wise Increase/Decrease in Shareholding during the year				
Buy shares on 21.06.2019	999		24890	
Buy shares on 28.06.2019	1001		25891	
Buy shares on 13.12.2019	1999		27890	

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year 01.04.2019		Shareholding at the end of the year 31.03.2020	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	Buy shares on 20.12.2019	1		27891	
	Buy shares on 27.12.2019	24000		51891	
	specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):				
	At the end of the year			51891	0.04
<b>9</b>	<b>Mr. Sharad Jaipuria</b>				
	At the beginning of the year	6000	0.001		
	Date wise increase / Decrease in Shareholding during the year				
	Buy shares on 07.02.2020	224		6224	
	Buy shares on 21.02.2020	98		6322	
	Buy shares on 06.03.2020	34		6356	
	Sell shares on 31.03.2020	96		6260	
	specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):				
	At the end of the year			6260	0.001
<b>10</b>	<b>Mrs. Sushmita Singha</b>				
	At the beginning of the year	0		0	
	Date wise Increase/Decrease in Shareholding during the year				
	specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):				
	At the end of the year			0	0
<b>11</b>	<b>Mr. Dilip Kumar Banthiya</b>				
	At the beginning of the year	140721	0.11		
	Buy shares on 27.12.2019	12000		152721	
	Buy shares on 21.02.2020	12000		164721	
	Date wise increase / Decrease in Shareholding during the year				
	specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):				
	At the end of the year			164721	0.12

Sl No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year 01.04.2019		Shareholding at the end of the year 31.03.2020	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
<b>12</b>	<b>Mr. Amit Manchanda</b>				
	At the beginning of the year	5500	0.0001	5500	
	Sell shares on 20.12.2019	500		5000	
	Buy shares on 27.12.2019	12000		17000	
	Sell shares on 31.01.2020	-2000		15000	
	Sell shares on 07.02.2020	-1000		14000	
	Sell shares on 14.02.2020	-1000		13000	
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):			13000	0.001
	At the end of the year				

## V. INDEBTEDNESS

Indebtedness	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year:</b>				
Principal amount	28,702.33	4,999.97	0	33,702.30
Interest due but not paid	42.03	0	0	42.03
interest accrued but not due	2.08	0	0	2.08
<b>Total (i+ii+iii)</b>	<b>28,746.44</b>	<b>4,999.97</b>	<b>0</b>	<b>33,746.41</b>
<b>Change in Indebtedness during the Financial year:</b>				
Addition		13,000.03	0	13,000.03
Reduction	(6,479.39)	0	0	(6,479.39)
Net change				
<b>Indebtedness at the end of the Financial year:</b>				
Principal amount	22,027.53	18,000.00	0	40,027.53
Interest due but not paid	231.03	0	0	231.03
Interest accrued but not due	8.49	0	0	8.49
<b>Total (i+ii+iii)</b>	<b>22,267.05</b>	<b>18,000.00</b>	<b>0</b>	<b>40,267.05</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			% of total Shares of the company
		Dr.Lallit Khaitan Chairman & Managing Director	Mr. Abhishek Khaitan, Managing Director	Mr. K.P. Singh, Whole Time Director	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	672.04	672.04	181.85	1525.93
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	22.43	19.50	52.13	94.06
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961				
2	Stock Option	N.A.	N.A.	N.A.	N.A.
3	Sweat Equity	N.A.	N.A.	N.A.	N.A.
4	Commission				
	- as % of profit (.45%)	125.00	125.00	N.A.	250.00
	- others, specify...				
5	Others, please specify:	49.14	50.14	8.47	107.75
	- Retiral benefits				
	<b>Total (A)</b>	<b>868.61</b>	<b>866.68</b>	<b>242.45</b>	<b>1977.74</b>
	Ceiling as per the Act	5%	5%	5%	11%

### B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors							Total Amount (Rs.)	
		Mr. Ashutosh Patra	Mr. K.S. Mehta	Dr. Raghupati Singhania	Mr. Sarvesh Srivastava	Mrs. Sushmita Singha	Mr. Sharad Jaipuria	Mr. Tushar Jain		Ms. Shailja Devi
1	Independent Directors Fee for attending Board / Committee meetings	1,70,000/-	55,000/-	2,10,000/-	2,95,000/-	1,50,000/-	70,000/-	1,40,000/-	--	10,90,000/-
	Commission	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>1,70,000/-</b>	<b>55,000/-</b>	<b>2,10,000/-</b>	<b>2,95,000/-</b>	<b>1,50,000/-</b>	<b>70,000/-</b>	<b>1,40,000/-</b>	<b>-</b>	<b>10,90,000/-</b>

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Dilip K. Banthiya, Chief Financial Officer	Mr. Amit Manchanda, Vice President (Legal) & Company Secretary	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	222.96	54.28	277.24
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	2.49	0.94	3.43
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	N.A.	N.A.	N.A.
2	Stock Option (ESOP)	48.30	24.42	72.72
3	Sweat Equity	N.A.	N.A.	N.A.
4	Commission			
	- as % of profit (.45%)	N.A.	N.A.	N.A.
	- others, specify...			
5	Others, please specify:	10.20	3.20	13.40
	- Retiral benefits			
	<b>Total (A)</b>	283.95	82.84	366.79
	Ceiling as per the Act	N.A.	N.A.	N.A.

### VII. PENALTIES /PUNISHMENT/COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board

Sd/-

**Dr. Lalit Khaitan**

Chairman & Managing Director

DIN-00238222

Place: New Delhi

Date: 23.07.2020





# Management Discussion and Analysis

## Company Overview

Radico Khaitan Limited (“Radico Khaitan” or the Company) is among the oldest and one of the largest manufacturers of Indian Made Foreign Liquor (“IMFL”) in India. Earlier known as Rampur Distillery Company, Radico Khaitan commenced its operations in 1943 and over the years emerged as a major bulk spirits supplier and bottler to other spirit manufacturers.

Driven by the vision of the promoters, in 1997 the Company started its own brands with the launch of 8PM Whisky. During the first decade (i.e. 1997-2006), the Company focused its efforts on building a strong manufacturing platform, developing a robust pan India distribution network and achieved sales volume of over 10 Million cases. The next decade (i.e. 2006 onwards) was the era of premiumization that started with the launch of Magic Moments vodka, which went on to become the largest selling vodka in India and one of the largest globally. During this period, Radico Khaitan achieved premium sales volume of over 7 Million cases.

In the last ten years, Radico Khaitan has been able to successfully expand its premium brand portfolio. The Company has launched twelve new brands over the last decade of which

eleven are in the premium category. Radico Khaitan is one of the few companies in India to have developed its entire brand portfolio with inhouse capabilities. This is a true testament to the Company's focus on innovation, R&D strength and understanding of customer preferences.

The Company has three distilleries in Rampur (Uttar Pradesh) and two in joint venture with RNV in Aurangabad (Maharashtra) in which Radico Khaitan owns 36% equity. The Company has a total capacity of over 157 Million litres and operates 33 bottling units spread across the country.

The Company's brand portfolio across the IMFL categories of Whisky, Brandy, Rum and White Spirits includes Magic Moments and Magic Moments Verve Vodka, Morpheus and Morpheus Blue Brandy, 8PM and 8PM Premium Black Whisky, 1965 The Spirit of Victory Rum, Rampur Indian Single Malt Whisky, Jaisalmer Indian Craft Gin, Contessa Rum, Old Admiral Brandy, After Dark Whisky, Pluton Bay Rum and Regal Talon Whisky. Currently, Radico Khaitan has four Millionaire brands which are 8PM Whisky, Contessa Rum, Old Admiral Brandy and Magic Moments Vodka. In FY2020, 8 PM family

of brands crossed sales volumes of 10 Million cases and two of the Company's brands, 8 PM Premium Black Whisky and Morpheus Brandy, are approaching the milestone of annual sales of a million case in the near to mid-term.

Radico Khaitan is also one of the largest providers of branded IMFL to the Canteen Stores Department (CSD), which has significant business barriers to entry. The Company has been successfully building its brand equity in international markets and currently exports its products to over 85 countries. Particularly, after the launch of luxury products such as Rampur Indian Single Malt and Jaisalmer Indian Craft Gin, Radico Khaitan has been able to establish a niche position for itself in the global spirits market.

Magic Moments leads the vodka industry in India with over **58%** market share.

Morpheus Brandy leads the premium brandy category with over **56%** market share.

# Macroeconomic Overview

## Global Economy

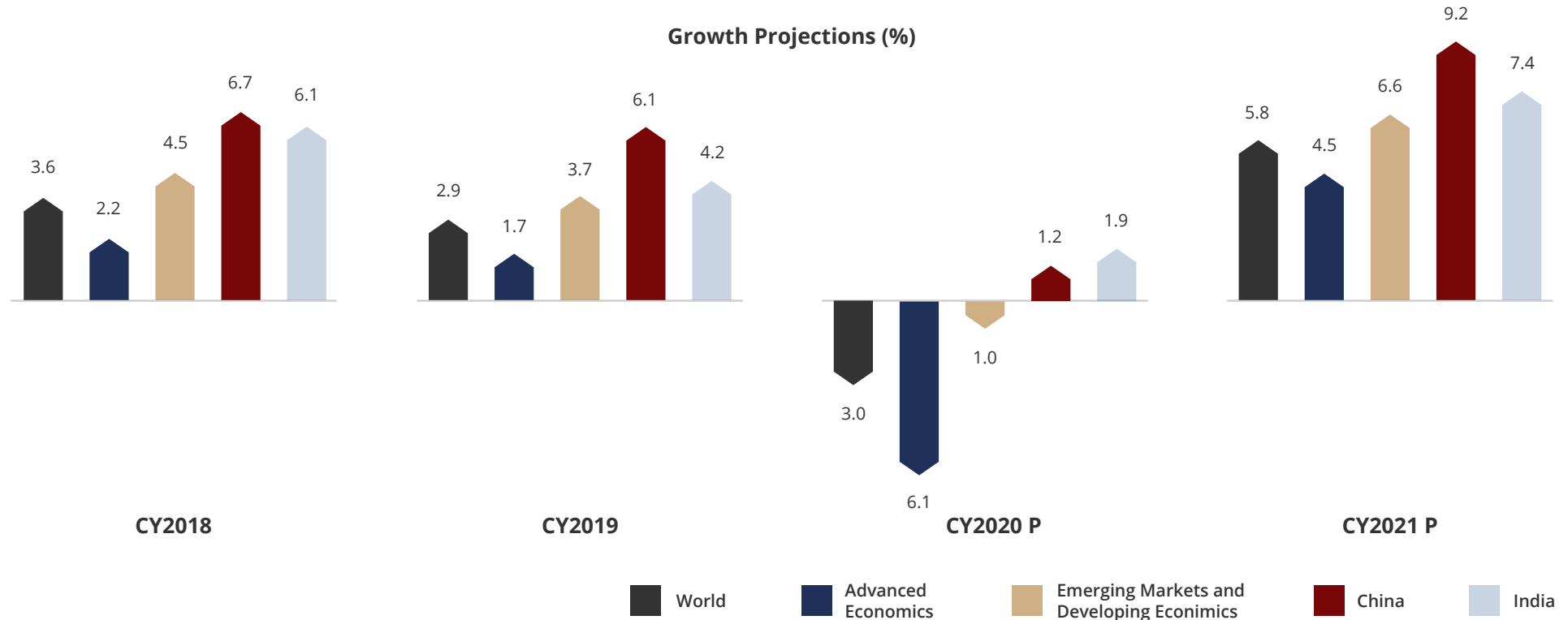
During the first quarter of CY2020, an already slowing economic activity was severely accentuated by the outspread of the COVID-19. The pandemic has spread at an alarming rate, infecting millions of lives across the globe and bringing economic activity to a near standstill as countries imposed stringent restrictions to contain the spread of the virus. Necessary measures to reduce the contagion and protect

lives will take a short-term toll on the economic activity but should also be considered as an important investment in long-term human and economic health.

Despite the extraordinary efforts of the governments to counter the downturn with policy support, global GDP is expected to contract in CY2020. The deep recession triggered by the pandemic is likely to have a longer term impact through lower investment, an erosion of human capital through loss of

employment and displacement, and weakening of global trade and supply chain linkages. IMF projects a partial recovery for CY2021, with stronger growth rates, but the level of GDP is likely to remain below the pre-COVID period. There is still a high degree of uncertainty about the strength of the rebound. The evolution of the pandemic, the containment efforts, the development and the availability of vaccines, the macroeconomic fallout, its impact on financial and commodity markets, is all unclear.

Growth Projections (%)



Source: IMF – World Economic Outlook, April 2020

Note: India data and forecasts are presented on a fiscal year basis; CY2019 is FY2020 for India



Notwithstanding the difficult circumstances, there are reasons for optimism as well. After the strong containment measures including lockdowns and social distancing practices, the number of new cases has come down in countries which had major outbreaks. The unprecedented pace of work on treatments and vaccines also promises hope. The swift and substantial economic policy actions taken in many countries will help protect people and firms, thereby saving the economy from even more severe pressure and create the backdrop for a smooth recovery.

Policies to rebuild both in the short and long-term will comprise strengthening of health services and putting in place targeted stimulus measures to drive growth. This will include support for the private sector and direct benefit transfers. During the mitigation period, countries are likely to focus on sustaining economic activity with support for households, firms and essential services.

### **Indian Economy**

Even before the breakout of COVID-19 in March 2020, the economic environment in FY2020 was marred by slow economic activity and liquidity crunch. This is reflected in the subdued demand, weak consumer sentiment and high rate of unemployment. During the year, Indian government has undertaken various policy measures to arrest the slowdown and boost the economy including the reduction in corporate tax rate, direct benefit transfer

and increased budgetary allocations to key sectors such as infrastructure, agriculture and MSMEs. Furthermore, the Reserve Bank of India's decision on cutting repo rate by 185 bps on a cumulative basis during FY2020 and another 40 basis points in May 2020 shall support the aggregate demand and private investment as well as ease liquidity given the COVID-19 situation. In particular, the reduction in corporate tax rate is expected to provide a significant impetus to the industry. It makes India much more competitive globally and should accelerate investments in the economy.

In Q4 FY2020, real GDP growth of 3.1% was the lowest in over 6 years. Outbreak of COVID-19 in the fourth quarter posed fresh challenges in an already difficult economic environment. To contain the outspread of the virus, a nationwide lock down was announced from 25th March which resulted in stalling economic activity for 40 days and impacted consumption as well as demand and investment. Significant reduction in urban consumption could lead to a steep fall in the demand of non-essential goods. Weak domestic consumption and consumer sentiment will result in firms delaying their capex, which will in turn put additional pressure on growth. However, the reverse migration of workers is likely to result in increase in rural income and consumption in the near term. Low oil prices are likely to provide a temporary initial support to growth once restrictions to economic activity are lifted. The falling oil prices may improve the country's twin deficit (fiscal and

current account) and give some headroom to the government.

The severe disruption on demand caused by the pandemic has created a large cash flow gap for the economy. The severity of the impact is contingent on the level of indebtedness of individual firms and their working capital requirements. As the Indian economy attempts to find a balance between steps taken to mitigate the health risk and economic risks, immediate measures need to be undertaken to prevent liquidity collapse and intensifying health interventions. Given the evolving situation and uncertainty, it is difficult to assess the exact impact of COVID-19 on the economy.



## Industry Overview

### Consumer Sector

India represents one of the largest consumer markets globally with significant growth opportunities due to its low current per capita consumption. One of the key reasons for this growth is also the expansion of the high-middle class income groups and decline in the number of households below the poverty line. Given the large domestic consumption propensity, the economy is relatively resilient to the external disruptions and down cycles of public investments. India has a young working population which will continue to drive both income and consumption in the long run. With the access to internet and mobility, this young population is well informed and is aspirational. This supports the case for a strong consumption growth in India and presents significant opportunities to consumer product companies like Radico Khaitan.

FY2020 can be characterised by global macroeconomic volatility and uncertainty. Last year also experienced weather disruptions in the form of late onset of monsoon in certain parts of the country, delayed post-monsoon showers in other parts and a delayed winter. Global trade dynamics and volatile commodity cycles continue to increase the uncertainty further. The economic impact of COVID-19 is trickling in on the backdrop of an already challenging business environment. Consumer markets decelerated last year with rural markets declining at a sharper rate than urban

markets. However, the trends were dissimilar across categories with food & beverage showing more resilience. Consumers are likely to hold back on discretionary spends in the coming months, with focus on health and hygiene leading to future behaviour shifts. Going forward technology will take a centre stage for providing convenience and enhanced experiences to consumers.

### Spirits Industry in India

After a strong run in FY2019, spirits industry grew at a much slower pace during FY2020 due to the general economic slowdown, increase in taxes and duties, flooding in several states and general elections in the first quarter. There was an overall slowdown in consumption led by consumers cutting down on discretionary spends. A significantly higher raw material pricing scenario deteriorated industry margins and further dampened business sentiment. Due to the government's increased focus on ethanol blending, ENA (extra neutral alcohol) prices have been under pressure during the year. Government is targeting to increase the amount of ethanol in gasoline to 20% in a decade from 6% currently to reduce its dependence on oil imports.

According to Euromonitor International, during CY2019 overall IMFL volumes increased by 4.2% to 335 Million cases of 9 litres each. Traditionally, brown spirits which include Whisky, Brandy and Dark Rum, have been the major contributors (96.4%) towards overall IMFL sales volume. During CY2019, whisky

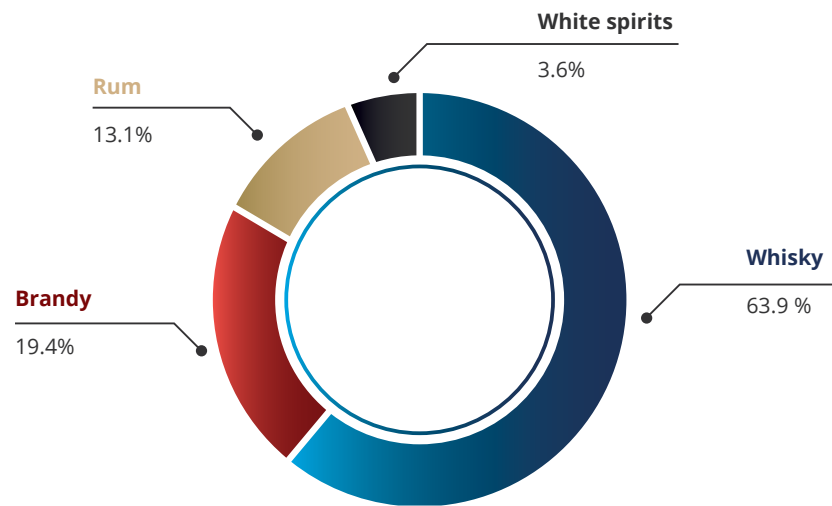
constituted the largest segment with 63.9% of the sales volumes and 75.0% of the value. Whisky industry expanded by 5.4% during the year, both in value and volume terms. White Spirits such as vodka and gin account for 3.6% of the total IMFL volumes and 6.2% of the value. The industry's focus on premium brands has enabled manufacturers to identify relatively less price sensitive consumers that ultimately drive value growth. The young and aspirational working population forms the core of this segment.

Over the past five years, where the overall vodka category has registered a compounded growth of 4.1%, super-premium and premium vodka volumes have increased at 7.8% and 5.1%, respectively.

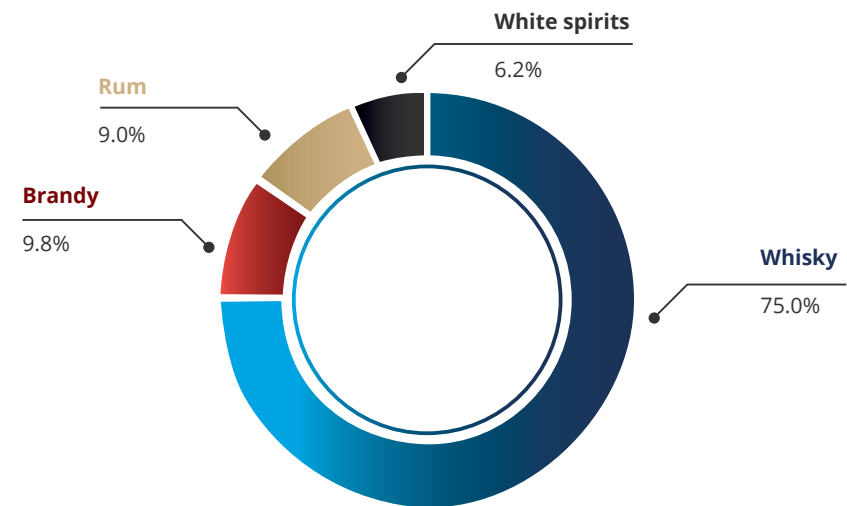
Flavored vodka continues to gain popularity and market share. It now constitutes about a third of the overall vodka industry and has grown at a rate of 6.8% over CY2014-2019. During CY2019, premium and super premium category vodka accounted for about 67% of the total vodka volumes compared with around 60% five years ago. This trend is expected to continue and the share of premium category vodka is anticipated to increase further. Overall vodka industry volume is expected to grow by 6.4% and value by 8.0% during CY2020-2024 period. Flavored vodka volume accounts for more than half of the overall vodka sales for Radico Khaitan. The Company is extremely well positioned with the market leading share in this segment with its Magic Moments brand.

While Rum as a category registered a meager 0.3% growth in volumes over CY2014-2019, premium and super premium category rum increased by 5.4% and 1.2%, respectively over

the same period. To capitalize on this premium growth trend, Radico Khaitan has two brands positioned in the premium rum segment – Pluton Bay and 1965 The Spirit of Victory.



Sales of Spirits by Category (Volume): 2019



Sales of Spirits by Category (Value): 2019

### The Indian Spirits Industry Outlook

The nationwide lock down to contain the outbreak of COVID-19 resulted in loss of sales during the last week of the financial year. This lock down was eased with the resumption of liquor sales only from May 4, 2020 onwards which saw consumers rushing to the liquor stores in large numbers disregarding social distancing norms. State governments undertook various measures to control the situation

including restriction on shop opening timings and introduction of e-tokens. Post reopening, to cover the loss of revenues, many states increased duties and taxes in the range of 10% to 75%. While a nominal increase in duties may not have a significant impact on industry volumes, exorbitant hikes in duties, e.g. 70-75% in certain states, is likely to impact industry volumes for those states.

Current lock down of restaurants and bars, and change in eating out habits is expected to have a short to medium term impact on the on-premise industry volumes. From putting together campaigns to sharing DIY cocktail recipes on digital platforms, liquor brands are doing all that is possible to fight against this pandemic. To counter the impact, many states have allowed selling of liquor from restaurants, bars and hotels for off-premise consumption.

Digital marketing and social media will play an even more important role on how brands are targeting their consumers going forward.

In context of the COVID-19 pandemic and to make-up for the loss of sales with consumers refraining from going for liquor purchase, many state governments have now allowed home delivery of liquor. Home delivery is made by retailers directly and also through agencies like food aggregators and standard technology platforms. In long run, this may help in increasing industry revenues as many consumers, particularly women, are not comfortable going out to buy liquor from shops.

According to Euromonitor International, IMFL volume is expected to decline by (15.3)% in CY2020 to reach 284 Million cases. However, during the CY2020-2024 period, IMFL sales volume is expected to recover sharply and grow at a CAGR of 5.9%. During the same period IMFL industry value is expected to grow by 5.7%. The vodka industry is expected to perform better during the same period with volume growth of 6.4% and value growth of 8.0%.

Although in the short term the spirits industry has faced significant challenges, the long-term dynamics of the industry remain intact. There are a number of factors that make India one of the top markets for global spirits companies. These include growing disposable incomes particularly with the younger Indian, expansion of the middle-class, increasing rural consumption and dispersed urbanization,

greater acceptance of social drinking and a higher proportion of the young population entering the drinking age. India has a young demographic profile and over 15 Million people are expected enter the drinking age every year which represents significant growth opportunities for the industry in the long term.

The youth segment is expected to redefine consumption growth given their access and exposure to mobiles and the internet. This young consumer group is ready to experiment but is focused on the customer experience offered by a product, in particular its brand, design and aspirational value. They are not only increasing in number but will also become more affluent with time. As a group, they are a high priority target market for the leading spirits manufacturers, who are particularly focused on effective online marketing strategies and lifestyle-oriented communication. The upper-middle class and high-income group of consumers are also focused on upgrading to branded or higher priced offerings, or adding new products or services to their consumption routine.

## Business Strategy

Over the years, Radico Khaitan has evolved from being just a distiller of spirits for others to a leading IMFL company in India with a highly reputable brand portfolio. With a deep understanding of consumer preferences, the Company is committed to driving innovation across brand categories and operations. Radico

Khaitan continues to selectively launch new products in the premium category, enhance operating procedures and adopt various go-to-market strategies based on complex and rapidly evolving distribution channels. The Company's objective has been to drive growth that is led by premium products and is profitable, sustainable and responsible. In context of the current crisis, the Company has adopted a deliberate and prudent approach which is not very different from our long term strategy.

### Continue to Strengthen the Premium Brand Portfolio

Radico Khaitan continues to work on making its core brands more aspirational and driving premiumisation by impactful innovations and understanding the needs of consumers. The Company continues to engage with its consumers through various online and offline platforms to gain their behaviour insights. This enables Radico Khaitan to track consumption patterns and changing preferences which drives product innovation. In depth understanding of the ever-evolving consumer preferences and a robust R&D pipeline has enabled the Company to launch new products as well as variants of existing products. The longstanding strategy of continuous innovation and value creation has also helped Radico Khaitan sustain its leadership position across key product categories.

Investment in innovation has enabled the Company to grow its market share for existing products while at the same time capturing new

categories (Rampur Indian Single Malt whisky and Jaisalmer Indian Craft gin) and new product segments (Magic Moments Electra ready to drink). Furthermore, it has helped in bridging portfolio gaps (8PM Premium Black whisky) and providing long-lasting customer experiences. It has also enabled the Company to offer choices for its existing loyal consumers who are looking to upgrade (Magic Moments Verve vodka and Morpheus Blue brandy). Radico Khaitan's wide portfolio across various categories offers its consumers a choice for all occasions and provides an edge over competing brands.

### **Enhance Focus on Digital Marketing**

Over the last few years, Radico Khaitan has been increasing its focus on digital and social media initiatives to improve consumer engagement and build data analytics capabilities for faster and efficient decision making across the value chain. It has become increasingly important today to create a strong digital footprint to enhance visibility and stay relevant. The Company has expanded its presence on the digital platforms through social media promotions and has enhanced brand visibility. Radico Khaitan has been promoting its brands through targeted digital media campaigns to connect with the millennial and strengthen its brand recall.

All of the Company's leading brands such as Rampur Indian Single Malt and Jaisalmer Indian Craft Gin have their own microsites therefore enabling online consumer experience. Other core brands such as Magic Moments and

8PM Premium Black have significant online presence through dedicated social media pages. Digital marketing and consumer engagement technologies enable the Company to interface with its potential consumers based on their choices and preferences. This enables Radico Khaitan to make its marketing efforts more targeted and efficient.

### **Leaner Operations and Cost Structure**

Radico Khaitan is taking a conscious effort towards the review of each and every fixed cost line item. Particularly in context of the COVID-19 scenario, this will enable the Company to further optimize costs and make operations much leaner. ENA and packaging material form a major portion of the variable costs. Radico Khaitan's significant distillation capacity of 157 Million litres makes the Company self-dependent for its ENA requirements to a large extent and also provides a cushion against volatility in the ENA prices. The Company has a capacity to store 3 months' equivalent of its molasses requirements. This insulates the Company against short term fluctuations in molasses prices. Radico Khaitan has also taken steps to optimize variable cost structure which includes rationalisation of the bottle supplies and diversification of its supplier base thereby limiting the net cost impact. The Company has undertaken a comprehensive exercise to review further areas of cost optimisation which will help in mitigating raw material price pressure. This includes weight optimisation of glass bottles and reuse of market bottles in the regular category products.

### **Digital Transformation at Workplace**

Sudden emergence of COVID-19 as a global health crisis had forced companies to make digital transformation a strategic focus. At the beginning of the lockdown, everyone struggled with the complexities of enabling remote access infrastructures on short notice. This made us realize that simplifying digital platform will drive rapid progress. One of the ways to achieve this is by identifying critical services and functions to adopt a modular approach to enable business continuity. Radico Khaitan is leveraging vital technology components, to drive transformation in the work environment and support the workforce. The Company is driving enterprise-wide collaboration over a single platform and utilizing the power of machine learning to automate business-as-usual tasks. Strong technology core is not limited to enhancing the remote work environment. It includes leveraging unified data accessibility and AI-driven tools to implement intelligent business systems. This will enable real-time, consensus-driven decisions that will go a very long way in building an adaptive and agile organization.

## **Opportunities**

### **Economic Growth:**

The Indian economy has grown at a strong pace in the recent years, outperforming most of the emerging markets to become one of the fastest growing major economies in the world. Although, FY2020 has been impacted by the global slowdown and FY2021 looks challenging

due to the pandemic, IMF projects a partial recovery for FY2021, with stronger growth rates. In the longer term, India is bound to be an important contributor to the global economic growth.

### **Favourable Demographics:**

India has a young demographic profile and over 15 Million people are expected enter the drinking age every year which represents significant growth opportunities for the industry. Furthermore, by 2030, India is expected to add about 140 Million middle-income and 21 Million high-income households, overall nearly doubling the total share of these segments to 51%.

### **Growth of Rural Consumption and Urbanisation:**

Rural consumption is expected to grow faster than the urban India with growing incomes and greater internet penetration which is expected to drive the consumption growth in India further. Furthermore, reverse migration of labours after the outbreak of COVID-19, will lead to higher rural consumption.

### **Changing Consumer Preferences:**

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

### **Increased Alcohol Accessibility and Availability:**

There has been an increase in the variety of alcoholic beverages and brands with most of them easily available in government licensed outlets, government shops, private licensed retail chains, restaurants, pubs and bars. The social acceptability of alcohol consumption has improved in India. Exposure to lifestyle in advanced economies has changed the consumption patterns among the youth particularly women. Furthermore, sale of alcohol was allowed through online channel which is also likely to enhance accessibility for many consumers, particularly women, who are not comfortable buying liquor from shops.

### **Improved Operating Environment:**

The importance of the liquor industry to the state's exchequer cannot be understated. A significantly improved operating environment led by state-wide price increases and favourable policy changes resulted in this robust industry performance. During the last few months, Radico Khaitan received price increases in a couple of key liquor consuming states. The Company continues to focus on achieving price increases in various other regional markets in which it operates. Any further price increases achieved will help improve the revenues as well as profitability.

### **Regional Diversification:**

The Company has a strong manufacturing and wide distribution presence across the country.

Its strategically located manufacturing facilities and distribution centres at various locations provide easy access to key markets. Apart from a nationwide presence, strategic location also helps to avoid the high taxes levied on inter-state movement of finished and in-process liquor.

## **International Business**

Over the years, the Company has made investments in building brand equity in international markets and has been successful in creating a large and loyal global consumer base. Radico Khaitan's Rampur Indian Single Malt whisky and Jaisalmer Indian Craft gin were launched keeping in mind the global audience and have received strong traction from consumers since their launch. Today, the Company has become a truly global player and its brands are available in over 85 countries worldwide. In FY2020, export accounted for 5% of the total Net sales. Radico Khaitan's products have gained strong foothold across continents and channels. Whether developed markets such as USA, Canada, Europe and Australia or developing economies in Asia Pacific, Africa and Middle East, the Company's brands are on growth trajectory. Travel Retail has been the focus channel and Rampur Indian Single Malt whisky and Jaisalmer Indian Craft gin have already made their mark at the Dubai Duty Free as well as other travel retail destinations in the Indian subcontinent. Jaisalmer Indian Craft gin is listed with Heinemann and available



at airport duty free shops across Europe. Travel restrictions imposed due to COVID-19 is expected to have a short term impact on the travel retail and exports segment.

## Environment Friendly Initiatives at Rampur Plant

Radico Khaitan has adopted the strategy of reduce, recycle and reuse with the objective to recover clean and green energy which is utilized in boiler as fuel and power generation through back pressure turbine and biogas gensets without affecting water, air and environment quality. The Company has made investment for technology upgrade at the Rampur plant which has resulted in the plant being more efficient and environment friendly.

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

Radico Khaitan has installed a condensate polishing unit (CPU) in March 2019. Using this technology, the Company is able to reduce the fresh water consumption by about 70% through recycling of steam condensate to boilers, using MEE condensate for dilution of molasses and recycling RO permeate through CPU for cooling towers and fermentation.

A CPU helps reclaiming waste water and consequently reduces the consumption of fresh water and saves natural resource. This technology plant has been adopted from Paques, a French biological waste water and gas treatment company. It is one of the latest technologies in the world and the very first installation in India.

As per the Central Pollution Control Board guidelines, distilleries are required to achieve 60% effluent volume reduction with solid concentration of molasses and reduce spent wash up to 30% through MEE/RO or both. Radico Khaitan has achieved 75% reduction in effluent volume. Furthermore, Radico Khaitan is consuming 8 litre of water for production of one litre of alcohol compared to the industry average of 10-15 litres of water per litre of alcohol.

## Supply Chain Management

Radico Khaitan's supply chain management strategy is centred around customer service, cost efficiency and operational excellence.

Radico Khaitan has 33 bottling units spanning across the entire country, of which 5 are owned and 28 are contract bottling units. These widespread manufacturing locations, state level different taxation laws coupled with consumers spread across the country requires it to maintain a comprehensive supply and distribution platform.

The Company has put in place a robust distribution system that enables the Company to ensure availability of products across channels and geographies. Radico Khaitan has also evolved its go-to-market strategies to keep pace with the changing dynamics of the market. In addition to a strong sales and distribution network, the Company leverages information technology and advanced demand forecasting to ensure timely delivery of its products to the customers.

Radico Khaitan remains focused on high productivity levels and product excellence across its manufacturing platform. The Company continues to introduce best practices to become more agile such as Demand-Driven Supply Chain, Total Productivity Management and Six-Sigma.

The Company's products are sold through over 75,000 retail and 8,000 on-premise outlets. Apart from wholesalers, a total of around 300 employees divided into four zones, each headed by a regional profit centre head, ensure an adequate on-the-ground sales and distribution

presence across the country. Radico Khaitan continues to strive to build flexibility across the supply chain to ensure reliable volume deliveries at the right place in a timely and cost-effective manner.

## Internal Control Systems & Adequacy

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

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

operations are conducted in an efficient and cost-effective manner. Standard operating procedures manuals have been established in all functional areas which are updated regularly. The system includes internal controls over financial reporting, which ensures the integrity of financial statements of the Company and eliminates the possibility of frauds.

The internal control system aims to make sure that the business operations function efficiently and applicable laws, rules, regulations and policies of the Company are followed. The internal audit function periodically performs audit of various processes and activities. The Audit Committee reviews the effectiveness of the internal control system, and also invites Directors and senior management personnel to provide periodic updates on operational effectiveness and controls. A CEO and CFO Certificate, forming part of the Corporate Governance Report, confirms the existence and effectiveness of internal controls and reiterates their responsibilities to report deficiencies to the Audit Committee and rectify the same. The Company has appointed Grant Thornton as their internal auditors, which in turn submits quarterly reports to the Audit Committee.

## Information Technology (IT)

Radico Khaitan focuses on leveraging technology and data it captures for the efficient management of its business operations, better customer experience, enhancing the supply

chain, and making the sourcing and supply forecasts more accurate. Its efficient systems, stable infrastructure, secured landscape and support mechanism add to the Company's economic value and competitive positioning.

The Company regularly monitors the IT system and infrastructure which is useful and relevant to its business and which supports shareholder value through growth, innovation, simplification and efficiency. Radico Khaitan remains committed to ensuring an effective internal IT control environment that provides assurance of efficient operations, security of assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records, as well as the timely preparation of reliable financial information.

For a consumer products company like Radico Khaitan, IT also plays the role of a key enabler to create enriching consumer experience through the provision of insights to consumer preferences. To this end, organisation wide reports, analytics and dash boards are made available to support real time and effective decision making process.

At Radico Khaitan, IT is managed through a robust governance process that covers value delivery, cost optimisation, technology management, support and education. The IT system in the Company forms the backbone for carrying out all the business operations, communication and collaboration, more so in

the post-COVID era. It also provides information for effective decision making, monitoring and management control. IT risk management is addressed by covering all aspects of IT security and business continuity planning.

## Human Resource (HR) Management

Radico Khaitan believes that the growth of a company is largely dependent on its ability to stay ahead of the curve through constant innovation, know its consumer's preferences and deliver superior consumer experience. Across all this, human capital remains at the core. Therefore, Radico Khaitan has developed a culture of continuous learning, innovation and collaboration across the organisation.

Radico Khaitan considers people and products as its biggest assets. The Company's HR agenda is focused on progressive human resource management policies, creating an inclusive work culture, building a robust and diverse talent pipeline and driving greater employee engagement. The human resource department is focused on developing, nurturing and professionally growing the employees to achieve their true potential. The Company

strongly believes that great brands are built by motivated and inspired employees who can enable the building of a customer-focused, competitively-superior, performance-driven and future-ready organisation.

The Company follows an open-door policy with its senior management being approachable. Radico Khaitan focused on building leadership capability and recognising line managers who provide a flexible and respectful work environment for their teams. All employees have well defined key performance indicators (KPIs), which are aligned to the organizational goals and form the basis of performance evaluation. With clearly defined goals, outcomes-based assessment and even sharper alignment of performance and rewards, Radico Khaitan has further strengthened its performance management system and its culture of accountability.

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

## Cautionary Statement

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

For and on behalf of the Board

**Dr. Lalit Khaitan**

Chairman & Managing Director

DIN: 00238222

Place: New Delhi  
Date: July 23, 2020



# Report on Corporate Governance

## Company's Philosophy on Corporate Governance:

This report is prepared in accordance with the provisions of the Securities and Exchange Board of India (Listing obligations and Disclosures requirements) regulations 2015, and the report contains the details of Corporate Governance Systems and processes at Radico Khaitan Limited.

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

We consider stakeholders as partners in our success and remain committed to maximise stakeholders value. Your Company is committed to sound principles of corporate governance with respect to all its procedures, policies and practices. Under good corporate governance, we are committed to ensuring that all functions of the Company are discharged

in a professionally sound, accountable and competent manner.

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

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

## Board of Directors:

### Composition:

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

The Chairman plays a key role in promoting and building integrity within Board and organisation for benefit of all its stakeholders. The Managing Director takes a lead role in steering the organisation towards achieving the long term goals.

The Board of Directors of the Company as on 31st March 2020 comprises of eight (8) Directors of which five (5) are Non-Executive / Independent Directors, while three (3) are Executive Directors. The composition of the Board is in conformity with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and represents the optimum combination of professionalism, knowledge, experience and consists of eminent individuals from the industry, technical, legal and financial areas.

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

## Number of Board Meetings:

During the financial year ended 31st March 2020, four (4) meetings of the Board of Directors were held and the maximum time gap between two (2) meetings did not exceed 120 days. The dates on which the Board Meetings were held were as follows:

### Date(s) on which meeting(s) were held

2nd May 2019	8th August 2019
6th November 2019	23rd January 2020

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

All the Directors have informed the Company periodically about their Directorship and Membership on the Board / Committees of other companies. As per disclosure received from Director(s), none of the Directors holds

Membership in more than ten (10) Committees, Board level Committees and Chairmanship in more than five (5) such Committees.

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

Name of the Director	Nature of Directorship	Relationship with each other	Attendance		Directorship in other Companies (*)	Membership and Chairmanship of the Committees of the Board of other Companies (**)	
			At the Board Meetings	At the last AGM		Committee Member	Committee Chairman
Dr. Lalit Khaitan	Promoter, Chairman & Managing Director	Father of Mr. Abhishek Khaitan and Ms. Shailja Devi	3	Leave sought	-	-	-
Mr. Abhishek Khaitan	Promoter, Managing Director	Son of Dr. Lalit Khaitan and brother of Ms. Shailja Devi	4	Leave sought	-	-	-
Mr. K.P. Singh	Whole Time Director	Not related to any of the Directors	4	Yes	1	-	-
Mr. K.S. Mehta (ceased on 30th Sept 2019)	Non-executive / Independent	Not related to any of the Directors	1	No	-	-	-
Dr.Raghupati Singhania	Non-executive / Independent	Not related to any of the Directors	3	No	8	1	1

Name of the Director	Nature of Directorship	Relationship with each other	Attendance		Directorship in other Companies (*)	Membership and Chairmanship of the Committees of the Board of other Companies (**)	
			At the Board Meetings	At the last AGM		Committee Member	Committee Chairman
Mr. Ashutosh Patra (ceased on 30th Sept 2019)	Non-executive / Independent	Not related to any of the Directors	2	No	-	-	-
Mr. Sarvesh Srivastava	Non-executive / Independent	Not related to any of the Directors	4	Yes	-	-	-
Ms. Shailja Devi (ceased on 07th May 2019)	Non-executive / Non-Independent	Daughter of Dr. Lalit Khaitan and sister of Mr. Abhishek Khaitan	0	No	-	-	-
Ms. Sushmita Singha (Appointed on 01st April 2019)	Non-executive / Independent	Not related to any of the Director	3	No	4	1	1
Mr. Sharad Jaipuria (Appointed on 08th August 2019)	Non-executive / Independent	Not related to any of the Director	1	Yes	1	1	-
Mr. Tushar Jain (Appointed on 08th August 2019)	Non-executive / Independent	Not related to any of the Director	2	No	-	-	-

Sl. No.	Names of Directors	Names of Listed entities and their category of Directorship as on 31st March 2020
1	Dr. Lalit Khaitan	Radico Khaitan Ltd. – Chairman & Managing Director
2	Mr. Abhishek Khaitan	Radico Khaitan Ltd. – Managing Director
3	Mr. K.P. Singh	Radico Khaitan Ltd. – Whole Time Director
4	Dr. Raghupati Singhania	JK Tyre & Industries Ltd. – Chairman & Managing Director / Member JK Lakshmi Cement Ltd. – Director / Member Bengal & Assam Company Ltd. – Director / Member JK Agri Genetics Ltd. – Director / Member Radico Khaitan Ltd. – Non Executive Director
5	Mr. Sarvesh Srivastava	Radico Khaitan Ltd. – Non Executive Director
6	Ms. Sushmita Singha	Ginni International Ltd. - Director Kajaria Ceramics Ltd. – Director / Chairman Green Panel Industries Ltd. – Director / Member Somany Home Innovation Ltd. – Director Radico Khaitan Ltd. – Non Executive Director
7	Mr. Sharad Jaipuria	Ginni International Ltd. – Director / Member Radico Khaitan Ltd. – Non Executive Director
8	Mr. Tushar Jain	Radico Khaitan Ltd. – Non Executive Director

**Notes:**

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

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

**Tenure:**

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

**Board Procedures:**

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

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

Presentations are made by the Chairman & Managing Director, Managing Director and the Senior Management on the Company's performance, operations, plans and other matters on a periodic basis. The proceedings of the meetings of the Board and its Committees are recorded in the form of minutes, which

are circulated to the Board for perusal within stipulated period under the Companies Act, 2013. The important decisions taken at the Board / Committee meetings are communicated to the concerned departments / divisions.

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

**Independent Directors:**

The Non-Executive Independent Directors fulfil the conditions of independence specified in Section 149 (6) of the Companies Act, 2013 and Rules made thereunder and meet with requirement of Regulation 25 (Obligation with respect to independent Directors) and Regulation 16(1)(b) (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management. A formal letter of appointment to Independent Directors as provided in Companies Act, 2013 and the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 has been issued and disclosed on the website of the Company viz. <http://www.radicokhaitan.com/investor-relations/>

**Familiarisation Programme for Directors:**

At the time of appointing a Director, a formal letter of appointment is given to him/her, which inter alia explains the role, function, duties and responsibilities expected of him/her as a Director of the Company. The Director is also explained in detail the compliance required from him

under the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant regulations and affirmation taken with respect to the same. The Chairman and Managing Director also have one to one discussion with the newly appointed director to familiarise him with the Company's operations. Further, the Company has put in place a system to familiarise the Independent directors about the Company, its products, business and the on-going events relating to the Company.

The familiarisation programme as attended by the Independent Directors has been put on the website of the Company at <http://www.radicokhaitan.com/investor-relations/>.

**Key Board qualification, expertise and attributes**

The Board of Directors are collectively responsible for selection of a member on the Board. The Nomination and Remuneration Committee of the Company follows defined criteria for identifying, screening, recruiting and recommending candidates for election as a Director on the Board

The Board comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its committees. The Board members are committed to ensuring that the Radico Khaitan's Board is in compliance with the highest standards of corporate governance.

The criteria for appointment to the Board include:

- composition of the Board, which is commensurate with the size of the Company, its portfolio, geographical spread and its status as a listed Company;
- desired age and diversity on the Board;
- size of the Board with optimal balance of skills and experience and balance of Executive and Non-Executive Directors consistent with the requirements of law;
- professional qualifications, expertise and experience in specific area of relevance to the Company;
- balance of skills and expertise in view of the objectives and activities of the Company;
- avoidance of any present or potential conflict of interest;
- availability of time and other commitments for proper performance of duties;
- personal characteristics being in line with the Company's values, such as integrity, honesty, transparency, pioneering mind-set.

The table below summarises the key, skills/expertise/ competencies identified by the Board as required in the context of the business and sector in which the Company functions effectively and which are actually available with the board, and attributes which are taken into consideration while nominating candidates to serve on the Board.

Financial	Management of the Finance function of an enterprises, resulting in proficiency in complex financial management, capital allocation and financial reporting processes or experience in actively supervising a principal financial officer, principal accounting officers, controller, auditor or persons performing similar functions.
Gender, ethnic, national, or other diversity	Representation of gender, ethnic, geographic, cultural, or other perspectives that expand the Board's understanding of the needs and viewpoints of our customers, employees, governments and other stakeholders.
Global Business	Experience in driving business success in markets around the world, with an understanding of diverse business environment, economics conditions, cultures and regulatory frameworks and a board perspective on global market opportunities.
Leadership	Extended leadership experiences for a significant enterprise, resulting in a practical understanding of organisations, processes, strategic planning and risk management. Demonstrated strengths in developing talent, planning succession and driving change and long -term growth.
Technology	Significant background in technology, resulting in knowledge of how to anticipate technological trends, generate disruptive innovation and extend or create new business models.
Strategy and Planning	Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
Governance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.



In the table below, the specific areas of focus or expertise of individual board members have been highlighted. However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skill.

### Key Board qualifications/expertise/competencies:

Director	Area of expertise							
	Financial	Diversity	Global business	Leadership	Technology	Mergers and acquisitions	Board service and governance	Strategy and planning
Dr. Lalit Khaitan	√	√	√	√	√	√	√	√
Mr. Abhishek Khaitan	√	√	√	√	√	√	√	√
Mr. K.P. Singh	√	√	√	√	√	-	√	√
Mr. Ashutosh Patra*	-	√	√	√	√	√	√	-
Mr. K.S. Mehta**	√	√	√	√	√	√	√	√
Dr. Raghupati Singhania	√	√	√	√	√	√	√	√
Mr. Sarvesh Srivastava	√	√	√	√	√	√	√	-
Ms. Shailja Devi***	-	-	√	-	√	-	√	√
Ms. Sushmita Singha	√	√	√	-	-	-	√	√
Mr. Sharad Jaipuria****	√	√	√	√	√	√	√	-
Mr. Tushar Jain*****	√	√	√	√	√	√	√	√

\* upto 30th September 2019

\*\* upto 30th September 2019

\*\*\* approved the letter of resignation by the Board in its meeting held on 8th August, 2019 w.e.f. 07th May 2019

\*\*\*\*approved the appointment by the Board in its meeting held on w.e.f. 8th August, 2019

\*\*\*\*\*approved the appointment by the Board in its meeting held on w.e.f. 8th August, 2019

## Succession Planning:

The Nomination and Remuneration Committee works with the Board on the leadership succession plan to ensure orderly succession in appointments to the Board and in senior management. The Company strives to maintain an appropriate balance of skills and experience

within the organisation and the Board in an endeavour to introduce new perspectives while maintaining experience and continuity.

By interacting workforce planning with strategic business planning, the Company puts the necessary financial and human resources in place so that its objectives can be met.

Our Board includes 8 directors with broad and diverse skills and viewpoints to aid the Company in advancing its strategy. In addition, promoting senior management within the organisation fuels the ambitions of the talent force to earn future leadership roles.

### Conflict of interests:

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

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

The Non-executive directors had no pecuniary relationship or transactions with the Company in their personal capacity during the financial year 2019-2020.

### Committees of the Board:

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

### Audit Committee:

#### Composition and terms of reference

As on March 31, 2020, the Audit Committee comprises of three(3) Independent, Non-executive Directors. The members of the Audit Committee are Mr. Sarvesh Srivastava (Chairman of the Committee), Dr. Raghupati Singhanian and Mr. Tushar Jain. All Members of the Audit Committee are financially literate and bring in expertise in the fields of finance, taxation, economics, industry and risk.

The Audit Committee invites the Chairman & Managing Director, Managing Director, Chief Financial Officer and the Company Secretary, Statutory Auditor(s) and Internal Auditor and Cost Auditors to attend the meetings of the

Audit Committee. The Company Secretary acts as Secretary to the Committee. The minutes of each Audit Committee meeting a replaced and discussed at the next meeting of the Board.

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

The details as to the date(s) on which the meetings were held and attendance of the Committee members during the financial year ended 31st March, 2020 are as follows:

#### Date(s) on which the meeting(s) were held

2nd May 2019	8th August 2019	6th November 2019	23rd January 2020
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Name	Position	Category	Meeting details	
			Held	Attended
Mr. Sarvesh Srivastava	Chairman	Non-Executive Independent	4	4
Dr. Raghupati Singhanian	Member	Non-Executive Independent	4	3
Mr. Ashutosh Patra**	Member	Non-Executive Independent	2	2
Mr. Tushar Jain*	Member	Non-Executive Independent	2	2

\*\*Term as Independent Director finished on 30th September 2019

\*Appointed w.e.f. 8th August, 2019.

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

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor, fixing of audit fees and approving payments for any other service.
3. Recommending to the Board of Directors, the appointment of Cost Auditor for the Company.
4. Reviewing, with the management, the annual financial statements before
  - A. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report as per Section 134 of the Companies Act, 2013;
  - B. Changes in the Accounting policies and practices and the reasons for the same, major accounting entries and significant adjustments made in the financial statements arising out of audit findings;
  - C. Compliance with listing and other legal requirements relating to financial statements;

D. Disclosure of any related party transactions; and

E. Qualifications in the draft audit report, if any.

submission to the Board for approval, with particular reference to:

5. Reviewing with management quarterly, half-yearly, nine-months and annual financial statements, standalone as well as consolidated before submission to the Board for approval.
6. Reviewing with the management performance of statutory and internal auditors.
7. Discussion with the internal auditors, cost auditor on any significant findings and follow-up thereon.
8. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
9. Reviewing reports furnished by the internal auditors and statutory auditors and ensuring suitable follow-up thereon.
10. Reviewing the Company's financial and risk management policies, forex policy, management discussion and analysis,

significant related party transactions.

11. Reviewing with the management and the Statutory Auditors anticipated changes in the Accounting Standards.
12. Review of the Vigil Mechanism and Whistle Blower mechanism of the Company;
13. The Audit Committee has power to investigate any activity within its terms of reference, to seek information from employees and to obtain outside financial and legal advice; and
14. Any other matter referred to by the Board of Directors. Apart from the above, the Company has an internal audit team, headed by Mr. Mukesh Agarwal, who reports to the Chief Financial Officer and the Audit Committee. From time to time, the Company's adequacy of internal controls covering financial, operational, compliance, IT applications, etc., are reviewed by the Internal Audit team and presentations are made to the Audit Committee on the findings of such reviews. The Audit Committee, inter alia, reviews the adequacy of internal audit function and the internal audit reports including those related to internal control weaknesses. The Company Secretary acts as Secretary to the Audit Committee as required by Regulation 18 (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

## Nomination and Remuneration Committee:

### Composition and terms of reference:

As on March 31, 2020, the Nomination and Remuneration Committee comprises of three (3) Directors, viz., Dr. Raghupati Singhania (Chairman of the Committee), Mr. Tushar Jain and Mr. Sharad Jaipuria. The Committee's terms of reference includes reviewing and recommending to the Board the salary, commission, other benefits, service agreements and employment conditions of the Whole-time and the Managing Director and to approve the selection, appointment and remuneration of relatives of Directors for holding an office or place of profit pursuant to Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Meeting and Attendance:

The Nomination and Remuneration Committee met three (3) times during the year on 02.05.2019, 08.08.2019 and 06.11.2019. The necessary quorum was present for the meeting. The Table below provides the attendance of the Nomination and Remuneration Committee members.

On January 23, 2019, the Nomination and Remuneration Committee recommended the appointment of Ms. Sushmita Singha as an independent woman director w.e.f. April 1, 2019 and on August 8, 2019, the Nomination

and Remuneration Committee recommended the appointment of Mr. Tushar Jain and Mr.

Sharad Jaipuria, as independent directors of the Company w.e.f. 8th August, 2019.

Sl. No.	Name	Position	Category	No. of Meeting	
				Held	Attended
1	Dr. Raghupati Singhania	Chairman	Non-Executive Independent	3	2
2	Mr. Ashutosh Patra**	Member	Non-Executive Independent	3	2
3	Mr. K.S. Mehta**	Member	Non-Executive Independent	3	1
4	Mr. Tushar Jain*	Member	Non-Executive Independent	3	1
5	Mr. Sharad Jaipuria*	Member	Non-Executive Independent	3	1

\* Appointed w.e.f 8th August, 2019

\*\* ceased w.e.f 30th September 2019

### Terms of reference:

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

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

10. delegation of any of its powers to any Members of the Committee or the Compliance Officer.

Chairman & Managing Director, Managing Director, Whole Time Director and Key Managerial Personnel's, considering the performance of the Company and their achievements against objectives as set out by the Nomination and Remuneration Committee and approved by the Board and industry standards. The remuneration structure

comprises of salary, perquisites, commission, etc. Annual increments are decided by the Nomination and Remuneration Committee and recommend to the Board, within the limits mentioned in the contract and as approved by the shareholders. No severance is payable to them on termination of employment.

### Details of remuneration to all the Directors in the Financial Year 2019-20:

The Nomination and Remuneration Committee decides the remuneration payable to the

#### Executive Directors:

(₹ in Lacs)

Sl. No.	Name of director	Salary	Commission	Perquisites and allowances	Retiral benefits*	No. of Stock options	Incentive	Tenure
1	Dr. Lalit Khaitan	672.04	125.00	22.43	49.14	NIL	NIL	5 Years
2	Mr. Abhishek Khaitan	672.04	125.00	19.50	50.14	NIL	NIL	5 Years
3	Mr. K.P. Singh	161.62	NIL	52.13	8.47	24,000	20.23	5 Years

During the period the company has issued 24,000 Shares as per Employees Stock Option Scheme 2006 to Mr. Krishan Pal Singh at a premium of Rs.102.72. The Option were exercised in the year 2019-20.

\* Contributions to Provident Fund and Superannuation Fund.

\* There is no fixed component and performance linked incentives, along with the performance criteria.

\* There is no service contracts, notice period and severance fees.

#### Non Executive Directors\*:

Sl. No.	Name	Sitting Fees (in ₹)
1	Mr. K.S. Mehta	55,000/-
2	Mr. Ashutosh Patra	1,70,000/-
3	Dr. Raghupati Singhania	2,10,000/-
4	Mr. Sarvesh Srivastava	2,95,000/-
5	Ms. Sushmita Singha	1,50,000/-
6	Mr. Tushar Jain	1,40,000/-
7	Mr. Sharad Jaipuria	70,000/-

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

compliance with Regulation 46(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Criteria for making payment to Non Executive Directors is available on our website i.e. [www.radicokhaitan.com](http://www.radicokhaitan.com)

No shares were held by non-executive directors as on 31 March 2020.

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

The Company has adopted remuneration criteria for Non Executive Directors in

### Performance evaluation:

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Board Committees. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

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

The Independent Directors performance was evaluated on the basis of the company's Performance Evaluation Policy as posted on the company's website [www.radicoKhaitan.com](http://www.radicoKhaitan.com) under head investor relations.

### Stakeholder's Relationship Committee:

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

The details as to the composition of the Stakeholder's Relationship Committee previously named as Shareholders' Grievances Committee, date(s) on which the meetings were

held and the attendance of the members of the Committee during the financial year ended 31st March, 2020 are as follows:

#### Date(s) on which the meeting(s) were held

Name	Position	Category	Meeting details	
			Held	Attended
Mr. Ashutosh Patra	Chairman	Non-Executive Independent	2	2
Mr. Sarvesh Srivastava	Member	Non-Executive Independent	4	4
Mr. K.P. Singh	Member	Non-Executive Independent	4	4
Mr. Sharad Jaipuria*	Member	Non-Executive Independent	2	1

\*w.e.f 8th August, 2019

#### The terms of reference of the Committee include the following:

- To specifically look into queries and complaints received from the shareholders, Lenders and other stakeholders of the Company.
- To oversee the performance of the Registrar and Transfer Agent of the Company and
- To recommend measures for overall improvement in the quality of services to the investors.

- To fix record date / book closure of share / debenture transfer book of the Company from time to time.

#### Name and Designation of the Compliance Officer:

##### Mr. Amit Manchanda

Vice President - Legal & Company Secretary  
Radico Khaitan Limited

Plot No. J-1, Block B-1, Mohan Co-operative Industrial Area, Mathura Road, New Delhi - 110 044.  
Tel. Nos.: 40975400/444/500/555, Fax Nos.41678841-42 Email: [info@radico.co.in](mailto:info@radico.co.in)

All the aforesaid complaints were responded to by the Company appropriately and there were no pending complaints at the end of the financial year 2019-2020.

All the requests, queries and complaints received during the financial year ended 31st March, 2020, were duly addressed and no queries are pending for resolution on that date.

The Company provided Shareholder services in the following time frame:

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

### Corporate Social Responsibility (CSR) Committee:

Pursuant to Section 135 of the Companies Act, 2013, the Board of Directors in their meeting held on August 8, 2019 reconstituted the CSR Committee comprising of four (4) Directors. The Members of the Committee are Dr. Lalit Khaitan, Mr. Abhishek Khaitan, Mr. K.P. Singh and Ms. Sushmita Singha (Independent Women Director).

The purpose of the Committee is to formulate and monitor the CSR Policy of the Company and to make it more comprehensive so as

to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013. The Committee monitors and gives guidance on various CSR activities to be undertaken by the Company. The constitution of CSR Committee and the CSR Policy of the Company is available on our website i.e. [www.radickhaitan.com](http://www.radickhaitan.com)

### Meeting and Attendance:

The CSR Committee met during the year on 02.05.2019. The necessary quorum was present for the meeting. The Composition of the CSR Committee as at 31st March 2020 and the details of meeting of the Committee are as under:

Name	Position	Category	Meeting details	
			Held	Attended
Dr. Lalit Khaitan	Chairman	Executive	1	0
Mr. Abhishek Khaitan	Member	Executive	1	0
Mr. K.P. Singh	Member	Executive	1	1
Ms. Shailja Devi*	Member	Non Executive Non Independent	1	0
Ms. Sushmita Singha**	Member	Non-Executive Independent	1	1

\* ceased on 7th May 2019

\*\* Appointed as on 8th August, 2019

Details pertaining to the number of complaints/ queries received and responded and the status thereof during the financial year ended 31st March, 2020 are given as follows:

Nature of queries	Received during the year
Non-receipt of Dividend warrants	355
Non-receipt of Share Certificate(s) lodged for transfer / splitting of the share certificates etc.	280
Letters received from Stock Exchange(s) / SEBI	5
Others/Miscellaneous	900
<b>Total</b>	<b>1540</b>

### Subsidiary Companies:

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

### Independent Directors' Meeting:

During the year under review, the Independent Directors met on 23.01.2020, to discuss matters pertaining to Company's affairs and put forth their views.

All Independent Directors were present for this Meeting.

### CEO / CFO Certification:

As stipulated under Regulation 17(8) and Part B of Schedule II of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, the CEO / CFO Certificate for the financial year 2019-20 and Regulation 33 (2) (a) of Chapter IV of SEBI (Listing Obligation and Disclosure

Requirements) Regulation 2015, for all the quarters signed by Mr. Abhishek Khaitan, Managing Director as CEO and Mr. Dilip K Banthiya, CFO was placed before the Board of Directors at their meeting of the respective quarters.

### General Body Meetings:

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

Year	Location	Meeting Date	Time	No. of special resolutions set out at the AGM
2018-2019	Rampur Distillery Bareilly Road Rampur – 244 901 (U.P.)	26th September 2019	1.00 P.M.	2
2017-2018	Rampur Distillery Bareilly Road Rampur – 244 901 (U.P.)	31st August 2018	1.00 P.M.	Nil
2016-2017	Rampur Distillery Bareilly Road Rampur – 244 901 (U.P.)	29th September 2017	1.00 P.M.	1

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

## Ethics / Governance Policies

At Radico, we strive to conduct our business and strengthen our relationships in a manner that is dignified, distinctive and responsible. We adhere to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all the stakeholders. Therefore, we have adopted various codes and policies to carry out our duties in an ethical manner.

### Some of these codes and policies are:

- Code of Conduct and Our Code
- Code of Conduct for Prohibition of Insider Trading
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
- Health, Safety and Environment (HSE) Policy
- Vigil Mechanism and Whistle-blower Policy
- Prevention of Sexual Harassment Policy
- Corporate Social Responsibility Policy
- Policy for selection of Directors and determining Directors' independence



- Remuneration Policy for Directors, Key Managerial Personnel and other employees
- Dividend Distribution Policy
- Policy for determining Material Subsidiaries
- Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions
- Policy on Determination and Disclosure of Materiality of Events and Information and Web Archival Policy
- Policy for Preservation of Documents
- Risk Management Policy
- Foreign Exchange and Derivatives Risk Management Policy
- Data & Cyber Security Policy
- Anti-Corruption and Bribery Policy

**1. Disclosures on materially significant related party transactions:**

Your Company has not entered into any materially significant related party transaction that may have potential conflict with interest of the listed entity at large

Your Company has not entered into any transaction of material nature except transactions with related parties which

are furnished under Notes to the Financial Statements as stipulated under Accounting Standard 18 (AS-18), with the Promoters, their subsidiaries or relatives, Directors or the Management, etc. All transactions were carried out on an arms-length basis and were not prejudicial to the interest of the Company.

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

**2. Details of non-compliance(s) by the Company:**

The Company has complied with all the requirements of the Stock Exchange(s) and the Securities Exchange Board of India on matters related to Capital Markets or any other matter, as may be applicable from time to time. There were no penalties imposed or strictures passed against the Company by the statutory authorities in this regard. However, during the period the company paid a sum of Rs. 5.83 crore to Central Pollution Control Board on account of environmental compensation levied on the company.

**3. Disclosure of Accounting Treatment:**

The Company follows Accounting Standards prescribed by the Companies Accounting Standard Rules, 2006 (as amended) and relevant provisions of the Companies Act,

2013. In preparation of financial statements, the Company has not adopted a treatment different from what is prescribed in the Accounting Standards. The financial statements for the year have been prepared in accordance with and in compliance of Schedule III of the Companies Act, 2013.

**4. Details of compliance with mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

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

**A. Audit Qualifications:**

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

**B. Whistle Blower Policy / Vigil Mechanism Policy:**

The Board of Directors in their meeting held on 30th May 2014 approved and adopted a Vigil Mechanism Policy with an objective to provide Employees and Business Associates a frame work and to establish a formal mechanism or process whereby concerns can be raised

in line with the Company's commitment to highest standards of ethical, moral and legal business conduct and its commitment to open communication. Radico endeavours to provide its employees a secure and fearless working environment, they are free to report any instance of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. A copy of the policy is placed on the internal server and on the website of the company i.e. [www.radicokhaitan.com](http://www.radicokhaitan.com)

No personnel have been denied access to the Audit Committee.

#### **C. Sexual Harassment Policy:**

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

#### **D. Prevention of Insider Trading:**

During the year, the Company has amended the Insider Trading Policy and Corporate Policy statement on Investor Relations in line with the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018. This policy includes

policy and procedures for inquiry in case of a leak of UPSI or suspected leak of UPSI. The Company has automated the declarations and disclosures to identified designated persons and the Board reviews the policy on need basis. The amended policy is available on our website, at <https://www.radicokhaitan.com/>

#### **E. Code of Conduct:**

Your Company has adopted a Code of Conduct for all the employees including the Board Members and Senior Management Personnel of the Company in accordance with the requirement under SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code of Conduct has been posted on the website of the Company [www.radicokhaitan.com](http://www.radicokhaitan.com). All the Board Members and the Senior Management Personnel have affirmed their compliance with the said Code of Conduct for the financial year ended 31st March, 2019.

#### **F. Anti-Corruption and Bribery Policy:**

We at Radico Khaitan conduct our business in an ethical and honest manner. We believe in zero-tolerance approach to bribery and corruption. We believe in doing business in a professional and fair manner and with integrity in all our business dealings and relationships and to implement effective systems to counter

bribery. Our Associates are prohibited from engaging in any bribery, including direct bribery and indirect bribery and payments through third parties.

The Company has adopted Anti-Corruption and Bribery Policy to set out responsibilities to comply with the laws of Bribery and Corruption.

The Company undertakes a periodic bribery and corruption risk assessment across its business to understand the bribery risks it faces and ensure that it has adequate procedures in place to address those risks.

#### **G. Unclaimed Dividend/Shares:**

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, if the dividend transferred to the Unpaid Dividend Account of the Company remains unpaid or unclaimed for a period of seven years from the date of such transfer then such unclaimed or unpaid dividend shall be transferred by the Company along with interest accrued, if any to the Investor Education And Protection Fund ("the IEPF"), a fund established under sub-section (1) of Section 125 of the Act. The details of unclaimed / unpaid dividend are available on the website of the Company viz. [www.radicokhaitan.com](http://www.radicokhaitan.com)

Mandatory Transfer of Shares to Demat Account of Investors Education and Protection Fund Authority (IEPFA) in case of unpaid dividend on shares for a consecutive period of seven years.

In terms of Section 124(6) of the Companies Act, 2013 read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time) (IEPF Rules) shares on which dividend has not been paid or claimed by a shareholder for a period of seven consecutive years or more shall be credited to the Demat Account of Investor Education and Protection Fund Authority (IEPFA) which a period of thirty days of such shares becoming due to be so transferred. Upon transfer of such shares, all benefits (ie bonus, etc.), if any, accruing on such shares shall also be credited to such Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares.

Shares which are transferred to the Demat Account of IEPFA can be claimed back by the shareholders from IEPFA by following the procedure prescribed under the aforesaid rules.

The Company has sent out individual communication to the concerned

Members whose shares are liable to be transferred to IEPFA on 26.06.2019, to take immediate action in the matter. As required under the IEPF Rules, the Company has also published a Notice informing the Members' who have not claimed their dividend for a period of 7 years to claim the same from the Company before they are transferred to IEPFA.

As per Regulation 34 (3) read with Schedule V of the Listing Regulations, the details of the shares in the Suspense Account are as follows:

Particulars	Number of shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2019	Nil	Nil
Shareholders who approached the Company for transfer of shares from suspense account during the year	Nil	Nil
Shareholders to whom shares were transferred from the suspense account during the year	Nil	Nil
During the year (2019-20) shareholders whose shares were transferred to the demat account of the IEPF Authority as per Section 124 of the Act	198	70,165
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2020	Nil	Nil

The voting rights on the shares outstanding in the suspense account as on March 31, 2020 shall remain frozen till the rightful owner of such shares claims the shares.

#### H. Secretarial Audit:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules made thereunder, the Company had appointed Mr. Tanuj Vohra, Partner at M/s. TVA & Co. LLP, Company Secretaries to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for FY 2019-20 is annexed, which forms part of the Directors Report as Annexure – D. There were no qualifications, reservation or adverse remarks in the Secretarial Audit Report of the Company.

## I. Share Dealing Code:

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

### Dividend Distribution Policy

Securities and Exchange Board of India (SEBI), by its notification dated 8th July 2016,, has amended the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), introducing new Regulation 43A mandating the top 500 listed entities, based on market capitalization calculated as on 31st March of every financial year, to formulate a

Dividend Distribution Policy and disclose on their websites.

Accordingly, the Board of the Company has adopted a Dividend Distribution Policy in board meeting held on 03rd May 2018. The Policy is also available on the website of the Company under the <https://www.radicokhaitan.com/investor-relations/>

### Quarterly results taken on record and published in the newspapers during 2019-2020:

Quarter ended	Date of Board Meetings	Date of Publication in Newspapers	
		Business Standard (English) New Delhi edition	Hindustan(Hindi) Moradabad edition
30th June, 2019	08.08.2019	09.08.2019	09.08.2019
30th September, 2019	06.11.2019	07.11.2019	07.11.2019
31st December, 2019	23.01.2020	24.01.2020	24.01.2020
31st March 2020	28.05.2020	29.05..2020	-
(The Economic Times)			

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

B. All important information pertaining to the Company is also mentioned in the Annual

### Means of Communication:

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

Report of the Company which is circulated to the members and others entitled thereto for each financial year.

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

### Green initiative in Corporate Governance:

Pursuant to Circular No. 17/2011 dated 21st April, 2011, Ministry of Corporate Affairs has undertaken a Green Initiative in Corporate

Governance whereby the shareholders desirous of receiving notices, documents and other communication from the Company through electronic mode, can register their e-mail addresses with the Company.

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

#### **Radico Khaitan Limited**

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

#### **M/s. KFin Technologies Private Limited Registered Office:**

Karvy Selenium Tower B, Plot number 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500032, Telangana  
Ph: +91 040 6716 1517

www.karvy.com  
Toll Free No.18 00 3454 001  
Fax No. 040-23430814  
Email Id: suresh.d@kfintech.com

#### **Delhi Office:**

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

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

#### **General Shareholder Information**

##### **A. Company Registration details:**

The Company is registered in the State of Uttar Pradesh, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L26941UP1983PLC027278.

##### **B. Date, time and venue of the 36th Annual General Meeting:**

Monday, 31st day of August, 2020 at 1.00 p.m. at Rampur Distillery, Bareilly Road, Rampur – 244 901, Uttar Pradesh.

##### **C. Financial Year:**

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

##### **D. Dividend payment date:**

Dividend pay-out date has been provided in the Notice convening the AGM sent along with this Annual Report.

##### **E. Listing on Stock Exchanges:**

The Company's securities are listed on the following stock exchanges:

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

The Company has paid the listing fees for the financial year 2020-21 to the stock exchange(s) on which Company's shares are listed. The Company has also paid custodial fees for the year 2020-21 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Security Identification Number (ISIN) allocated to the Company by NSDL and CDSL is INE944F01028.

## F. Stock price data:

The monthly high and low prices and volumes of your Company's shares at BSE and NSE for the year 2020 are given as follows:

Month	BSE			BSE		
	High (₹)	Low (₹)	Volume (No. of Shares)	High (₹)	Low (₹)	Volume (No. of Shares)
<b>2019</b>						
April	404.85	333.00	863,043	404.90	332.00	11,551,749
May	382.00	322.90	756,855	364.90	323.00	9,266,839
June	340.00	260.05	1,015,509	339.50	261.95	12,870,854
July	319.25	277.00	642,191	319.70	276.20	7,234,176
August	339.95	276.00	610,117	339.60	280.05	7,655,129
September	337.90	290.20	612,079	338.00	290.50	7,524,985
October	322.60	280.90	317,524	323.50	290.05	4,460,754
November	339.00	299.20	681,087	338.40	299.00	9,220,839
December	321.55	294.50	367,045	321.70	294.50	6,185,390
<b>2020</b>						
January	409.55	304.00	12,75,087	409.70	304.00	17,608,704
February	439.00	369.70	925,113	439.15	370.10	10,367,820
March	424.35	220.00	2,054,719	425.00	220.00	17,040,128

### Note:

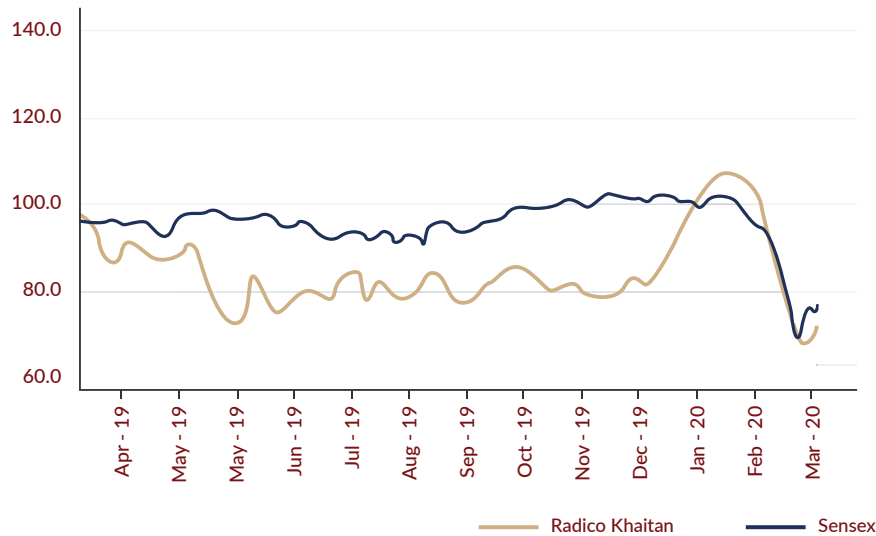
High and low are in Rupees per traded share. Volume is the total monthly volume of trade in Radico Khaitan's shares on BSE and NSE

The Chart below shows the comparison of your Company's share price movement on BSE vis-à-vis the movement of the BSE Sensex for the year 2019 -20.

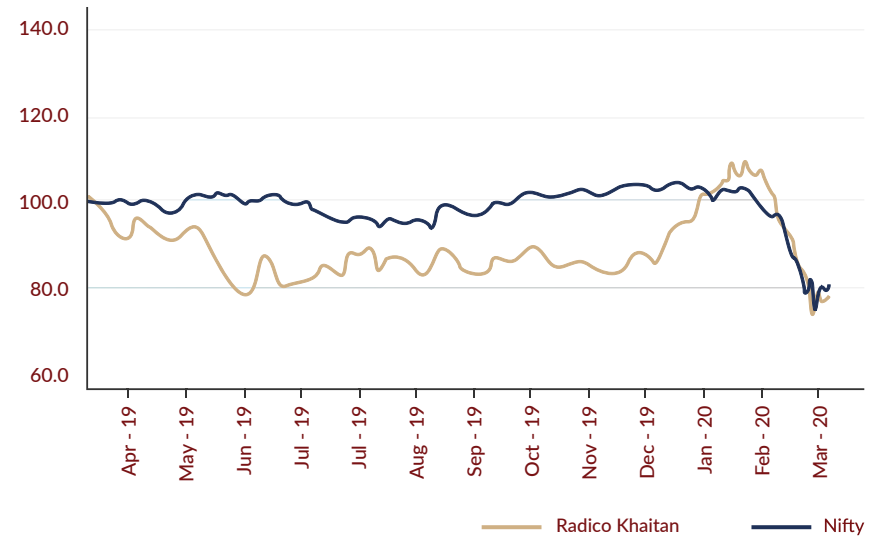
The shares of the Company are traded in the B category at BSE and are also actively traded on NSE.

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

### Radio Khaitan share price versus S&P BSE Sensex (Rebased)



### Radio Khaitan share price versus Nifty 50 (Rebased)



### G. Registrar and Transfer Agent:

KFin Technologies Private Limited is the Registrar and Transfer Agent of the Company.

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

#### Registered Office:

##### **KFin Technologies Private Limited**

Karvy Selenium Tower B,  
Plot number 31 & 32, GachiBowli,  
Financial District, Nanakramguda,  
Serilingampally Mandal  
Hyderabad - 500 032, Telangana.  
Toll Free No.18 00 3454 001  
Telephone No. 040 6716 2222  
Fax No. 040-23001153  
Email Id: einward.ris@karvy.com

#### Delhi Office:

##### **KFin Technologies Private Limited**

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

For the benefit of shareholders, documents will continue to be accepted at the following registered office of the Company:

Rampur Distillery  
Bareilly Road  
Rampur - 244 901 (U.P.)  
Tel. No.0595-2350601-02  
Fax No.0595-2350009  
Email: info@radico.co.in

**H. Registered Office:**

Bareilly Road, Rampur – 244 901, Uttar Pradesh.

**I. Website:**

www.radicokhaitan.com

**J. E-mail ID for Investor’s Grievances:**

info@radico.co.in

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

**K. For the year ending 31st March, 2021, quarterly financial results will be announced as per the tentative schedule detailed below**

Not later than 15th August 2020	First Quarter
Not later than 15th November 2020	Second Quarter and Half Yearly
Not later than 15th February 2021	Third Quarter and Nine Months
Not later than 30th May 2021	Fourth Quarter and Annual

**L. Date of Book Closure:**

25.08.2020 to 31.08.2020

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

**M. Share transfer system:**

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

of shares or requests for deletion of name of the shareholder, etc., as mentioned in Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 to the designated officials of the Company. The transactions in respect of issue of duplicate share certificates, split, rematerialisation, consolidation and renewal of share certificates are approved by the Stakeholders Relationship Committee.

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

**N. Distribution of Shareholdings:**

The distribution of shareholding of the Company as on 31st March, 2020 is as follows:

Sl. No.	Category of Shareholders	Total No. of Shares	% of Total no. of Shares
1	Promoters	53,829,818	40.31
2	Mutual Funds	14727069	11.03
3	Banks, Indian Financial Institution	132107	0.10
4	FII's/FPIs	25859801	19.37
5	Private Corporate Bodies	5309684	3.98
6	Indian Public	31532183	23.61
7	NRIs/OCBs	2111983	1.58
8	State Government	31,620	0.02
	<b>Total</b>	<b>133,534,265</b>	<b>100.00</b>



## Distribution of Shareholding as on 31/03/2020 (TOTAL)

Sl.No.	Category (Amount)	No. of Holders	% To Holders	Physical (Shares)	Electronic (Shares)	Total Shares	Amount (Rs.)	% To Equity
1	up to 5000	55,839	97.65	1,169,387	9,839,015	11,008,402	22,016,804	8.24
2	5001 - 10000	636	1.11	142,675	2,118,677	2,261,352	4,522,704	1.69
3	10001-20000	304	0.53	25,420	2,158,916	2,184,336	4,368,672	1.64
4	20001-30000	116	0.20	10,850	1,439,113	1,449,963	2,899,926	1.09
5	30001-40000	60	0.10	15,500	1,045,058	1,060,558	2,121,116	0.79
6	40001-50000	29	0.05	0	667,368	667,368	1,334,736	0.50
7	50001-60000	24	0.04	0	684,063	684,063	1,368,126	0.51
8	60001-100000	48	0.08	0	1,920,041	1,920,041	3,840,082	1.44
9	100001 and above	126	0.22	31,620	112,266,562	112,298,182	224,596,364	84.10
	<b>Total</b>	<b>57,182</b>	<b>100.00</b>	<b>1,395,452</b>	<b>132,138,813</b>	<b>133,534,265</b>	<b>267,068,530</b>	<b>100.00</b>

### Dematerialization of shares and liquidity

Radico Khaitan Limited shares are tradable in the electronic form only. We have established connectivity with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through KFin Technologies Private Limited, the Company's Registrar and Transfer Agents (RTA). The International Securities Identification Number (ISIN) allotted to our shares under the Depository System is INE944F01028.

As on March 31, 2020, 132,138,813 shares were held in dematerialized form and the rest in physical form.

SEBI, effective April 01, 2019, barred physical transfer of shares of listed companies and mandated transfers only through demat. However, investors are not barred from holding shares in physical form. We request shareholders whose shares are in the physical mode to dematerialize their shares and update their bank accounts and email IDs with the respective depository participants to enable us to provide better service.

List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad (Not applicable)

### O. Unclaimed Dividend / Shares:

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

**P. Transfer to Investor Education & Protection Fund:**

As per the Companies Act, 2013, dividends that are unclaimed for a period of seven years, statutorily get transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government and thereafter cannot be

claimed by investors. To ensure maximum disbursement of unclaimed dividend, the Company sends reminders to the concerned investors, before transfer of dividend to IEPF. Pursuant to Section 125 of the Companies Act 2013, unclaimed dividend has been transferred to IEPF as per below table:

**Q. Going concern:**

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

Plant locations: (Please refer last page of Annual Report)

Address for correspondence: (Please refer last page of Annual Report).

Financial Year	Date of Declaration of Dividend	Total Dividend	Unclaimed Dividend as on 31-3-2019	Due Date of Transfer to IEPF account
FY 2002	16.07.2002	38,579,176.00	730,556.00	22.08.2009
FY 2003	19.07.2003	34,721,258.40	914,312.00	24.08.2010
FY 2004	17.07.2004	38,579,176.00	973,284.00	22.08.2011
FY 2005	16.11.2005	42,437,093.60	983,341.00	21.12.2012
FY 2006	25.09.2006	48,223,970.00	1,135,840.00	30.10.2013
FY 2007	26.09.2007	51,231,109.50	922,432.00	05.11.2014
FY2008	30.09.2008	51,231,109.50	1,065,509.00	16.10.2015
FY2009	15.09.2009	30,738,665.70	699,978.00	07.10.2016
FY2010	09.09.2010	79,300,632.60	1,620,668.00	26.10.2017
FY2011	09.09.2011	92,853,567.80	1,630,738.00	24.09.2018
FY2012	24.09.2012	106,195,503.20	2,312,827.00	11.10.2019

For and on behalf of the Board

sd/-

Dr. Lalit Khaitan

Chairman & Managing Director

DIN - 00238222

Place: New Delhi  
Date: 23.07.2020

## Affirmations and Disclosures:

### Compliances with Governance Framework

The Company is in compliance with all mandatory requirements under the Listing Regulations.

#### A. Related party transactions:

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations during the financial year were on arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with Related Parties during the financial year. Related party transactions have been disclosed under significant accounting policies and notes forming part of the Financial Statements in accordance with "IND AS". A statement in summary form of transactions with Related Parties in ordinary course of business and arm's length basis is periodically placed before the Audit committee for review and recommendation to the Board for their approval.

As required under Regulation 23(1) of the Listing Regulations, the Company has formulated a policy on dealing with Related Party Transactions. The Policy is available on the website of the Company viz. [www.radicokhaitan.com](http://www.radicokhaitan.com)

radicokhaitan.com None of the transactions with Related Parties were in conflict with the interest of Company. All the transactions are on arm's length basis and have no potential conflict with the interest of the Company at large and are carried out on an arm's length or fair value basis.

#### B. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during last three Financial Years.

The Company has complied with all requirements specified under the Listing Regulations as well as other regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three Financial years.

#### C. Vigil Mechanism / Whistle Blower Policy:

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against

victimisation of employees and Directors who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company have been denied access to the Audit Committee. The Whistle Blower Policy is displayed on the Company's website viz. [www.radicokhaitan.com](http://www.radicokhaitan.com)

- D. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements; Company has complied with all the mandatory requirements and has also complied with non mandatory requirements as given below.
- E. Web link where policy for determining 'material' subsidiaries is disclosed; N.A
- F. **Disclosure of commodity price risks or foreign exchange risk and commodity hedging activities:**

The Company has adequate risk assessment and minimisation system in place including for commodities. The Company does not have material exposure of any commodity and accordingly, no hedging activities for the same are carried out. Therefore, there is no disclosure to offer in terms of SEBI circular no. SEBI/HO/CFD/CMD1/ CIR/P/2018/0000000141 dated November 15, 2018.

Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A). Not Applicable

- G. Certificate from a Company Secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority .

The Certificate of Company Secretary in practice is annexed herewith as a part of the report as Annexure - B

- H. Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year. Not Applicable
- I. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part. Details relating to fees paid to the Statutory Auditors are given in Note 37 to the Standalone Financial Statements and Note 37 to the Consolidated Financial Statements.
- J. Disclosures in relation to the Sexual Harassment of Women at Workplace

(Prevention, Prohibition and Redressal) Act, 2013. The details of number of complaints filed and disposed of during the year and pending as on March 31, 2020 is given in the Directors' report.

- K. Non-mandatory requirements Adoption of non-mandatory requirements of the Listing Regulations is being reviewed by the Board from time-to time.

**DETAILS OF ADOPTION OF NON-MANDATORY (DISCRETIONARY) REQUIREMENTS**

Non-mandatory(discretionary) requirements under Regulation 27 of the Listing Regulations The status of compliance with the non-mandatory requirements of the Listing Regulations is provided below:

- The requirement relating to maintenance of office and reimbursement of expenses of Non-Executive Chairman is not applicable to the Company since the Chairman of the Company is an Executive Director.
- The Company has not adopted the practice of sending out half-yearly declaration of financial performance to shareholders. Quarterly results as approved by the Board are disseminated to Stock Exchanges and updated on the website of the Company.
- Modified opinion(s) in audit report  
There are no modified opinions in audit report.

- Reporting of Internal Auditor In accordance with the provisions of Section 138 of the Companies Act, 2013, the Company has appointed an Internal Auditor who reports to the Audit Committee. Quarterly internal audit reports are submitted to the Audit Committee which reviews the audit reports and suggests necessary action.

## The Disclosures of The Compliance with Corporate Governance Requirements Specified in Regulation 17 To 27 and Regulation 46(2)

Sl. No.	Particulars	Brief Description of the Regulations	Regulation Number	Compliance status (YES/No/NA)
1	Board of Directors	Board composition	17(1)	YES
		Meeting of Board of directors)	17(2)	YES
		Review of Compliance Reports	17(3)	YES
		Plans for orderly succession for appointments	17(4)	YES
		Code of Conduct	17(5)	YES
		Fees/compensation	17(6)	YES
		Minimum information	17(7)	YES
		Compliance Certificate	17(8)	YES
		Risk Assessment & Management	17(9)	YES
		Performance Evaluation of Independent Directors	17(10)	YES
2	Audit Committee	Composition of Audit Committee & Presence of the Chairman of the Committee at the Annual General Meeting.	18(1)	YES
		Meeting of Audit Committee	18(2)	YES
		Role of the Committee and review of information by the Committee	18(3)	YES
3	Nomination and Remuneration Committee	Composition of Nomination and Remuneration Committee	19(1) & (2)	YES
		Presence of the Chairman of the Committee at the Annual General Meeting	19(3)	YES
		Role of the Committee	19(4)	YES
4	Stakeholders Relationship Committee	Composition of Stakeholder Relationship Committee	20(1),(2)& (3)	YES
		Role of the Committee	20(4)	
5	Risk Management Committee	Composition and role of risk management committee	21(1), (2), (3),(4)	YES
		Formulation of Vigil Mechanism for Directors and Employee	22	YES
6	Vigil Mechanism	Policy for related party Transaction	23(1), (5), (6), (7) & (8)	YES
7	Related Party Transaction Policy	Prior or Omnibus approval of Audit Committee for all related party transactions.	23(2), (3)	YES
		Approval for material related party	23(4)	YES
8	Subsidiaries of the Company	Composition of Board of Directors of unlisted material Subsidiary	24(1)	NA
		Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2), (3), (4), (5), & (6)	NA
9	Obligations with respect to independent Directors	Maximum Directorship & Tenure	25(1) & (2)	YES
		Meeting of independent directors	25(3)	YES
		Review of Performance by the Independent Directors	25(4)	YES
		Familiarisation of independent directors	25(7)	YES

Sl. No.	Particulars	Brief Description of the Regulations	Regulation Number	Compliance status (YES/No/NA)
10	Obligations with respect to Directors and Senior Management	Memberships in Committees Affirmation with compliance to code of conduct from members of Board of Directors and Senior management Personnel	26(1)	YES
		Disclosure of Shareholding by Non- Executive Directors	26(3)	YES
		Disclosures by Senior Management about potential conflicts of interest	26(4)	YES
			26(5)	YES
11	Other Corporate Governance Requirements	Compliance of Discretionary Requirements	27(1)	YES
		Filing of Quarterly Compliance Report on Corporate Governance	27(2)	YES
12	Disclosures on Website of the Company	Terms and conditions of appointment of Independent Directors	46(2)(b)	YES
		Composition of various Committee of Board of Directors	46(2)(c)	YES
		Code of conduct of Board of directors and Senior Management personnel	46(2)(d)	YES
		Details of establishment of Vigil Mechanism/whistle Blower Policy	46(2)(e)	YES
		Criteria of making payments to Non-Executive Directors	46(2)(f)	YES
		Policy on dealing with Related Party Transactions	46(2)(g)	YES
		Policy for determining Material Subsidiaries	46(2)(h)	YES
		Details of Familiarisation Programmes imparted to Independent Directors	46(2)(i)	YES

## Annexure to Report on Corporate Governance for the year ended 31st March, 2020

Annexure A: Compliance certificate from Mr. Tanuj Vohra, Partner at TVA & Co. LLP, Company Secretaries, regarding compliance of conditions of corporate governance by the Company.

Annexure B: Compliance certificate from Mr. Tanuj Vohra, Partner at TVA & Co. LLP, Company Secretaries, regarding non-disqualification of directors.

## Declaration of Compliance with the Code of Conduct

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31st March, 2020.

New Delhi  
Date: 23.07.2020

**Abhishek Khaitan**  
Managing Director  
DIN - 00772865



## CORPORATE GOVERNANCE AUDIT REPORT

To,  
The Members of  
Radico Khaitan Limited  
CIN: L26941UP1983PLC027278  
Bareilly Road Rampur  
Uttar Pradesh, 244901

- A. We have examined the compliance of the conditions of Corporate Governance by Radico Khaitan Limited ('the Company') for the Financial Year ended on 31st March, 2020, as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- B. The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to the review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- C. In our opinion and to the best of our information and according to the explanations given to us and the representation made by the directors and the management, we certify that the Company has complied with the mandatory conditions of Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- D. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For TVA & Co. LLP**  
**Company Secretaries**

**Tanuj Vohra**  
Partner

M. No.: F5621, C.P. No.: 5253  
UDIN: F005621B000452089  
PR 708/2020

Place: New Delhi  
Date: July 14, 2020



# CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V, Para C, clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
Radico Khaitan Limited  
CIN: L26941UP1983PLC027278  
Bareilly Road Rampur  
Uttar Pradesh, 244901

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Radico Khaitan Limited having CIN L26941UP1983PLC027278 and having registered office at Bareilly Road, Rampur, Uttar Pradesh - 244901 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V, Para C, clause (10)(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers and the representation given by the Management, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sl. No.	Name of Director	DIN	Date of appointment in Company	Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	Lalit Khaitan	00238222	28/01/2003	5.	Sarvesh Srivastava	06869261	30/05/2014
2.	Abhishek Khaitan	00772865	28/01/2003	6.	Sharad Jaipuria	00017049	08/08/2019
3.	Krishan Pal Singh	00178560	28/01/2003	7.	Tushar Jain	00053023	08/08/2019
4.	Raghupati Singhania	00036129	28/01/2003	8.	Sushmita Singha	02284266	01/04/2019

It is solemnly the responsibility of Directors to submit relevant declarations and disclosures with complete and accurate information in compliance with the relevant provisions. Further, ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company and our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For TVA & Co. LLP**

**Tanuj Vohra**

Partner

M. No.: F5621, C.P. No.: 5253

UDIN: F005621B000452111

PR 708/2020

Place: New Delhi

Date: July 14, 2020





# Business Responsibility Report

The Board of Directors present the Business Responsibility report for the Financial Year ended March 31, 2020. Pursuant to the regulation 34 (2) (f) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 which has mandated the inclusion of a Business Responsibility Report

(BRR) as part of company's Annual Report for top 1000 listed entities based on market capitalisation at the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The reporting framework is based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities

of Business (NVGs)' released by the Ministry of Corporate Affairs, Government of India, in July 2011, which contains 9 Principles and Core Elements for each of the 9 Principles. Following is the Business Responsibility Report of Radico Khaitan which is based on the format suggested by SEBI.

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L26941UP1983PLC027278
2	Name of the Company	Radico Khaitan Limited
3	Registered Address	Bareilly Road, Rampur, Uttar Pradesh – 244901
4	Website	www.radickhaitan.com
5	Email ID	info@radico.co.in
6	Financial Year Reported	1st April, 2019 to 31st March, 2020
7	Sector(s) that the Company is engaged in (industrial activity code-wise) - Name and description of main products	Manufacturing of Alcohol and Alcoholic Products NIC Code of the product: 1101
8	List three key products/services that the Company manufactures/ provides (as in balance sheet)	Manufacturing of Alcohol and Alcoholic Products
9	Total number of locations where business activity is undertaken by the Company	33
	a. Number of International Locations (Provide details of major 5)	Nil
	b. Number of National Locations	33
10	Markets served by the Company – Local/State/National/ International	Apart from serving entire country, company exports to more than 50 countries.

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid-up Capital	₹ 26.70 Crores
2	Total Turnover	₹ 9417.89 Crores (Gross)
		₹ 2427.04 Crores (Net of Excise Duty)
3	Total Profit After Tax	₹ 227.50 Crores
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹ 401.22 Lakhs
5	List of activities in which expenditure in 4 above has been incurred	Refer to the Annexure E to the Directors' Report

## SECTION C: OTHER DETAILS

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

## SECTION D: GENERAL INFORMATION ABOUT THE COMPANY

### 1. Details of Director/Directors responsible for BR

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

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

#### B. Details of the BR Head

#	Particulars	Details
1	DIN Number	00772865
2	Name	Mr. Abhishek Khaitan
3	Designation	Managing Director
4	Details of the BR Head	+91 11 4097 5500
5	Email ID	info@radico.co.in

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

The nine principles are as under

#### 1. Principle

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

#### 2. Principle

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

#### 3. Principle

Businesses should promote the well-being of all employees.

#### 4. Principle

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

#### 5. Principle

Businesses should respect and promote human rights.

#### 6. Principle

Businesses should respect, protect and make efforts to restore the environment.

#### 7. Principle

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

#### 8. Principle

Businesses should support inclusive growth and equitable development.

#### 9. Principle

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

**A. Details of compliance (Reply in Y / N)**

#	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have any policy/policies for?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	All the Policies have been developed considering relevant national & International Standards.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board / Director /Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	<a href="http://www.radicokhaitan.com/investor-relations/">http://www.radicokhaitan.com/investor-relations/</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policy has been posted on the Company's website for information of all the internal and external stakeholders of the Company.								
8	Does the Company have in-house structure to implement the policy / policies.	Yes, the Company have necessary structure in place to implement the policy.								
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the mechanism, policy /policies?	Yes, the Company have necessary grievance redressal to address stakeholders grievances related to the policy. The CSR committee of the Board of Directors is responsible for addressing stakeholders concerns related to BR policy.								
10	Has the Company carried out independent audit /evaluation of the working We are in the process of appointing independent of this policy by an internal or external agency?	The BR policy is evaluated internally. Time to time evaluation of its working is done by an internal or external agency.								

**B. Details of compliance (Reply in Y / N)**

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

### 3. Governance Related to BR

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

Yes, the BR Report is published on annual basis. The report for the financial year 2019-20 can be assessed through the link: <http://www.radicokhaitan.com/investor-relations/>

## SECTION E: GENERAL INFORMATION ABOUT THE COMPANY

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

Description	Response
Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?	<p>Radico Khaitan has adopted an Anti-Bribery policy under which strict action is envisaged against employees if found indulged into the practice of giving undue favours to government servants or any other stakeholders like vendors, bankers, etc</p> <p>Radico Khaitan Limited also has its own self explanatory code of conduct which defines the importance &amp; commitment on ethics, bribery and any other kind of behaviour which are not acceptable by the company and all employees sign that code with full commitment.</p> <p>The Company encourages and expects the parties associated with its value chain partners like dealers, vendors, supplier, contractors, employees etc. to follow the Code of Business Conduct and principles envisaged in the policy while their interactions with Radico Khaitan Limited.</p> <p>From time to time, drives are initiated for responsible drinking, don't drink and driving, etc. The Company promotes the policy of responsible drinking amongst its consumers. Employees are involved in decision making through making of committees where they have say to express their concerns.</p>
How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	<p>During the financial year 2019-20, 5 shareholder complaints were received by the Company, out of which 100% of the complaints has been satisfactorily resolved.</p> <p>The Company did not have any significant external stakeholder complaint in the last financial year.</p>

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

**Description**

**Response**

List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.

1. The effluent treatment facility in Rampur and other plants complies with Zero liquid Discharge concept as set up by CPCB/ State pollution Board. The treatment has varied by products, which not only improves operational stability of the plants but also adds on to company's profitability. Primary treatment of the effluent yields bio gas, which is used as fuel in cogen boiler to generate steam and then power through a backpressure turbine. The backpressure steam is used again in the distillation plant to produce extra neutral alcohol and rectified spirit.
2. The cogeneration plant of Rampur Distillery consist of 26 MT capacity India's first standalone bio gas fired steam boiler and 2 MW turbine generator and 30 MT capacity bio gas and rice husk based boiler and 2.5 MW in tandem to make Radico Khaitan self reliant on its requirement for power for its normal operation.
3. Meeting out 100% pollution control norms, the treated effluent is not discharged outside and in turn is mixed and cured with organic mass like press mud of sugar mills and suitable organic manures to manufacture bio manure or bio compost, a bio fertiliser used successfully in growing the crop of sugar canes, etc.

For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)

The Company has been continuously striving hard to reduce the power and fuel consumption thereby contributing for the improvement of environment.

Radico Khaitan has been focusing on tree plantation nearby its manufacturing plants. It has planted large number of trees and plans to add huge numbers soon in various other locations. Further, the company has also contributed a lot to its nearby areas through CSR activities.

1. Does the Company have procedures in place for sustainable sourcing (including transportation)?
  - A. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so

The resources involved in the manufacturing processes are efficient and sustainable and 100% of the inputs are sustainably sourced by the Company.

The Company has very first backward integration project that has come in the form of setting up a fully automatic 750 ml kidney shape PET bottle manufacturing plant in low cost and tax benefited area like Uttaranchal.

The unit started with production rate of 0.85 crore bottles per year in October 2004 and is now geared up to produce 60 crore PET bottles to cater Radico Khaitan's own captive consumption of approx. 30 crore bottles per year and rest is being sold to outside clients in liquor, pharmaceutical and FMCG. This project has also given employment to workers and helped them in living better life.

Further the Company gives preference in selection of vendors for procurement of raw material, who comply with the various principles of sustainability. Majority of suppliers of raw material are located within a radius of 200 Kms of the manufacturing units of the Company which helps to minimise transportation.

2. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?
  - A. If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company has always given the preference to local vendors for supply of stores, spares and repair works. Our contractors who are engaged in the repairs and maintenance of plants are employing workmen from the nearby villages by providing opportunities to them to earn livelihood.

The local labours are provided with safety equipment and apparatus and are expected to adhere to the safety procedures of the Company.

3. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The production process of the Company is based on principles of optimising the material and energy resources. Therefore, the Company lays high degree of stress to reduce waste associated with its products.

In the said direction, it has installed Effluent Treatment Plant ("ETP") and filter processes at all of its plants and whatever, liquid and solid waste is generated, the same is being recycled and reused in the process. The current waste generation is less than 1% of the total production, majority of which is recycled.

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

Description	Response
1. Please indicate the Total number of employees.	1145 as on March 31, 2020
2. Please indicate the Total number of employees hired on temporary/ contractual / casual basis.	1671
3. Please indicate the Number of permanent women employees.	19
4. Please indicate the Number of permanent employees with disabilities	NIL
5. Do you have an employee association that is recognised by Management?	Yes. There are recognised trade unions constituted as per the terms of the Trade Unions Act at the Company's manufacturing units.
6. What percentage of your permanent employees is members of this recognised employee association?	14%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	

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

The company is fully compliant with the prevailing laws on the prevention of sexual harassment of women at workplace. The policy for the prevention of sexual harassment of women at workplace is available on the website of the Company at <http://www.radicokhaitan.com/investor-relations/>. All complaints received during the year were attended on time with no pending complaint at the end of the year.

Radico Khaitan has in place a robust vigil mechanism and has adopted a whistle blower policy which allows employees of the Company to raise their concerns relating to fraud, malpractice or any other activity or event which is against the interest of the Company or society as a whole.

4	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	
	A. Permanent Employees	8 hours of training per employee
	B. Permanent Women Employees	8 hours of training per employee
	C. Casual / Temporary / Contractual Employees:	Safety and work instructions are given before they start working.
	D. Employees with Disabilities	NIL

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

Description	Response
1. Has the Company mapped its internal and external stakeholders? Yes/No	Yes. The Company has mapped its internal stakeholders as well as external stakeholders. The Company believes that an effective stakeholder engagement process is necessary for achieving its sustainability and growth.
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders.	<p>The Company has appointed a consultant to identify its marginalised stakeholders by way of vendors, stockists, contract workers who are situated in and around its factory locations which are essentially under-developed locations requiring attention.</p> <p>The Company has put in place systems and procedures to identify, prioritise and address the needs and concerns of its stakeholders across businesses and units in a continuous, consistent and systematic manner. It has implemented mechanisms to facilitate effective dialogues with all stakeholders across businesses, identify material concerns and their resolution in an equitable and transparent manner. These measures have helped the Company develop strong relationships, which have withstood the test of time</p>
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.	<p>The Company's collaborative stakeholders are manifest in its programmes which company has done under CSR which are mostly are towards the welfare of the people and stakeholders in and around our factory locations by providing health and sanitary care, educational facilities and vocational training, infrastructural facilities like road, water, etc. Most of the welfare schemes undertaken by the Company are targeted towards upliftment of the poor and down-trodden and marginalised stakeholders located in and around our factories.</p> <p>These initiatives augment the natural resource base of the nation and create sustainable rural livelihoods.</p>

**Principle 5: Businesses should respect and promote human rights.**

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

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

Description	Response
<p>1. Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.</p>	<p>The Company has a Policy on Safety Health and Environment (SHE), which covers all the operations of the Company.</p> <p>The Policy includes implementation of a low carbon growth strategy across its businesses, integrated soil and water conservation programmes and the creation of large-scale sustainable livelihoods amongst the marginalised sections of society.</p> <p>The policy is applicable to the Companies all the location.</p> <p>The company has done tie up with various organisation for recycling of pet bottles, collection of glass bottles and management of e-waste.</p>
<p>2. Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y / N. If yes, please give hyperlink for webpage etc.</p>	<p>Yes. The Company is committed to reduce Greenhouse Gas (GHG) emissions and have short-term and long-term targets in this regard. All these targets are aimed at:</p> <ul style="list-style-type: none"> <li>• Continuous focus on reduction of thermal and electrical energy consumption.</li> <li>• Installation of Waste Recovery System.</li> <li>• Utilisation of waste products from its thermal power plants like fly ash to improve the environment.</li> <li>• Development of ponds and afforestation of the mined area to ensure greener environment.</li> <li>• Installation of high efficiency bag filters in place of ESPs to ensure emissions are well within the permissible limits.</li> </ul>
<p>3. Does the Company identify and assess potential environmental risks? Y / N</p>	<p>Yes.</p>
<p>4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?</p>	<p>No.</p>
<p>5. Has the Company undertaken any other initiatives on-clean technology, energy efficiency, renewable energy, etc. Y / N. If yes, please give hyperlink for webpage etc.</p>	<p>Yes, the Company produces powers in its own plants through use of turbine and waste. The details are provided in annexure - E.</p> <p>Further, it has also installed heat recovery systems and latest generation energy lighting and equipment, to save energy and fuel cost. The Company has also commissioned Rain Water harvesting projects within the plant and nearby villages. Details are given on the company website <a href="http://www.radicokhaitan.com">www.radicokhaitan.com</a>.</p>
<p>6. Are the Emissions / Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?</p>	<p>Emission / waste generated by the Company are within the permissible limits given by CPCB/SPCB for the financial year 2019-20.</p>
<p>7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.</p>	<p>The Company is in compliance with various environmental laws as per joint inspection conducted by CPCB/UPCB from time to time.</p>



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

Description	Response
1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	<ol style="list-style-type: none"> <li>1. PHD Chamber of Commerce and Industry.</li> <li>2. All India Distillery Association.</li> <li>3. Confederation of Indian Alcoholic Beverages Companies (CIABC)</li> </ol>
2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)?	<p>The Company was also a party to various initiatives taken through the aforesaid associations for development of art and culture, addressal of natural calamities, and involvement in Swachh Bharat Mission.</p> <p>The Company as part of its activities under corporate Social Responsibility (CSR), has also taken steps for improvement of health, education, health and safety of the people in the village around its factories, conservative of water in the usage of concrete, biodiversity conservation, increased usage of blended cement as sustainable building materials.</p>

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

Description	Response
1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof	As part of CSR, the Company has developed detailed programmes focused on developing the neighbourhood and ensuring a better livelihood for the underprivileged people. Towards these programmes, all stakeholder groups are addressed which, inter alia, include promotion of basic education, rural employment, sustainable operations of the public health centres, development of infrastructure like roads, lights, drinking water supply and social reforms, which will ultimately pave way for a higher livelihood for the neighbourhood.
2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organisation?	The Company's CSR projects are implemented through an In-House CSR Department. Some of the healthcare and welfare activities are also being undertaken through governmental agencies.
3. Have you done any impact assessment of your initiative?	The Company has appointed Grant Thornton LLP for reviewing the impact assessment of its CSR initiatives. The company has prepared a scheme for systematic review of the performance of the various
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?	Details of amount spent by the Company by way of CSR programmes towards the development of the Community have been provided in Annexure E of the Directors' Report for the financial year 2019-20.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	<p>The Company undertakes CSR activities after assessing the needs of the community. Further, all CSR activities are rolled out directly to the society. The Company believes that they will benefit the society at large.</p> <p>This helps in increased reach as well as ensuring the adoption of initiative by communities. Project teams track the reach and take necessary steps to make it successful.</p>

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

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

On behalf of the Board of Directors of Radico Khaitan Limited

Place: New Delhi  
Date: 23.07.2020

**Dr. Lalit Khaitan**  
Chairman & Managing Director  
DIN No - 00238222



# Financial Statements

# Independent Auditor's Report

To the members of RADICO KHAITAN LIMITED

## Report on the Audit of Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of Radico Khaitan Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income) for the year ended on that date, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013('the Act') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income for the year ended on that date, changes in equity and its cash flows for the year ended on that date, and a summary of

the significant accounting policies and other explanatory information.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information other than the standalone financial statements and auditor's report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's

Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	RESPONSE TO KEY AUDIT MATTER
<p><b>Trade Receivables</b>  Receivables (net of provisioning) of Rs. 82,305.44 Lakhs constitute 57.88% of the current assets of the company as at March 31, 2020 and are spread across geography, covering State Corporations, Defence canteens and open market customers (including exports). The realization is linked with actual sales by State Corporations.</p>	<p><b>Principal Audit Procedures</b></p> <ul style="list-style-type: none"> <li>• Evaluating and testing the controls for managing trade receivables, including subsequent collection and provisioning.</li> <li>• Validating the basis of ECL policy as approved by the Board of Directors, in the present context based on historical data and recent developments.</li> <li>• Validating the Aging of receivables, review of trend customer wise, reasons for long outstanding balances, evaluation of disputes and possibility of recovery and existence of the customers.</li> <li>• Obtaining independent customer confirmations during the current COVID 19 Pandemic was a challenge. Hence greater reliance was placed on alternate substantive audit procedures.</li> <li>• Assessing the appropriateness and completeness of the related disclosure in the company's Financial Statements.</li> </ul> <p><b>Conclusion</b>  Our procedures did not identify any material exceptions.</p>
<p><b>Inventory</b>  Inventories (net of provisions) of Rs 37,417.54 Lakhs constitute 26.31% of the current assets of the company as at March 31, 2020. The Inventory is lying at various locations, including at 3rd party premises. Packing material constitutes a major part of inventory and has risk of impairment.</p>	<p><b>Principal Audit Procedures</b></p> <ul style="list-style-type: none"> <li>• Testing the inventory provisioning and challenging the assumptions for inventory valuation basis non-moving/slow moving items.</li> <li>• Review the policy of the management for physical verification and the documents related to management's physical count procedure actually followed at different locations.</li> <li>• Sample testing of management physical verification report was done during interim audit. However for year end testing, relied on management report due to current COVID 19 Pandemic situation.</li> <li>• Observed the physical verification process at locations of financial significance during interim audit only.</li> <li>• Relied on physical verification report by internal auditors.</li> <li>• Identifying obsolete inventory, if any.</li> <li>• Obtain confirmation from Tie up units being inventory at 3rd party locations and applying substantive procedure</li> <li>• Assess the appropriateness and completeness of the related disclosure in the company's Financial Statements.</li> </ul> <p><b>Conclusion</b>  Our procedures did not identify any material exceptions.</p>

## Responsibilities of the Management and Those Charged with Governance for the Standalone Financial Statements

Company's Board of Directors is responsible for the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with Indian Accounting Standards and other accounting principles generally accepted in India. The Board of Directors of the Company is responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the standalone financial statements by the Board of Directors of the Company, as aforesaid.

In preparing the standalone financial statements, the Board of Directors of the Company is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to

do so. The Board of Directors of the Company is also responsible for overseeing the financial reporting process of the Company.

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to

design audit procedures that are appropriate in the circumstances, for the purpose of expressing an opinion on effectiveness of the Company's internal financial controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, the impact of the global health pandemic may be different from that estimated as at the date of these financial statements.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the standalone financial statements.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone financial statements read with notes thereto comply with the Indian Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 40b on Contingent Liabilities to the standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
  - iii. There has been no delay in transferring amount, required to be transferred, to the Investor Education and Protection Fund by the Company;

## For BGJC & Associates LLP

Chartered Accountants

Firm's Registration No.: 003304N/N500056

### Darshan Chhajer

Partner

Membership Number: 088308

UDIN: 20088308AAAAAQ4947

Place: Gurugram

Date: May 28, 2020



## Annexure 1 to the Independent Auditor's Report

**[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Radico Khaitan Limited on the Standalone Financial Statements for the year ended March 31, 2020]**

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
  - (b) The Company has a regular program of physical verification of its property, plant and equipment under which property, plant and equipment are verified in a phased manner over a block of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. However, no physical verification of its property, plant and equipment was conducted during the year.
  - (c) The title deeds of immovable properties recorded in the books of account of the Company are held in the name of the Company, except some land parcels valuing Rs. 3706.55 Lakhs where title is determined based on long term possession and revenue records.
- ii. The inventory, except goods in transit,

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

- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- iv. The company has not given any loan or provided any guarantee or security to parties covered under section 185 of the Companies Act, 2013. Further, according to the information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 186 of the Act.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under. Further, as informed, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in this regard.
- vi. We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance

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

- vii. (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and services tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, the dues in respect of income tax, sales tax, service tax, value added tax, goods and services tax, customs duty or excise duty that have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of dues	Disputed Amount (in ₹ Lacs)	Period to which the amount relates	Forum where dispute is pending	Amount paid under protest (in ₹ Lacs)
<b>UP VAT ACT/ KAR-NATAKA VAT ACT / DELHI VAT ACT</b>	Sales Tax/ Entry Tax/VAT	6.86	1999-00	Trade Tax Tribunal, Moradabad	2.74
		1.81	1998-99	Allahabad High Court	1.00
		1.21	1999-00	Trade Tax Tribunal, Moradabad	0.75
		33.79	2012-13	Hyderabad High Court	16.89
		8.45	2012-13	Hyderabad High Court	2.11
		84.13	2014-15	Karnataka High Court	-
<b>Finance Act 1994</b>	Service Tax	49.90	2016-17 & 2017-18	Assistance Commissioner (CGST Division)	-
<b>United Provinces (Uttar Pradesh ) Excise Act, 1910</b>	Excise Duty	102.32	1995 to 2005	Allahabad High Court, Lucknow Bench	-
		246.17	1995-2005	Allahabad High Court, Lucknow Bench	246.17
		22.00	1997-98	Allahabad High Court, Lucknow Bench	4.63
		181.25	2016-17	Supreme Court	-
<b>The Custom Act 1962</b>	Custom Duty	10.73	2015	Commissioner of Customs (Appeals)	-
		5.90	2017-18 & 2018-19	Commissioner of Customs (Audit)	-

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans borrowings to financial institutions, banks, governments. There are no debenture holders.
- (ix) The Company has not raised the money by way of initial public issue offer / further public offer. Money raised by way of term loans during the year were utilized for the purposes for which they were raised.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) According to the information and explanations given to us, managerial remuneration has been provided and paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanation given to us the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For BGJC & Associates LLP**

Chartered Accountants

Firm's Registration No.: 003304N/N500056

**Darshan Chhajer**

Partner

Membership Number: 088308

UDIN: 20088308AAAAAQ4947

Place: Gurugram

Date: May 28, 2020

## Annexure 2 to the Independent Auditor's Report

**[Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Radico Khaitan Limited on the standalone financial statements for the year ended March 31, 2020]**

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

We have audited the internal financial controls over financial reporting of Radico Khaitan Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

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

of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

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

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

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate, especially in the COVID 19 global Pandemic situation.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

### **For BGJC & Associates LLP**

Chartered Accountants

Firm's Registration No.: 003304N/N500056

### **Darshan Chhajer**

Partner

Membership Number: 088308

UDIN: 20088308AAAAAQ4947

Place: Gurugram

Date: May 28, 2020

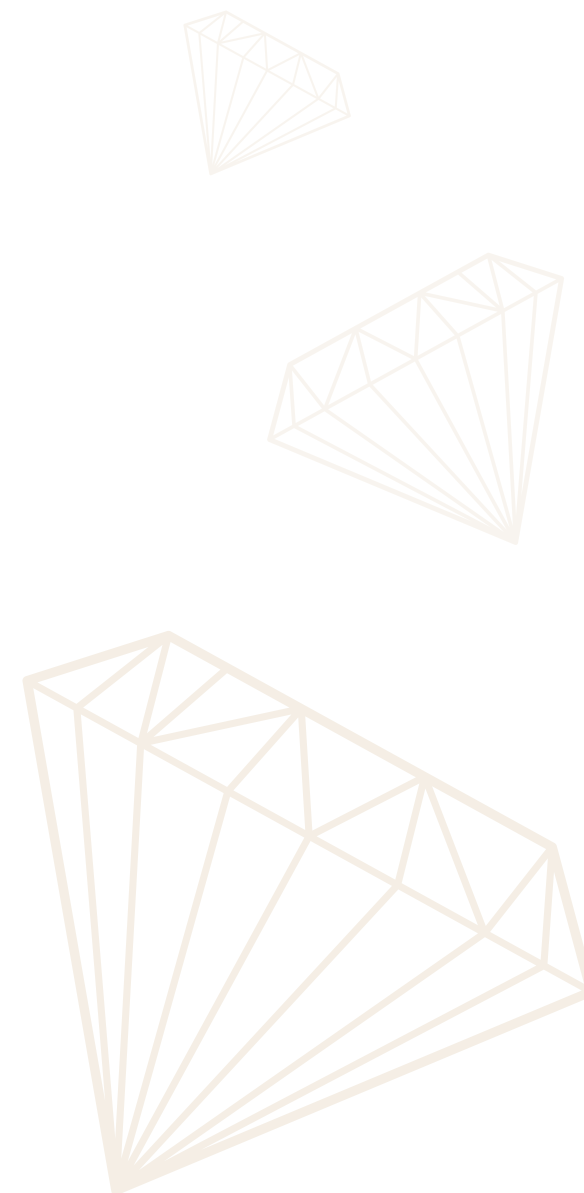


# Standalone Balance Sheet

as at March 31, 2020

(Rs. in Lakhs unless otherwise stated)

Particulars	Note No.	March 31, 2020	March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	72,953.60	69,792.38
Capital work-in-progress		1,808.29	1,599.86
Intangible assets	2	1,388.95	1,601.79
Financial assets			
Investment in a joint venture	3	15,538.53	15,538.53
Investment in others	4	0.60	0.60
Loans	5	1,658.26	803.08
Others	6	179.95	159.60
Other non-current assets	7	10,305.95	11,025.14
<b>Total non-current assets</b>		<b>1,03,834.13</b>	<b>1,00,520.98</b>
<b>Current assets</b>			
Inventories	8	37,417.54	35,971.29
Financial assets			
Trade receivables	9	82,305.44	64,174.89
Cash and cash equivalents	10	1,010.43	825.40
Bank balances other than above	11	813.55	941.61
Loans	12	4,073.86	4,669.95
Others	13	2,050.18	2,412.35
Current tax assets (Net)	14	750.18	-
Other current assets	15	13,783.92	13,544.00
<b>Total current assets</b>		<b>1,42,205.10</b>	<b>1,22,539.49</b>
<b>Total assets</b>		<b>2,46,039.23</b>	<b>2,23,060.47</b>



Particulars	Note No.	March 31, 2020	March 31, 2019
<b>EQUITY AND LIABILITIES</b>			
Equity share capital	16	2,670.69	2,668.19
Other Equity	17	1,49,382.18	1,28,826.10
		<b>1,52,052.87</b>	<b>1,31,494.29</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	18	153.31	2,165.56
Others	19	514.96	47.19
Provisions	20	1,110.35	1,036.69
Deferred tax liabilities (Net)	21	7,846.60	10,404.90
Other non current liabilities	22	16.58	19.13
<b>Total non-current liabilities</b>		<b>9,641.80</b>	<b>13,673.47</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	23	39,736.97	30,160.06
Trade payables			
Outstanding dues of Micro, Small and Medium Enterprises	24	2,786.51	-
Other Enterprises	24	23,637.27	24,483.57
Others	25	3,186.65	3154.84
Provisions	26	5,277.61	6,835.20
Other current liabilities	27	9,719.55	12,413.17
Current tax liabilities (Net)	28		845.87
<b>Total current liabilities</b>		<b>84,344.56</b>	<b>77892.71</b>
<b>Total Equity &amp; Liabilities</b>		<b>2,46,039.23</b>	<b>2,23,060.47</b>
<b>Significant Accounting Policies</b>	<b>1</b>		
<b>Other Notes to Accounts</b>	<b>2-62</b>		

For and on behalf of Board of Directors

**Dr. Lalit Khaitan**  
Chairman & Managing Director

**Abhishek Khaitan**  
Managing Director

Director

**Dilip K. Banthiya**  
Chief Financial Officer

**Amit Manchanda**  
Vice President  
Legal & Company Secretary

**Alok Agarwal**  
Sr Vice President  
(Finance & Accounts)

Place : New Delhi  
Date: May 28, 2020

As per our report  
of even date attached

**For BGJC & Associates LLP**  
Chartered Accountants  
Firm Regn. No. 003304N/  
N500056

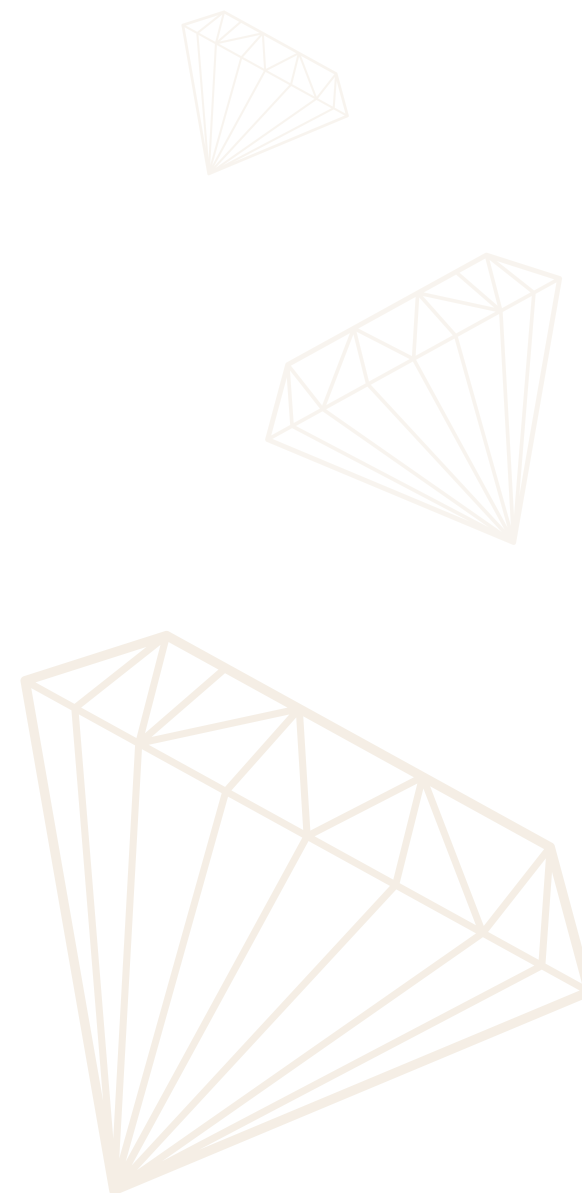
**Darshan Chhajer**  
Partner  
Membership No. 088308  
Place: Gurugram

# Standalone Statement of Profit and Loss

for the year ended March 31, 2020

(Rs. in Lakhs unless otherwise stated)

Particulars	Note No.	March 31, 2020	March 31, 2019
<b>INCOME</b>			
Revenue from operations	29	941,789.14	805,800.25
Other income	30	918.67	1,328.77
<b>Total Income</b>		<b>942,707.81</b>	<b>807,129.02</b>
<b>EXPENSES</b>			
Cost of materials consumed	31	127,091.18	104,486.34
Excise duty		699,085.12	596,105.71
Purchase of stock-in-trade	32	358.90	1,116.53
Change in inventories of finished goods, stock-in trade and work-in-progress	33	(1,882.91)	(4,169.89)
Employee benefits expense	34	18,608.08	17,138.07
Finance costs	35	3,161.46	3,547.98
Depreciation and amortization expense	36	5,252.73	4,243.58
Other expenses	37	61,347.96	56,089.77
<b>Total Expenses</b>		<b>913,022.52</b>	<b>778,558.09</b>
<b>Profit for the year before exceptional items &amp; tax</b>		<b>29,685.29</b>	<b>28,570.93</b>
Exceptional items	38	2,416.62	
<b>Profit for the year before tax</b>		<b>27,268.67</b>	<b>28,570.93</b>
<b>Less : Tax expense</b>			
Current tax		7,095.03	8,573.32
Deferred tax		(2,576.43)	1,191.15
<b>Profit for the year from continuing operations</b>		<b>22,750.07</b>	<b>18,806.46</b>





Particulars	Note No.	March 31, 2020	March 31, 2019
<b>Other comprehensive income</b>	<b>39</b>		
Items that will not be reclassified to profit or loss		(361.38)	(110.53)
Income tax relating to items that will not be reclassified to profit or loss		90.95	38.62
<b>Total other comprehensive income</b>		<b>(270.43)</b>	<b>(71.91)</b>
Total comprehensive income for the year (Comprising profit and other comprehensive income for the year)		<b>22,479.64</b>	<b>18,734.55</b>
<b>Earning per share for Continuing Operations</b>	<b>43</b>		
<b>Basic earnings per share in IN (face value of Rs. 2/- each)</b>	<b>43</b>	17.05	14.10
<b>Diluted earnings per share in INR (face value of Rs. 2/- each)</b>		17.04	14.08
<b>Significant Accounting Policies</b>	<b>1</b>		
<b>Other Notes to Accounts</b>	<b>2-62</b>		

For and on behalf of Board of Directors

**Dr. Lalit Khaitan**  
Chairman & Managing Director

**Abhishek Khaitan**  
Managing Director

Director

**Dilip K. Banthiya**  
Chief Financial Officer

**Amit Manchanda**  
Vice President  
Legal & Company Secretary

**Alok Agarwal**  
Sr Vice President  
(Finance & Accounts)

Place : New Delhi  
Date: May 28, 2020

As per our report  
of even date attached

**For BGJC & Associates LLP**  
Chartered Accountants  
Firm Regn. No. 003304N/  
N500056

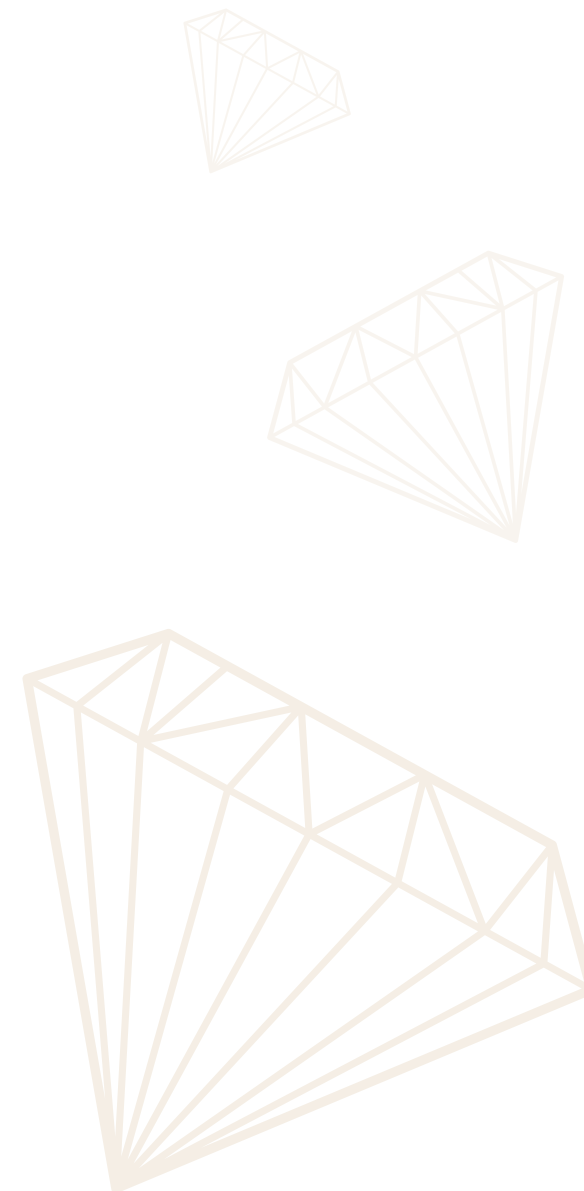
**Darshan Chhajer**  
Partner  
Membership No. 088308  
Place: Gurugram

# Standalone Statement of Cash Flows

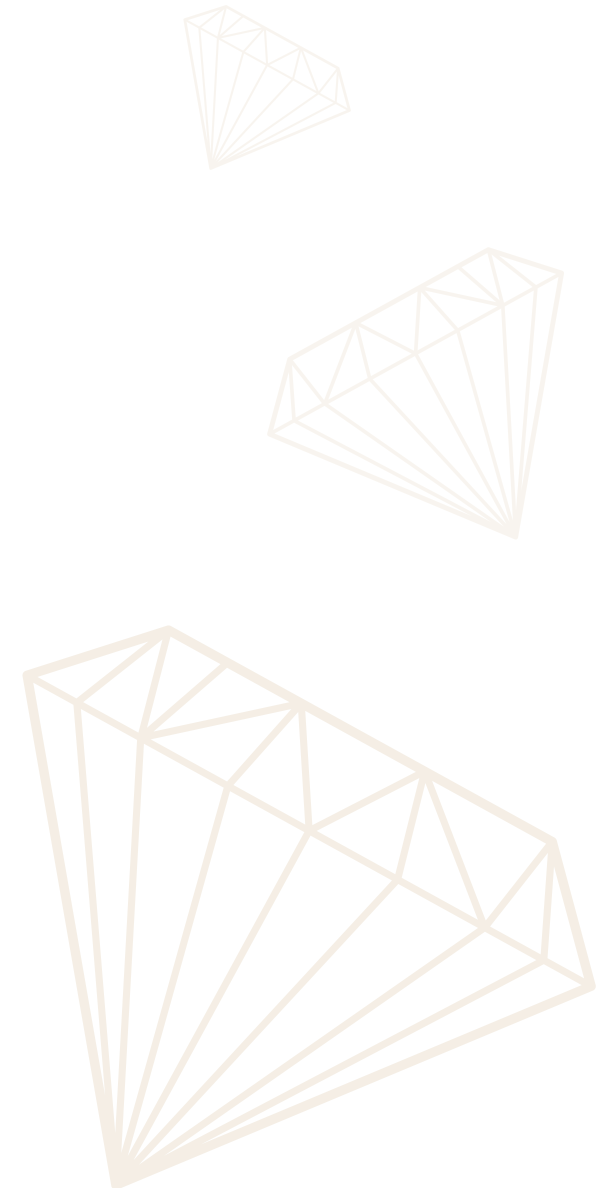
for the year ended March 31, 2020

(Rs. in Lakhs unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>A. Cash flow from operating activities</b>		
Profit for the year before tax	27,268.67	28,570.93
<b>Adjustments for</b>		
Depreciation and amortization expense	5,252.73	4,243.58
Profit on sale of fixed assets	(6.10)	(12.79)
Loss on sale / write off assets	77.58	89.90
Finance costs	3,161.46	3,547.98
Interest income	(498.33)	(838.81)
Provision for Expected credit loss and Bad Debt	2,092.75	506.29
Provision for Non-moving/ obsolete Inventory	875.00	83.53
Employees stock option scheme	8.59	18.07
Dividend income on investments	(359.57)	(200.20)
<b>Operating profit before working capital changes</b>	<b>37,872.78</b>	<b>36,008.48</b>
<b>Changes in working capital</b>		
Decrease/(Increase) in Inventories	(2,321.25)	(4,969.15)
Decrease/(Increase) in Trade Receivables	(20,223.30)	(1,680.11)
Decrease/(Increase) in current financial assets (loans)	596.09	779.25
Decrease/(Increase) in current financial assets (Others)	105.38	(323.17)
Decrease/(Increase) in other current assets	(239.92)	1,068.24
Decrease/(Increase) in non-current financial assets (loans)	(855.18)	2,098.22
Decrease/(Increase) in non-current financial assets (Others)	11.79	12.69



Particulars	March 31, 2020	March 31, 2019
Decrease/(Increase) in other non-current assets	1,469.36	(587.99)
Increase/(Decrease) in non-current financial liabilities (others)	105.68	(21.00)
Increase/(Decrease) in other non-current liabilities	-	(18.57)
Increase/(Decrease) in long term provisions	73.66	56.09
Increase/(Decrease) in short term provisions	(1,918.97)	(1,432.26)
Increase/(Decrease) in current Trade Payables	1,940.21	3,070.07
Increase/(Decrease) in current financial liabilities (others)	584.11	544.44
Increase/(Decrease) in other current liabilities	(2,693.62)	3,988.90
Cash generated from operating activities before taxes	14,506.82	38,594.13
Net income tax paid	(8,538.08)	(7,725.18)
<b>Net Cash flow from operating activities (A)</b>	<b>5,968.74</b>	<b>30,868.95</b>
<b>B. Cash flow from investing activities</b>		
Additions in tangible assets	(7,024.47)	(7,141.99)
Additions in intangible assets	(22.67)	(62.27)
Additions in CWIP	(208.40)	419.20
Capital Advances	(750.17)	(441.86)
Sale of fixed assets	74.99	38.59
Sale of investments	-	5,000.00
Interest received	555.59	1,047.62
Subsidy Received	-	30.00
Dividend received	559.57	400.20
Fixed deposits matured during the year	(32.61)	55.62
<b>Net Cash flow from Investing activities (B)</b>	<b>(6,848.17)</b>	<b>(654.89)</b>



Particulars	March 31, 2020	March 31, 2019
<b>C. Cash flow from financing activities</b>		
Increase/(Decrease) in share capital (including securities premium)	130.90	106.81
Leased Payment	(752.79)	-
Net Loans (repaid) / taken	9,748.35	(17,388.77)
Dividend paid including Dividend Distribution Tax	(1,929.98)	(1,607.09)
Interest paid	(2,825.62)	(3,704.29)
<b>Net Cash flow from financing activities (C)</b>	<b>4,370.86</b>	<b>(22,593.34)</b>
<b>Net Increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>3,491.43</b>	<b>7,620.72</b>
Cash and cash equivalents at the beginning of the year	(23,557.31)	(31,178.03)
Cash and cash equivalents at the end of the year	<b>(20,065.88)</b>	<b>(23,557.31)</b>
<b>Reconciliation of Cash and cash equivalents</b>		
Cash in hand	23.66	29.83
Bank Balance		
In Current account	986.77	795.57
In term deposits	660.66	777.38
Cash Credit (repayable on demand)	(21,736.97)	(25,160.09)
<b>Total Cash and Cash equivalents</b>	<b>(20,065.88)</b>	<b>(23,557.31)</b>

**Note:**

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

For and on behalf of Board of Directors

**Dr. Lalit Khaitan**  
Chairman & Managing Director

**Abhishek Khaitan**  
Managing Director

Director

**Dilip K. Banthiya**  
Chief Financial Officer

**Amit Manchanda**  
Vice President  
Legal & Company Secretary

**Alok Agarwal**  
Sr Vice President  
(Finance & Accounts)

Place : New Delhi  
Date: May 28, 2020

As per our report  
of even date attached

**For BGJC & Associates LLP**  
Chartered Accountants  
Firm Regn. No. 003304N/  
N500056

**Darshan Chhajer**  
Partner  
Membership No. 088308  
Place: Gurugram

# Standalone Statement of Changes in Equity

for the year ended March 31, 2020

(Rs. in Lakhs unless otherwise stated)

## A. Equity Share Capital

Particulars	March 31, 2020	March 31, 2019
At the beginning of the year	2,668.19	2,666.15
Changes in Equity Share capital during the year	2.50	2.04
<b>At the end of the year</b>	<b>2,670.69</b>	<b>2,668.19</b>

## B. Other Equity

Particulars	Securities Premium Reserve	General Reserves	Employee Stock Options outstanding account	Retained Earnings	Total
Balance as at March 31, 2018	37,806.45	40,000.00	40.28	33,699.07	111,545.80
Profit/ (Loss) for the year (1)	-	-	-	18,806.46	-
Other Comprehensive Income/(loss) (2)	-	-	-	(71.91)	-
Total Comprehensive Income/ (loss) (1+2)	-	-	-	<b>18,734.55</b>	18,734.55
Dividends including tax thereon (Refer note 42)	-	-	-	(1,607.09)	(1,607.09)
Government Subsidy	-	-	-	30.00	30.00
Share based payments	123.63	-	(0.79)	-	122.84
Balance as at March 31, 2019	<b>37,930.08</b>	<b>40,000.00</b>	<b>39.49</b>	<b>50,856.53</b>	<b>128,826.10</b>
Profit/ (Loss) for the year (1)	-	-	-	22,750.07	-
Other Comprehensive Income / (loss) (2)	-	-	-	(270.43)	-
Total Comprehensive Income/ (loss) (1+2)	-	-	-	<b>22,479.64</b>	<b>22,479.64</b>
Dividends including Dividend Distribution Tax (Refer note 42)	-	-	-	(1,929.98)	(1,929.98)
Lease assets - Ind As 116 adjustment	-	-	-	(130.58)	(130.58)
Share based payments	151.50	-	(14.50)	-	137.00
Balance as at March 31, 2020	<b>38,081.58</b>	<b>40,000.00</b>	<b>24.99</b>	<b>71,275.61</b>	<b>149,382.18</b>

**The accompanying notes are an integral part  
of the financial statements**

For and on behalf of Board of Directors

**Dilip K. Banthiya**  
Chief Financial Officer

**Amit Manchanda**  
Vice President  
Legal & Company Secretary

**Alok Agarwal**  
Sr Vice President  
(Finance & Accounts)

Place : New Delhi  
Date: May 28, 2020

**Dr. Lalit Khaitan**  
Chairman & Managing Director

**Abhishek Khaitan**  
Managing Director

**Director**

As per our report of even date attached

**For BGJC & Associates LLP**  
Chartered Accountants  
Firm Regn. No. 003304N/  
N500056

**Darshan Chhajer**  
Partner  
Membership No. 088308  
Place: Gurugram

# Notes to the Standalone Financial Statements

## Background

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

## Significant Accounting Policies

### 1.01 Basis of preparation

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

The entity has prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2020 has been prepared in accordance with Ind AS.

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

- Derivative financial instruments,
- Defined benefit plans
- Share Based Payments
- Certain financial assets and liabilities

measured at fair value (refer accounting policy regarding financial instruments).

### 1.02 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

the settlement of the liability for atleast twelve months after the reporting period.

All other liabilities classified as non-current.

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

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

### 1.03 Fair value measurement

The entity measures financial instruments, such as, derivatives at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous

market must be accessible by the company.

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

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

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

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

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

to the fair value measurement is unobservable,

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

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

#### 1.04 Foreign Currency Transactions

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

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

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

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

#### 1.05 Revenue recognition

The company revenue is derived from single performance obligation under arrangements in which the transfer of control of product and the fulfillment of companies performance obligation occur at the same time.

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

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



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

Sale of products was impacted due to lockdown under the present pandemic during the period 24th March 2020 to 31st March 2020. Though the company got license for producing sanitizers and the same started on 31st March 2020.

#### **Interest income**

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

#### **Royalty Income**

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

#### **Export Incentives**

Income from export incentives such as

duty drawback etc. are recognised on accrual basis.

#### **Dividend Income**

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

#### **1.06 Excise Duty**

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

#### **1.07 Government grants**

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

grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

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

#### **1.08 Taxes**

##### **Current Income Tax**

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

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in

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

### Deferred Tax

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

**Deferred tax liabilities** are recognised for all taxable temporary differences, except: When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss. In respect of taxable temporary differences associated with interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

forward of unused tax credits and unused tax losses can be utilised, except:

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

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

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

Deferred tax on Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income-tax during the specified period. The Company reviews the same at each balance sheet date and writes down the carrying amount of deferred tax relating to MAT credit entitlement to the extent there is no longer reasonable certainty that the Company will pay normal income-tax during the specified period.

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

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

### 1.09 Property, plant and equipment

Property, plant and equipment have been measured at fair value at the date of transition to Ind AS. The entity recognised the fair value as deemed cost at the transition date, viz., April 01, 2015.

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

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

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

### **Depreciation**

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

Depreciation is provided as per Schedule II to the Companies Act, 2013, on straight line method with reference to the useful life of the assets specified therein.

On additions costing less than Rs.5000, depreciation is provided at 100% in the year of addition.

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

### **1.10 Intangible assets**

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

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

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

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

### **Amortization**

Based on the anticipated future economic benefits, the life of Brands & Trade Marks are amortised over twenty years on straight line method.

Software are amortised over a period of three years on straight line method.

### **1.11 Borrowing costs**

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

### **1.12 Segment reporting**

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief

operating decision maker, in deciding how to allocate resources and assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

### 1.13 Inventories

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

Physical verification of all major Inventory items is carried out at least once a year. The variations if any are duly accounted for after thorough verification. At the year end the stock is rolled over and verified.

### 1.14 Leases

The company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

#### Entity as a lessee

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore

the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- "The exercise price under a purchase option that the company is reasonably

certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early."

"The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option."

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Short-term leases

The company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term."

#### Under Ind AS 17

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

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

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

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

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

### 1.15 Impairment of non-financial assets

At each reporting date, the company reviews the carrying amount of its assets to determine whether there are any indications that those assets have suffered an impairment loss. If any such indication exists, recoverable amount of the assets

is estimated in order to determine the extent of impairment loss.

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

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

### 1.16 Provisions, Contingent Liabilities and Contingent Assets Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be

made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

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

### Contingent liability and Contingent Assets

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

### 1.17 Employee benefits

#### Short-term obligations

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

### Other long-term employee benefit obligations

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

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

### Post-employment obligations

The Company operates the following post-employment schemes:

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

### Gratuity obligations

The Company operates a defined benefit

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

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

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

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

### Defined contribution plans

The Company makes contribution to statutory provident fund and pension funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit

expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

### 1.18 Share-based payments

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

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

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting

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

### 1.19 Earnings Per Share

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

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

### 1.20 Financial instruments

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

#### Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value.

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

#### A. Financial Assets

Financial assets are recognised when the company becomes a party to the contractual provisions of the instrument

#### Subsequent measurement

Financial assets are subsequently classified as measured at:

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

#### Trade Receivables and Loans:

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

#### Financial assets measured at amortised cost:

A financial asset is measured at amortised cost if both the following conditions are met:

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

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

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

#### Measured at fair value through other comprehensive income:

Financial assets that are held within a business model whose objective

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

#### **Measured at fair value through Profit or Loss:**

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

#### **Equity investments**

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

is made on initial recognition and is irrevocable.

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

#### **Derecognition**

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

#### **Impairment of financial assets**

"Expected credit losses (ECL) are recognized for all financial assets subsequent to initial recognition other than financials assets in FVTPL category, as per policy approved by the Board of Directors.

For financial assets, as per Ind AS 109, the Company recognises 12 months expected credit losses for all originated or acquired financial assets if at the reporting date. The credit risk of the financial asset has not increased significantly since its initial recognition.

Expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition."

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

#### **B. Financial liabilities**

Financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument

#### **Subsequent measurement**

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

#### **Trade and other payables**

In case of trade and other payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest rate method.

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per credit period. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

#### **Derecognition**

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

#### **Reclassification of financial assets**

No reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to



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

### **C. Offsetting of financial instruments**

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

#### **1.21 Derivative financial instruments**

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

assets when the fair value is positive and as financial liabilities when the fair value is negative.

#### **1.22 Cash and cash equivalents**

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

#### **1.23 Significant accounting judgements, estimates and assumptions**

The preparation of the standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, contingent liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates, in the COVID19 pandemic environment of lockdown, could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. These have been assessed to the best of understanding but the degree of uncertainty has increased.

#### **Judgements**

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

##### **a. Arrangement containing lease**

"Ind AS 116 requires lessees to

determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Radico's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts. "

##### **b. Revenue recognition**

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

When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the entity and its business partners are reviewed to determine each party's respective role in the transaction. Where the entity's role in a transaction is that of a principal, revenue is recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, net off sales tax/ VAT/GST, trade discounts and rebates but inclusive of excise duty with any related expenditure charged as an operating cost.

#### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The entity based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the entity, especially in the current COVID19 Pandemic environment. Management has made the estimates and assumptions considering the short to medium term impact, to the best of understanding. Such changes are reflected in the assumptions when they occur.

#### **a. Impairment reviews**

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

Impairment reviews in respect of the relevant CGUs are performed at least annually or more regularly if events indicate that this is necessary. Impairment reviews are based on discounted future cash flows. The future cash flows which are based on business forecasts, the long-term growth rates and the pre-tax discount rates, that reflects the current market assessment of the time value of money and the risk specific to the asset or CGU, used are dependent on management estimates and judgements. Future events could cause the assumptions used in these impairment reviews to change. There is no significant impact due to the COVID 19 pandemic and lockdown as assessed by the management.

#### **b. Allowance for uncollectible account receivables and advances**

Trade receivables and certain financial assets do not carry any interest unlike other interest bearing financials assets viz intercorporate deposits. Such financial assets are stated at their carrying value as reduced by impairment losses determined in

accordance with expected credit loss. Allowance as per expected credit loss model is based on simplified approach which is based on historically observed default rates and changed as per forward-looking estimates. In case of trade receivables entity uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables which is also based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. The actual loss could differ from the estimate made by the management, especially in the current environment of COVID19 Pandemic.

#### **c. Taxes**

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

#### **d. Pension and post-retirement benefits**

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

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

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about defined benefit plans are given in note no. 56.

#### **e. Depreciation / amortisation and useful lives of property plant and equipment / intangible assets**

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

#### **1.24 RECENT ACCOUNTING DEVELOPMENTS Standard issued but not yet effective: (based on Exposure drafts available as on date)**

##### **Issue of Ind AS 117 –Insurance Contracts**

"Ind AS 117 supersedes Ind AS 104 Insurance contracts. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. Under the Ind AS 117 model, insurance contract liabilities will be calculated as the present value of future insurance cash flows with a provision for risk.

Application of this standard is not expected to have any significant impact on the Company's financial statements."

##### **Amendments to existing Standards**

Ministry of Corporate Affairs has carried out amendments of the following accounting standards:

1. Ind AS 103 – Business Combination
2. Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
3. Ind AS 40 – Investment Property

The Company is in the process of evaluating the impact of the new amendments issued but not yet effective.

# Notes to the Standalone Financial Statements for the year ended March 31, 2020

## 2 Property, plant and equipment (Refer notes 1.09, 1.10 & 1.14)

(Rs. in Lakhs unless otherwise stated)

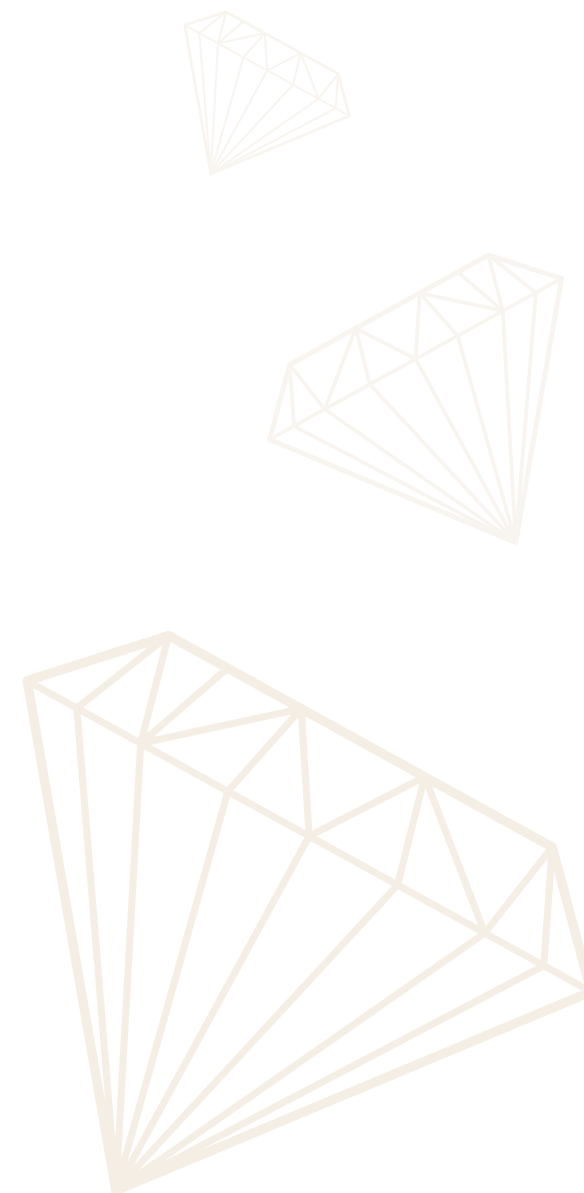
Description of Assets	Gross Block				Depreciation				Net Block
	As at April 01, 2019	Additions	Disposals/ Adjustments	As at March 31, 2020	Up to March 31, 2019	For the year	Accumulated Depreciation on Disposals	Up to March 31, 2020	As at March 31, 2020
<b>Tangible Assets</b>									
Freehold land	12,927.50	-	62.02	12,865.48	-	-	-	-	12,865.48
Leasehold land	3,467.56	-	-	3,467.56	183.72	45.93	-	229.65	3,237.91
Buildings	8,782.51	1,311.93	26.05	10,068.39	1,319.35	425.12	24.67	1,719.80	8,348.59
Plant & equipments	56,663.84	5,664.22	1,224.78	61,103.28	12,008.18	3,694.22	1,153.71	14,548.69	46,554.59
Furniture & Fixtures	480.94	8.34	-	489.28	108.59	69.01	-	177.60	311.68
Vehicles	1,004.02	4.96	73.03	935.95	225.88	131.14	65.63	291.39	644.56
Office equipments	174.94	35.02	10.08	199.88	53.80	52.75	5.47	101.08	98.80
Right to use (Leased Assets) (Refer note 40 ( c))	-	1,300.45	-	1,300.45	-	560.37	-	560.37	740.08
Leasehold improvements	288.40	-	-	288.40	97.81	38.68	-	136.49	151.91
	<b>83,789.71</b>	<b>8,324.92</b>	<b>1,395.96</b>	<b>90,718.67</b>	<b>13,997.33</b>	<b>5,017.22</b>	<b>1,249.48</b>	<b>17,765.07</b>	<b>72,953.60</b>
<b>Intangible Assets</b>									
Brands & trade marks	2,552.26	-	-	2,552.26	1,005.04	215.49	-	1,220.53	1,331.73
Software	457.23	22.67	85.99	393.91	402.66	20.02	85.99	336.69	57.22
	<b>3,009.49</b>	<b>22.67</b>	<b>85.99</b>	<b>2,946.17</b>	<b>1,407.70</b>	<b>235.51</b>	<b>85.99</b>	<b>1,557.22</b>	<b>1,388.95</b>
<b>Total</b>	<b>86,799.20</b>	<b>8,347.59</b>	<b>1,481.95</b>	<b>93,664.84</b>	<b>15,405.03</b>	<b>5,252.73</b>	<b>1,335.47</b>	<b>19,322.29</b>	<b>74,342.55</b>

Description of Assets	Gross Block				Depreciation				Net Block
	As at April 01, 2018	Additions	Disposals/ Adjustments	As at March 31, 2019	Up to March 31, 2018	For the year	Accumulated Depreciation on Disposals	Up to March 31, 2019	As at March 31, 2019
<b>Tangible Assets</b>									
Freehold land	12,927.50	-	-	12,927.50	-	-	-	-	12,927.50
Leasehold land	3,467.56	-	-	3,467.56	137.79	45.93	-	183.72	3,283.84
Buildings	8,861.25	126.18	204.92	8,782.51	1,137.61	386.66	204.92	1,319.35	7,463.16
Plant & equipments	50,766.21	6,290.67	393.04	56,663.84	8,987.79	3,344.68	324.29	12,008.18	44,655.66
Furniture & fittings	181.96	298.98	-	480.94	89.25	19.34	-	108.59	372.35
Vehicles	888.50	225.94	110.42	1,004.02	146.06	144.23	64.41	225.88	778.14
Office equipments	117.24	99.54	41.84	174.94	61.15	33.55	40.90	53.80	121.14
Leasehold improvements	187.72	100.68	-	288.40	69.20	28.61	-	97.81	190.59
	<b>77,397.94</b>	<b>7,141.99</b>	<b>750.22</b>	<b>83,789.71</b>	<b>10,628.85</b>	<b>4,003.00</b>	<b>634.52</b>	<b>13,997.33</b>	<b>69,792.38</b>
<b>Intangible Assets</b>									
Brands & trade marks	2,552.26	-	-	2,552.26	789.55	215.49	-	1,005.04	1,547.22
Software	394.96	62.27	-	457.23	377.57	25.09	-	402.66	54.57
	<b>2,947.22</b>	<b>62.27</b>	<b>-</b>	<b>3,009.49</b>	<b>1,167.12</b>	<b>240.58</b>	<b>-</b>	<b>1,407.70</b>	<b>1,601.79</b>
<b>Total</b>	<b>80,345.16</b>	<b>7,204.26</b>	<b>750.22</b>	<b>86,799.20</b>	<b>11,795.97</b>	<b>4,243.58</b>	<b>634.52</b>	<b>15,405.03</b>	<b>71,394.17</b>

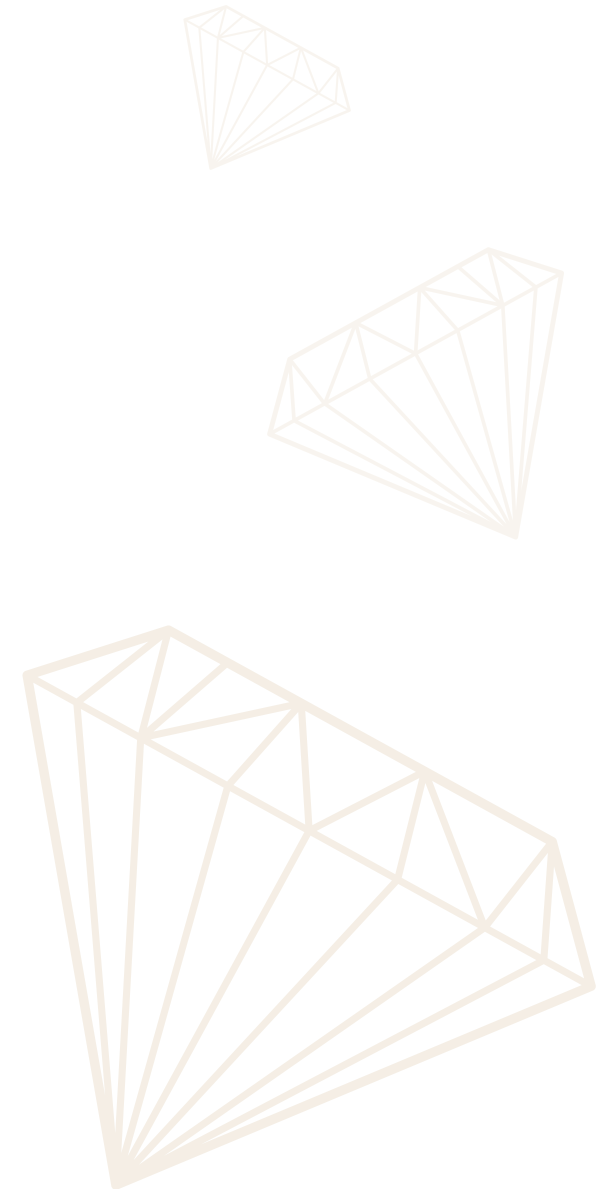
# Notes forming part of the Standalone Financial Statements

(Rs. in Lakhs unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>3 Investment in a joint venture</b>		
<b>Unquoted Investments</b>		
<u>Equity Shares</u> (at amortised cost) (Refer note-46)		
Radico NV Distilleries Maharashtra Limited - 13,58,503 (previous year: 26,59,500) equity shares of Rs. 100 each, fully paid up	13,538.53	13,538.53
<u>Preference Shares</u> (at amortised cost)		
Radico NV Distilleries Maharashtra Limited - 20,00,000 (previous year: 20,00,000) 10% cumulative, non-convertible preference shares of Rs.100 each, fully paid up	2,000.00	2,000.00
	<b>15,538.53</b>	<b>15,538.53</b>
Aggregate amount of unquoted investments	15,538.53	15,538.53
Aggregate amount of impairment in value of investments.	-	-
<b>4 Investment in Others</b>		
<b>(Unquoted at FVTPL)</b>		
New Urban Cooperative Bank Ltd. - 2,388 (previous year: 2,388) equity shares of Rs. 25 each, fully paid up	0.60	0.60
	<b>0.60</b>	<b>0.60</b>
Aggregate amount of unquoted investments	0.60	0.60
Aggregate amount of impairment in value of investments	-	-



Particulars	March 31, 2020	March 31, 2019
<b>5 Loans</b>		
(Unsecured- Considered good)		
Security Deposits	1,658.26	803.08
	<b>1,658.26</b>	<b>803.08</b>
<b>6 Others</b>		
Interest accrued on term deposits	12.60	13.07
Deposits with more than 12 months maturity (Refer note-11)	166.45	133.84
Advances recoverable	0.90	12.69
	<b>179.95</b>	<b>159.60</b>
<b>7 Other non-current assets</b>		
Capital Advances	4,520.37	3,770.20
Advances other than capital advances		
Advances recoverable	5,592.00	7,092.00
Prepaid Assets	193.58	162.94
	<b>10,305.95</b>	<b>11,025.14</b>
<b>8 Inventories</b>		
(Refer note-1.13 on valuation of inventories)		
Raw materials	7,691.42	6,977.32
Work-in-progress	3,729.67	3,616.92
Finished goods *	17,253.87	17,186.17
Stock-in-trade	160.68	309.59
Stores & spares (Including promotional material)	3,581.36	2,650.99
Packing materials	5,978.31	5,428.29
Goods in transit - Raw material	11.69	-
	38,407.00	36,169.28
Less: Provision for obsolete and non-moving inventories	(989.46)	(197.99)
	<b>37,417.54</b>	<b>35,971.29</b>

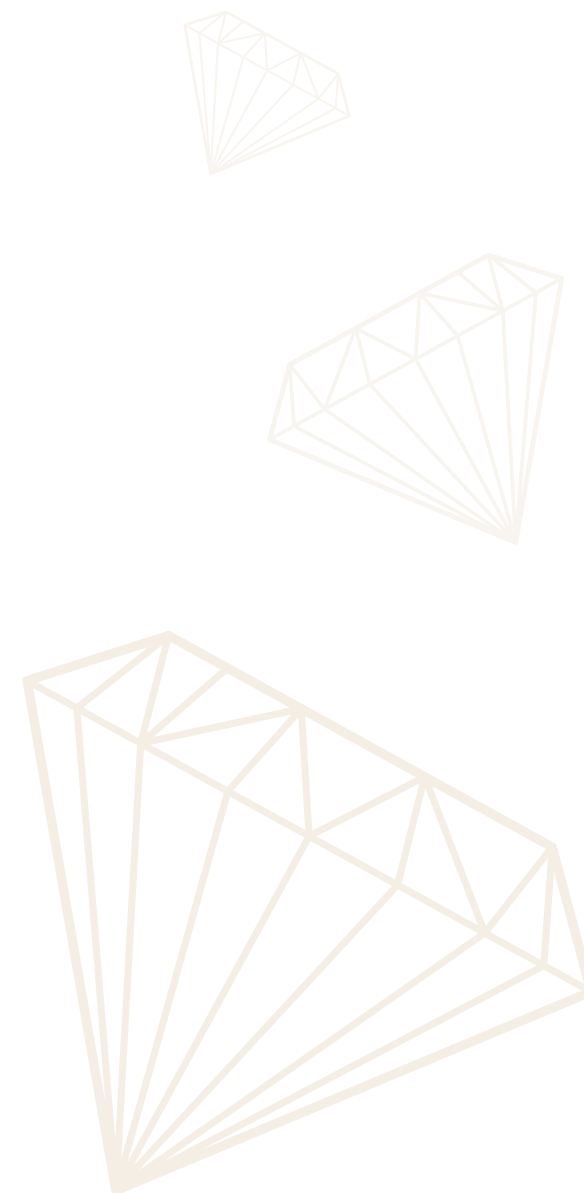


### Amount recognised in statement of profit and loss

Write-down of inventories to net realisable value, resulted in net loss / (gain) of Rs. 875.00 lakhs (previous year Rs.83.53 lakhs). These were recognised as an expense / income during the year in the Statement of Profit and Loss.

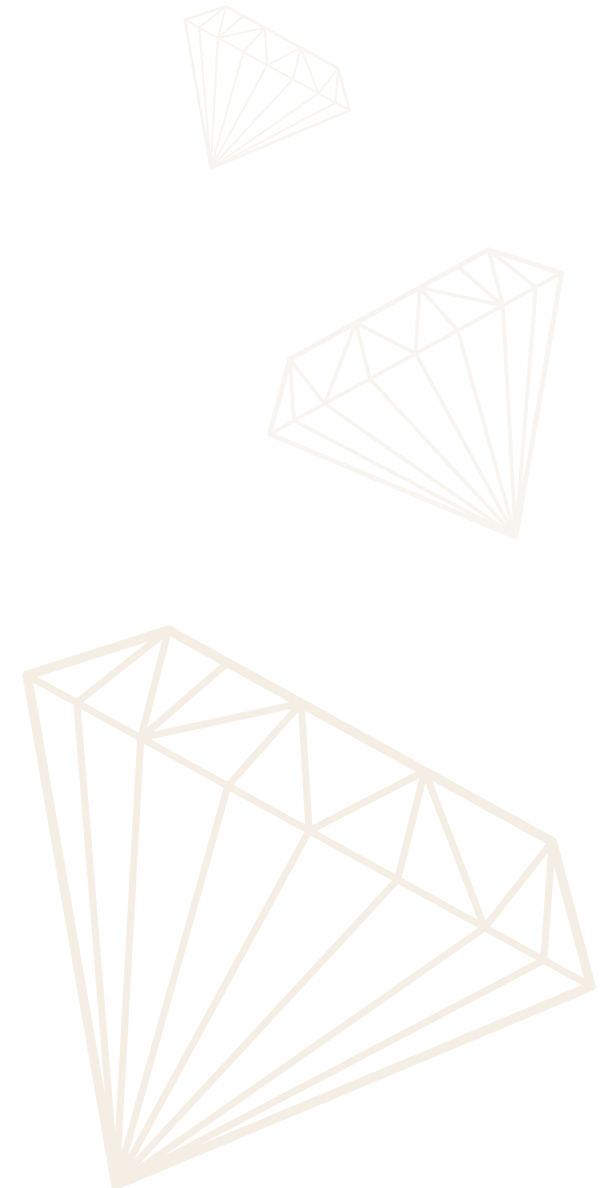
\* Includes provision for excise duty/Custom duty Rs. 4409.04 lakhs (previous year Rs. 6355.01 lakhs)

Particulars	March 31, 2020	March 31, 2019
<b>9 Trade Receivables</b>		
Trade Receivables considered good - Unsecured	77,591.55	59,856.26
Trade Receivables which have significant increase in Credit Risk	6,777.63	6,000.46
Trade Receivables - credit impaired	357.09	
	<b>84,726.27</b>	<b>65,856.72</b>
<b>Less: Allowance for expected credit losses</b>	(2,420.83)	(1,681.83)
	<b>82,305.44</b>	<b>64,174.89</b>
Trade Receivables relate to company's contract with its customers, are non interest bearing and are generally on credit terms not exceeding 12 months.		
<b>10 Cash and Cash Equivalents</b>		
Balances with banks*	986.77	795.57
Cash in hand	23.66	29.83
	<b>1,010.43</b>	<b>825.40</b>
*Including cheques on hand Rs 22.10 Lakhs (previous year Rs 16.64 Lakhs)		
<b>11 Bank Balances other than Cash and Cash Equivalents</b>		
Balances with banks		
In unpaid dividend accounts	152.89	164.23
In term deposits #	827.11	911.22
Deposits with more than 12 months maturity (Refer note-6)	(166.45)	(133.84)
	<b>813.55</b>	<b>941.61</b>
# Deposit are:		
Under lien with Government departments and banks as security	827.11	911.22





Particulars	March 31, 2020	March 31, 2019
<b>12 Loans</b>		
(Unsecured- Considered good, unless otherwise stated)		
Security Deposits	1,173.29	932.96
Others		
Advances recoverable	202.36	341.99
Inter corporate deposits (Refer note-57)		
ICDs Considered good - Unsecured	2,698.21	3,395.00
ICDs - credit impaired.	461.00	1,500.00
	<b>4,534.86</b>	<b>6,169.95</b>
Less: Allowance for expected credit losses	(461.00)	(1,500.00)
	<b>4,073.86</b>	<b>4,669.95</b>
<b>13 Others</b>		
Dividend accrued on preference share	-	200.00
Accrued export incentives	418.99	528.05
Other balances recoverable from Statutory/ Government authorities	1,345.20	1,341.52
Interest accrued on		
term deposits	32.05	25.24
loans and advances		
Considered good - Unsecured	253.94	317.54
Credit impaired	112.31	928.10
Less: Allowance for expected credit losses	(112.31)	(928.10)
	<b>2,050.18</b>	<b>2,412.35</b>
<b>14 Current Tax assets (Net)</b>		
Income Tax (Net of provisions)	750.18	-
	<b>750.18</b>	-

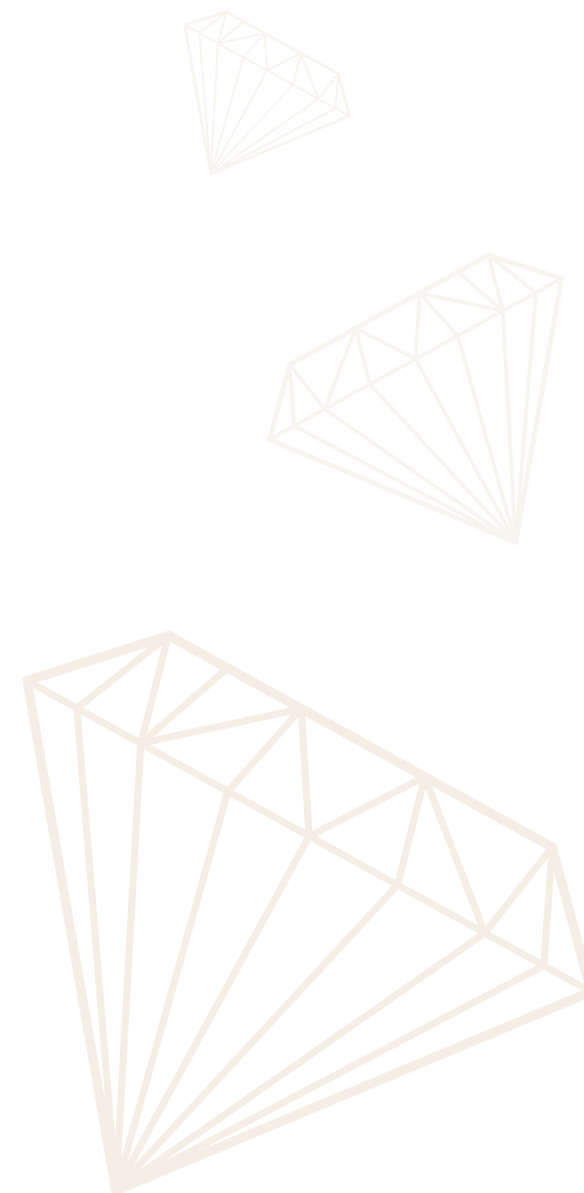


Particulars	March 31, 2020	March 31, 2019
<b>15 Other current assets</b>		
(Unsecured - Considered good)		
Advances recoverable in kind	1,837.88	978.21
<b>Others</b>		
Amount paid under protest	520.69	427.87
Claims and duties adjustable from Excise Department	6,687.10	7,581.65
Other Advances recoverable	2,099.77	1,399.77
Prepaid assets	2,638.48	3,156.50
	<b>13,783.92</b>	<b>13,544.00</b>
<b>16 Equity share capital</b>		
Authorised		
17,00,00,000 (Previous year 17,00,00,000) equity shares of Rs. 2/- each	3,400.00	3,400.00
60,00,000 (Previous year 60,00,000) preference shares of Rs. 100/- each	6,000.00	6,000.00
	<b>9,400.00</b>	<b>9,400.00</b>
Issued, subscribed and fully paid		
13,35,34,265 (Previous Year 13,34,09,265) equity shares of Rs. 2/- each	2,670.69	2,668.19
	<b>2,670.69</b>	<b>2,668.19</b>

#### Rights, Preferences & Restrictions attached to equity shares

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

b. Reconciliation of the number of shares	No. of Shares	No. of Shares
Outstanding at the beginning of the year	133,409,265	133,307,265
Add: Issued during the year	125,000	102,000
Outstanding at the end of the year	<b>133,534,265</b>	<b>133,409,265</b>



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

Particulars	Percentage of Holding	No. of Shares	Percentage of Holding	Percentage of Holding
Sapphire Intrex Ltd.	33.98%	45,379,098	34.01%	45,379,098
TIMF Holdings	5.83%	7,781,575	5.83%	7,781,575

**d. Shares reserved for issue under options: ESOPs**

The Company established Employee Stock Options Plan, duly approved by the shareholders in the meeting held on May 25, 2006 which was effective from July 25, 2006. Accordingly, the Company has granted 42,80,000 equity options up to March 31, 2020 which will get vested over a period of 4 years from the date of the grant. The employees have the options to exercise their right within a period of 3 years from the date of vesting. The compensation cost of stock options granted to employees is accounted by the Company using the fair value method.

**e. Summary of Stock Option**

	No. of stock option	No. of stock option
Option granted up to the year end	4,280,000	4,280,000
Options forfeited up to the year end	1,741,451	1,741,451
Options exercised up to the year end	2,399,049	22,74,049
Option outstanding at the year end	139,500	2,64,500
Exercise price (weighted average)	Rs. 85.98	Rs. 84.95

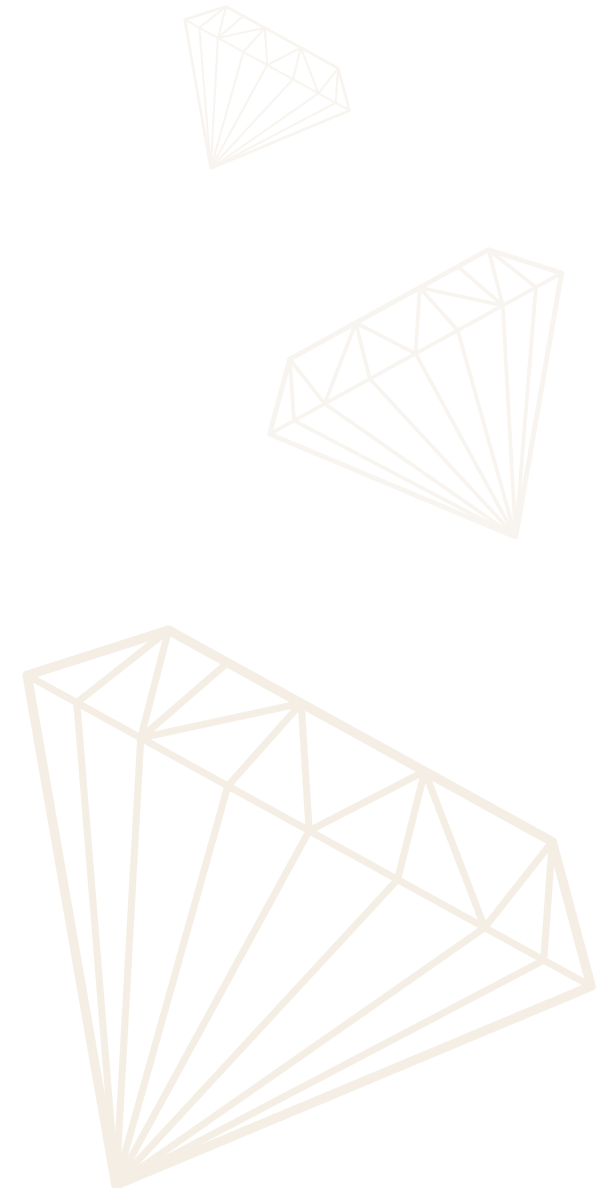
In respect of Options granted under the Employee Stock Options plan, in accordance with the guidelines issued by SEBI, the accounting value of the options is accounted as deferred employee compensation, which is amortized on a straight line basis over the period between the date of grant of options and eligible dates for conversion into equity shares. Consequently, Employee benefits expense (Refer note-34) includes Rs. 8.59 lakhs (previous year Rs. 18.07 lakhs) being the amortisation of deferred employee compensation.

**17 Other Equity #**

**Reserves & Surplus**

Retained Earning	71,275.61	50,856.53
Securities Premium Reserve	38,081.58	37,930.08
General Reserve	40,000.00	40,000.00
Employee Stock Options Outstanding Account	24.99	39.49
	<b>149,382.18</b>	<b>128,826.10</b>

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



Particulars	March 31, 2020	March 31, 2019
<b>18 Borrowings</b>		
<b>Term Loans - Secured #</b>		
Rupee loans from banks	290.56	3,542.24
	<b>290.56</b>	<b>3,542.24</b>
Less : Shown in current maturities of long-term debt (Refer note- 25)	(137.25)	(1,376.68)
Rupee loan from banks	(137.25)	(1,376.68)
	<b>153.31</b>	<b>2,165.56</b>

#### # Notes

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

ii). Terms of repayment are as follows:-

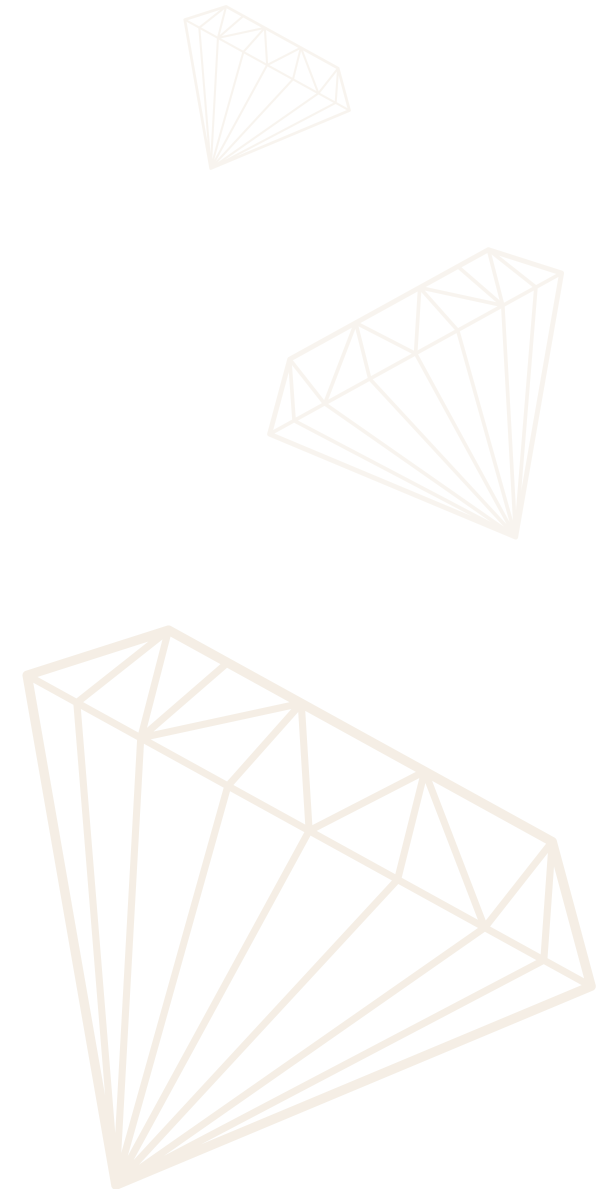
Name	Year of Maturity	Outstanding as at March 31, 2020	Outstanding as at March 31, 2019
Lakshmi Vilas Bank	Sep 2021	-	3,125.00
HDFC Bank *	Jan 2022	224.50	333.93
HDFC Bank *	June 2023	29.27	36.78
YES Bank *	May 2023	36.79	46.53
*Monthly Installment			
		<b>290.56</b>	<b>3542.24</b>
<b>19 Others (at amortised cost)</b>			
Security Payable		152.87	47.19
Lease Liabilities (Refer note no. 40 ( c))		362.09	-
		<b>514.96</b>	<b>47.19</b>
<b>20 Provisions</b>			
Provision for employee benefits			
Leave encashment		1,110.35	1,036.69
		<b>1,110.35</b>	<b>1,036.69</b>

Particulars	March 31, 2020	March 31, 2019
<b>21 Deferred Tax Liabilities (Net) (Refer note-44)</b>		
Deferred Tax Liabilities	9,955.33	12,418.06
Deferred Tax Assets	(2,108.73)	(1,860.16)
MAT Credit Entitlement	-	(153.00)
Deferred Tax Liability (Net)	<b>7,846.60</b>	<b>10,404.90</b>
<b>22 Other non-current liabilities</b>		
Other Payables	16.58	19.13
	<b>16.58</b>	<b>19.13</b>
<b>23 Borrowings</b>		
Secured - from Banks #		
Cash credit (repayable on demand)	21,736.97	25,160.09
Unsecured- from Banks		
Rupee loans	18,000.00	4,999.97
	<b>39,736.97</b>	<b>30,160.06</b>

# Secured by hypothecation of inventories and trade receivables. Further secured by a second charge on fixed assets of the Company.  
Non-fund based facilities provided by banks are also secured by second charge on the fixed assets (Property, Plant and Equipment excluding Intangible Assets) of the Company.

#### 24 Trade Payables

Outstanding dues of Micro, Small and Medium Enterprises (Refer note no. 61)	2,786.51	-
Other Enterprises	23,637.27	24,483.57
	<b>26,423.78</b>	<b>24,483.57</b>



Particulars	March 31, 2020	March 31, 2019
<b>25 Others (Financial liability carried at amortised cost)</b>		
Current maturities of long-term debt		
Rupee loan from banks	137.25	1,376.68
Interest accrued but not due on borrowings	239.51	44.11
Lease Liabilities (Refer note 40 ( c))	502.96	-
Security Payable	2,154.40	1,570.18
Unclaimed dividends #	152.53	163.87
	<b>3,186.65</b>	<b>3,154.84</b>

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

#### 26 Provisions

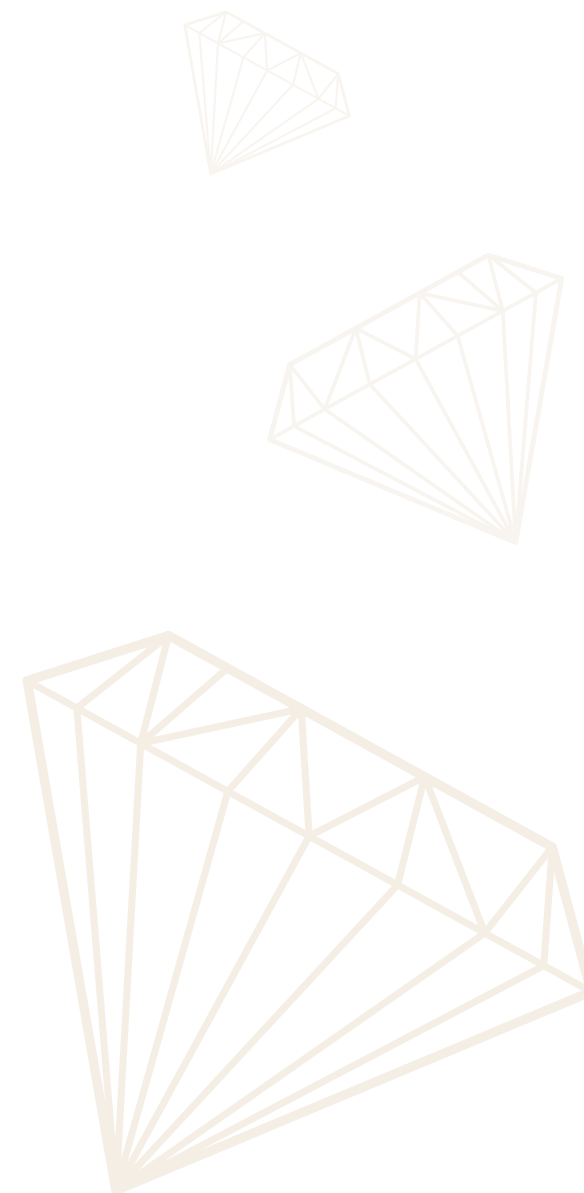
For employee benefits		
Gratuity (Refer note-56)	388.08	141.55
Leave encashment	480.49	338.64
For excise duty on closing stock	4,371.21	6,222.58
For custom duty on closing stock	37.83	132.43
	<b>5,277.61</b>	<b>6,835.20</b>

#### 27 Other Current Liabilities

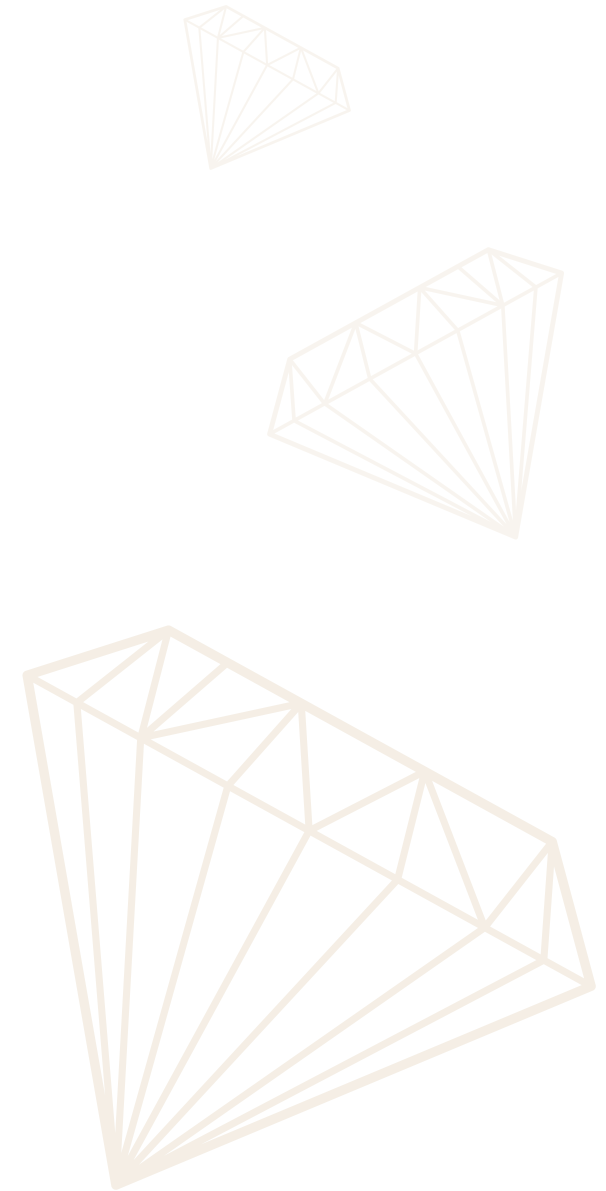
On account of capital goods/ services	341.18	563.83
Advances from customers	5,642.88	7,559.63
Other payables		
Accrued salary and benefits	633.11	597.98
Statutory dues	3,102.38	3,691.73
	<b>9,719.55</b>	<b>12,413.17</b>

#### 28 Current tax liabilities (Net)

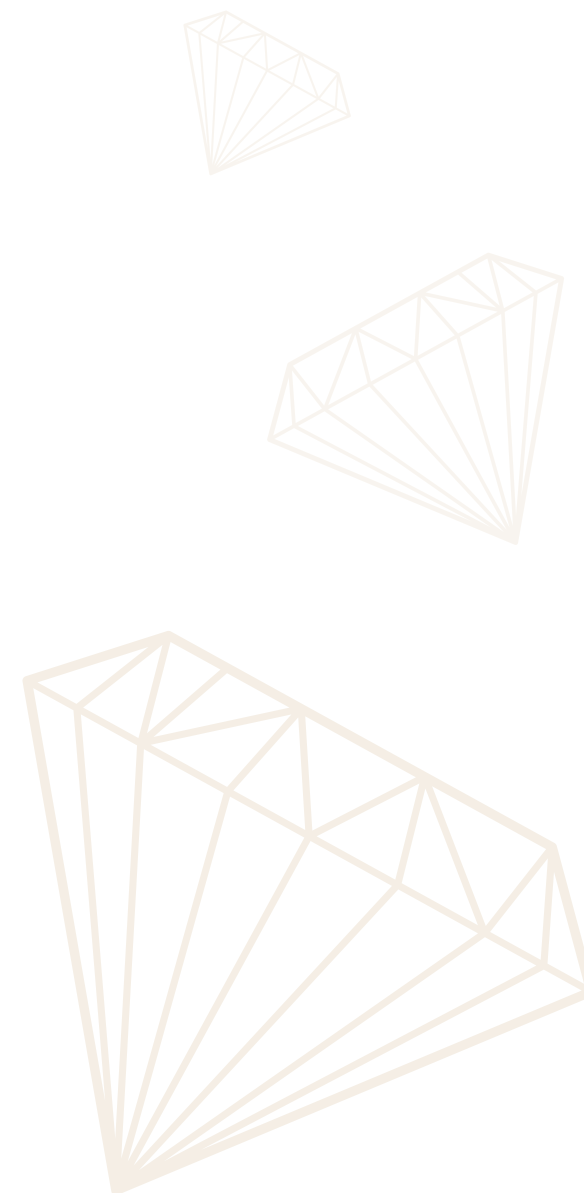
For taxation (net of payments)	-	845.87
	-	<b>845.87</b>



Particulars	March 31, 2020	March 31, 2019
<b>29 Revenue from Operations</b>		
(Refer note-1.05 on revenue recognition)		
<b>Sale of</b>		
Alcohol and other alcoholic products	933,105.93	794,599.33
Pet bottles & caps	3,755.74	5,078.95
Jaivik khad	348.88	320.72
Others	328.38	667.47
<b>Sale of traded goods</b>		
Indian Made Foreign Liquor	-	1,228.58
Imported Liquor	659.78	733.05
Royalty Income	1,001.53	996.06
<b>Other operating revenues</b>		
Export incentives	202.58	193.71
SAD refund	-	0.15
Scrap sales	2,386.32	1,982.23
	<b>941,789.14</b>	<b>805,800.25</b>
<b>30 Other Income</b>		
Interest income on		
Term deposit with banks and financial institutions	53.15	42.86
Loans (including inter corporate deposits)	414.11	436.92
Deferred income on deposit	31.07	359.03
Dividend income on non-current (trade) investments	359.57	200.20
Other non-operating income		
Profit on sale of fixed assets	6.10	12.79
Excess provisions written back	24.82	66.77
Miscellaneous income	29.85	210.20
	<b>918.67</b>	<b>1,328.77</b>

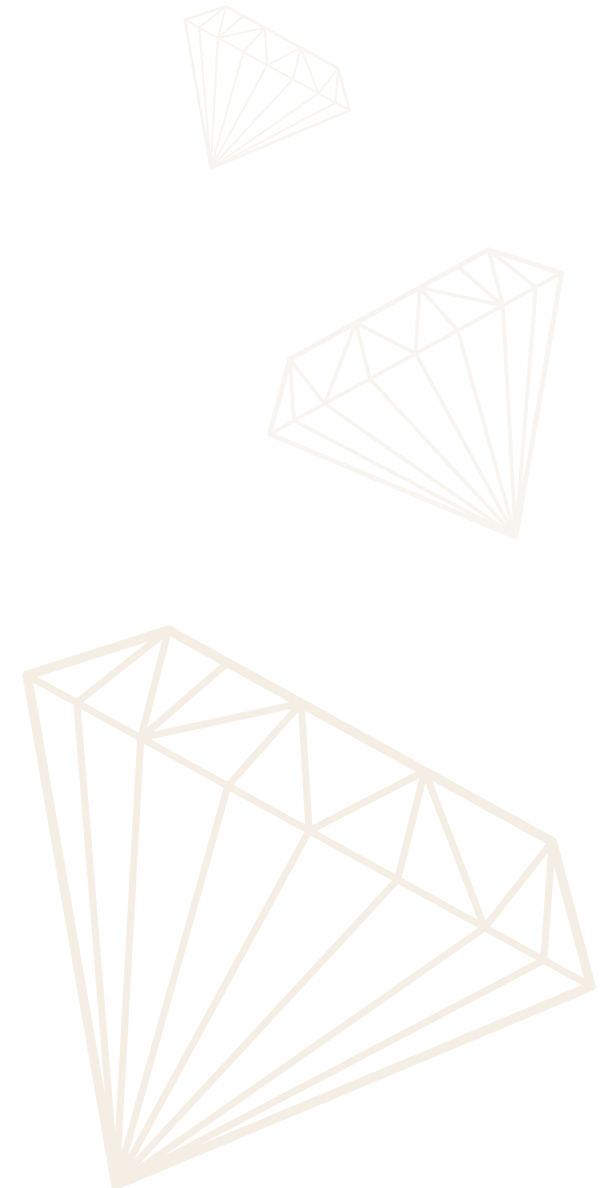


Particulars	March 31, 2020	March 31, 2019
<b>31 Cost of Materials Consumed</b>		
<b>Raw Materials</b>		
Opening Stock	6,977.32	6,733.72
Add: Purchases	68,325.40	52,229.42
	<b>75,302.72</b>	<b>58,963.14</b>
Less: Closing Stock	(7,691.42)	(6,977.32)
Raw material consumed	67,611.30	51,985.82
Packing materials consumed	59,479.88	52,500.52
	<b>127,091.18</b>	<b>104,486.34</b>
<b>32 Purchase of stock-in-trade</b>		
Indian Made Foreign Liquor	-	555.70
Imported Liquor	358.90	560.83
	<b>358.90</b>	<b>1,116.53</b>
<b>33 Change in inventories of finished goods, stock-in-trade and work-in-progress</b>		
<b>Opening Stock</b>		
Stock-in-trade	309.59	376.34
Finished goods	17,186.17	15,396.54
Work-in-progress	3,616.92	2,266.89
	<b>21,112.68</b>	<b>18,039.77</b>
<b>Less : Closing Stock</b>		
Stock-in-trade	160.68	309.59
Finished goods	17,253.87	17,186.17
Work-in-progress	3,729.67	3,616.92
	<b>21,144.22</b>	<b>21,112.68</b>
Increase / (Decrease) of excise duty on Finished Goods	(1,851.37)	(1,096.98)
	<b>(1,882.91)</b>	<b>(4,169.89)</b>

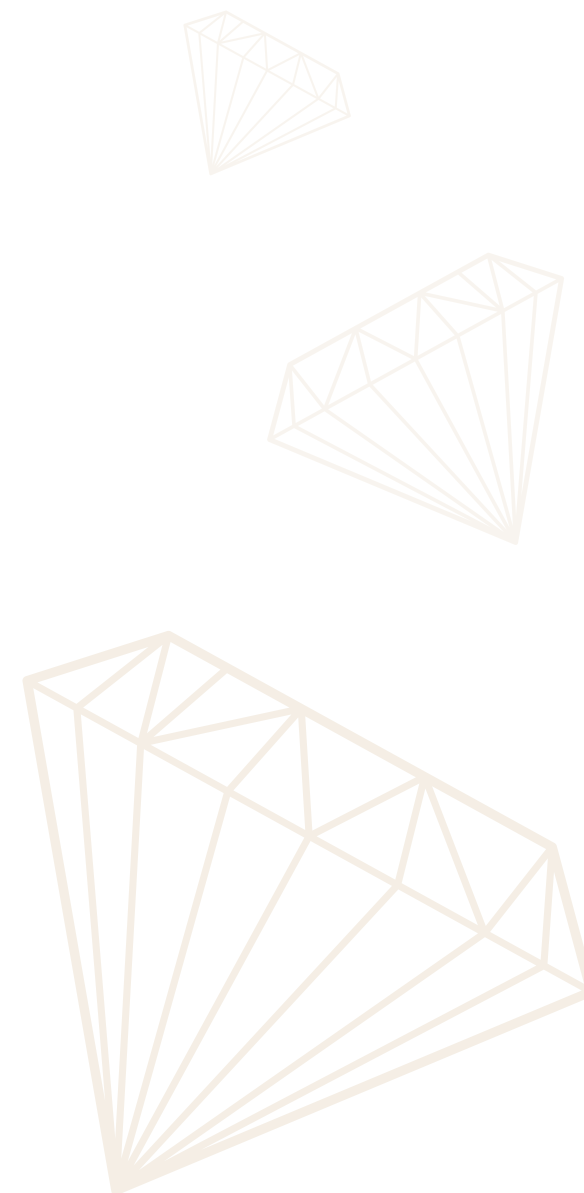




Particulars	March 31, 2020	March 31, 2019
<b>34 Employee benefits expense</b>		
Salaries, wages and allowances	17,019.70	15,647.34
Contribution to provident and other funds	834.96	753.29
Gratuity	181.32	174.90
Share based payment to Employee (Refer note-16)	8.59	18.07
Staff welfare expenses	563.51	544.47
	<b>18,608.08</b>	<b>17,138.07</b>
<b>35 Finance costs</b>		
Interest	2,948.69	3,427.29
Finance cost on Leased Assets (Refer note 40 (c))	140.44	-
Other borrowing costs	72.33	120.69
	<b>3,161.46</b>	<b>3,547.98</b>
<b>36 Depreciation and amortization expense</b>		
Depreciation on tangible assets	5,017.22	4,003.00
Amortisation of intangible assets	235.51	240.58
	<b>5,252.73</b>	<b>4,243.58</b>
<b>37 Other expenses</b>		
Power and fuel	5,026.71	4,527.94
Stores and spares consumed	1,944.90	2,151.69
Repairs and maintenance		
Building	220.86	214.26
Plant and equipment	1,747.59	1,830.95
Others	307.01	378.30
Machinery and other hire charges	5.09	5.24
Insurance	645.97	495.65
Rent	138.03	865.11
Rates and taxes	8,838.59	6,679.04

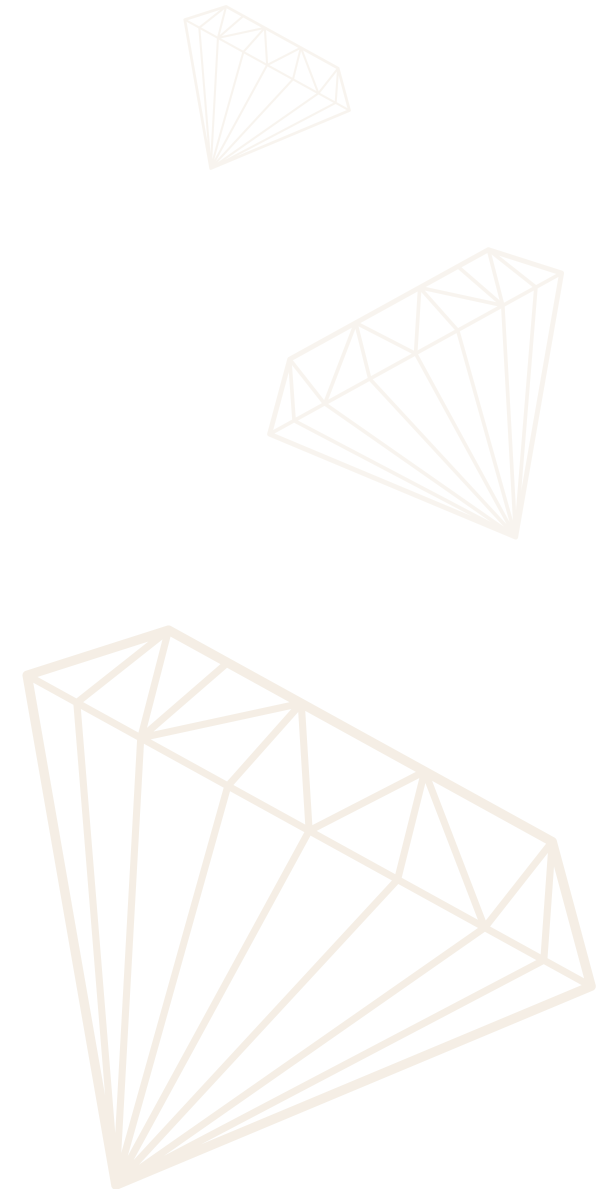


Particulars	March 31, 2020	March 31, 2019
Travelling		
Directors	156.34	194.52
Others	1,219.57	1,262.00
Directors' fee	18.91	17.29
Foreign exchange fluctuations (net)	(407.20)	170.40
Provision for Non-moving/ obsolete Inventory	875.00	83.53
Charity and donation	522.60	21.43
Corporate Social Responsibility Expenses (Refer note-50)	401.22	248.44
Provision for Expected Credit Losses (Net)	739.00	572.55
Bio composting expenses	239.35	180.77
Professional Fee & retainership expenses	491.93	559.53
Communication	126.01	142.98
Sundry balances written off	522.54	0.51
Loss on sale / write off of assets	77.58	89.90
Bank charges	29.72	38.85
Other overheads	3,117.17	3,220.58
Bottling Charges	3,218.95	2,415.56
Selling and distribution:		
Freight outwards	10,986.75	9,434.36
Supervision charges after sales	716.63	686.29
Supervision charges to supervisors	2,223.07	2,409.18
Rebate discount and allowance	3,236.81	3,346.05
Advertisement & sales promotion	13,961.26	13,846.87
	<b>61,347.96</b>	<b>56,089.77</b>
<b>38 Exceptional items (Refer note 59)</b>		
Environmental Compensation	702.00	-
Settlement under Sabka Vikas Scheme	858.59	-
Written-off towards matters arising consequent to prohibition in the state of Bihar	856.03	-
	<b>2,416.62</b>	<b>-</b>



Particulars	March 31, 2020	March 31, 2019
<b>39 Other comprehensive income</b>		
Items that will not be reclassified to profit or loss		
Actuarial (Gain) / loss on employee benefits	(361.38)	(110.53)
Income tax relating to items that will not be reclassified to profit or loss	90.95	38.62
	<b>(270.43)</b>	<b>(71.91)</b>
<b>40 A. Capital Commitments</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Estimated amount of Capital commitments (Net of advances)	2,503.98	2,297.81
	<b>2,503.98</b>	<b>2,297.81</b>
<b>40 B. Contingent Liabilities not provided for:</b>		
<b>i) Claims against the Company, not acknowledged as debts</b>		
a. Disputed liability relating to ESI Contribution	0.89	0.89
b. Disputed liability relating to PF contribution of contractor labour	24.35	33.04
c. Disputed liability relating to payment of late re-calibration fees on verification and stamping of manufacturing vats/tanks installed at distillery.	155.00	88.00
d. Disputed VAT/Sales/GST/Entry Tax matters under appeal	186.15	136.24
e. Disputed Excise matters	551.75	412.13
f. Disputed Stamp duty claim arising out of amalgamation, being contested	80.00	80.00
g. Disputed customs duty	16.63	10.73
h. Consumer Complaints before consumer forum	-	30.95
	<b>1,014.77</b>	<b>791.98</b>

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



- iii) (a) The applicability of Goods and Service Tax Act 2017 on Extra Nuteral Alcohol (ENA) was kept on hold by the GST council vide their minuts of meeting dated 05.08.2017, 22.12.2018 and 20.09.2019 wherein the ENA which is meant for the potable purpose kept under the control of respective State Government, & accordingly the Company is paying the state taxes on ENA as applicable in the respective states and also from the date of notification i.e 09th December 2019 by U P Government.
- (b) The Dy Commissioner (Commercial Tax), Sector I, Rampur have issued the notices on dated 14.11.2019,15.11.2019 & 16.11.2019 on the applicability of GST on ENA w.e.f. July 2017. It is being Contested in Hon'ble High Court of Allahabad. Since, U P State Government as declared notification for 5% VAT on ENA w.e.f. 09th December, 2019, therefore matter does not hold good.

In respect of the items above (i), (ii) , and (iii), future cash out flows are determinable only on receipt of judgements / decisions pending at various forums / authorities except Rs 520.69 Lakhs has already been paid under protest.

#### 40 C. Lease Commitments:

Particulars	For the year ended March 31, 2019	
<b>A) Operating lease arrangements-Company as lessee</b>		
The Company has entered into operating leases on building and plant and machinery with lease terms between one to ten years.		
i) The Company has paid towards minimum lease payment.		893.69
ii) Future minimum rentals payable under non-cancellable operating leases as at the year end are as follows:		
Not later than one year		853.86
Later than one year but not later than five years		1,045.00
Later than five years		-
<b>B) Finance lease arrangements</b>		
The entity has finance leases arrangements for leasehold land for multiple decades. The entity's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases arrangements together with the present value of the net minimum lease payments are as follows:		
	<b>As at March 31, 2019</b>	
	<b>MLP</b>	<b>Present value of MLP</b>
Within one year	0.27	0.24
After one year but not more than five years	1.08	0.73
More than five years	39.20	1.51
	40.55	2.48

#### Disclosure as per Ind AS 116

C On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of Rs 1029.17 lakhs, and a lease liability of Rs 1203.67 lakhs. The cumulative effect of applying the standard, amounting to Rs130.58 lakhs was debited to retained earnings, net of taxes of Rs 43.92 lakhs. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
4. The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 10%.

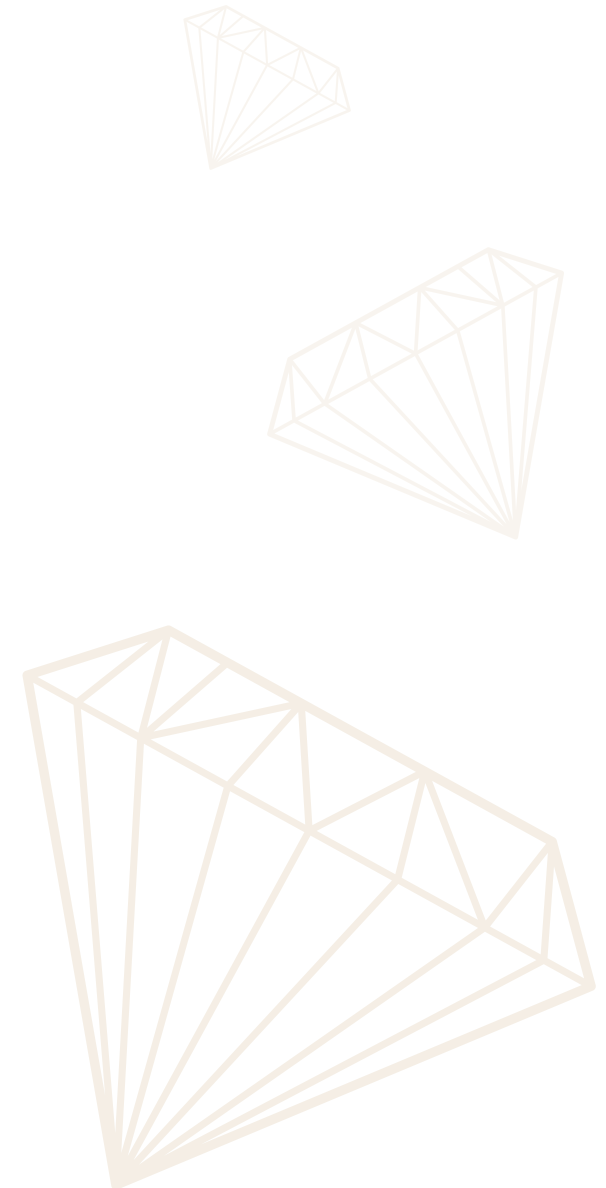
#### Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

Particulars	As at March 31, 2020
Balance as at April 1, 2019	1,029.17
Additions	271.28
Deletion	-
Depreciation	(560.37)
<b>Balance as at March 31, 2020</b>	<b>740.08</b>

The aggregate depreciation expense on Right to use assets is included under depreciation and amortization expense in the statement of Profit and Loss.

#### The following is the break-up of current and non-current lease liabilities:

Particulars	As at March 31, 2020
Current lease liabilities	502.96
Non current lease liabilities	362.09
	<b>865.05</b>



**The following is the movement in lease liabilities:**

Particulars	As at March 31, 2020
Balance as at April 1, 2019	1,206.12
Additions	271.28
Finance cost accrued during the period	140.44
Payment of lease liabilities (Total cash outflow)	(752.79)
<b>Balance as at March 31, 2020</b>	<b>865.05</b>

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases is 138.03 for the year ended March 31, 2020.

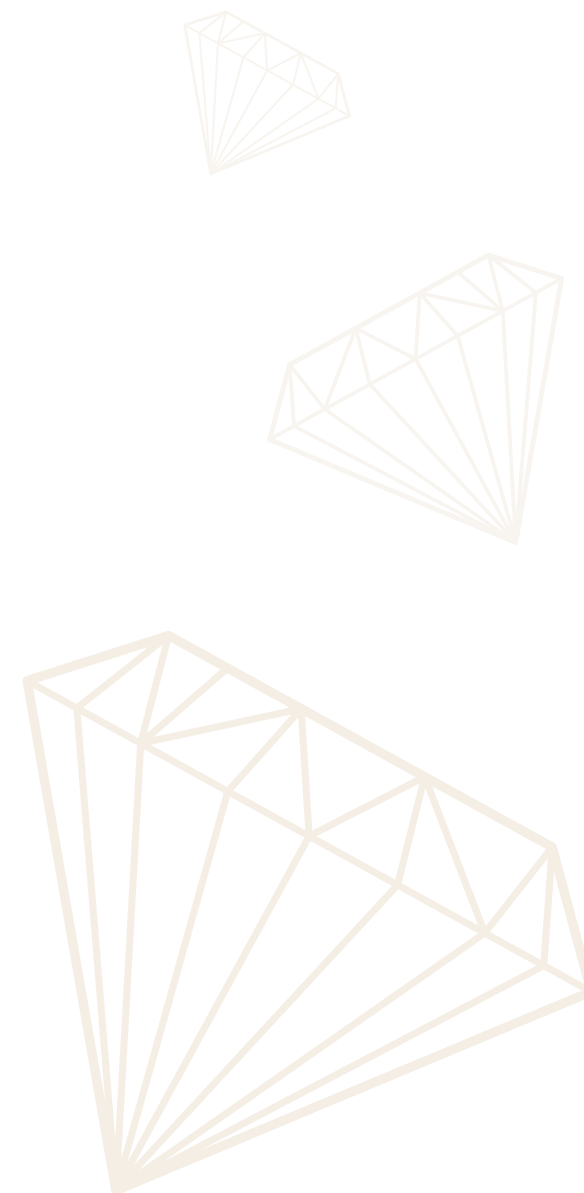
**Impact of adoption of Ind AS 116 on statement of profit & loss**

Particulars	For the year ended March 31, 2020
Interest on lease liabilities (refer note 35)	140.44
Depreciation of right-to-use asset	560.37
Deferred tax (credit)	(13.08)
<b>Impact on statement of profit &amp; loss during the year</b>	<b>687.73</b>

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

**42 Dividend on Equity Shares**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Dividend on Equity Shares declared and paid during the year</b>		
Dividend of Rs.1.20 per share (Previous Year Rs 1/- per share) for financial year 2018-19	1,600.91	1,333.07
Dividend Distribution Tax	329.07	274.02
	<b>1,929.98</b>	<b>1,607.09</b>

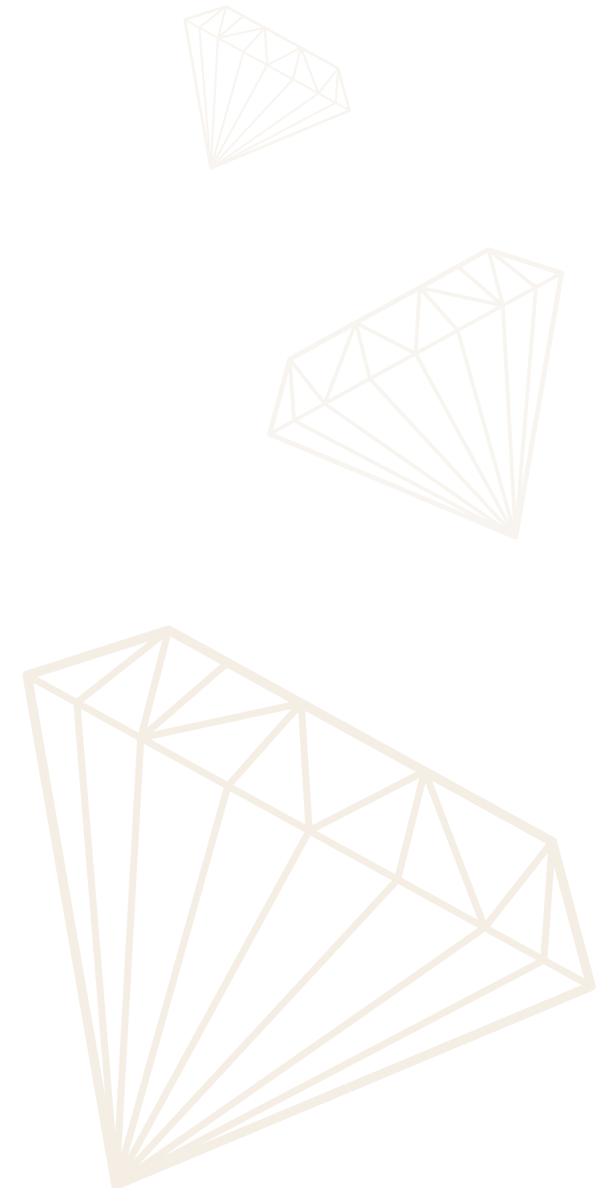


Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Proposed dividends on Equity shares not recognised as liability</b>		
Dividend of Rs. 2.00 per share (Previous Year Rs 1.20 per share) for financial year 2019-20	2,670.69	1,600.91
Dividend Distribution Tax	-	329.07
	<b>2,670.69</b>	<b>1,929.98</b>

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

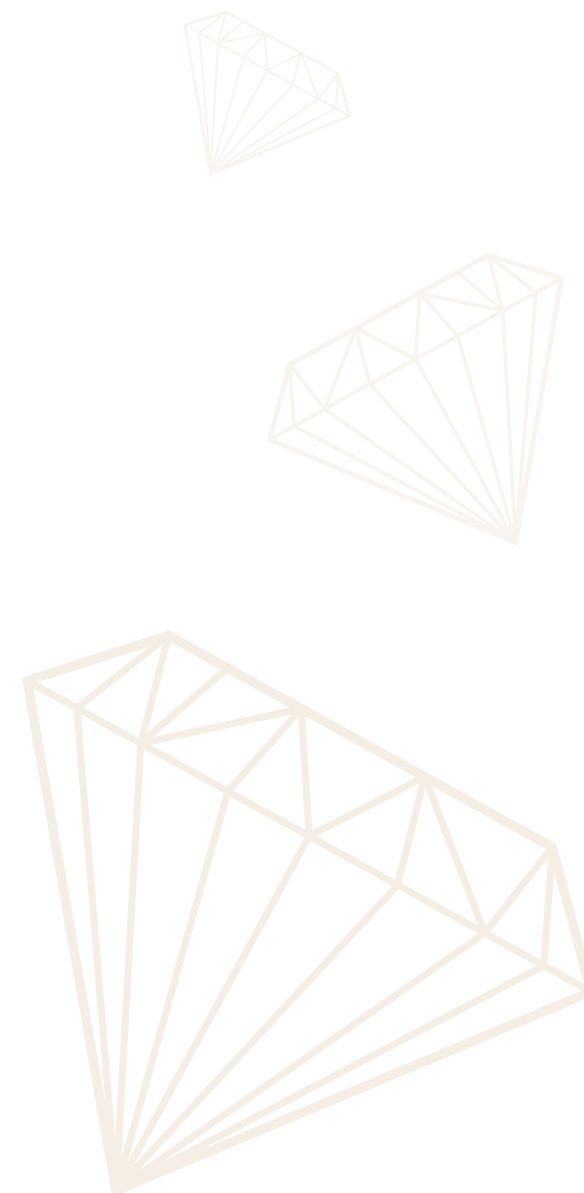
#### 43 Earnings per equity share (EPS)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the entity by the weighted average number of Equity shares outstanding during the year (Amount in INR)	17.05	14.10
Diluted EPS is calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares (Amount in INR).	17.04	14.08
The following reflects the income and share data used in the basic and diluted EPS computations:		
<b>Profit attributable to equity holder for basic earnings</b>	22,750.07	18,806.46
Effect of dilution:		
Share options (ESOP)	8.59	18.07
<b>Profit attributable to equity holders adjusted for the effect of dilution</b>	22,758.66	18,824.53
Weighted average number of Equity shares for basic EPS	133,443,402	133,409,265
Effect of dilution:		
Share options (Refer Note 16 (e))	139,500	264,500
<b>Weighted average number of Equity shares adjusted for the effect of dilution</b>	133,582,902	133,673,765



#### 44 Income Tax

The major components of Income Tax expense	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Current Income Tax:</b>		
Current income tax charge	7,095.03	8,573.32
<b>Total (A)</b>	<b>7,095.03</b>	<b>8,573.32</b>
<b>Deferred Tax:</b>		
Relating to origination and reversal of temporary differences	(2,576.43)	1,191.15
<b>Total (B)</b>	<b>(2,576.43)</b>	<b>1,191.15</b>
<b>OCI section</b>		
Deferred tax related to items recognised in OCI during the year:		
Net loss/(gain) on re-measurements of defined benefit plans	(90.95)	(38.62)
Income tax charged to OCI	<b>(90.95)</b>	<b>(38.62)</b>
<b>Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for:-</b>		
Differential tax impact for land indexation at a rate different from the statutory rate	56.00	52.68
Differential impact of deferred tax arising during tax holiday period	-	59.43
Amortisation of certain assets not claimed as deduction under tax	(47.72)	52.79
Differential impact of provisions	-	9.27
Loss on sale of fixed assets (net)	(17.99)	(26.95)
Deduction claimed in Tax but not in books	203.36	207.30
Others	2,150.73	(135.16)
<b>Total (C)</b>	<b>2,344.38</b>	<b>219.36</b>
<b>Total (A) + (B) + (C)</b>	<b>6,862.98</b>	<b>9,983.83</b>





	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting profit before tax	27,268.67	28,570.93
Income tax calculated at India's statutory Income Tax Rate	6,862.98	9,983.83
Other non-deductible expenses	-	-
<b>Total</b>	<b>6,862.98</b>	<b>9,983.83</b>



Deferred tax	As at March 31, 2020	As at March 31, 2019
Deferred tax relates to the following:	(9,429.54)	(12,029.17)
Property, plant and equipment	1,031.30	973.73
Other Ind-AS adjustments (security deposit, lease liability etc.)	551.64	587.69
Provision created under Expected credit loss	-	(90.15)
Tax holiday units	-	153.00
Mat Credit Entitlement	<b>(7,846.60)</b>	<b>(10,404.90)</b>
<b>Net deferred tax assets/(liabilities)</b>		
Reflected in the balance sheet as follows:		
Deferred tax assets (continuing operations)	2,108.73	1,860.16
Deferred tax liabilities (continuing operations)	(9,955.33)	(12,418.06)
Mat Credit Entitlement	-	153.00
<b>Deferred tax liabilities (net)</b>	<b>(7,846.60)</b>	<b>(10,404.90)</b>
<b>Reconciliation of deferred tax liabilities (net):</b>		
Opening balance	10,404.90	9,252.38
Tax income/(expense) during the year recognised in profit or loss	(2,576.43)	1,191.15
Tax income/(expense) during the year recognised in OCI	(90.95)	(38.62)
Impact of Ind AS 116	(43.92)	-
Change in MAT Credit	153.00	-
<b>Closing balance</b>	<b>7,846.60</b>	<b>10,404.90</b>

The entity offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

During the year ended March 31, 2020 and March 31, 2019, the company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT). The company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

#### 45 List of Investment

	As at March 31, 2020	As at March 31, 2019
	Joint Venture	Joint Venture
i. The name of Investee	Radico NV Distilleries Maharashtra Limited	Radico NV Distilleries Maharashtra Limited
ii. The principal place of business	Aurangabad (Maharashtra)	Aurangabad (Maharashtra)
iii. The ownership interest held	36%	36%
iv. The method used to account for the investment	Accounted at cost	Accounted at cost

#### 46 Note on Reduction of Share Capital of Joint Venture Entity ( given in the financial statement adopted on June 25, 2019

Based on NCLT order dated 16th December 2019, the joint venture entity (Radico NV Distilleries Maharashtra Ltd.) has reduced its equity capital from Rs 7387.72 lakhs to Rs 3773.58 lakhs w.e.f. March 31,2019. As a result, the reserve of the joint venture increased to Rs 39610.95 lakhs from Rs. 35996.81 lakhs. The impact of the said change has reflected in the annualised accounts as at March 31, 2020 by the JV company. Proportionately impact on the nos. of equity shares held in the joint venture has been taken.

#### 47 Segment reporting

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

#### 48 Related party transactions and disclosures

##### (1) Related parties and their relationship :

##### I Key Management personnel :

- (1) Dr. Lalit Khaitan, Chairman & Managing Director
- (2) Mr. Abhishek Khaitan, Managing Director
- (3) Mr. K.P.Singh, Whole Time Director
- (4) Mr. Dilip K Banthiya, Chief Financial Officer
- (5) Mr. Amit Manchanda, Company Secretary

## II Relatives of Key Management personnel :

- (1) Mrs. Deepshikha Khaitan (Wife of Mr Abhishek Khaitan)
- (2) Ms. Shailja Devi (Women Director upto 07.05.2019 and Daughter of Dr. Lalit Khaitan)

## III Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise :

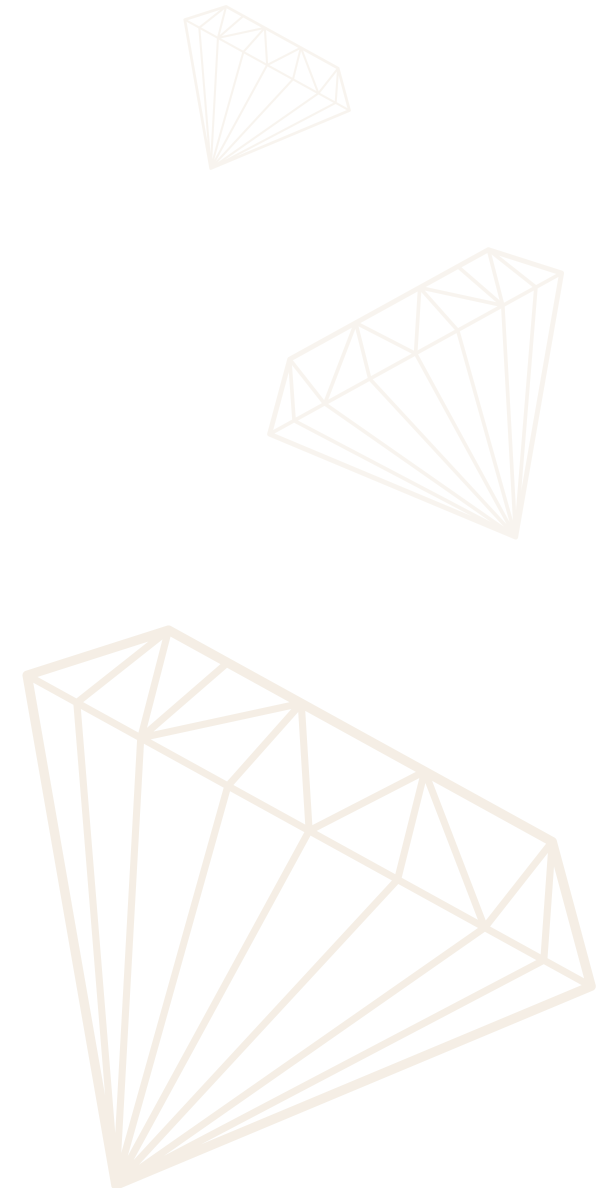
- (1) Sapphire Intrex Ltd.
- (2) The Rampur Distillery & Chemical Company Ltd. (Employees P. F. Trust)
- (3) The Rampur Distillery & Chemical Company Ltd. (Employees Group Gratuity Trust)
- (4) The Rampur Distillery & Chemical Company Ltd. (Employees Superannuation Scheme)

## IV Joint Ventures:

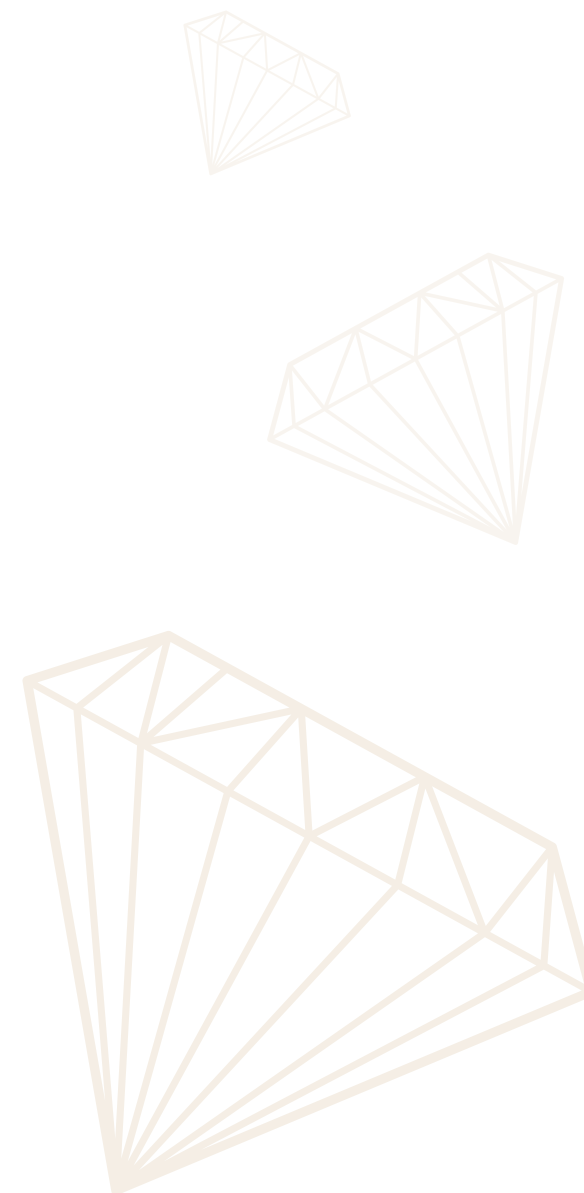
- (1) Radico NV Distilleries Maharashtra Limited

### (2) Transaction with above in the ordinary course of business :

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Key Management Personnel :</b>		
Dr. Lalit Khaitan, Chairman & Managing Director Remuneration		
Salary and Allowances	797.04	661.11
Contribution to Provident and other Funds	49.14	43.77
Value of benefits, calculated as per Income Tax Rules	22.43	24.98
Mr. Abhishek Khaitan, Managing Director Remuneration		
Salary and Allowances	797.04	661.11
Contribution to Provident and other Funds	50.14	44.77
Value of benefits, calculated as per Income Tax Rules	19.51	20.41
Mr. K.P.Singh, Whole Time Director Remuneration		
Salary and Allowances	181.86	182.33
Contribution to Provident and other Funds	8.49	7.97
Value of benefits, calculated as per Income Tax Rules	52.14	43.47



	For the year ended March 31, 2020	For the year ended March 31, 2019
Mr. Dilip K Banthiya, Chief Financial Officer Remuneration		
Salary and Allowances	222.97	209.37
Contribution to Provident and other Funds	10.21	9.55
Value of benefits, calculated as per Income Tax Rules	50.70	43.71
Mr. Amit Manchanda, Company secretary Remuneration		
Salary and Allowances	54.29	45.08
Contribution to Provident and other Funds	3.21	2.98
Value of benefits, calculated as per Income Tax Rules	25.14	20.11
<b>Relatives of Key Management personnel :</b>		
Mrs. Deepshikha Khaitan (wife of Mr. Abhishek Khaitan) Remuneration		
Salary and Allowances	11.60	11.28
Contribution to Provident and other Funds	1.95	1.95
Value of benefits, calculated as per Income Tax Rules	1.18	1.59
Ms. Shailja Devi (Woman Director upto 07th May 2019 and Daughter of Dr. Lalit Khaitan)		
Sitting Fees		
<b>Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise :</b>		
<b>Sapphire Intrex Ltd.</b>		
Security Receivable	60.00	60.00
Rent Paid	69.48	68.01
<b>Contribution paid (Employer's contribution only)</b>		
The Rampur Distillery & Chemical Company Ltd. (Employees P. F. Trust)	541.65	481.81
The Rampur Distillery & Chemical Company Ltd. (Employees Group Gratuity Trust)	542.70	285.43
The Rampur Distillery & Chemical Company Ltd. (Employees Superannuation Scheme)	105.30	103.97



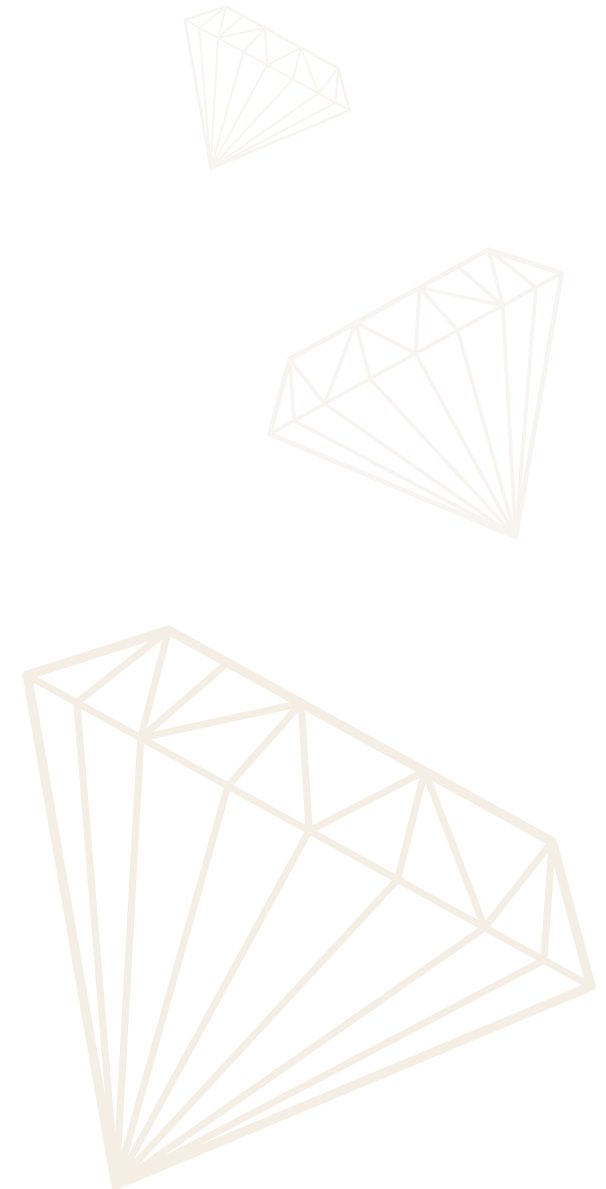
	As at March 31, 2020	As at March 31, 2019
<b>Joint Venture</b>		
<b>Radico NV Distilleries Maharashtra Limited</b>		
Sale of Fixed Assets	23.18	4.72
Commission Income	0.47	105.06
Lease rent paid	7.08	7.08
Bottling Charges Paid	523.22	478.45
Tie-up operation income	13.72	9.75
Dividend on Preference Shares	200.00	200.00
Dividend on Equity Shares	159.57	-
Purchase of material	3,068.58	2,779.48
Advances Recoverable	22.29	-
Payable	140.29	150.56
Dividend receivable	-	200.00
Investment in preference share & equity share	15,538.53	15,538.53

#### Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no outstanding guarantees provided or received for any related party receivables or payables in the current financial year. For the year ended March 31, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: Rs Nil). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.

#### 49 Payment to Auditors

	For the year ended March 31, 2020	For the year ended March 31, 2019
i. Audit Fee	31.50	25.50
ii. Limited Review Fee	13.50	12.00
iii. GST on (i) and (ii) above	8.10	6.75
iv. Other Services (Certification Fee including Taxes)	1.31	0.69
v. Reimbursement of Out of Pocket Expenses (including taxes)	2.26	2.44
	<b>56.67</b>	<b>47.38</b>



## 50 Details of CSR expenditure

	For the year ended March 31, 2020		For the year ended March 31, 2019	
	In cash/Payable	Yet to be paid in cash	In cash / Payable	Yet to be paid in cash
i. Gross amount required to be spent by the company (including carry forwarded unspent amount)	427.18	-	409.10	-
ii. Amount spent during the year :				
For construction / acquisition of assets	-	-	-	-
For other purposes	401.22	-	248.44	-
iii. Unspent amount	25.96	-	160.66	-

## 51 Quantitative and other information

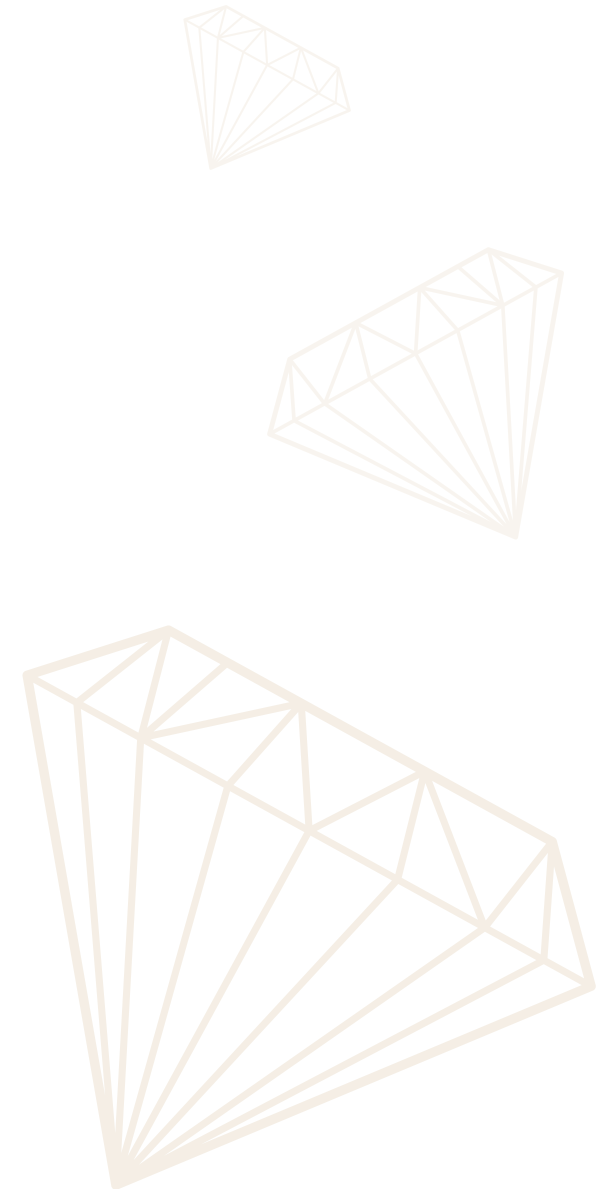
### a) Particulars of Capacity and Production \*

Unit Per Annum		As at March 31, 2020	As at March 31, 2019
1. Molasses / Grain / Malt spirit			
KL/BL AT 94%	Licensed / Installed Capacity	102,460	102,460
	Production	85,225	92,389
KL/AL	Licensed / Installed Capacity	96,312	96,312
	Production	80,111	86,845
2. Bio gas	No license required		
000 'M3	Production	34,466	42,827
3. Pet bottles	No license required		
NOS./1000	Installed Capacity	780,000	600,000
	Production	734,428	691,916

\* As certified by the Management and can not be verified by the Auditors.

**b) Opening Stock, Closing Stock & Turnover**

	Unit	For the year ended March 31, 2020		For the year ended March 31, 2019	
		Qty	Value	Qty	Value
1. Alcohol products					
(a) Rectified spirit					
Opening Stock	KL/AL	116	11.05	23	2.92
Closing Stock	KL/AL	140	16.77	116	11.05
Turnover	KL/AL	287	95.86	259	65.09
(b) Silent spirit					
Opening Stock	KL/AL	989	167.42	1,024	198.02
Closing Stock	KL/AL	2,415	467.53	989	167.42
Turnover	KL/AL	8	6.00	768	448.43
(c) Cane juice spirit					
Turnover	KL/AL	154	222.68	56	60.33
(d) Malt spirit					
Opening Stock	KL/AL	1,020	3,485.43	966	2,218.44
Closing Stock	KL/AL	1,693	5,951.37	1,020	3,485.43
Turnover	KL/AL	86	314.64	86	238.44
(e) Grain spirit					
Opening Stock	KL/AL	2,886	1,460.55	1,874	848.90
Closing Stock	KL/AL	2,628	1,497.09	2,886	1,460.55
Turnover	KL/AL	7,467	4,033.19	15,515	7,406.31
(f) Ethanol					
Opening Stock	KL/AL	-	-	258	41.18
Closing Stock	KL/AL	-	-	-	-
Turnover	KL/AL	-	-	2,489	1,019.62



**b) Opening Stock, Closing Stock & Turnover**

	Unit	For the year ended March 31, 2020		For the year ended March 31, 2019	
		Qty	Value	Qty	Value
<b>2. Other alcohol products</b>					
<b>(a) Denatured spirit</b>					
Opening Stock	KL/AL	1.21	0.30	1.12	0.28
Closing Stock	KL/AL	1.30	0.32	1.21	0.30
Turnover	KL/AL	-	-	-	-
<b>(b) Indian made foreign liquor</b>					
Opening Stock	KL/AL	2,225	8,983.96	2,314	9,672.82
Closing Stock	KL/AL	2,048	7,669.36	2,225	8,983.96
Turnover	KL/AL	88,640	627,555.89	78,428	540,129.61
<b>(c) Country liquor</b>					
Opening Stock	KL/AL	329	2,790.43	317	2,248.88
Closing Stock	KL/AL	215	1,495.95	329	2,790.43
Turnover	KL/AL	41,153	300,308.10	33,346	245,731.87
<b>(d) Sanitizer</b>					
Opening Stock	KL/AL	-	-	-	-
Closing Stock	KL/AL	1	0.79	-	-
Turnover	KL/AL	2	2.10	-	-
<b>(e) Imported Alcoholic products</b>					
Opening Stock	BTL	66,056	238.37	72,212	259.76
Closing Stock	BTL	26,540	88.92	66,056	238.37
Turnover	BTL	166,800	659.78	188,940	733.05
<b>3. Pet bottles and Caps</b>					
Opening Stock	Lakh/Bottle	182	298.23	104	190.10
Closing Stock	Lakh/Bottle	132	175.17	182	298.23
Turnover	Lakh/Bottle	1,511	3,755.74	1,913	5,078.95





	Unit	For the year ended March 31, 2020		For the year ended March 31, 2019	
		Qty	Value	Qty	Value
<b>4. Jaivik Khad</b>					
Opening Stock	Qtls	58,339	60.02	141,018	91.58
Closing Stock	Qtls	44,928	51.28	58,339	60.02
Turnover	Qtls	360,367	348.88	426,519	320.72
<b>5. Others</b>					
Turnover			895.85		1,395.69
<b>6. Other operating income</b>					
Turnover			3,590.43		3,172.14
<b>Total:</b>					
Opening Stock			17,495.76		15,772.88
Closing Stock			17,414.55		17,495.76
Turnover			941,789.14		805,800.25



<b>c) Purchases</b>					
	Unit	For the year ended March 31, 2020		For the year ended March 31, 2019	
		Qty	Value	Qty	Value
- Indian Made Foreign Liquor	Cases	-	-	44,390	555.70
- Imported Liquor	BTL	127,284	358.90	182,784	560.83
			<b>358.90</b>		<b>1,116.53</b>

#### d) Consumption of raw materials

Unit	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Qty	Value	Qty	Value
(i) Molasses	2,317,076	3,857.23	2,588,483	2,994.75
(ii) Cane juice	21,552	81.13	14,107	55.70
(iii) Barley Malt	42,221	1,256.97	20,748	553.63
(iv) Sorghum	133,175	2,349.62	297	3.86
(v) Broken Rice	587,455	11,248.80	562,126	9,311.04
(vi) Millet (Bajra)	51,733	924.44	179,432	2,251.75
(vii) Maize	8,667	151.66	122,016	1,568.73
(viii) Malt /Malt Scotch/Grain/Grape Spirits	-	4,824.98	-	3,795.81
(ix) Rectified spirit / Extra Neutral Alcohol	-	34,159.82	-	21,040.19
(x) Resin	9,395,984	7,355.84	8,976,653	8,936.42
(xi) Press Mud	982,860	428.07	1,001,267	369.48
(x) Others		1,830.33		1,872.08
(xi) Input Tax Credit		(857.59)		(767.62)
		<b>67,611.30</b>		<b>48,991.08</b>

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

	As at March 31, 2020	As at March 31, 2019
(i) Number of non resident shareholders	16	16
(ii) Number of shares held by them	14,880	14,880
(iii) Dividend per share	1.20	1.00
(iv) Financial year to which the dividend relates	2018-19	2017-18
ii) Earnings in foreign exchange - Export of goods on FOB basis	9,513.54	9,169.13

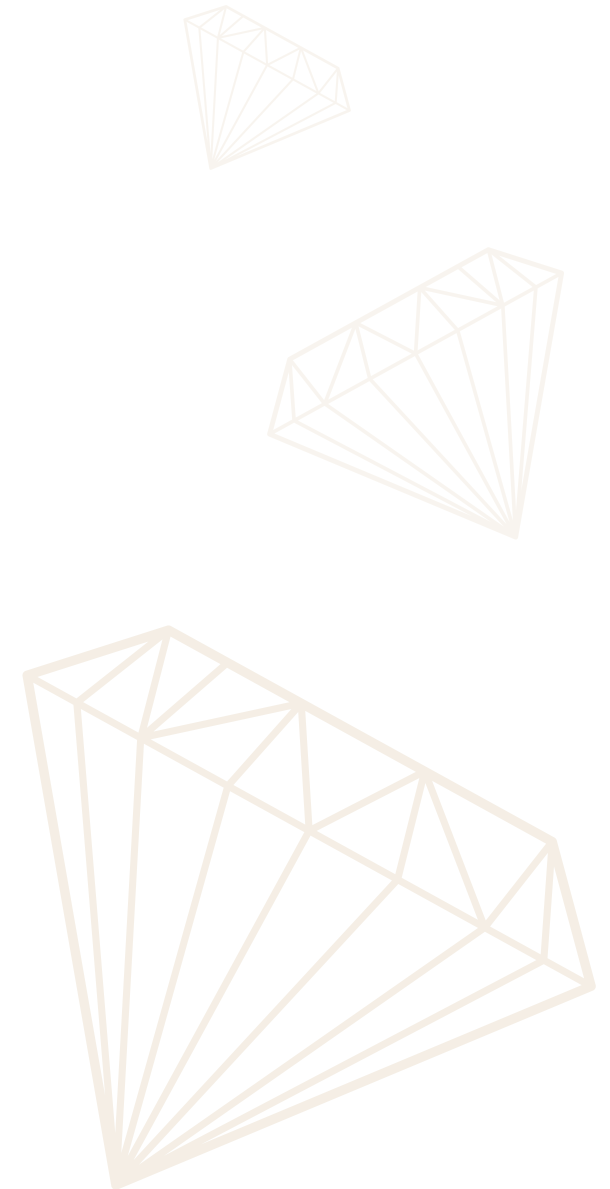
#### 53 Foreign currency exposure

##### Derivatives not designated as hedging instruments

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

Details of foreign currency exposure of the company :

	As at March 31, 2020		As at March 31, 2019	
	Foreign Currency	INR	Foreign Currency	INR
<b>A. There are no borrowings on forward contracts</b>	-	-	-	-
<b>B. Other foreign currency exposures:</b>				
<b>Trade Receivables</b>				
USD	55.42	4,178.09	65.73	4,546.72
EURO	0.90	75.02	0.74	57.21
GBP	-	-	0.04	3.20
<b>Advances from Customers</b>				
USD	1.14	85.84	-	-
GBP	0.00	0.03	-	-
<b>Trade payables</b>				
USD	7.06	532.59	2.63	187.68
EURO	0.26	21.29	-	-
GBP	0.23	21.87	0.03	2.19
<b>Advances to Vendors</b>				
USD	2.32	174.95	1.69	117.40
EURO	2.06	170.93	2.55	204.11
GBP	0.56	52.50	0.07	5.96
<b>Balance with banks</b>				
USD	0.37	28.20	0.34	23.62



## 54 Financial Instruments

### A - Fair values

The carrying amount of financial assets and liabilities except for certain financial assets i.e. "instrument carried at fair value" appearing in the financial statement are reasonable approximation of fair value. Such investments of those financial instruments carried at fair value are disclosed below:-

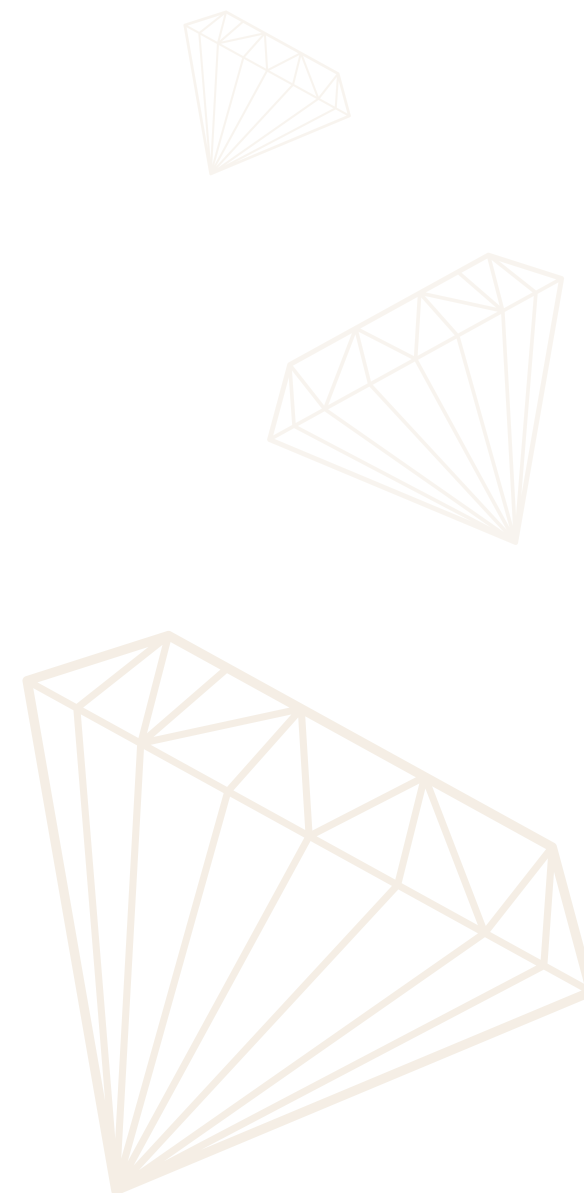
Particulars	Fair value		Carrying value	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Financial assets measured at fair value through profit and loss</b>				
Investments				
Equity shares	0.60	0.60	0.60	0.60
<b>Total</b>	<b>0.60</b>	<b>0.60</b>	<b>0.60</b>	<b>0.60</b>

### B - Fair values hierarchy

The following table provides fair value management hierarchy of the company`s assets:

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>March 31, 2020</b>			
<b>Investment</b>			
Equity share	-	-	0.60
<b>Total</b>	-	-	<b>0.60</b>
<b>March 31, 2019</b>			
<b>Investment</b>			
Equity share	-	-	0.60
<b>Total</b>	-	-	<b>0.60</b>

There have been no transfer between level 1, level 2 and level 3 during the year.



**C - Valuation techniques and processes used to determine fair value**

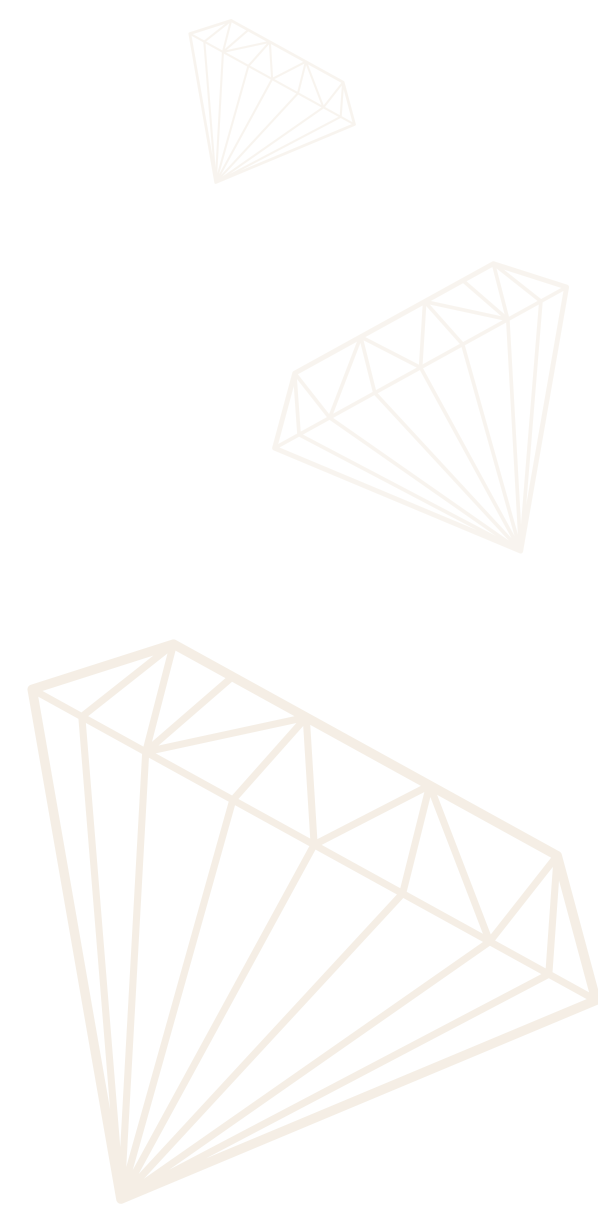
Fair value of unquoted investments is determined based on the present values, calculated using generally accepted valuation principles.

**D - Valuation inputs and relationships to fair value**

Significant unobservable inputs used in Level 3 fair value measurement:-

**Non current investment - Unquoted**

	As at March 31, 2020	As at March 31, 2019
Fair Value	0.60	0.60
Significant unobservable inputs*		
Earnings growth rate (%)	10.00	10.00
Risk adjusted discount rate (%)	10.00	10.00
* There were no significant inter-relationships between unobservable inputs that materially affect fair values.		
<b>E - Reconciliation of financial instruments categorised under level 3</b>		
Opening at the beginning of the year	0.60	0.60
Additions during the year	-	-
Gain/(Loss) recognised in OCI during the year	-	-
Closing at the end of the year	0.60	0.60



**55 Financial risk management objectives and policies**

The Company's principal financial liabilities comprise loans and borrowings, security deposits and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, investment in preference shares & equity shares, trade and other receivables, and cash and cash equivalents that are derived directly from its operations.

"The Company's business activities are exposed to a variety of financial risks, namely market risks, credit risk and liquidity risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company.

## A. Market Risk

"Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk and currency risk and equity price risk. Financial instruments affected by market risk include loans and borrowings.

The sensitivity analysis in the following sections relate to the position as at March 31, 2020 and March 31, 2019.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies to total debts.

The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020 and March 31, 2019."

### (i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The entity's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

#### Interest rate sensitivity:

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows

At the reporting date the interest rate profile of the entity's interest bearing financial instrument is as its fair value:

Particulars	Carrying amounts	
	As at March 31, 2020	As at March 31, 2019
<b>Variable rate instruments</b>		
Long term borrowings	153.31	2,165.56
Current maturities of long term debt	137.25	1,376.68
Short term Loan	39,736.97	30,160.06

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not have any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss and neither would it affect the equity.

A change of 100 basis points in interest rates for variable rate instruments at the reporting date would have increased/ (decreased) profit or loss for the below years by the amounts shown below. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	As at March 31, 2020		As at March 31, 2019	
Increase/ (decrease) in basis points	100	(100)	100	(100)
Effect on profit before tax (increase)/ decrease	400.28	(400.28)	337.02	(337.02)

### (ii) Foreign currency risk

The Indian National Rupee is the entity's most significant currency. As a consequence, the company's results are presented in Indian National Rupee and exposures are managed against Indian National Rupee accordingly. The company has limited foreign currency exposure which are mainly on account of imports and exports. The company has not hedged its imports and exports, since they have short recovery cycle and act as natural hedging reducing the foreign currency risk.

#### Foreign currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant. The impact on the Company's profit before tax due to changes in the fair value of foreign currency exposure.

#### Sensitivity to risk

	As at March 31, 2020		As at March 31, 2019	
Increase/ (decrease) in Currency rate (USD)	2.75%	(2.75%)	2.75%	(2.75%)
Effect on profit before tax increase/ (decrease)	117.74	(117.74)	127.35	(127.35)

### (iii) Equity price risk

The company's equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. Reports on the equity portfolio are submitted to the company's senior management on a regular basis. The company's Board of Directors reviews and approves all equity investment decisions.

"At the reporting date, the exposure to:

- unlisted equity securities at fair value is Rs. 0.60 Lakhs.
- unlisted equity in Associate at cost of Rs. 135.39 Crores"

### B. Credit Risk

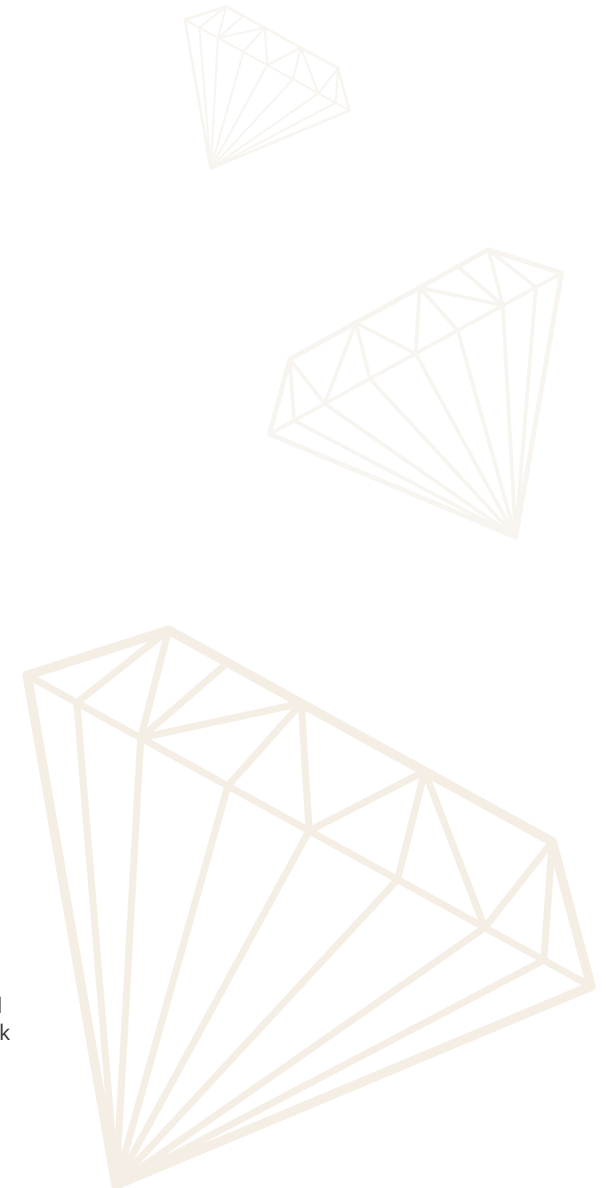
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The entity is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

#### Trade receivables and loans

Credit risk is managed by company in accordance with the company's established policy, procedures and control relating to credit risk management. Credit quality is assessed based on an extensive credit rating and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and loans are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for receivables and loans. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note below. The company does not hold collateral as security. The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and has been rated highly based on internal credit assessment parameters.

Presently, In the current COVID-19 scenario, there are no indication of any material risk. However going forward this could be possible risk which will be addressed as & when they arise.



### Financial instruments and cash deposits

“Credit risk from balances with banks and financial institutions is managed by the entity’s treasury department in accordance with the entity’s policy. Counterparty credit limits are reviewed by the entity’s Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty’s potential failure to make payments.

The Company’s maximum exposure to credit risk for the components of the Balance Sheet at March 31, 2020 and March 31, 2019 is the carrying amounts as illustrated in note below.”

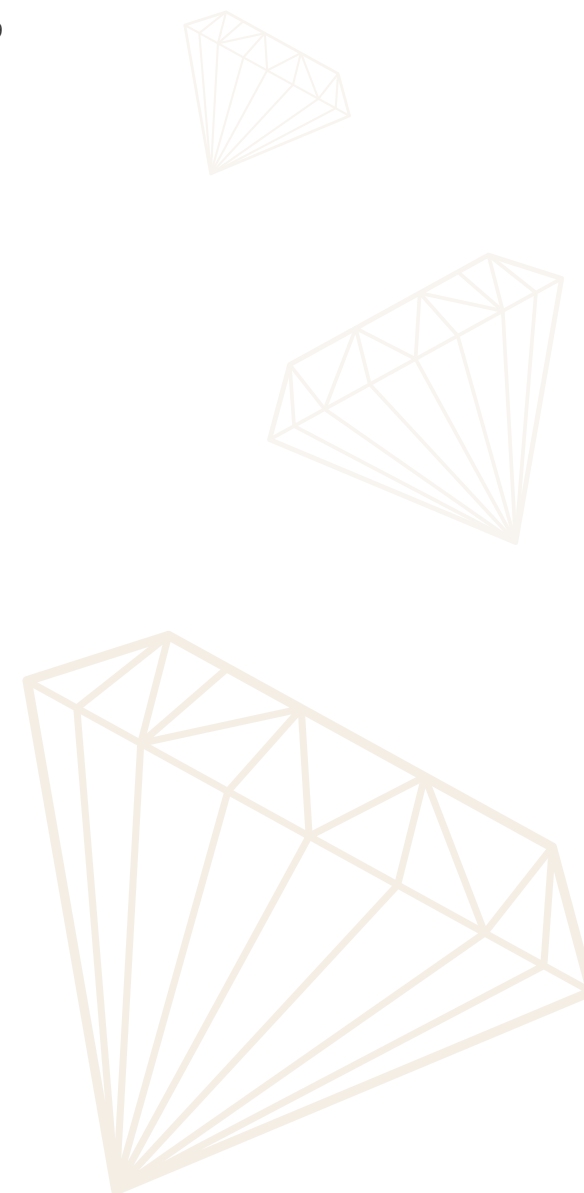
Particulars	As at March 31, 2020	As at March 31, 2019
Current Financial assets		
Investment in a joint venture	15,538.53	15,538.53
Investment in others	0.60	0.60
Loans	1,658.26	803.08
Others	179.95	159.60
	<b>17,377.34</b>	<b>16,501.81</b>
Non Current Financial assets		
Trade receivables	82,305.44	64,174.89
Cash and cash equivalents	1,010.43	825.40
Bank balances other than above	813.55	941.61
Loans	4,073.86	4,669.95
Others	2,050.18	2,412.35
	<b>90,253.46</b>	<b>73,024.29</b>

### C. Liquidity Risk

The Company monitors its risk of shortage of funds on a regular basis. The Company’s objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The table below summarises the maturity profile of the Company’s financial liabilities based on contractual undiscounted payments:”





Particulars	Payable within one year	Payable within one year to five years	Total
<b>As at March 31, 2020:</b>			
Term loans from banks	137.25	153.51	290.76
Short term loan	39,736.97	-	39,736.97
Trade payables	26,423.78	-	26,423.78
Other Financial Liabilities	3,049.40	514.96	3,564.36
<b>As at March 31, 2019:</b>			
Term loans from banks	1,376.68	2,165.76	3,542.44
Short term loan	30,160.06	-	30,160.06
Trade payables	24,483.57	-	24,483.57
Other Financial Liabilities	1,778.16	47.19	1,825.35

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

#### Excessive risk concentration

“Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the entity’s performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the entity’s policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.”

#### Collateral

The Company has created a charge in favour of the lenders for loans and borrowings (Refer note-18 and 23 on Borrowings for details).

#### 56 Post-employment benefit plans

Particulars	As at March 31, 2020	As at March 31, 2019
Gratuity	388.08	141.55



“The entity has a defined benefit plans for Gratuity, Provident Fund and Leave Encashment. For provident fund, entity makes contribution to provident fund trust. Gratuity plan is funded with LIC and requires contributions to be made to a separate fund administered by LIC. Leave encashment liability of the entity is unfunded. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member’s length of service and salary at retirement age.

Each year, the Board of Trustees reviews the level of funding in the Gratuity plan and Provident fund. Such a review includes the asset-liability matching strategy and investment risk management policy. The Board of Trustees decides its contribution based on the results of this annual review. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.”

The following tables summaries the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the respective plans.

#### Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2020 and March 31, 2019

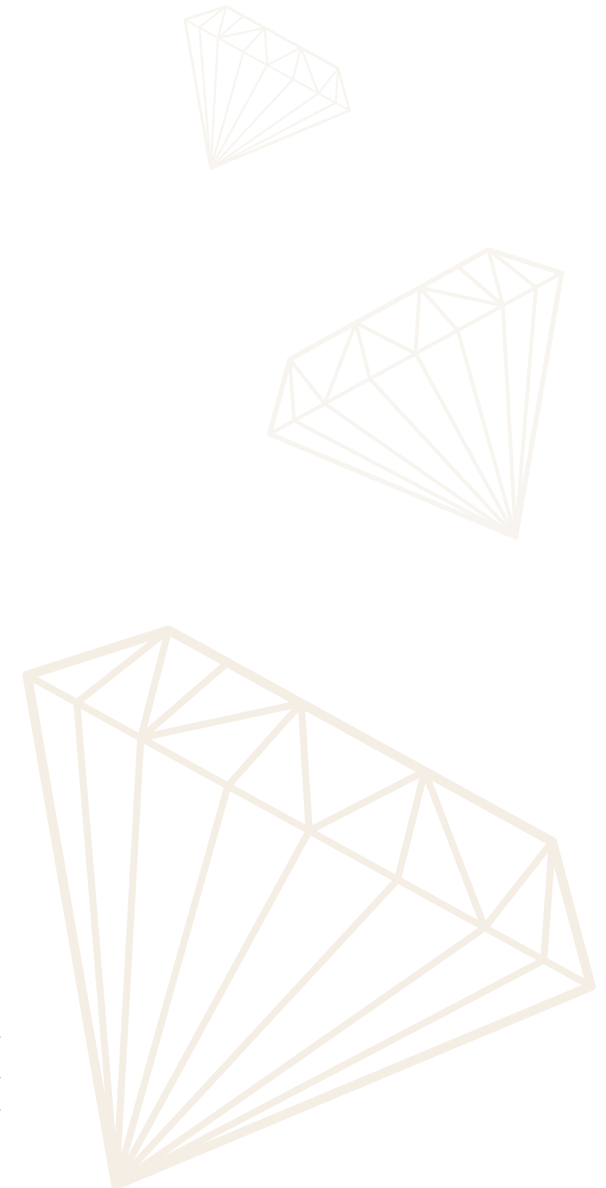
Particulars	Gratuity		
	Defined benefit obligation	Fair value of plan assets	Benefit liability
<b>March 31, 2019</b>	(2,762.71)	2,621.16	(141.55)
<b>Cost charged to profit or loss</b>			
Service cost	(188.62)		(188.62)
Net interest expense	(211.62)	200.78	(10.84)
Sub-total included in profit or loss	<b>(400.24)</b>	<b>200.78</b>	<b>(199.46)</b>
Benefits paid	157.01	(157.01)	-
<b>Remeasurement gains/(losses) in other comprehensive income</b>	-	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	(17.30)	(17.30)
	-	-	-
Actuarial changes arising from changes in demographic assumptions	0.35	-	0.35
Actuarial changes arising from changes in financial assumptions	(186.07)	-	(186.07)
Experience adjustments	(158.36)	-	(158.36)
Sub-total included in OCI	<b>(344.08)</b>	<b>(17.30)</b>	<b>(361.38)</b>
Contributions by employer	-	314.32	314.32
<b>March 31, 2020</b>	<b>(3,350.02)</b>	<b>2,961.95</b>	<b>(388.07)</b>

Particulars	Gratuity		
	Defined benefit obligation	Fair value of plan assets	Benefit liability
April 01, 2018	(2407.92)	2059.71	(348.21)
Cost charged to profit or loss			
Service cost	(157.00)	-	(157.00)
Net interest expense	(186.61)	159.63	(26.98)
Sub-total included in profit or loss	<b>(343.61)</b>	<b>159.63</b>	<b>(183.98)</b>
Benefits paid	85.75	(85.75)	-
Remeasurement gains/(losses) in other comprehensive income	-	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	(13.61)	(13.61)
Actuarial changes arising from changes in demographic assumptions	72.38	-	72.38
Actuarial changes arising from changes in financial assumptions	(14.91)	-	(14.91)
Experience adjustments	(154.40)	-	(154.40)
Sub-total included in OCI	<b>(96.93)</b>	<b>(13.61)</b>	<b>(110.54)</b>
Contributions by employer	-	501.18	501.18
March 31, 2019	<b>(2,762.71)</b>	<b>2,621.16</b>	<b>(141.55)</b>

	As at March 31, 2020	As at March 31, 2019
Funds Managed by Insurer	2,961.95	2,621.16
<b>Total</b>	<b>2,961.95</b>	<b>2,621.16</b>

Significant assumptions used in calculation of post-employment defined benefit obligation of the company's are shown below:

	As at March 31, 2020	As at March 31, 2019
	%	%
<b>Discount rate</b>	6.80%	7.66%
<b>Future salary increases</b>	5.50%	5.50%
<b>Mortality rate</b>	100% of IALM (2012 - 14)	100% of IALM (2006 - 08)



**A quantitative sensitivity analysis for significant assumption as at March 31, 2019 and March 31, 2020 :**

Particulars	Gratuity		Gratuity	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Assumption	Discount Rate		Discount Rate	
Sensitivity Level	0.50% Increase	0.50% Increase	0.50% Increase	0.50% Increase
Impact on defined benefit obligation	(110.85)	(95.49)	117.96	101.57
Assumption	Future Salary		Future Salary	
Sensitivity Level	0.50% Increase	0.50% Increase	0.50% Increase	0.50% Increase
Impact on defined benefit obligation	118.87	103.21	(112.69)	(97.84)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Expected contribution to post employment benefit plans for the next Annual reporting period is Rs.225.63 lakhs

**The following payments are expected contributions to the defined benefit plan in future years:**

	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Within the next 12 months (next annual reporting period)	328.09	263.88
Between 2 and 5 years	384.29	1,160.24
Beyond 5 years	2,637.64	1,338.59
<b>Total expected payments</b>	<b>3,350.02</b>	<b>2,762.71</b>
The average duration of the Gratuity at the end of the reporting period	14.54	14.75

## 57 Information under 186(4) of the Companies Act, 2013

	As at March 31, 2020	As at March 31, 2019
(a) Loans given:		
i) To a Joint Venture Company (interest free working capital advance)		
Opening Balance	-	0.12
Given during the year	-	-
Received during the year	-	(0.12)
Closing Balances	-	-
ii) In the form of unsecured short-term Inter corporate Deposits *		
Opening Balance	4,895.00	9,890.00
Given during the year	750.00	750.00
Received / adjusted during the year	(2,485.79)	(5,745.00)
Closing Balances	3,159.21	4,895.00



(b) Investments made (As disclosed under Note.3 & 4)

\* All loans are given to unrelated entities at interest rates ranging from 10% to 12% per annum. All the loans are provided for business purposes of respective entities, repayable on demand with prepayment option to the borrower.



## 58 Capital management

For the purpose of the company's capital management, capital includes issued equity share capital and other equity attributable to the equity holders of the company. The primary objective of the company's capital management is to maximise the shareholder's wealth.

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital employed as well as the level of dividend to shareholders.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using a debt equity ratio, which is net debt divided by total capital. The company's policy is to keep the debt equity ratio between 70% and 100%. The company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations.

**The Company's debt equity ratio was as follows:**

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings	40,027.53	33,702.30
Less: Cash and cash equivalents	(1,010.43)	(825.40)
Net debt	<b>39,017.10</b>	<b>32,876.90</b>
Equity Capital	2,670.69	2,668.19
Other Equity	149,382.18	128,826.10
<b>Total Equity</b>	<b>152,052.87</b>	<b>131,494.29</b>
Debt Equity Ratio	25.66%	25.00%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current financial year. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020.

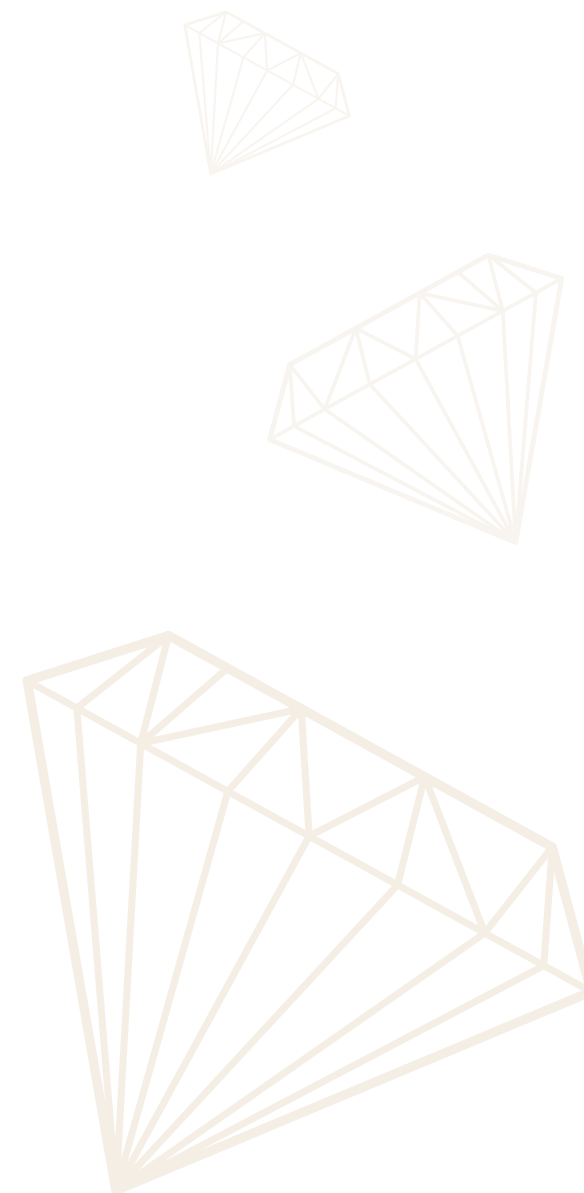
**59 Exceptional items (Refer note no. 38)**

- The Central Pollution Control Board (CPCB) vide its letter dated August 06, 2019 pursuant to Company's representation and their subsequent inspection has allowed the Company to restore capacity of its molasses plant from 77 KLD to 200 KLD. Environmental Compensation of Rs.702.00 lakhs as levied by CPCB, has been paid and accounted for during the year.
- In accordance with Sabka Vishwas Scheme 2019, Rs.858.59 Lakhs was paid towards Central excise duty as one-time settlement, for the period April 2007 to June 2017 in line with legal advice and accounted for during the reporting year.
- The Government of Bihar in exercise of the powers conferred under Section 19(4) of the Bihar Excise Act, 1915 through its notification dated April 5, 2016, imposed a ban on trade and consumption of Liquor in the State of Bihar. As on March 31, 2019, the Company had an outstanding of Rs. 1259.12 lakhs with the Bihar State Beverages Corporation Limited ("BSBCL"). An amount of Rs. 403.09 lakhs pertaining to VAT refund from the Government of Bihar under the applicable law at that time, in respect of billed stocks returned by BSBCL or stocks destroyed pursuant relevant notifications, has been received in June 2019. The balance of Rs 856.03 lakhs, has been written off, as a matter of prudence and it is disclosed as an exceptional item."

- 60** The COVID -19 pandemic is rapidly spreading throughout the world. RADICO's bottling facilities and offices were under nationwide lockdown, and operations temporarily suspended, since March 24, 2020. However, the ENA manufacturing plant remained partially operational till March 31, 2020 and subsequent period. Presently the plant operations are at full capacity. From May 04, 2020, the bottling facilities have become operational with necessary safety regulations.

Because of lockdown, the volumes for the month of March 2020 has been impacted partially and there has been no sales in the month of April'20. From May 04, 2020, the sales have started with partial opening of lockdown.

The company has sufficient liquidity and demand of its products to continue its operations.



Further, in assessing the recoverability of receivables including trade receivables, loan and advances, the Company has considered internal and external information up to the date of approval of these financial statements, and has performed sensitivity analysis on the assumptions based on current indicators of future economic conditions. Company is confident to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and will continue to, closely monitor any material changes to future economic conditions

**61 Details of dues to micro, small and medium enterprises as defined under MSMED Act 2006**

		As at March 31, 2020
(a) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	Principal	2,768.72
	Interest	17.79
(b) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;		Nil
(c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;		Nil
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and		17.79
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.		17.79

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management and relied upon by the auditors. Interest, if any, on these have been provided since identified.

**62** Previous year figures have been re-grouped, wherever necessary, to correspond to current year figures.

For and on behalf of Board of Directors

**Dr. Lalit Khaitan**

Chairman & Managing Director

**Abhishek Khaitan**

Managing Director

Director

**Dilip K. Banthiya**

Chief Financial Officer

**Amit Manchanda**

Vice President

Legal & Company Secretary

**Alok Agarwal**

Sr Vice President  
(Finance & Accounts)

Place : New Delhi  
Date: May 28, 2020

As per our report  
of even date attached

**For BGJC & Associates LLP**

Chartered Accountants  
Firm Regn. No. 003304N/  
N500056

**Darshan Chhajer**

Partner  
Membership No. 088308  
Place: Gurugram

# Independent Auditor's Report

To the members of RADICO KHAITAN LIMITED

## Report on the Audit of Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of Radico Khaitan Limited (the "Holding Company") and its Joint Venture (Holding Company and its joint venture together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss (including Other Comprehensive Income) for the year ended on that date, the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Companies

Act, 2013 ('the Act') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, the consolidated profit and total comprehensive income for the year ended on that date, the consolidated changes in equity and consolidated cash flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have

obtained is sufficient and appropriate to provide a basis for our opinion.

### Information other than the consolidated financial statements and auditor's report thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	RESPONSE TO KEY AUDIT MATTER	
<p><b>Trade Receivables</b> Receivables (net of provisioning) of Rs. 82,305.44 Lakhs constitute 57.88% of the current assets of the company as at March 31, 2020 and are spread across geography, covering State Corporations, Defence Canteens and open market customers (including exports). The realization is linked with actual sales by State Corporations.</p>	<p><b>Principal Audit Procedures</b></p> <ul style="list-style-type: none"> <li>Evaluating and testing the controls for managing trade receivables, including subsequent collection and provisioning.</li> <li>Validating the basis of ECL policy as approved by the Board of Directors, in the present context based on historical data and recent developments.</li> <li>Validating the Aging of receivables, review of trend customer wise, reasons for long outstanding balances, evaluation of disputes and possibility of recovery and existence of the customers.</li> <li>Obtaining independent customer</li> </ul>	<p>confirmations during the current COVID 19 Pandemic was a challenge. Hence greater reliance was placed on alternate substantive audit procedures</p> <ul style="list-style-type: none"> <li>Assessing the appropriateness and completeness of the related disclosure in the company's Financial Statements.</li> </ul> <p><b>Conclusion</b> Our procedures did not identify any material exceptions</p>
<p><b>Inventory</b> Inventories (net of provisions) of Rs 37,417.54 Lakhs constitute 26.31% of the current assets of the company as at March 31, 2020. The Inventory is lying at various locations, including at 3rd party premises. Packing material constitutes a major part of inventory and has risk of impairment.</p>	<p><b>Principal Audit Procedures</b></p> <ul style="list-style-type: none"> <li>Testing the inventory provisioning and challenging the assumptions for inventory valuation basis non-moving/slow moving items.</li> <li>Review the policy of the management for physical verification and the documents</li> </ul>	<p>related to management's physical count procedure actually followed at different locations.</p> <ul style="list-style-type: none"> <li>Sample testing of management physical verification report was done during interim audit. However for year end testing, relied</li> </ul>

on management report due to current COVID 19 Pandemic situation.

- Observed the physical verification process at locations of financial significance during interim audit only.
- Relied on physical verification report by internal auditors.
- Identifying obsolete inventory, if any.
- Obtain confirmation from Tie up units being inventory at 3rd party locations and

applying substantive procedure

- Assess the appropriateness and completeness of the related disclosure in the company's Financial Statements.

#### **Conclusion**

Our procedures did not identify any material exceptions.

### **Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder. The respective Board of Directors of the Companies included in the Group is responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and

estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Companies or to cease operations, or has no realistic alternative but

to do so. The respective Board of Directors of the Companies included in the Group is also responsible for overseeing the financial reporting process of the Companies.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. We are responsible for expressing our opinion on whether the Holding Company, its joint venture based on other auditors report, which are incorporated in India, have adequate internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue

as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit

work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements, other than the joint venture company for which we have relied on other auditors report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matters**

The Consolidated financial Statement include share of net profit of Rs 160.92 Lakhs (including other comprehensive loss of Rs 3.00 Lakhs) for

the year ended March 31, 2020 as considered in the Consolidated Financial Statement, in respect of the joint venture company, whose financial statements have not been audited by us. These financial statements are audited by another independent firm and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far it includes amounts and disclosures in respect of the Joint Venture Company is solely based on the reports of the other auditor.

Our opinion on the consolidated financial statements is not modified in respect of the above matter.

### Report on Other Legal and Regulatory Requirements

(1) As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books;
- c. The consolidated Balance Sheet, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity and notes to the Consolidated Financial Statements including a summary of the significant accounting policies and

other explanatory information dealt with by this report are in agreement with the books of account;

- d. In our opinion, the aforesaid consolidated financial statements read with notes there to comply with the Indian Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors of the Holding Company and Joint Venture Company incorporated in India as on March 31, 2020, and taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company and Joint Venture Company incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the holding company and joint venture Company incorporated in India and the operating effectiveness of such controls, we give our separate Report in "Annexure 1".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company and Joint Venture Company to its directors during the year is in accordance with the provisions of section 197 of the Act read with schedule V.

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements – Refer Note 40 on Contingent Liabilities to the consolidated financial statements;
- ii. The Group did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
- iii. There has been no delay in transferring amount, required to be transferred, to the Investor Education and Protection Fund by the Group.

### For BGJC & Associates LLP

Chartered Accountants

Firm's Registration No.: 003304N/N500056

### Darshan Chhajer

Partner

Membership Number: 088308

UDIN: 20088308AAAAAQ4947

Place: Gurugram

Date: May 28, 2020

## Annexure 1 to the Independent Auditor's Report

[Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Radico Khaitan Limited on the consolidated financial statements for the year ended March 31, 2020]

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Radico Khaitan Limited (the "Holding Company") and its Joint Venture (the Holding company and its joint venture together referred to as "the Group"), which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Group which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design,

implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of

internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

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

could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate, especially in the COVID 19 global Pandemic situation.

### **Opinion**

In our opinion, the Group, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

### **Other Matters**

The Consolidated financial Statement include share of net profit of Rs 160.92 Lakhs (including other comprehensive loss of Rs 3.00 Lakhs) for the year ended March 31, 2020 as considered in the Consolidated Financial Statement, in respect of the Joint Venture Company, whose financial

statements have not been audited by us. These financial statements are audited by another independent firm and have been furnished to us by the management and our opinion on the consolidated financial statement, in so far it includes amounts and disclosures in respect of the Joint Venture Company is solely based on the reports of the other auditor.

Our opinion on the consolidated financial statements is not modified in respect of the above matter.

### **For BGJC & Associates LLP**

Chartered Accountants

Firm's Registration No.: 003304N/N500056

### **Darshan Chhajer**

Partner

Membership Number: 088308

UDIN: 20088308AAAAAQ4947

Place: Gurugram

Date: May 28, 2020

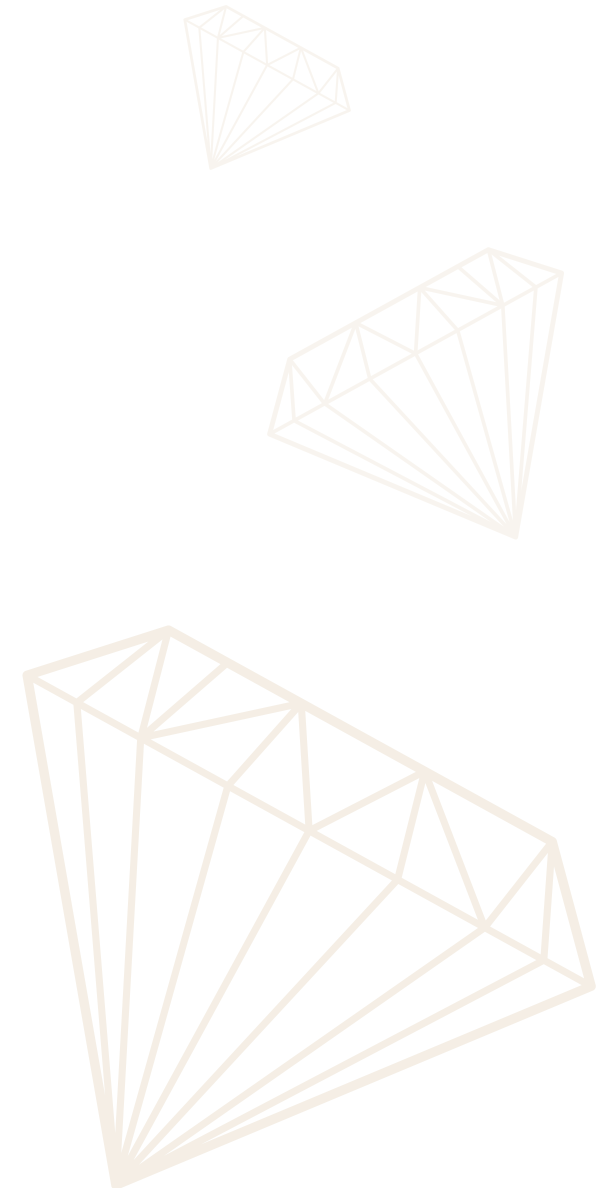


# Consolidated Balance Sheet

as at March 31, 2020

(Rs. in Lakhs unless otherwise stated)

Particulars	Note No.	March 31, 2020	March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	72,953.60	69,792.38
Capital work-in-progress		1,808.29	1,599.86
Intangible assets	2	1,388.95	1,601.79
Financial assets			
Investment in a joint venture	3	17,779.35	17,618.43
Investment in others	4	0.60	0.60
Loans	5	1,658.26	803.08
Others	6	179.95	159.60
Other non-current assets	7	10,305.95	11,025.14
<b>Total non-current assets</b>		<b>106,074.95</b>	<b>102,600.88</b>
<b>Current assets</b>			
Inventories	8	37,417.54	35,971.29
Financial assets			
Trade receivables	9	82,305.44	64,174.89
Cash and cash equivalents	10	1,010.43	825.40
Bank balances other than above	11	813.55	941.61
Loans	12	4,073.86	4,669.95
Others	13	2,050.18	2,412.35
Current tax assets (Net)	14	750.18	-
Other current assets	15	13,783.92	13,544.00
<b>Total current assets</b>		<b>142,205.10</b>	<b>122,539.49</b>
<b>Total assets</b>		<b>248,280.05</b>	<b>225,140.37</b>



Particulars	Note No.	March 31, 2020	March 31, 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity	16	2670.69	2,668.19
Other Equity	17	151,623.00	130,906.00
		<b>154,293.69</b>	<b>133,574.19</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	18	153.31	2,165.56
Others	19	514.96	47.19
Provisions	20	1,110.35	1,036.69
Deferred tax liabilities (Net)	21	7,846.60	10,404.90
Other non current liabilities	22	16.58	19.13
<b>Total non-current liabilities</b>		<b>9,641.80</b>	<b>13,673.47</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	23	39,736.97	30,160.06
Trade payables			
Outstanding dues of Micro, Small and Medium Enterprises	24	2,786.51	-
Other Enterprises	24	23,637.27	24,483.57
Others	25	3,186.65	3,154.84
Provisions	26	5,277.61	6,835.20
Other current liabilities	27	9,719.55	12,413.17
Current tax liabilities (Net)	28	-	845.87
<b>Total current liabilities</b>		<b>84,344.56</b>	<b>77,892.71</b>
<b>Total Equity &amp; Liabilities</b>		<b>248,280.05</b>	<b>225,140.37</b>
<b>Significant Accounting Policies</b>	<b>1</b>		
<b>Other Notes to Accounts</b>	<b>2-64</b>		

For and on behalf of Board of Directors

**Dr. Lalit Khaitan**  
Chairman & Managing Director

**Abhishek Khaitan**  
Managing Director

Director

**Dilip K. Banthiya**  
Chief Financial Officer

**Amit Manchanda**  
Vice President  
Legal & Company Secretary

**Alok Agarwal**  
Sr Vice President  
(Finance & Accounts)

Place : New Delhi  
Date: May 28, 2020

As per our report  
of even date attached

**For BGJC & Associates LLP**  
Chartered Accountants  
Firm Regn. No. 003304N/  
N500056

**Darshan Chhajer**  
Partner  
Membership No. 088308  
Place: Gurugram

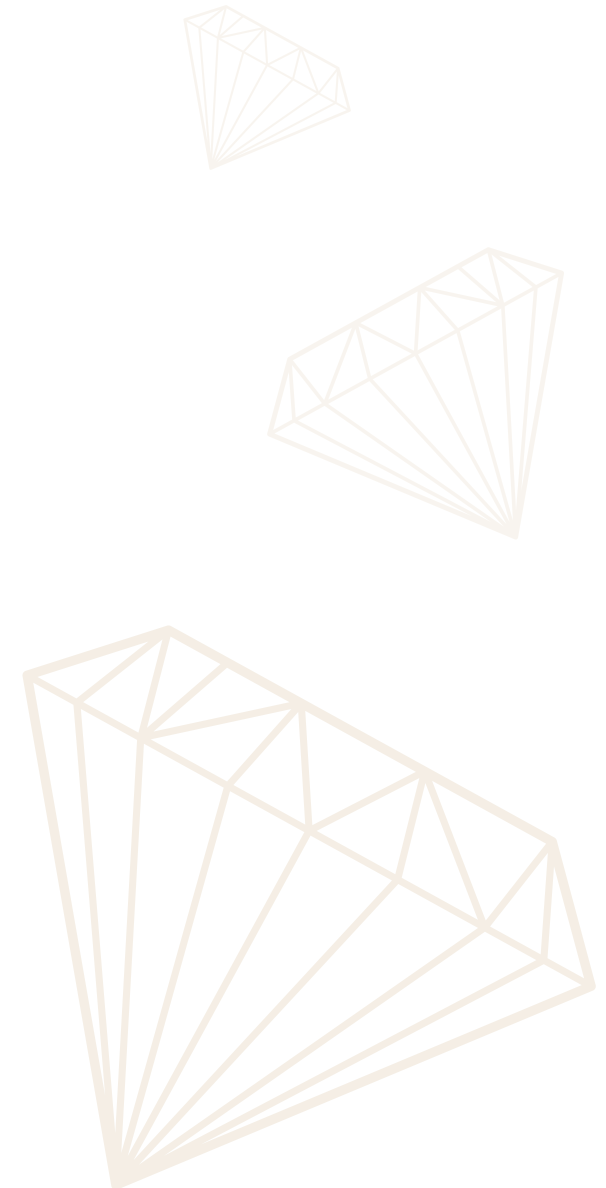


# Consolidated Statement of Profit and Loss

for the year ended March 31, 2020

(Rs. in Lakhs unless otherwise stated)

Particulars	Note No.	March 31, 2020	March 31, 2019
<b>INCOME</b>			
Revenue from operations	29	941,789.14	805,800.25
Other income	30	918.67	1,328.77
<b>Total Income</b>		<b>942,707.81</b>	<b>807,129.02</b>
<b>EXPENSES</b>			
Cost of materials consumed	31	127,091.18	104,486.34
Excise duty		699,085.12	596,105.71
Purchase of stock-in-trade	32	358.90	1,116.53
Change in inventories of finished goods, stock-in trade and work-in-progress	33	(1,882.91)	(4,169.89)
Employee benefits expense	34	18,608.08	17,138.07
Finance costs	35	3,161.46	3,547.98
Depreciation and amortization expense	36	5,252.73	4,243.58
Other expenses	37	61,347.96	56,089.77
<b>Total Expenses</b>		<b>913,022.52</b>	<b>778,558.09</b>
<b>Profit for the year before exceptional items, tax &amp; share in profit of Joint Venture</b>		<b>29,685.29</b>	<b>28,570.93</b>
Exceptional items	38	2,416.62	-
<b>Profit for the year before tax and share in profit of Joint Venture</b>		<b>27,268.67</b>	<b>28,570.93</b>
<b>Less : Tax expense</b>			
Current tax		7,095.03	8,573.32
Deferred tax		(2,576.43)	1,191.15
<b>Net Profit after tax but before share in profit of Joint Venture</b>		<b>22,750.07</b>	<b>18,806.46</b>



Particulars	Note No.	March 31, 2020	March 31, 2019
Add:- Share in profit of joint venture		163.92	606.83
<b>Net Profit for the year from continuing operations</b>		<b>22,913.99</b>	<b>19,413.29</b>
<b>Other comprehensive income</b>	<b>39</b>		
Items that will not be reclassified to profit or loss		(361.38)	(110.53)
Income tax relating to items that will not be reclassified to profit or loss		90.95	38.62
Share in other comprehensive income/ (loss) of joint venture		(3.00)	0.14
<b>Total other comprehensive income</b>		<b>(273.43)</b>	<b>(71.77)</b>
<b>Total comprehensive income for the year (Comprising profit and other comprehensive income for the year)</b>		<b>22,640.56</b>	<b>19,341.52</b>
<b>Earning per share for Continuing Operations</b>		<b>17.16</b>	<b>14.55</b>
<b>Basic earnings per share in INR (face value of Rs. 2/- each)</b>	<b>43</b>	<b>17.15</b>	<b>14.54</b>
<b>Diluted earnings per share in INR (face value of Rs. 2/- each)</b>	<b>43</b>		
<b>Significant Accounting Policies</b>	<b>1</b>		
<b>Other Notes to Accounts</b>	<b>2-64</b>		

For and on behalf of Board of Directors

**Dr. Lalit Khaitan**  
Chairman & Managing Director

**Abhishek Khaitan**  
Managing Director

Director

**Dilip K. Banthiya**  
Chief Financial Officer

**Amit Manchanda**  
Vice President  
Legal & Company Secretary

**Alok Agarwal**  
Sr Vice President  
(Finance & Accounts)

Place : New Delhi  
Date: May 28, 2020

As per our report  
of even date attached

**For BGJC & Associates LLP**  
Chartered Accountants  
Firm Regn. No. 003304N/  
N500056

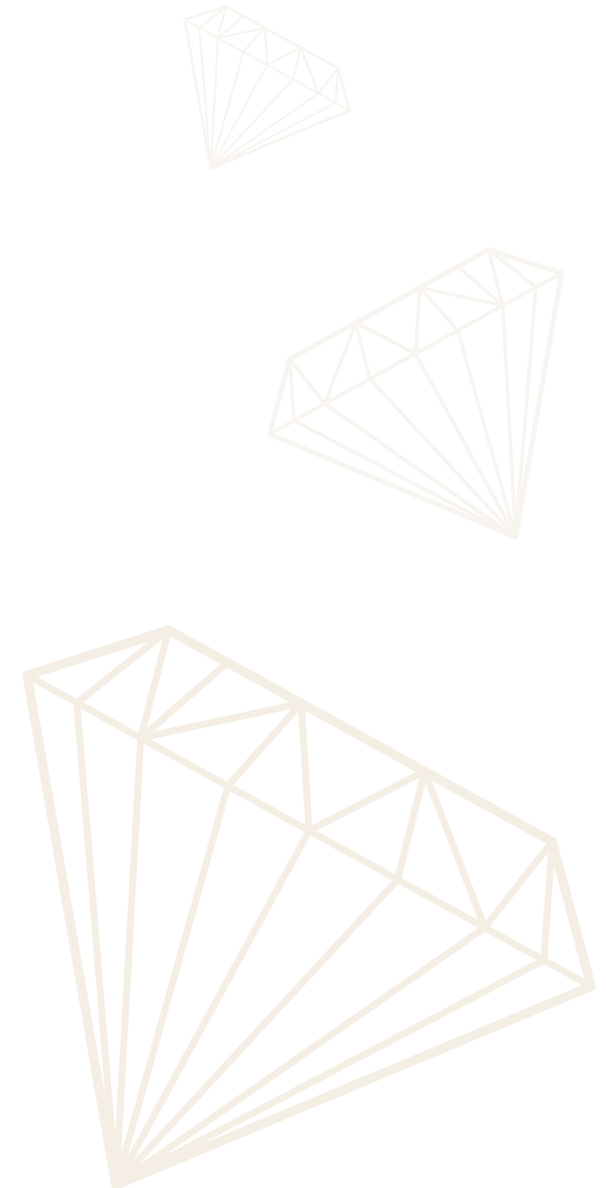
**Darshan Chhajer**  
Partner  
Membership No. 088308  
Place: Gurugram

# Consolidated Statement of Cash Flows

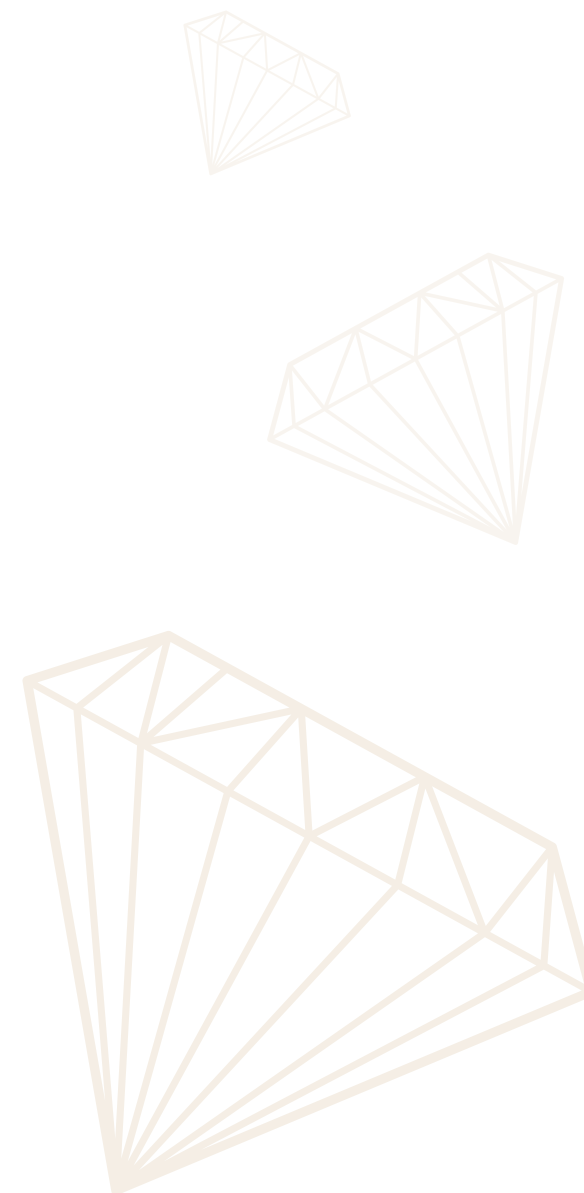
for the year ended March 31, 2020

(Rs. in Lakhs unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>A. Cash flow from operating activities</b>		
Net Profit before Taxation and Share of Profit in Joint Venture	27,268.67	28,570.93
<b>Adjustments for</b>		
Depreciation and amortization expense	5,252.73	4,243.58
Profit on sale of fixed assets	(6.10)	(12.79)
Loss on sale / write off assets	77.58	89.90
Finance costs	3,161.46	3,547.98
Interest income	(498.33)	(838.81)
Provision for expected credit loss and bad debt	2,092.75	506.29
Provision for non-moving/ obsolete Inventory	875.00	83.53
Employees stock option scheme	8.59	18.07
Dividend income on investments	(359.57)	(200.20)
<b>Operating profit before working capital changes</b>	<b>37,872.78</b>	<b>36,008.48</b>
<b>Changes in working capital</b>		
Decrease/(Increase) in Inventories	(2,321.25)	(4,969.15)
Decrease/(Increase) in Trade Receivables	(20,223.30)	(1,680.11)
Decrease/(Increase) in current financial assets (loans)	596.09	779.25
Decrease/(Increase) in current financial assets (Others)	105.38	(323.17)
Decrease/(Increase) in other current assets	(239.92)	1,068.24
Decrease/(Increase) in non-current financial assets (loans)	(855.18)	2,098.22
Decrease/(Increase) in non-current financial assets (Others)	11.79	12.69



Particulars	March 31, 2020	March 31, 2019
Decrease/(Increase) in other non-current assets	1,469.36	(587.99)
Increase/(Decrease) in non-current financial liabilities (others)	105.68	(21.00)
Increase/(Decrease) in other non-current liabilities	-	(18.57)
Increase/(Decrease) in long term provisions	73.66	56.09
Increase/(Decrease) in short term provisions	(1,918.97)	(1,432.26)
Increase/(Decrease) in current Trade Payables	1,940.21	3,070.07
Increase/(Decrease) in current financial liabilities (others)	584.11	544.44
Increase/(Decrease) in other current liabilities	(2,693.62)	3,988.90
Cash generated from operating activities before taxes	14,506.82	38,594.13
Net income tax paid	(8,538.08)	(7,725.18)
<b>Net Cash flow from operating activities (A)</b>	<b>5,968.74</b>	<b>30,868.95</b>
<b>B. Cash flow from investing activities</b>		
Additions in tangible assets	(7,024.47)	(7,141.99)
Additions in intangible assets	(22.67)	(62.27)
Additions in CWIP	(208.40)	419.20
Capital Advances	(750.17)	(441.86)
Sale of fixed assets	74.99	38.59
Sale of investments	-	5,000.00
Interest received	555.59	1,047.62
Subsidy Received	-	30.00
Dividend received	559.57	400.20
Fixed deposits matured during the year	(32.61)	55.62
<b>Net Cash flow from investing activities (B)</b>	<b>(6,848.17)</b>	<b>(654.89)</b>



Particulars	March 31, 2020	March 31, 2019
<b>C. Cash flow from financing activities</b>		
Increase/(Decrease) in share capital (including securities premium)	130.90	106.81
Leased Payment	(752.79)	-
Net Loans (repaid) / taken	9,748.35	(17,388.77)
Dividend paid including Dividend Distribution Tax	(1,929.98)	(1,607.09)
Interest paid	(2,825.62)	(3,704.29)
<b>Net Cash flow from financing activities (C)</b>	<b>4,370.86</b>	<b>(22,593.34)</b>
<b>Net Increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>3,491.43</b>	<b>7,620.72</b>
Cash and cash equivalents at the beginning of the year	(23,557.31)	(31,178.03)
Cash and cash equivalents at the end of the year	<b>(20,065.88)</b>	<b>(23,557.31)</b>
<b>Reconciliation of Cash and cash equivalents</b>		
Cash in hand	23.66	29.83
Bank Balance		
In Current account	986.77	795.57
In term deposits	660.66	777.38
Cash Credit (repayable on demand)	(21,736.97)	(25,160.09)
<b>Total Cash and Cash equivalents</b>	<b>(20,065.88)</b>	<b>(23,557.31)</b>

Note:

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

For and on behalf of Board of Directors

**Dr. Lalit Khaitan**  
Chairman & Managing Director

**Abhishek Khaitan**  
Managing Director

Director

**Dilip K. Banthiya**  
Chief Financial Officer

**Amit Manchanda**  
Vice President  
Legal & Company Secretary

**Alok Agarwal**  
Sr Vice President  
(Finance & Accounts)

Place : New Delhi  
Date: May 28, 2020

As per our report  
of even date attached

**For BGJC & Associates LLP**  
Chartered Accountants  
Firm Regn. No. 003304N/  
N500056

**Darshan Chhajer**  
Partner  
Membership No. 088308  
Place: Gurugram

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

(Rs. in Lakhs unless otherwise stated)

## A. Equity Share Capital

Particulars	March 31, 2020	March 31, 2019
At the beginning of the year	2,668.19	2,666.15
Changes in Equity Share capital during the year	2.50	2.04
<b>At the end of the year</b>	<b>2,670.69</b>	<b>2,668.19</b>

## B. Other Equity

Particulars	Securities Premium Reserve	General Reserves	Employee Stock Options outstanding account	Retained Earnings	Total
Balance as at March 31, 2018	37,806.45	40,000.00	40.28	35,172.00	113,018.73
Profit/ (Loss) for the year (1)	-	-	-	19,413.29	-
Other Comprehensive Income/(loss) (2)	-	-	-	(71.77)	-
Total Comprehensive Income/ (loss) (1+2)	-	-	-	19,341.52	19,341.52
Dividends including tax thereon (Refer note 42)	-	-	-	(1,607.09)	(1,607.09)
Government Subsidy	-	-	-	30.00	30.00
Share based payments	123.63	-	(0.79)	-	122.84
Balance as at March 31, 2019	<b>37,930.08</b>	<b>40,000.00</b>	<b>39.49</b>	<b>52,936.43</b>	<b>130,906.00</b>
Profit/ (Loss) for the year (1)	-	-	-	22,913.99	-
Other Comprehensive Income / (loss) (2)	-	-	-	(273.43)	-
Total Comprehensive Income/ (loss) (1+2)	-	-	-	<b>22,640.56</b>	<b>22,640.56</b>
Dividends including Dividend Distribution Tax (Refer note 42)	-	-	-	(1,929.98)	(1,929.98)
Lease assets - Ind As 116 adjustment	-	-	-	(130.58)	(130.58)
Share based payments	151.50	-	(14.50)	-	137.00
Balance as at March 31, 2020	<b>38,081.58</b>	<b>40,000.00</b>	<b>24.99</b>	<b>73,516.43</b>	<b>151,623.00</b>

**The accompanying notes are an integral part  
of the financial statements**

For and on behalf of Board of Directors

**Dilip K. Banthiya**  
Chief Financial Officer

**Amit Manchanda**  
Vice President  
Legal & Company Secretary

**Alok Agarwal**  
Sr Vice President  
(Finance & Accounts)

Place : New Delhi  
Date: May 28, 2020

**Dr. Lalit Khaitan**  
Chairman & Managing Director

**Abhishek Khaitan**  
Managing Director

**Director**

As per our report of even date attached

**For BGJC & Associates LLP**  
Chartered Accountants  
Firm Regn. No. 003304N/  
N500056

**Darshan Chhajer**  
Partner  
Membership No. 088308  
Place: Gurugram

# Notes to the Consolidated Financial Statements

## Background

Radico Khaitan Limited (the Company) is a company limited by shares, incorporated and domiciled in India. The Company is engaged in the manufacturing and trading of Alcoholic products such as Indian Made Foreign Liquor (IMFL), Alcohol, Country Liquor etc. The Company has its presence in India as well as various other global markets. The joint venture (Radico NV Distilleries Maharashtra Limited) is in the business of manufacturing of potable and industrial alcohol and also bottling of IMFL for other brand owners, country liquor and allied activities.

## Significant Accounting Policies

### 1.01 Basis of preparation

The consolidated financial statements of the Company, its joint venture (together referred to as the "Group"), comprising of Consolidated Balance Sheet and Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity, Statement of Consolidated Cash Flows together with the consolidated notes have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The group has prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements for the year ended March 31, 2020 has been prepared in accordance with Ind AS.

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

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

### 1.02 Current versus non-current classification

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

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

least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities classified as non-current.

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

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

### 1.03 Fair value measurement

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



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

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

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities,

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable,

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable,

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

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

#### **1.04 Foreign Currency Transactions** **The Consolidated financial statements are presented in INR, which is also its functional currency.**

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

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

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

#### **1.05 Revenue recognition**

The group revenue is derived from single performance obligation under arrangements in which the transfer of control of product and the fulfillment of companies performance obligation occur at the same time.

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

However, in case of revenue arrangements with royalty units, the group has concluded that it is acting as an agent in

all such revenue arrangements since the group is not the primary obligor in all such revenue arrangements, has no pricing latitude and is not exposed to inventory and credit risks. group earns fixed royalty for sales made of its products which is recognised as revenue.

The group has assumed that recovery of excise duty flows to the group on its own and liability for excise duty forms part of the cost of production, irrespective of whether the goods are sold or not. Revenue therefore includes excise duty. Sale of products was impacted due to lockdown under the present pandemic during the period 24th March 2020 to 31st March 2020. Though the group got license for producing sanitizers and the same started on 31st March 2020.

#### **Interest income**

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

#### **Royalty Income**

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

#### **Export Incentives**

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

#### **Dividend Income**

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

### **1.06 Excise Duty**

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

### **1.07 Government grants**

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all attached conditions are complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

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

### **1.08 Taxes**

#### **Current Income Tax**

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

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

Note on adopting the new Tax regime

#### Deferred Tax

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

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

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss. In respect of taxable temporary differences associated with interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

**Deferred tax assets** are recognised for all deductible temporary differences,

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the

asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax on Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent there is reasonable certainty that the group will pay normal income-tax during the specified period. The group reviews the same at each balance sheet date and writes down the carrying amount of deferred tax relating to MAT credit entitlement to the extent there is no longer reasonable certainty that the group will pay normal income-tax during the specified period.

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

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

#### 1.09 Property, plant and equipment

Property, plant and equipment have been measured at fair value at the date of transition to Ind AS. The group recognised the fair value as deemed cost at the transition date, viz., April 01, 2015.

Assets are carried at cost less accumulated depreciation and accumulated impairment

losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

### Depreciation

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

Depreciation is provided as per Schedule II to the Companies Act, 2013, on straight

line method with reference to the useful life of the assets specified therein.

On additions costing less than Rs.5000, depreciation is provided at 100% in the year of addition.

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

### 1.10 Intangible assets

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

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

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

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

### Amortization

Based on the anticipated future economic benefits, the life of Brands & Trade Marks are amortised over twenty years on straight line method.

Software are amortised over a period of three years on straight line method.

### 1.11 Borrowing costs

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

### 1.12 Segment reporting

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

### 1.13 Inventories

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

Physical verification of all major Inventory items is carried out at least once a year. The variations if any are duly accounted for after thorough verification. At the year end the stock is rolled over and verified.

### 1.14 Leases

The group has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

#### Group as a lessee

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease

liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early."

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if group changes its assessment of whether it will exercise a purchase, extension or termination option."

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Short-term leases

The group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### Under Ind AS 17

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

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

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

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

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

### 1.15 Impairment of non-financial assets

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

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

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

### 1.16 Provisions, Contingent Liabilities and Contingent Assets Provisions

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

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

### Contingent liability and Contingent Assets

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

### 1.17 Employee benefits Short-term obligations

Liabilities for salaries and wages, including non-monetary benefits, that are expected to be settled wholly within 12 months

after the end of the period in which the employees render the related service are recognized up to the end of the reporting period and are measured at the amounts expected to be paid on settlement of such liabilities. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

### Other long-term employee benefit obligations

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

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

### Post-employment obligations

The group operates the following post-employment schemes:

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

### Gratuity obligations

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

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

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

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

### Defined contribution plans

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

### 1.18 Share-based payments

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

- including any market performance conditions (e.g., the group's share price),
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining and employee of the group over a specified time period), and

- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holding shares for a specific period of time).

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

### 1.19 Earnings Per Share

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

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

### 1.20 Financial instruments

A financial instrument is any contract that

gives rise to a financial asset of one group and a financial liability or equity instrument of another group.

#### Initial recognition and measurement

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

#### A. Financial Assets

Financial assets are recognised when the group becomes a party to the contractual provisions of the instrument

#### Subsequent measurement

Financial assets are subsequently classified as measured at:

- Financial assets are subsequently classified as measured at: amortised cost
- fair value through other comprehensive income (FVTOCI)
- fair value through profit or loss (FVTPL)

#### Trade Receivables and Loans:

Trade receivables and Loans are initially recognised at fair value.

Subsequently these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses (ECL). The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

#### Financial assets measured at amortised cost:

A financial asset is measured at amortised cost if both the following conditions are met:

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

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

The EIR amortisation is included in other income in the statement



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

**Measured at fair value through other comprehensive income:**

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

**Measured at fair value through Profit or Loss:**

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

**Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for

trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as FVTPL. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

**Derecognition**

The group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or the same are transferred.

**Impairment of financial assets**

"Expected credit losses (ECL) are recognized for all financial assets subsequent to initial recognition other than financials assets in FVTPL category, as per policy approved by the Board of Directors. For financial assets, as per Ind AS 109, the group recognises 12 months expected credit losses for all originated or acquired financial assets if at the reporting date. The credit risk of the financial asset has not increased significantly since its initial recognition. Expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition."

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

**B. Financial liabilities**

Financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument

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

**Trade and other payables**

In case of trade and other payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest rate method.

Trade and other payables represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per credit period. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

**Derecognition**

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

### **Reclassification of financial assets**

No reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The group's senior management determines change in the business model as a result of external or internal changes which are significant to the group's operations. Such changes are evident to external parties. A change in the business model occurs when the group either begins or ceases to perform an activity that is significant to its operations. If the group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The group does not restate any previously recognised gains, losses (including impairment gains or losses).

### **C. Offsetting of financial instruments**

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

### **1.21 Derivative financial instruments**

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

### **1.22 Cash and cash equivalents**

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

### **1.23 Significant accounting judgements, estimates and assumptions**

The preparation of the standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, contingent liabilities, and the acgrouping disclosures. Uncertainty about these assumptions and estimates, in the COVID19 pandemic environment of lockdown, could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. These have been assessed to the best of understanding but the degree of uncertainty has increased.

### **Judgements**

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

#### **a) Arrangement containing lease**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Radico's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the group has concluded that no changes are required to lease period relating to the existing lease contracts.

## b) Revenue recognition

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

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

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

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The group based its assumptions and estimates on parameters available when the financial

statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the group, especially in the current COVID19 Pandemic environment. Management has made the estimates and assumptions considering the short to medium term impact, to the best of understanding. Such changes are reflected in the assumptions when they occur.

### a. Impairment reviews

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

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

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

cause the assumptions used in these impairment reviews to change.

There is no significant impact due to the COVID 19 pandemic and lockdown as assessed by the management.

### b. Allowance for uncollectible account receivables and advances

Trade receivables and certain financial assets do not carry any interest unlike other interest bearing financial assets viz intercorporate deposits. Such financial assets are stated at their carrying value as reduced by impairment losses determined in accordance with expected credit loss. Allowance as per expected credit loss model is based on simplified approach which is based on historically observed default rates and changed as per forward-looking estimates. In case of trade receivables group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables which is also based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. The actual loss could differ from the estimate made by the management, especially in the current environment of COVID19 Pandemic.

### c. Taxes

The group is subject to income tax laws as applicable in India. Significant judgement is required in determining the provision for taxes

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

#### **d. Pension and post-retirement benefits**

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of

government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about defined benefit plans are given in note no. 56.

#### **e. Depreciation / amortisation and useful lives of property plant and equipment / intangible assets**

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

### **1.24 RECENT ACCOUNTING DEVELOPMENTS**

#### **Standard issued but not yet effective:**

(based on Exposure drafts available as on date)

#### **Issue of Ind AS 117 – Insurance Contracts**

“Ind AS 117 supersedes Ind AS 104 Insurance contracts. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. Under the Ind AS 117 model, insurance contract liabilities will be calculated as the present value of future insurance cash flows with a provision for risk. Application of this standard is not expected to have any significant impact on the group's financial statements.”

#### **Amendments to existing Standards**

Ministry of Corporate Affairs has carried out amendments of the following accounting standards:

1. Ind AS 103 – Business Combination
2. Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
3. Ind AS 40 – Investment Property

The group is in the process of evaluating the impact of the new amendments issued but not yet effective.

# Notes to the Consolidated Financial Statements for the year ended March 31, 2020

## 2 Property, plant and equipment (Refer notes 1.09, 1.10 & 1.14)

(Rs. in Lakhs unless otherwise stated)

Description of Assets	Gross Block				Depreciation				Net Block
	As at April 01, 2019	Additions	Disposals/ Adjustments	As at March 31, 2020	Up to March 31, 2019	For the year	Accumulated Depreciation on Disposals	Up to March 31, 2020	As at March 31, 2020
<b>Tangible Assets</b>									
Freehold land	12,927.50	-	62.02	12,865.48	-	-	-	-	12,865.48
Leasehold land	3,467.56	-	-	3,467.56	183.72	45.93	-	229.65	3,237.91
Buildings	8,782.51	1,311.93	26.05	10,068.39	1,319.35	425.12	24.67	1,719.80	8,348.59
Plant & equipments	56,663.84	5,664.22	1,224.78	61,103.28	12,008.18	3,694.22	1,153.71	14,548.69	46,554.59
Furniture & Fixtures	480.94	8.34	-	489.28	108.59	69.01	-	177.60	311.68
Vehicles	1,004.02	4.96	73.03	935.95	225.88	131.14	65.63	291.39	644.56
Office equipments	174.94	35.02	10.08	199.88	53.80	52.75	5.47	101.08	98.80
Right to use (Leased Assets) (Refer note 40 ( c))	-	1,300.45	-	1,300.45	-	560.37	-	560.37	740.08
Leasehold improvements	288.40	-	-	288.40	97.81	38.68	-	136.49	151.91
	<b>83,789.71</b>	<b>8,324.92</b>	<b>1,395.96</b>	<b>90,718.67</b>	<b>13,997.33</b>	<b>5,017.22</b>	<b>1,249.48</b>	<b>17,765.07</b>	<b>72,953.60</b>
<b>Intangible Assets</b>									
Brands & trade marks	2,552.26	-	-	2,552.26	1,005.04	215.49	-	1,220.53	1,331.73
Software	457.23	22.67	85.99	393.91	402.66	20.02	85.99	336.69	57.22
	<b>3,009.49</b>	<b>22.67</b>	<b>85.99</b>	<b>2,946.17</b>	<b>1,407.70</b>	<b>235.51</b>	<b>85.99</b>	<b>1,557.22</b>	<b>1,388.95</b>
<b>Total</b>	<b>86,799.20</b>	<b>8,347.59</b>	<b>1,481.95</b>	<b>93,664.84</b>	<b>15,405.03</b>	<b>5,252.73</b>	<b>1,335.47</b>	<b>19,322.29</b>	<b>74,342.55</b>

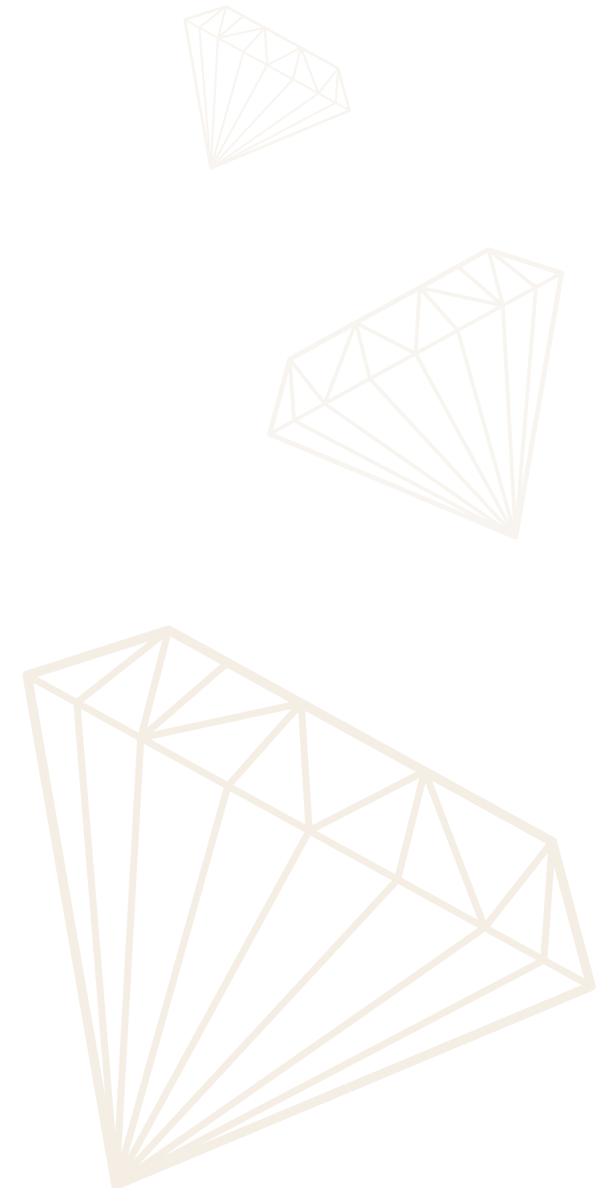
Description of Assets	Gross Block				Depreciation				Net Block
	As at April 01,2018	Additions	Disposals/ Adjustments	As at March 31,2019	Up to March 31,2018	For the year	Accumulated Depreciation on Disposals	Up to March 31,2019	As at March 31,2019
<b>Tangible Assets</b>									
Freehold land	12,927.50	-	-	12,927.50	-	-	-	-	12,927.50
Leasehold land	3,467.56	-	-	3,467.56	137.79	45.93	-	183.72	3,283.84
Buildings	8,861.25	126.18	204.92	8,782.51	1,137.61	386.66	204.92	1,319.35	7,463.16
Plant & equipments	50,766.21	6,290.67	393.04	56,663.84	8,987.79	3,344.68	324.29	12,008.18	44,655.66
Furniture & fittings	181.96	298.98	-	480.94	89.25	19.34	-	108.59	372.35
Vehicles	888.50	225.94	110.42	1,004.02	146.06	144.23	64.41	225.88	778.14
Office equipments	117.24	99.54	41.84	174.94	61.15	33.55	40.90	53.80	121.14
Leasehold improvements	187.72	100.68	-	288.40	69.20	28.61	-	97.81	190.59
	<b>77,397.94</b>	<b>7,141.99</b>	<b>750.22</b>	<b>83,789.71</b>	<b>10,628.85</b>	<b>4,003.00</b>	<b>634.52</b>	<b>13,997.33</b>	<b>69,792.38</b>
<b>Intangible Assets</b>									
Brands & trade marks	2,552.26	-	-	2,552.26	789.55	215.49	-	1,005.04	1,547.22
Software	394.96	62.27	-	457.23	377.57	25.09	-	402.66	54.57
	<b>2,947.22</b>	<b>62.27</b>	-	<b>3,009.49</b>	<b>1,167.12</b>	<b>240.58</b>	-	<b>1,407.70</b>	<b>1,601.79</b>
<b>Total</b>	<b>80,345.16</b>	<b>7,204.26</b>	<b>750.22</b>	<b>86,799.20</b>	<b>11,795.97</b>	<b>4,243.58</b>	<b>634.52</b>	<b>15,405.03</b>	<b>71,394.17</b>

# Notes to the Consolidated Financial Statements

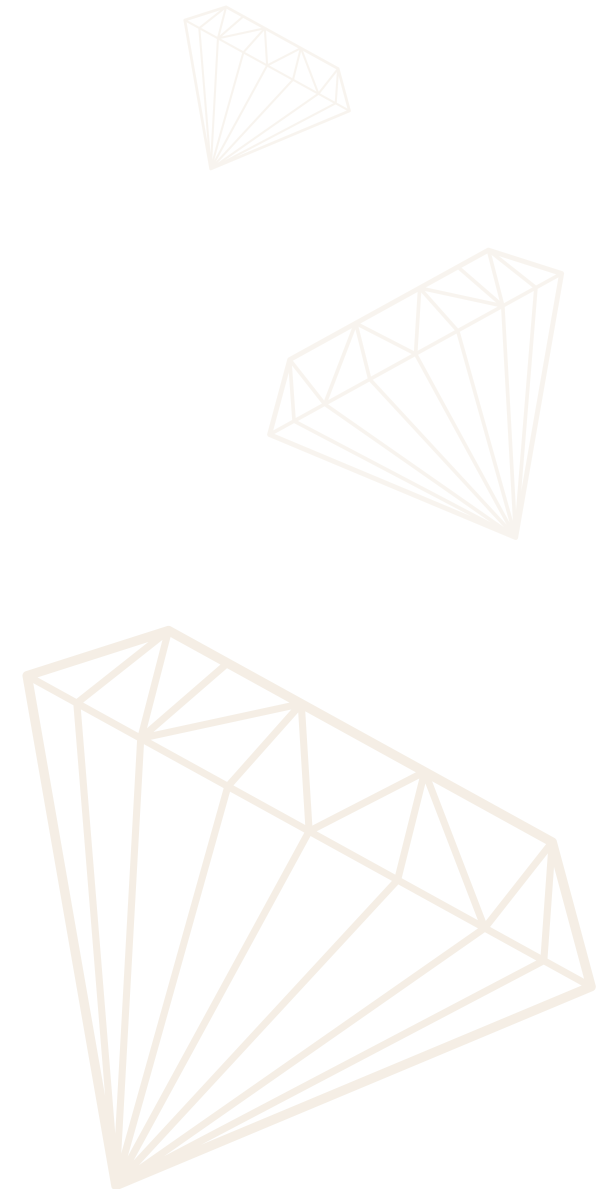
for the year ended March 31, 2020

(Rs. in Lakhs unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>3 Investment in a joint venture</b>		
<b>Unquoted Investments</b>		
<b>Equity Shares</b> (at amortised cost) (Refer note-46)		
Radico NV Distilleries Maharashtra Limited - 13,58,503 (previous year: 26,59,500) equity shares of Rs. 100 each, fully paid up	13,538.53	13,538.53
Add: Share of profit/reserve of Joint Venture	2,240.82	2,079.90
	15,779.35	15,618.43
<b>Preference Shares</b> (at amortised cost)		
Radico NV Distilleries Maharashtra Limited - 20,00,000 (previous year: 20,00,000) 10% cumulative, non-convertible preference shares of Rs.100 each, fully paid up	2,000.00	2,000.00
	<b>17,779.35</b>	<b>17,618.43</b>
Aggregate amount of unquoted investments	17,779.35	17,618.43
Aggregate amount of impairment in value of investments.	-	-
<b>4 Investment in Others</b>		
<b>(Unquoted at FVTPL)</b>		
New Urban Cooperative Bank Ltd. - 2,388 (previous year: 2,388) equity shares of Rs. 25 each, fully paid up	0.60	0.60
	<b>0.60</b>	<b>0.60</b>
Aggregate amount of unquoted investments	0.60	0.60
Aggregate amount of impairment in value of investments	-	-



Particulars	March 31, 2020	March 31, 2019
<b>5 Loans</b>		
(Unsecured- Considered good)		
Security Deposits	1,658.26	803.08
	<b>1,658.26</b>	<b>803.08</b>
<b>6 Others</b>		
Interest accrued on term deposits	12.60	13.07
Deposits with more than 12 months maturity (Refer note-11)	166.45	133.84
Advances recoverable	0.90	12.69
	<b>179.95</b>	<b>159.60</b>
<b>7 Other non-current assets</b>		
Capital Advances	4,520.37	3,770.20
Advances other than capital advances		
Advances recoverable	5,592.00	7,092.00
Prepaid Assets	193.58	162.94
	<b>10,305.95</b>	<b>11,025.14</b>
<b>8 Inventories</b>		
(Refer note-1.13 on valuation of inventories)		
Raw materials	7,691.42	6,977.32
Work-in-progress	3,729.67	3,616.92
Finished goods *	17,253.87	17,186.17
Stock-in-trade	160.68	309.59
Stores & spares (Including promotional material)	3,581.36	2,650.99
Packing materials	5,978.31	5,428.29
Goods in transit - Raw material	11.69	-
	<b>38,407.00</b>	<b>36,169.28</b>
Less: Provision for obsolete and non-moving inventories	(989.46)	(197.99)
	<b>37,417.54</b>	<b>35,971.29</b>



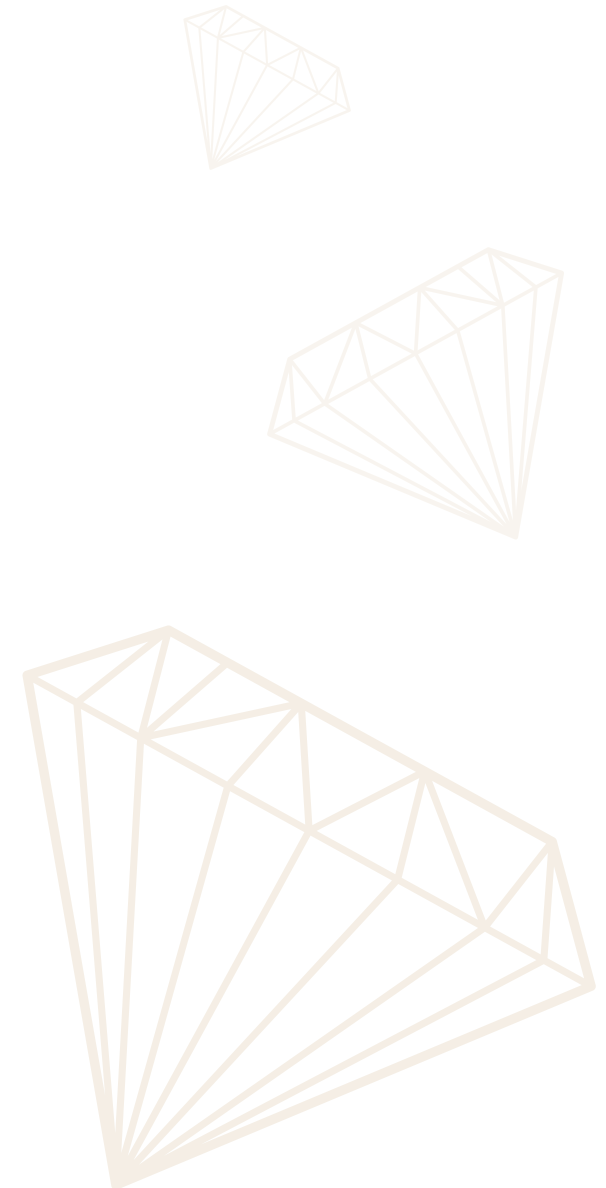


### Amount recognised in statement of profit and loss

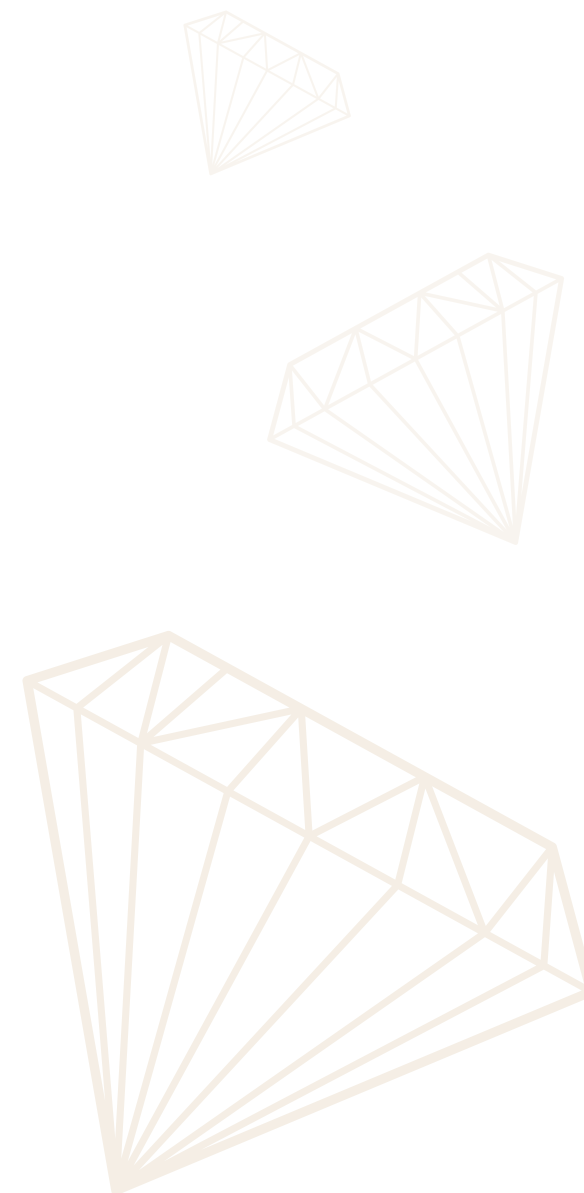
Write-down of inventories to net realisable value, resulted in net loss / (gain) of Rs. 875.00 lakhs (previous year Rs.83.53 lakhs). These were recognised as an expense / income during the year in the Statement of Profit and Loss.

\* Includes provision for excise duty/Custom duty Rs. 4409.04 lakhs (previous year Rs. 6355.01 lakhs)

Particulars	March 31, 2020	March 31, 2019
<b>9 Trade Receivables</b>		
Trade Receivables considered good - Unsecured	77,591.55	59,856.26
Trade Receivables which have significant increase in Credit Risk	6,777.63	6,000.46
Trade Receivables - credit impaired	357.09	-
	<b>84,726.27</b>	<b>65,856.72</b>
<b>Less: Allowance for expected credit losses</b>	(2,420.83)	(1,681.83)
	<b>82,305.44</b>	<b>64,174.89</b>
Trade Receivables relate to company's contract with its customers, are non interest bearing and are generally on credit terms not exceeding 12 months.		
<b>10 Cash and Cash Equivalents</b>		
Balances with banks*	986.77	795.57
Cash in hand	23.66	29.83
	<b>1,010.43</b>	<b>825.40</b>
*Including cheques on hand Rs 22.10 Lakhs (previous year Rs 16.64 Lakhs)		
<b>11 Bank Balances other than Cash and Cash Equivalents</b>		
Balances with banks		
In unpaid dividend accounts	152.89	164.23
In term deposits #	827.11	911.22
Deposits with more than 12 months maturity (Refer note-6)	(166.45)	(133.84)
	<b>813.55</b>	<b>941.61</b>
# Deposit are:		
Under lien with Government departments and banks as security	827.11	911.22



Particulars	March 31, 2020	March 31, 2019
<b>12 Loans</b>		
(Unsecured- Considered good, unless otherwise stated)		
Security Deposits	1,173.29	932.96
Others		
Advances recoverable	202.36	341.99
Inter corporate deposits (Refer note-57)		
ICDs Considered good - Unsecured	2,698.21	3,395.00
ICDs - credit impaired.	461.00	1,500.00
	<b>4,534.86</b>	<b>6,169.95</b>
Less: Allowance for expected credit losses	(461.00)	(1,500.00)
	<b>4,073.86</b>	<b>4,669.95</b>
<b>13 Others</b>		
Dividend accrued on preference share	-	200.00
Accrued export incentives	418.99	528.05
Other balances recoverable from Statutory/ Government authorities	1,345.20	1,341.52
Interest accrued on		
term deposits	32.05	25.24
loans and advances		
Considered good - Unsecured	253.94	317.54
Credit impaired	112.31	928.10
Less: Allowance for expected credit losses	(112.31)	(928.10)
	<b>2,050.18</b>	<b>2,412.35</b>
<b>14 Current Tax assets (Net)</b>		
Income Tax (Net of provisions)	750.18	-
	<b>750.18</b>	<b>-</b>



Particulars	March 31, 2020	March 31, 2019
<b>15 Other current assets</b>		
(Unsecured - Considered good)		
Advances recoverable in kind	1,837.88	978.21
<b>Others</b>		
Amount paid under protest	520.69	427.87
Claims and duties adjustable from Excise Department	6,687.10	7,581.65
Other Advances recoverable	2,099.77	1,399.77
Prepaid assets	2,638.48	3,156.50
	<b>13,783.92</b>	<b>13,544.00</b>
<b>16 Equity share capital</b>		
Authorised		
17,00,00,000 (Previous year 17,00,00,000) equity shares of Rs. 2/- each	3,400.00	3,400.00
60,00,000 (Previous year 60,00,000) preference shares of Rs. 100/- each	6,000.00	6,000.00
	<b>9,400.00</b>	<b>9,400.00</b>
Issued, subscribed and fully paid		
13,35,34,265 (Previous Year 13,34,09,265) equity shares of Rs. 2/- each	2,670.69	2,668.19
	<b>2,670.69</b>	<b>2,668.19</b>

#### Rights, Preferences & Restrictions attached to equity shares

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

b. Reconciliation of the number of shares	No. of Shares	No. of Shares
Outstanding at the beginning of the year	133,409,265	133,307,265
Add: Issued during the year	125,000	102,000
Outstanding at the end of the year	<b>133,534,265</b>	<b>133,409,265</b>

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

Particulars	Percentage of Holding	No. of Shares	Percentage of Holding	Percentage of Holding
Sapphire Intrex Ltd.	33.98%	45,379,098	34.01%	45,379,098
TIMF Holdings	5.83%	7,781,575	5.83%	7,781,575

**d. Shares reserved for issue under options: ESOPs**

The Company established Employee Stock Options Plan, duly approved by the shareholders in the meeting held on May 25, 2006 which was effective from July 25, 2006. Accordingly, the Company has granted 42,80,000 equity options up to March 31, 2020 which will get vested over a period of 4 years from the date of the grant. The employees have the options to exercise their right within a period of 3 years from the date of vesting. The compensation cost of stock options granted to employees is accounted by the Company using the fair value method.

**e. Summary of Stock Option**

	No. of stock option	No. of stock option
Option granted up to the year end	4,280,000	4,280,000
Options forfeited up to the year end	1,741,451	1,741,451
Options exercised up to the year end	2,399,049	2,274,049
Option outstanding at the year end	139,500	264,500
Exercise price (weighted average)	Rs. 85.98	Rs. 84.95

In respect of Options granted under the Employee Stock Options plan, in accordance with the guidelines issued by SEBI, the accounting value of the options is accounted as deferred employee compensation, which is amortized on a straight line basis over the period between the date of grant of options and eligible dates for conversion into equity shares. Consequently, Employee benefits expense (Refer note-34) includes Rs. 8.59 lakhs (previous year Rs. 18.07 lakhs) being the amortisation of deferred employee compensation.

**17 Other Equity #**

**Reserves & Surplus**

Retained Earning	73,516.43	52,936.43
Securities Premium Reserve	38,081.58	37,930.08
General Reserve	40,000.00	40,000.00
Employee Stock Options Outstanding Account	24.99	39.49
	<b>151,623.00</b>	<b>130,906.00</b>

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

Particulars	March 31, 2020	March 31, 2019
<b>18 Borrowings</b>		
<b>Term Loans - Secured #</b>		
Rupee loans from banks	290.56	3,542.24
	<b>290.56</b>	<b>3,542.24</b>
Less : Shown in current maturities of long-term debt (Refer note- 25)	(137.25)	(1,376.68)
Rupee loan from banks	(137.25)	(1,376.68)
	<b>153.31</b>	<b>2,165.56</b>

#### # Notes

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

ii). Terms of repayment are as follows:-

Name	Year of Maturity	Outstanding as at March 31, 2020	Outstanding as at March 31, 2019
Lakshmi Vilas Bank	Sep 2021	-	3,125.00
HDFC Bank *	Jan 2022	224.50	333.93
HDFC Bank *	June 2023	29.27	36.78
YES Bank *	May 2023	36.79	46.53
		<b>290.56</b>	<b>3,542.24</b>

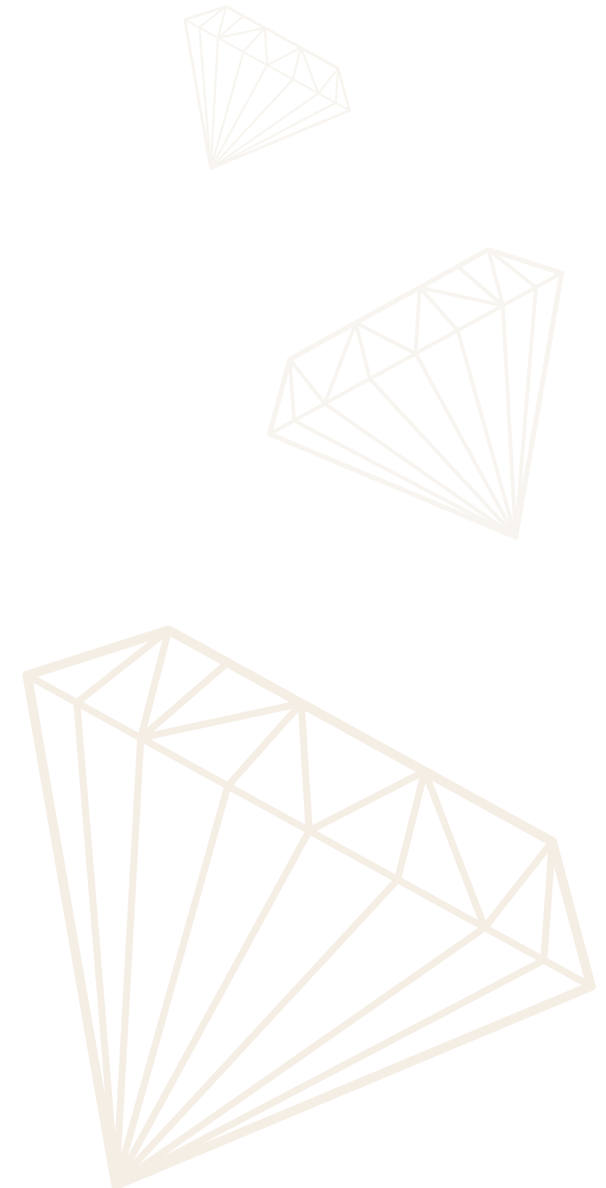
\*Monthly Installment

#### 19 Others (at amortised cost)

Security Payable	152.87	47.19
Lease Liabilities (Refer note no. 40 ( c))	362.09	-
	<b>514.96</b>	<b>47.19</b>

#### 20 Provisions

Provision for employee benefits		
Leave encashment	1,110.35	1,036.69
	<b>1,110.35</b>	<b>1,036.69</b>

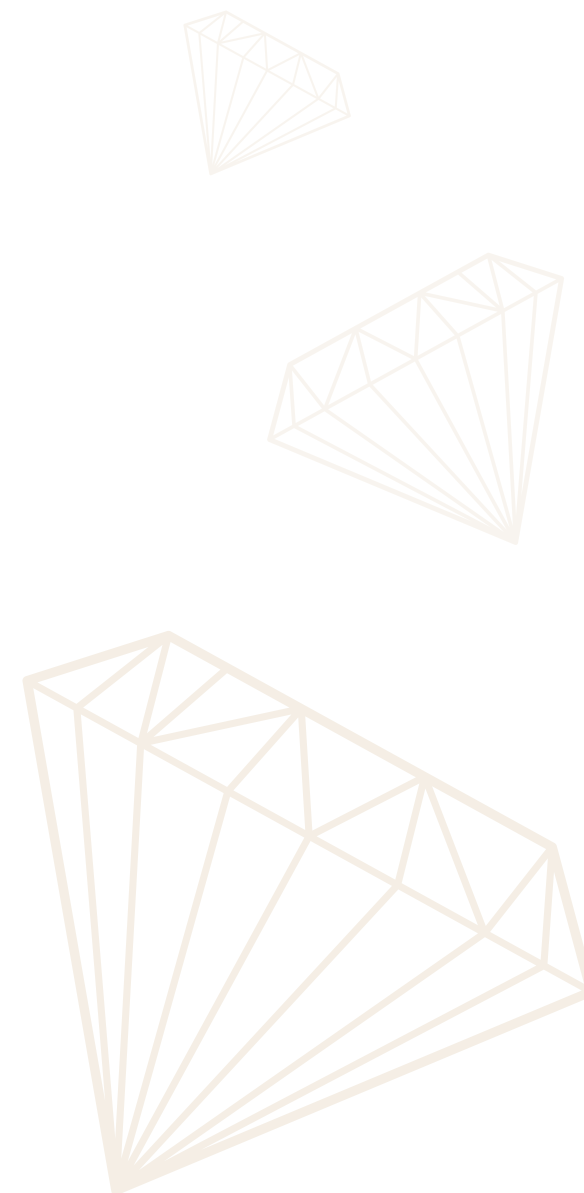


Name	Outstanding as at March 31, 2020	Outstanding as at March 31, 2019
<b>21 Deferred Tax Liabilities (Net) (Refer note-44)</b>		
Deferred Tax Liabilities	9,955.33	12,418.06
Deferred Tax Assets	(2,108.73)	(1,860.16)
MAT Credit Entitlement	-	(153.00)
Deferred Tax Liability (Net)	<b>7,846.60</b>	<b>10,404.90</b>
<b>22 Other non-current liabilities</b>		
Other Payables	16.58	19.13
	<b>16.58</b>	<b>19.13</b>
<b>23 Borrowings</b>		
Secured - from Banks #		
Cash credit (repayable on demand)	21,736.97	25,160.09
Unsecured- from Banks		
Rupee loans	18,000.00	4,999.97
	<b>39,736.97</b>	<b>30,160.06</b>

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

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

<b>24 Trade Payables</b>		
Outstanding dues of Micro, Small and Medium Enterprises (Refer note no. 61)	2,786.51	-
Other Enterprises	23,637.27	24,483.57
	<b>26,423.78</b>	<b>24,483.57</b>



Particulars	March 31, 2020	March 31, 2019
<b>25 Others (Financial liability carried at amortised cost)</b>		
Current maturities of long-term debt		
Rupee loan from banks	137.25	1,376.68
Interest accrued but not due on borrowings	239.51	44.11
Lease Liabilities (Refer note 40 ( c))	502.96	-
Security Payable	2,154.40	1,570.18
Unclaimed dividends #	152.53	163.87
	<b>3,186.65</b>	<b>3,154.84</b>

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

#### 26 Provisions

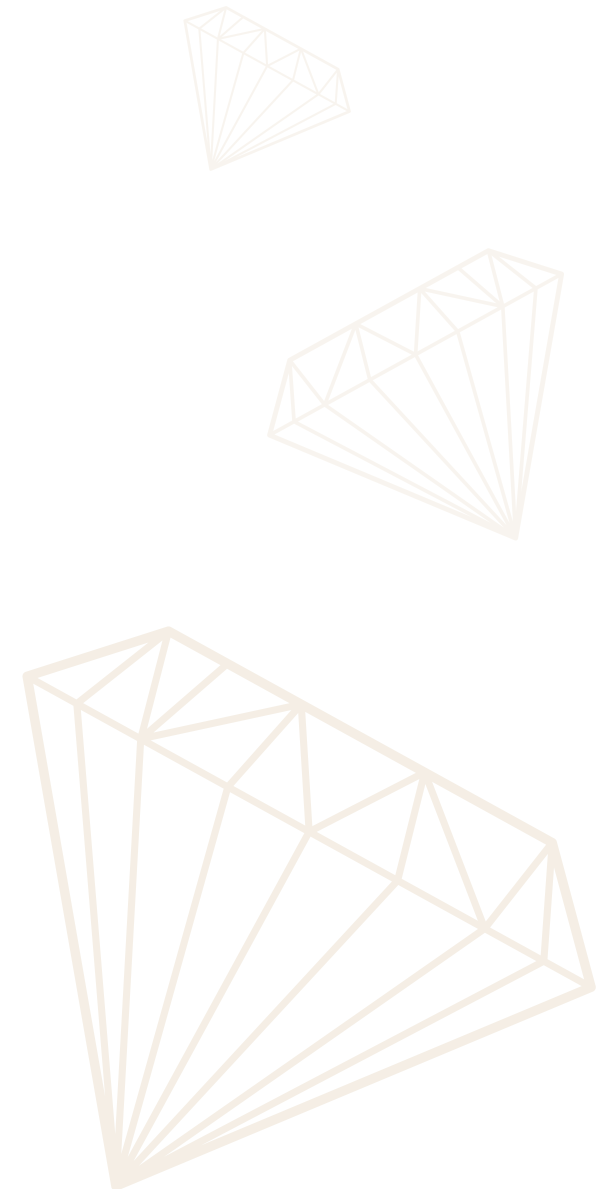
For employee benefits		
Gratuity (Refer note-56)	388.08	141.55
Leave encashment	480.49	338.64
For excise duty on closing stock	4,371.21	6,222.58
For custom duty on closing stock	37.83	132.43
	<b>5,277.61</b>	<b>6,835.20</b>

#### 27 Other Current Liabilities

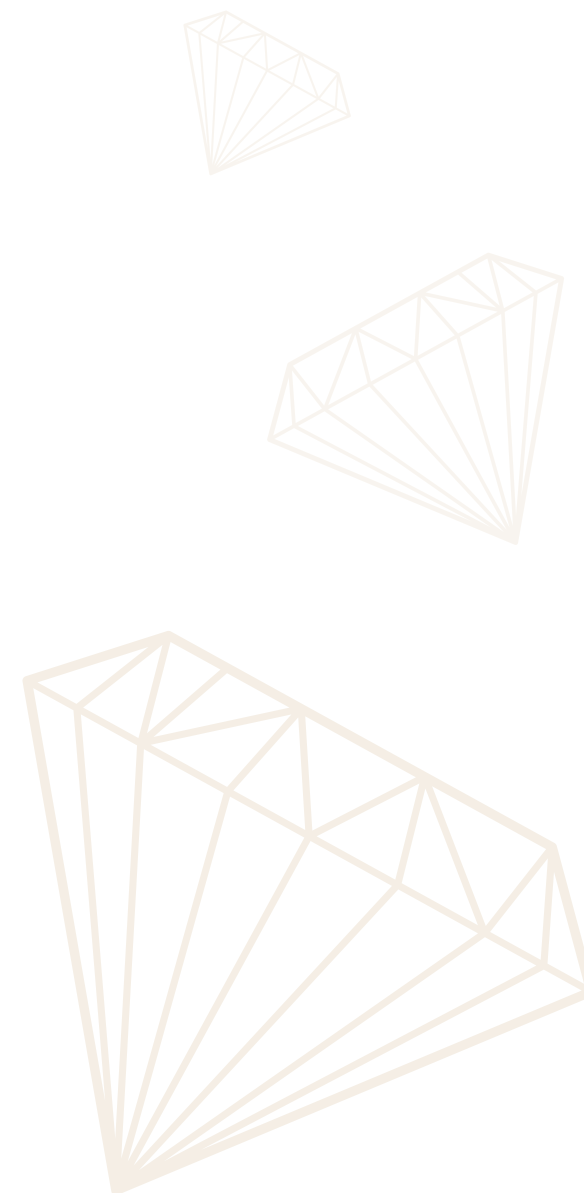
On account of capital goods/ services	341.18	563.83
Advances from customers	5,642.88	7,559.63
Other payables		
Accrued salary and benefits	633.11	597.98
Statutory dues	3,102.38	3,691.73
	<b>9,719.55</b>	<b>12,413.17</b>

#### 28 Current tax liabilities (Net)

For taxation (net of payments)	-	845.87
	-	<b>845.87</b>

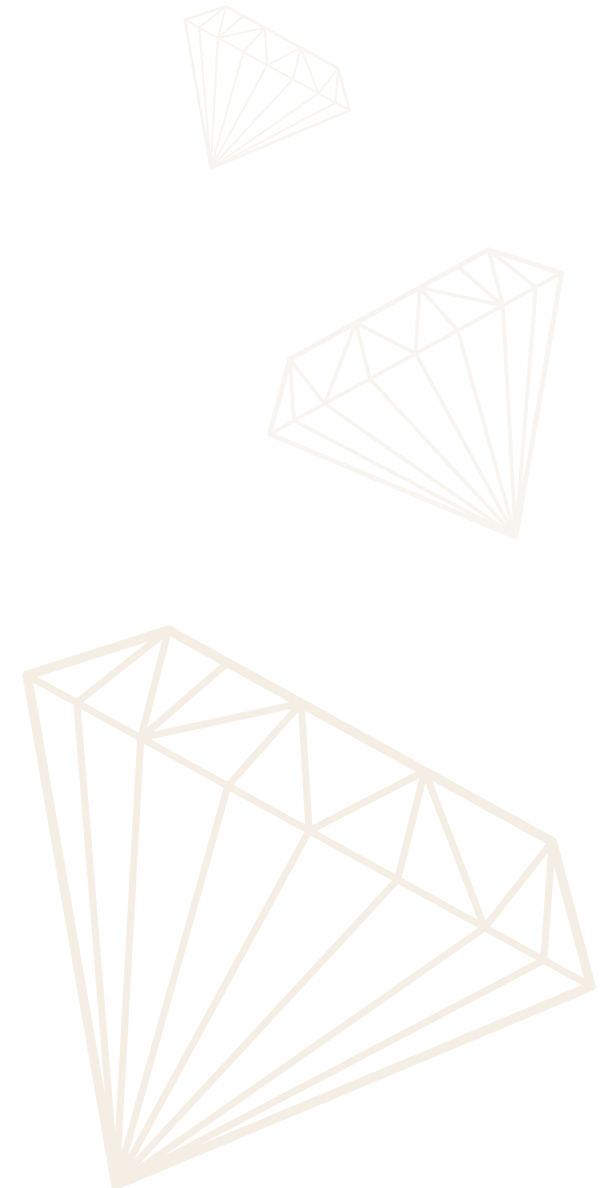


Particulars	March 31, 2020	March 31, 2019
<b>29 Revenue from Operations</b>		
(Refer note-1.05 on revenue recognition)		
<b>Sale of</b>		
Alcohol and other alcoholic products	933,105.93	794,599.33
Pet bottles & caps	3,755.74	5,078.95
Jaivik khad	348.88	320.72
Others	328.38	667.47
<b>Sale of traded goods</b>		
Indian Made Foreign Liquor	-	1,228.58
Imported Liquor	659.78	733.05
Royalty Income	1,001.53	996.06
<b>Other operating revenues</b>		
Export incentives	202.58	193.71
SAD refund	-	0.15
Scrap sales	2,386.32	1,982.23
	<b>941,789.14</b>	<b>805,800.25</b>
<b>30 Other Income</b>		
Interest income on		
Term deposit with banks and financial institutions	53.15	42.86
Loans (including inter corporate deposits)	414.11	436.92
Deferred income on deposit	31.07	359.03
Dividend income on non-current (trade) investments	359.57	200.20
Other non-operating income		
Profit on sale of fixed assets	6.10	12.79
Excess provisions written back	24.82	66.77
Miscellaneous income	29.85	210.20
	<b>918.67</b>	<b>1,328.77</b>

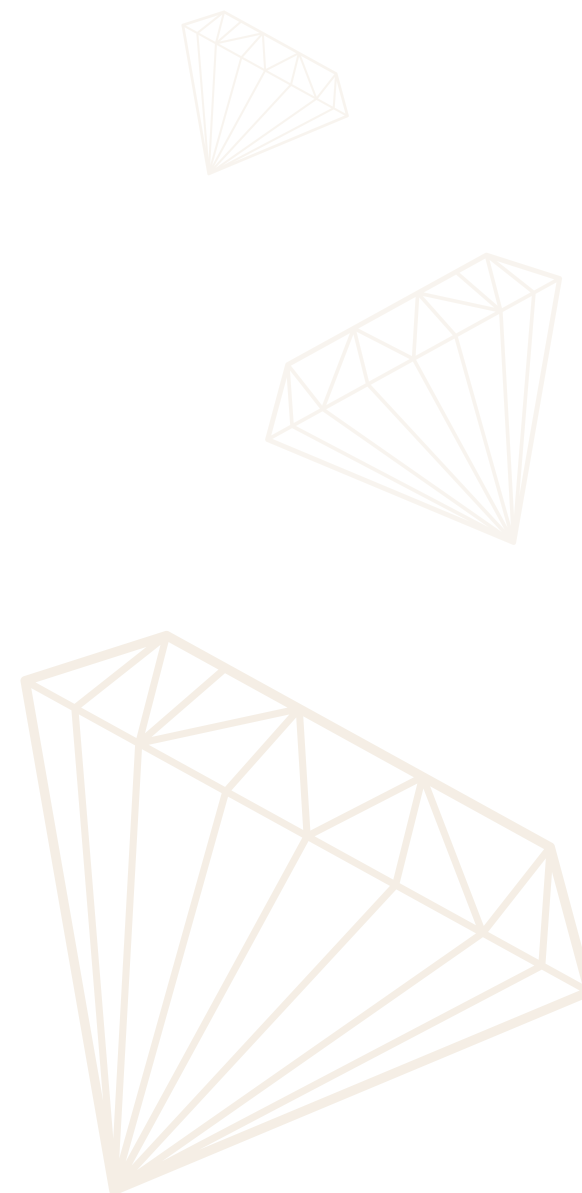




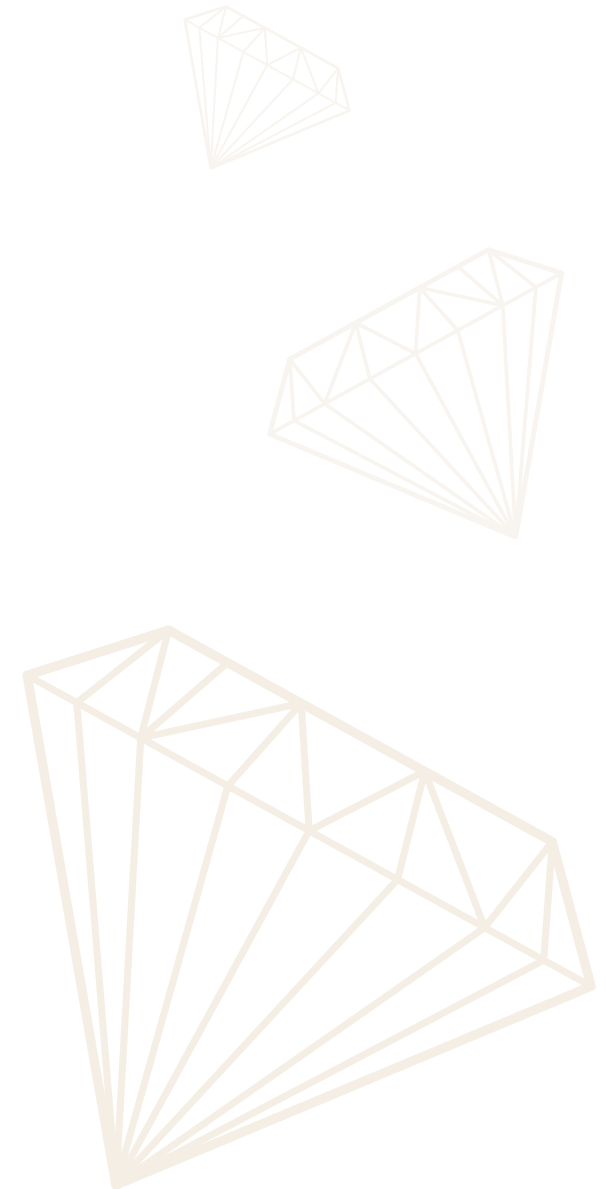
Particulars	March 31, 2020	March 31, 2019
<b>31 Cost of Materials Consumed</b>		
<b>Raw Materials</b>		
Opening Stock	6,977.32	6,733.72
Add: Purchases	68,325.40	52,229.42
	<b>75,302.72</b>	<b>58,963.14</b>
Less: Closing Stock	(7,691.42)	(6,977.32)
Raw material consumed	<b>67,611.30</b>	<b>51,985.82</b>
Packing materials consumed	59,479.88	52,500.52
	<b>127,091.18</b>	<b>104,486.34</b>
<b>32 Purchase of stock-in-trade</b>		
Indian Made Foreign Liquor	-	555.70
Imported Liquor	358.90	560.83
	<b>358.90</b>	<b>1,116.53</b>
<b>33 Change in inventories of finished goods, stock-in-trade and work-in-progress</b>		
<b>Opening Stock</b>		
Stock-in-trade	309.59	376.34
Finished goods	17,186.17	15,396.54
Work-in-progress	3,616.92	2,266.89
	<b>21,112.68</b>	<b>18,039.77</b>
<b>Less : Closing Stock</b>		
Stock-in-trade	160.68	309.59
Finished goods	17,253.87	17,186.17
Work-in-progress	3,729.67	3,616.92
	<b>21,144.22</b>	<b>21,112.68</b>
Increase / (Decrease) of excise duty on Finished Goods	(1,851.37)	(1,096.98)
	<b>(1,882.91)</b>	<b>(4,169.89)</b>



Particulars	March 31, 2020	March 31, 2019
<b>34 Employee benefits expense</b>		
Salaries, wages and allowances	17,019.70	15,647.34
Contribution to provident and other funds	834.96	753.29
Gratuity	181.32	174.90
Share based payment to Employee (Refer note-16)	8.59	18.07
Staff welfare expenses	563.51	544.47
	<b>18,608.08</b>	<b>17,138.07</b>
<b>35 Finance costs</b>		
Interest	2,948.69	3,427.29
Finance cost on Leased Assets (Refer note 40 (c))	140.44	-
Other borrowing costs	72.33	120.69
	<b>3,161.46</b>	<b>3,547.98</b>
<b>36 Depreciation and amortization expense</b>		
Depreciation on tangible assets	5,017.22	4,003.00
Amortisation of intangible assets	235.51	240.58
	<b>5,252.73</b>	<b>4,243.58</b>
<b>37 Other expenses</b>		
Power and fuel	5,026.71	4,527.94
Stores and spares consumed	1,944.90	2,151.69
Repairs and maintenance		
Building	220.86	214.26
Plant and equipment	1,747.59	1,830.95
Others	307.01	378.30
Machinery and other hire charges	5.09	5.24
Insurance	645.97	495.65
Rent	138.03	865.11
Rates and taxes	8,838.59	6,679.04



Particulars	March 31, 2020	March 31, 2019
Travelling		
Directors	156.34	194.52
Others	1,219.57	1,262.00
Directors' fee	18.91	17.29
Foreign exchange fluctuations (net)	(407.20)	170.40
Provision for Non-moving/ obsolete Inventory	875.00	83.53
Charity and donation	522.60	21.43
Corporate Social Responsibility Expenses (Refer note-50)	401.22	248.44
Provision for Expected Credit Losses (Net)	739.00	572.55
Bio composting expenses	239.35	180.77
Professional Fee & retainership expenses	491.93	559.53
Communication	126.01	142.98
Sundry balances written off	522.54	0.51
Loss on sale / write off of assets	77.58	89.90
Bank charges	29.72	38.85
Other overheads	3,117.17	3,220.58
Bottling Charges	3,218.95	2,415.56
Selling and distribution:		
Freight outwards	10,986.75	9,434.36
Supervision charges after sales	716.63	686.29
Supervision charges to supervisors	2,223.07	2,409.18
Rebate discount and allowance	3,236.81	3,346.05
Advertisement & sales promotion	13,961.26	13,846.87
	<b>61,347.96</b>	<b>56,089.77</b>
<b>38 Exceptional items (Refer note 59)</b>		
Environmental Compensation	702.00	-
Settlement under Sabka Vikas Scheme	858.59	-
Written-off towards matters arising consequent to prohibition in the state of Bihar	856.03	-
	<b>2,416.62</b>	<b>-</b>



Particulars	March 31, 2020	March 31, 2019
<b>39 Other comprehensive income</b>		
Items that will not be reclassified to profit or loss		
Actuarial (Gain) / loss on employee benefits	(361.38)	(110.53)
Income tax relating to items that will not be reclassified to profit or loss	90.95	38.62
Share in other comprehensive income/(loss) of joint venture	(3.00)	0.14
	<b>(273.43)</b>	<b>(71.77)</b>

40 A. Capital Commitments	As at March 31, 2020	As at March 31, 2019
Estimated amount of Capital commitments (Net of advances)	2,503.98	2,297.81
	<b>2,503.98</b>	<b>2,297.81</b>

**40 B. Contingent Liabilities not provided for:**

i) Claims against the Company, not acknowledged as debts		
a. Disputed liability relating to ESI Contribution	0.89	0.89
b. Disputed liability relating to PF contribution of contractor labour	24.35	33.04
c. Disputed liability relating to payment of late re-calibration fees on verification and stamping of manufacturing vats/tanks installed at distillery.	155.00	88.00
d. Disputed VAT/Sales/GST/Entry Tax matters under appeal	186.15	136.24
e. Disputed Excise matters	551.75	412.13
f. Disputed Stamp duty claim arising out of amalgamation, being contested	80.00	80.00
g. Disputed customs duty	16.63	10.73
h. Consumer Complaints before consumer forum	-	30.95
	<b>1,014.77</b>	<b>791.98</b>

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

- iii) (a) The applicability of Goods and Service Tax Act 2017 on Extra Nuteral Alcohol (ENA) was kept on hold by the GST council vide their minuts of meeting dated 05.08.2017, 22.12.2018 and 20.09.2019 wherein the ENA which is meant for the potable purpose kept under the control of respective State Government, & accordingly the Company is paying the state taxes on ENA as applicable in the respective states and also from the date of notification i.e 09th December 2019 by U P Government.
- (b) The Dy Commissioner (Commercial Tax), Sector I, Rampur have issued the notices on dated 14.11.2019,15.11.2019 & 16.11.2019 on the applicability of GST on ENA w.e.f. July 2017. It is being Contested in Hon'ble High Court of Allahabad. Since, U P State Government as declared notification for 5% VAT on ENA w.e.f. 09th December, 2019, therefore matter does not hold good.

In respect of the items above (i), (ii) , and (iii), future cash out flows are determinable only on receipt of judgements / decisions pending at various forums / authorities except Rs 520.69 Lakhs has already been paid under protest.

#### 40 C. Lease Commitments:

Particulars	For the year ended March 31, 2019	
<b>A) Operating lease arrangements-Company as lessee</b>		
The Company has entered into operating leases on building and plant and machinery with lease terms between one to ten years.		
i) The Company has paid towards minimum lease payment.		893.69
ii) Future minimum rentals payable under non-cancellable operating leases as at the year end are as follows:		
Not later than one year		853.86
Later than one year but not later than five years		1,045.00
Later than five years		-
<b>B) Finance lease arrangements</b>		
The entity has finance leases arrangements for leasehold land for multiple decades. The entity's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases arrangements together with the present value of the net minimum lease payments are as follows:		
	<b>As at March 31, 2019</b>	
	<b>MLP</b>	<b>Present value of MLP</b>
Within one year	0.27	0.24
After one year but not more than five years	1.08	0.73
More than five years	39.20	1.51
	40.55	2.48

#### Disclosure as per Ind AS 116

C On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of Rs 1029.17 lakhs, and a lease liability of Rs 1203.67 lakhs. The cumulative effect of applying the standard, amounting to Rs130.58 lakhs was debited to retained earnings, net of taxes of Rs 43.92 lakhs. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
5. The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 10%.

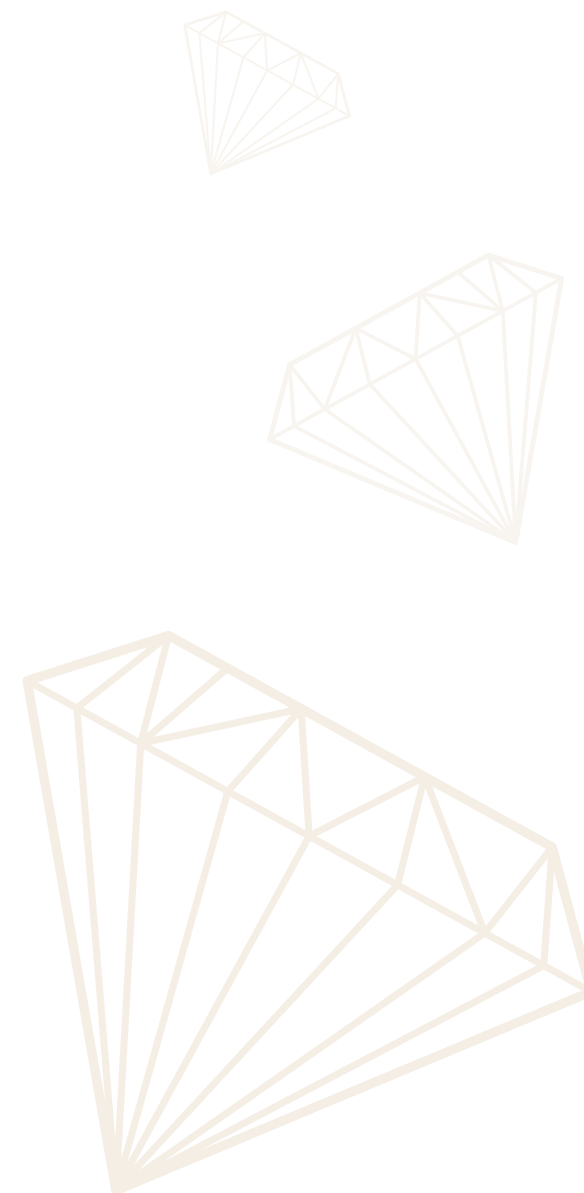
#### Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

Particulars	As at March 31, 2020
Balance as at April 1, 2019	1,029.17
Additions	271.28
Deletion	-
Depreciation	(560.37)
<b>Balance as at March 31, 2020</b>	<b>740.08</b>

The aggregate depreciation expense on Right to use assets is included under depreciation and amortization expense in the statement of Profit and Loss.

#### The following is the break-up of current and non-current lease liabilities:

Particulars	As at March 31, 2020
Current lease liabilities	502.96
Non current lease liabilities	362.09
	<b>865.05</b>



**The following is the movement in lease liabilities:**

Particulars	As at March 31, 2020
Balance as at April 1, 2019	1,206.12
Additions	271.28
Finance cost accrued during the period	140.44
Payment of lease liabilities (Total cash outflow)	(752.79)
<b>Balance as at March 31, 2020</b>	<b>865.05</b>

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases is 138.03 for the year ended March 31, 2020.

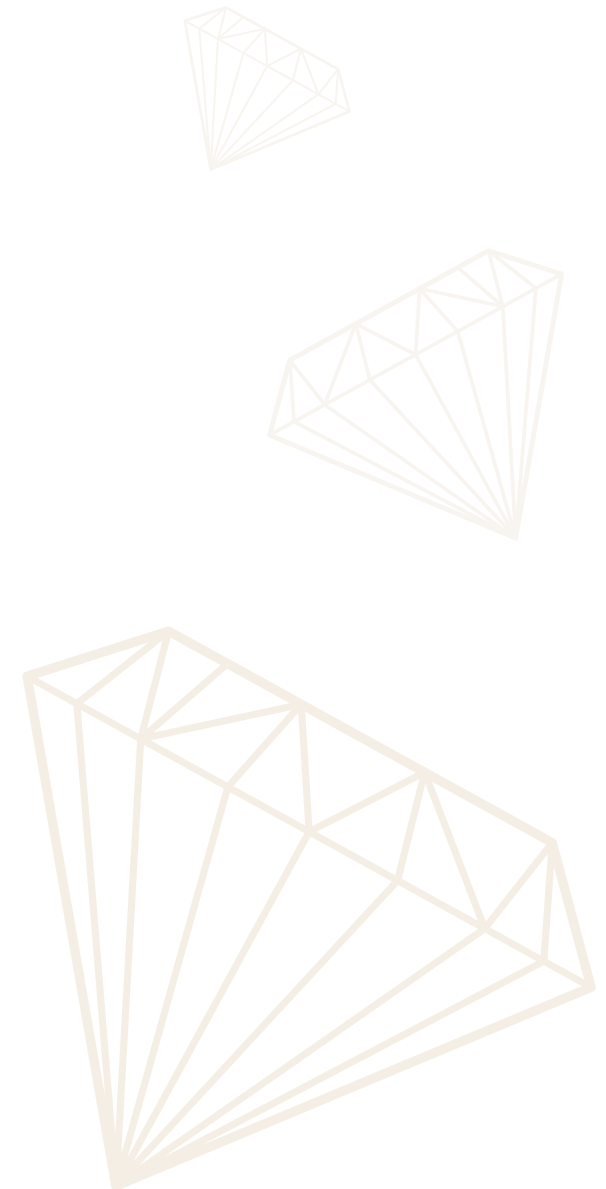
**Impact of adoption of Ind AS 116 on statement of profit & loss**

Particulars	For the Year ended March 31, 2020
Interest on lease liabilities (refer note 35 )	140.44
Depreciation of right-to-use asset	560.37
Deferred tax (credit)	(13.08)
<b>Impact on statement of profit &amp; loss during the year</b>	<b>687.73</b>

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

**42 Dividend on Equity Shares**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Dividend on Equity Shares declared and paid during the year</b>		
Dividend of Rs.1.20 per share (Previous Year Rs 1/- per share) for financial year 2018-19	1,600.91	1,333.07
Dividend Distribution Tax	329.07	274.02
	<b>1,929.98</b>	<b>1,607.09</b>



Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Proposed dividends on Equity shares not recognised as liability</b>		
Dividend of Rs. 2.00 per share (Previous Year Rs 1.20 per share) for financial year 2019-20	2,670.69	1,600.91
Dividend Distribution Tax	-	<b>329.07</b>
	<b>2,670.69</b>	<b>1,929.98</b>

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

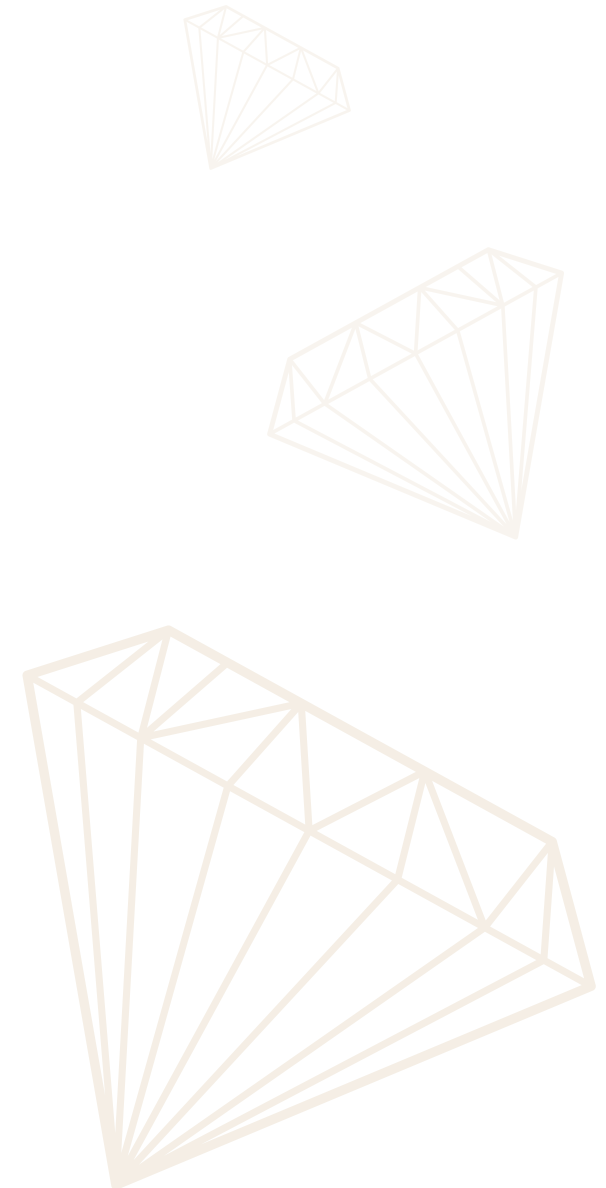
#### 43 Earnings per equity share (EPS)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the entity by the weighted average number of Equity shares outstanding during the year (Amount in INR)	17.05	14.55
Diluted EPS is calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares (Amount in INR).	17.15	14.54
The following reflects the income and share data used in the basic and diluted EPS computations:		
<b>Profit attributable to equity holder for basic earnings</b>	22,913.99	19,413.29
Effect of dilution:		
Share options (ESOP)	8.59	18.07
<b>Profit attributable to equity holders adjusted for the effect of dilution</b>	<b>22,922.58</b>	19,431.36
Weighted average number of Equity shares for basic EPS	133,443,402	133,409,265
Effect of dilution:		
Share options (Refer Note 16 (e))	139,500	264,500
<b>Weighted average number of Equity shares adjusted for the effect of dilution</b>	133,582,902	133,673,765



#### 44 Income Tax

The major components of Income Tax expense	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Current Income Tax:</b>		
Current income tax charge	7,095.03	8,573.32
<b>Total (A)</b>	<b>7,095.03</b>	<b>8,573.32</b>
<b>Deferred Tax:</b>		
Relating to origination and reversal of temporary differences	(2,576.43)	1,191.15
<b>Total (B)</b>	<b>(2,576.43)</b>	<b>1,191.15</b>
<b>OCI section</b>		
Deferred tax related to items recognised in OCI during the year:		
Net loss/(gain) on re-measurements of defined benefit plans	(90.95)	(38.62)
Income tax charged to OCI	<b>(90.95)</b>	<b>(38.62)</b>
<b>Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for:-</b>		
Differential tax impact for land indexation at a rate different from the statutory rate	56.00	52.68
Differential impact of deferred tax arising during tax holiday period	-	59.43
Amortisation of certain assets not claimed as deduction under tax	(47.72)	52.79
Differential impact of provisions	-	9.27
Loss on sale of fixed assets (net)	(17.99)	(26.95)
Deduction claimed in Tax but not in books	203.36	207.30
Others	2,150.73	(135.16)
<b>Total ( C )</b>	<b>2,344.38</b>	<b>219.36</b>
<b>Total ( A )+ ( B )+ ( C )</b>	<b>6,862.98</b>	<b>9,983.83</b>



	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting profit before tax	27,268.67	28,570.93
Income tax calculated at India's statutory Income Tax Rate	6,862.98	9,983.83
Other non-deductible expenses	-	-
<b>Total</b>	<b>6,862.98</b>	<b>9,983.83</b>



Deferred tax	As at March 31, 2020	As at March 31, 2019
Deferred tax relates to the following:	(9,429.54)	(12,029.17)
Property, plant and equipment	1,031.30	973.73
Other Ind-AS adjustments (security deposit, lease liability etc.)	551.64	587.69
Provision created under Expected credit loss	-	(90.15)
Tax holiday units	-	153.00
Mat Credit Entitlement	<b>(7,846.60)</b>	<b>(10,404.90)</b>
<b>Net deferred tax assets/(liabilities)</b>		
Reflected in the balance sheet as follows:		
Deferred tax assets (continuing operations)	2,108.73	1,860.16
Deferred tax liabilities (continuing operations)	(9,955.33)	(12,418.06)
Mat Credit Entitlement	-	153.00
<b>Deferred tax liabilities (net)</b>	<b>(7,846.60)</b>	<b>(10,404.90)</b>
<b>Reconciliation of deferred tax liabilities (net):</b>		
Opening balance	10,404.90	9,252.38
Tax income/(expense) during the year recognised in profit or loss	(2,576.43)	1,191.15
Tax income/(expense) during the year recognised in OCI	(90.95)	(38.62)
Impact of Ind AS 116	(43.92)	-
Change in MAT Credit	153.00	-
<b>Closing balance</b>	<b>7,846.60</b>	<b>10,404.90</b>

The entity offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

During the year ended March 31, 2020 and March 31, 2019, the company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT). The company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

#### 45 List of Investment

	As at March 31, 2020	As at March 31, 2019
	Joint Venture	Joint Venture
i. The name of Investee	Radico NV Distilleries Maharashtra Limited	Radico NV Distilleries Maharashtra Limited
ii. The principal place of business	Aurangabad (Maharashtra)	Aurangabad (Maharashtra)
iii. The ownership interest held	36%	36%
iv. The method used to account for the investment	Accounted at cost	Accounted at cost

#### 46 Note on Reduction of Share Capital of Joint Venture Entity ( given in the financial statement adopted on June 25, 2019

Based on NCLT order dated 16th December 2019, the joint venture entity (Radico NV Distilleries Maharashtra Ltd.) has reduced its equity capital from Rs 7387.72 lakhs to Rs 3773.58 lakhs w.e.f. March 31, 2019. As a result, the reserve of the joint venture increased to Rs 39610.95 lakhs from Rs. 35996.81 lakhs. The impact of the said change has reflected in the annualised accounts as at March 31, 2020 by the JV company. Proportionately impact on the nos. of equity shares held in the joint venture has been taken.

#### 47 Segment reporting

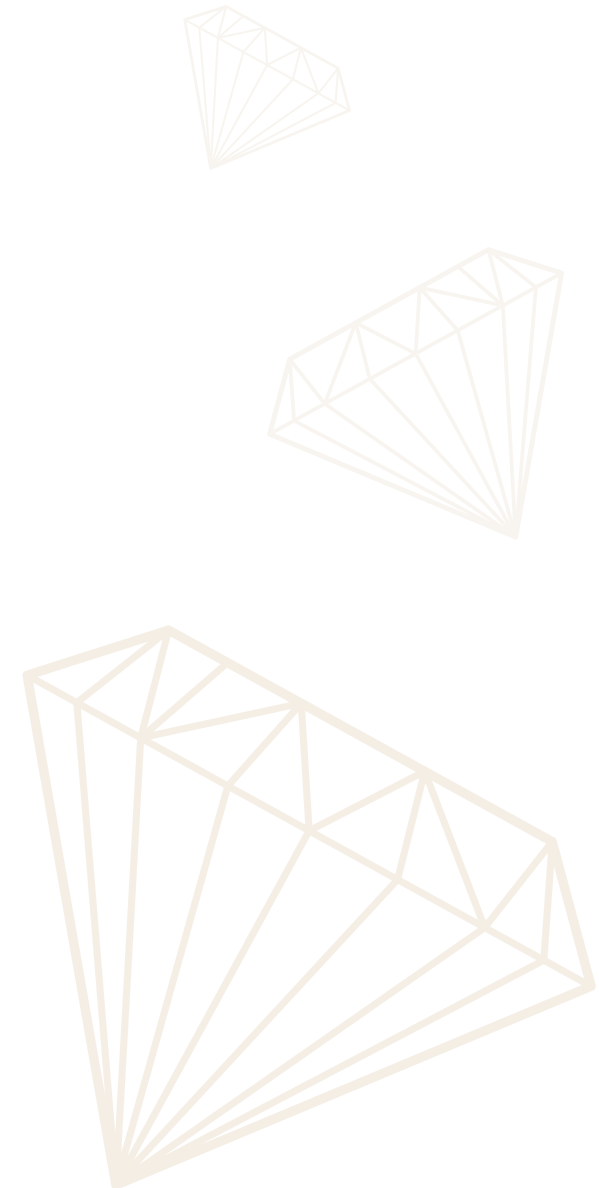
Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the Chief Operating Decision Maker, in deciding how to allocate resources and assessing performance. Operating segments are reported in a manner consistent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

#### 48 Related party transactions and disclosures

##### (1) Related parties and their relationship :

##### I Key Management personnel :

- (1) Dr. Lalit Khaitan, Chairman & Managing Director
- (2) Mr. Abhishek Khaitan, Managing Director
- (3) Mr. K.P.Singh, Whole Time Director
- (4) Mr. Dilip K Banthiya, Chief Financial Officer
- (5) Mr. Amit Manchanda, Company Secretary



## II Relatives of Key Management personnel :

- (1) Mrs. Deepshikha Khaitan (Wife of Mr Abhishek Khaitan)
- (2) Ms. Shailja Devi (Women Director upto 07.05.2019 and Daughter of Dr. Lalit Khaitan)

## III Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise :

- (1) Sapphire Intrex Ltd.
- (2) The Rampur Distillery & Chemical Company Ltd. (Employees P. F. Trust)
- (3) The Rampur Distillery & Chemical Company Ltd. (Employees Group Gratuity Trust)
- (4) The Rampur Distillery & Chemical Company Ltd. (Employees Superannuation Scheme)

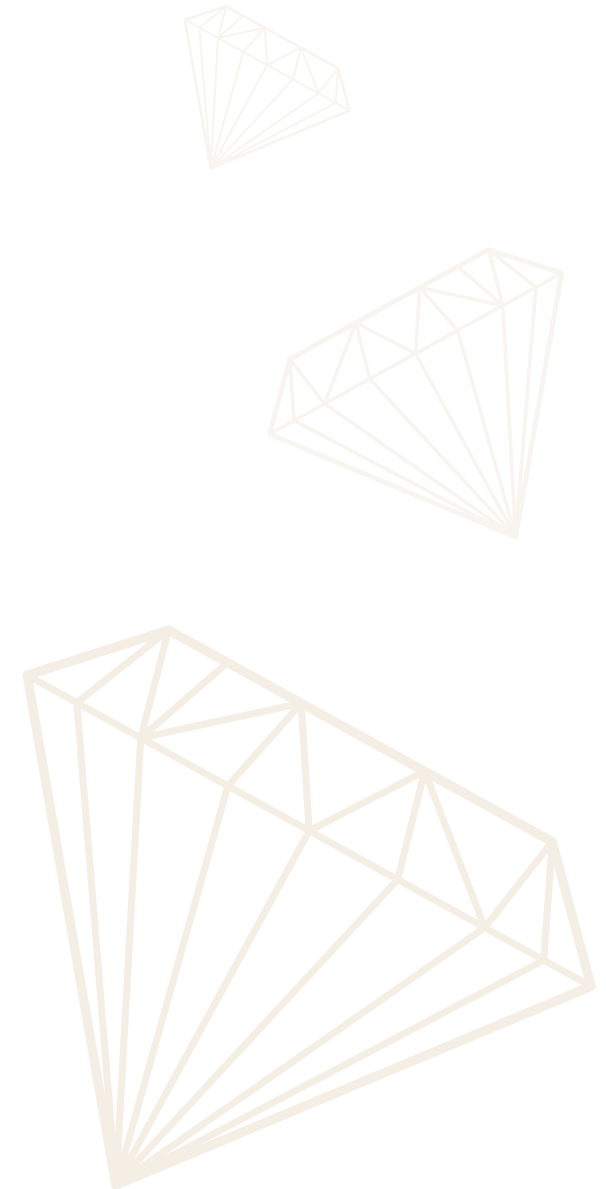
## IV Joint Ventures:

- (1) Radico NV Distilleries Maharashtra Limited

### (2) Transaction with above in the ordinary course of business :

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Key Management Personnel :</b>		
Dr. Lalit Khaitan, Chairman & Managing Director Remuneration		
Salary and Allowances	797.04	661.11
Contribution to Provident and other Funds	49.14	43.77
Value of benefits, calculated as per Income Tax Rules	22.43	24.98
Mr. Abhishek Khaitan, Managing Director Remuneration		
Salary and Allowances	797.04	661.11
Contribution to Provident and other Funds	50.14	44.77
Value of benefits, calculated as per Income Tax Rules	19.51	20.41
Mr. K.P.Singh, Whole Time Director Remuneration		
Salary and Allowances	181.86	182.33
Contribution to Provident and other Funds	8.48	7.97
Value of benefits, calculated as per Income Tax Rules	52.14	43.47

	For the year ended March 31, 2020	For the year ended March 31, 2019
Mr. Dilip K Banthiya, Chief Financial Officer Remuneration		
Salary and Allowances	222.97	209.37
Contribution to Provident and other Funds	10.21	9.55
Value of benefits, calculated as per Income Tax Rules	50.70	43.71
Mr. Amit Manchanda, Company secretary Remuneration		
Salary and Allowances	54.29	45.08
Contribution to Provident and other Funds	3.21	2.98
Value of benefits, calculated as per Income Tax Rules	25.14	20.11
<b>Relatives of Key Management personnel :</b>		
Mrs. Deepshikha Khaitan (wife of Mr. Abhishek Khaitan) Remuneration		
Salary and Allowances	11.60	11.28
Contribution to Provident and other Funds	1.95	1.95
Value of benefits, calculated as per Income Tax Rules	1.18	1.59
Ms. Shailja Devi (Woman Director upto 07th May 2019 and Daughter of Dr. Lalit Khaitan)		
Sitting Fees	-	1.59
<b>Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise :</b>		
<b>Sapphire Intrex Ltd.</b>		
Security Receivable	60.00	60.00
Rent Paid	69.48	68.01
<b>Contribution paid (Employer's contribution only)</b>		
The Rampur Distillery & Chemical Company Ltd. (Employees P. F. Trust)	541.65	481.81
The Rampur Distillery & Chemical Company Ltd. (Employees Group Gratuity Trust)	542.70	285.43
The Rampur Distillery & Chemical Company Ltd. (Employees Superannuation Scheme)	105.30	103.97



	As at March 31, 2020	As at March 31, 2019
<b>Joint Venture</b>		
<b>Radico NV Distilleries Maharashtra Limited</b>		
Sale of Fixed Assets	23.18	4.72
Commission Income	0.47	105.06
Lease rent paid	7.08	7.08
Bottling Charges Paid	523.22	478.45
Tie-up operation income	13.72	9.75
Dividend on Preference Shares	200.00	200.00
Dividend on Equity Shares	159.57	-
Purchase of material	3,068.58	2,779.48
Advances Recoverable	22.29	-
Payable	140.29	150.56
Dividend receivable	-	200.00
Investment in preference share & equity share	17,779.35	17,618.43

#### Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no outstanding guarantees provided or received for any related party receivables or payables in the current financial year. For the year ended March 31, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: Rs Nil). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.

#### 49 Payment to Auditors

	For the year ended March 31, 2020	For the year ended March 31, 2019
i. Audit Fee	31.50	25.50
ii. Limited Review Fee	13.50	12.00
iii. GST on (i) and (ii) above	8.10	6.75
iv. Other Services (Certification Fee including Taxes)	1.31	0.69
v. Reimbursement of Out of Pocket Expenses (including taxes)	2.26	2.44
	<b>56.67</b>	<b>47.38</b>

## 50 Details of CSR expenditure

	For the year ended March 31, 2020		For the year ended March 31, 2019	
	In cash/Payable	Yet to be paid in cash	In cash / Payable	Yet to be paid in cash
i. Gross amount required to be spent by the company (including carry forwarded unspent amount)	427.18		409.10	
ii. Amount spent during the year :		-		-
For construction / acquisition of assets	-	-	-	
For other purposes	401.22		248.44	-
iii. Unspent amount	25.96	-	160.66	-

## 51 Quantitative and other information

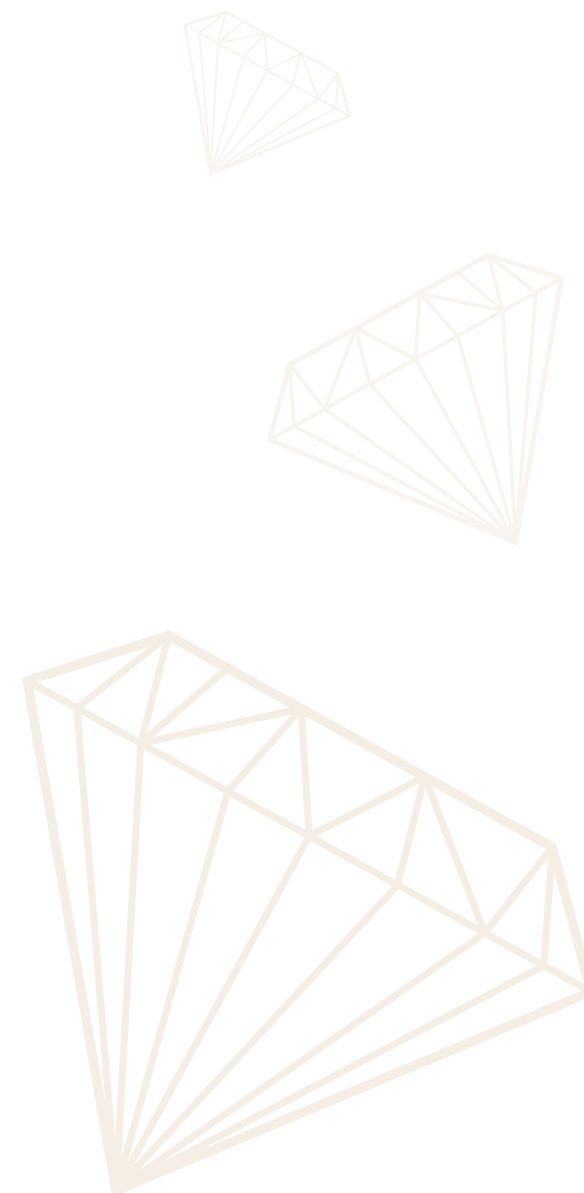
### a) Particulars of Capacity and Production \*

Unit Per Annum		As at March 31, 2020	As at March 31, 2019
1. Molasses / Grain / Malt spirit			
KL/BL AT 94%	Licensed / Installed Capacity	102,460	102,460
	Production	85,225	92,389
KL/AL	Licensed / Installed Capacity	96,312	96,312
	Production	80,111	86,845
2. Bio gas	No license required		
000 *M3	Production	34,466	42,827
3. Pet bottles	No license required		
NOS./1000	Installed Capacity	780,000	600,000
	Production	734,428	691,916

\* As certified by the Management and can not be verified by the Auditors.

**b) Opening Stock, Closing Stock & Turnover**

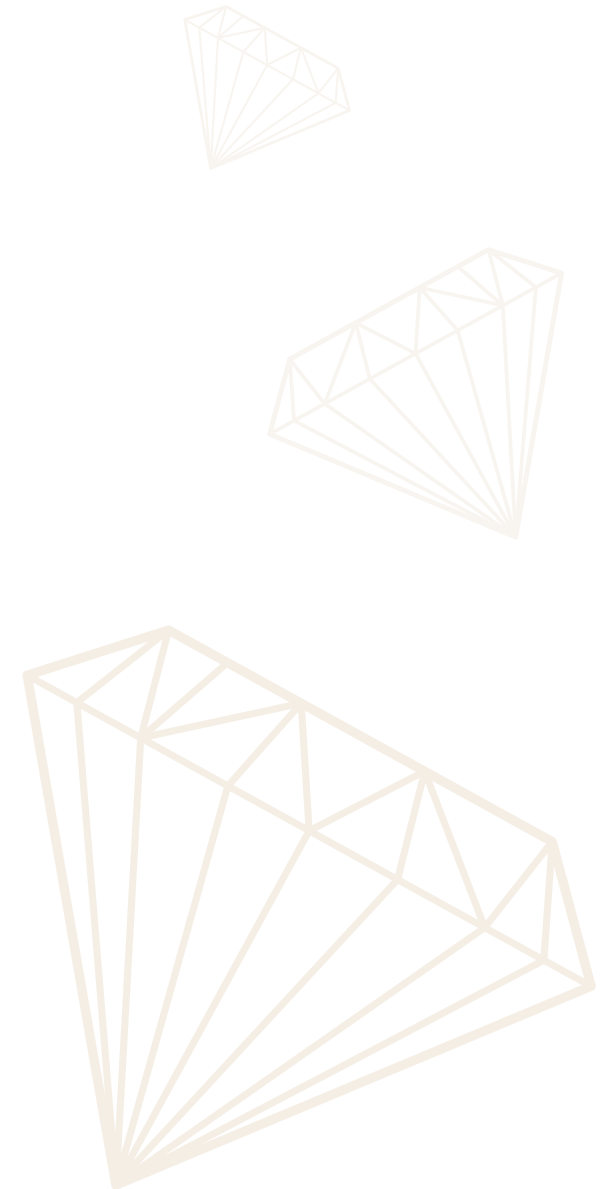
	Unit	For the year ended March 31, 2020		For the year ended March 31, 2019	
		Qty	Value	Qty	Value
1. Alcohol products					
(a) Rectified spirit					
Opening Stock	KL/AL	116	11.05	23	2.92
Closing Stock	KL/AL	140	16.77	116	11.05
Turnover	KL/AL	287	95.86	259	65.09
(b) Silent spirit					
Opening Stock	KL/AL	989	167.42	1,024	198.02
Closing Stock	KL/AL	2,415	467.53	989	167.42
Turnover	KL/AL	8	6.00	768	448.43
(c) Cane juice spirit					
Turnover	KL/AL	154	222.68	56	60.33
(d) Malt spirit					
Opening Stock	KL/AL	1,020	3,485.43	966	2,218.44
Closing Stock	KL/AL	1,693	5,951.37	1,020	3,485.43
Turnover	KL/AL	86	314.64	86	238.44
(e) Grain spirit					
Opening Stock	KL/AL	2,886	1,460.55	1,874	848.90
Closing Stock	KL/AL	2,628	1,497.09	2,886	1,460.55
Turnover	KL/AL	7,467	4,033.19	15,515	7,406.31
(f) Ethanol					
Opening Stock	KL/AL	-	-	258	41.18
Closing Stock	KL/AL	-	-	-	-
Turnover	KL/AL	-	-	2,489	1,019.62





**b) Opening Stock, Closing Stock & Turnover**

	Unit	For the year ended March 31, 2020		For the year ended March 31, 2019	
		Qty	Value	Qty	Value
<b>2. Other alcohol products</b>					
<b>(a) Denatured spirit</b>					
Opening Stock	KL/AL	1.21	0.30	1.12	0.28
Closing Stock	KL/AL	1.30	0.32	1.21	0.30
Turnover	KL/AL	-	-	-	-
<b>(b) Indian made foreign liquor</b>					
Opening Stock	KL/AL	2,225	8,983.96	2,314	9,672.82
Closing Stock	KL/AL	2,048	7,669.36	2,225	8,983.96
Turnover	KL/AL	88,640	627,555.89	78,428	540,129.61
<b>(c) Country liquor</b>					
Opening Stock	KL/AL	329	2,790.43	317	2,248.88
Closing Stock	KL/AL	215	1,495.95	329	2,790.43
Turnover	KL/AL	41,153	300,308.10	33,346	245,731.87
<b>(d) Sanitizer</b>					
Opening Stock	KL/AL	-	-	-	-
Closing Stock	KL/AL	1	0.79	-	-
Turnover	KL/AL	2	2.10	-	-
<b>(e) Imported Alcoholic products</b>					
Opening Stock	BTL	66,056	238.37	72,212	259.76
Closing Stock	BTL	26,540	88.92	66,056	238.37
Turnover	BTL	166,800	659.78	188,940	733.05
<b>3. Pet bottles and Caps</b>					
Opening Stock	Lakh/Bottle	182	298.23	104	190.10
Closing Stock	Lakh/Bottle	132	175.17	182	298.23
Turnover	Lakh/Bottle	1,511	3,755.74	1,913	5,078.95



	Unit	For the year ended March 31, 2020		For the year ended March 31, 2019	
		Qty	Value	Qty	Value
4. Jaivik Khad					
Opening Stock	Qtls	58,339	60.02	141,018	91.58
Closing Stock	Qtls	44,928	51.28	58,339	60.02
Turnover	Qtls	360,367	348.88	426,519	320.72
5. Others					
Turnover			895.85		1,395.69
6. Other operating income					
Turnover			3,590.43		3,172.14
<b>Total:</b>					
Opening Stock			17,495.76		15,772.88
Closing Stock			17,414.55		17,495.76
Turnover			941,789.14		805,800.25



c) Purchases					
	Unit	For the year ended March 31, 2020		For the year ended March 31, 2019	
		Qty	Value	Qty	Value
- Indian Made Foreign Liquor	Cases	-	-	44,390	555.70
- Imported Liquor	BTL	127,284	358.90	182,784	560.83
			<b>358.90</b>		<b>1,116.53</b>

**d) Consumption of raw materials**

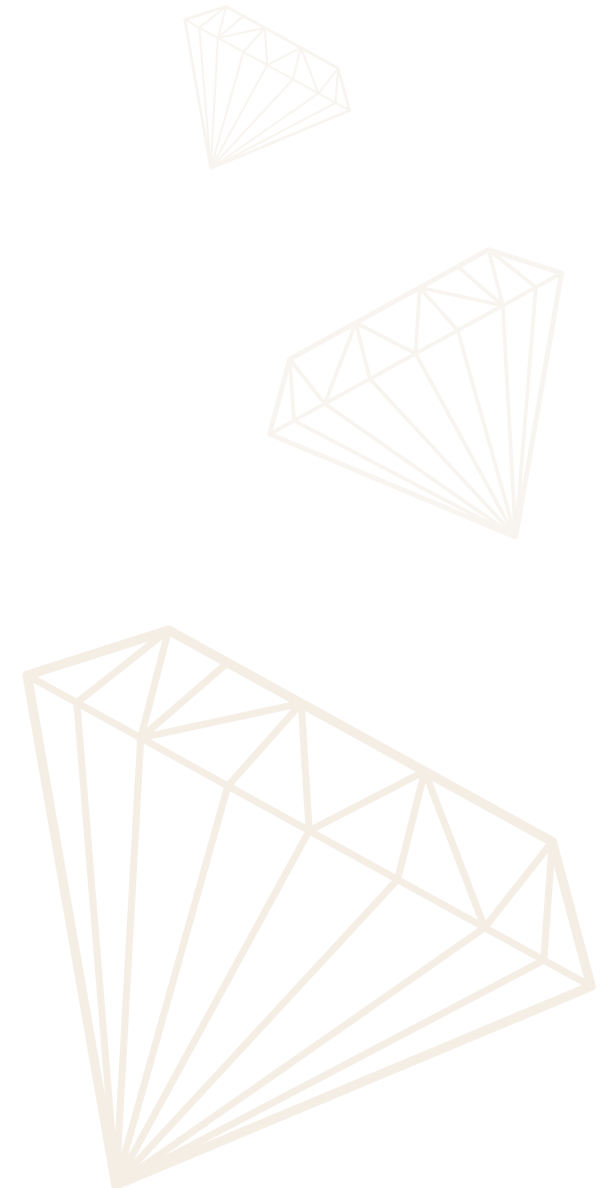
Unit	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Qty	Value	Qty	Value
(i) Molasses	2,317,076	3,857.23	2,588,483	2,994.75
(ii) Cane juice	21,552	81.13	14,107	55.70
(iii) Barley Malt	42,221	1,256.97	20,748	553.63
(iv) Sorghum	133,175	2,349.62	297	3.86
(v) Broken Rice	587,455	11,248.80	562,126	9,311.04
(vi) Millet (Bajra)	51,733	924.44	179,432	2,251.75
(vii) Maize	8,667	151.66	122,016	1,568.73
(viii) Malt /Malt Scotch/Grain/Grape Spirits	-	4,824.98	-	3,795.81
(ix) Rectified spirit / Extra Neutral Alcohol	-	34,159.82	-	21,040.20
(x) Resin	9,395,984	7,355.84	8,976,653	8,936.42
(xi) Press Mud	982,860	428.07	1,001,267	369.48
(x) Others		1,830.33		1,872.08
(xi) Input Tax Credit		(857.59)		(767.62)
		<b>67,611.30</b>		<b>51,985.82</b>

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

	As at March 31, 2020	As at March 31, 2019
(i) Number of non resident shareholders	16	16
(ii) Number of shares held by them	14,880	14,880
(iii) Dividend per share	1.20	1.00
(iv) Financial year to which the dividend relates	2018-19	2017-18
ii) Earnings in foreign exchange - Export of goods on FOB basis	9,513.54	9,169.13

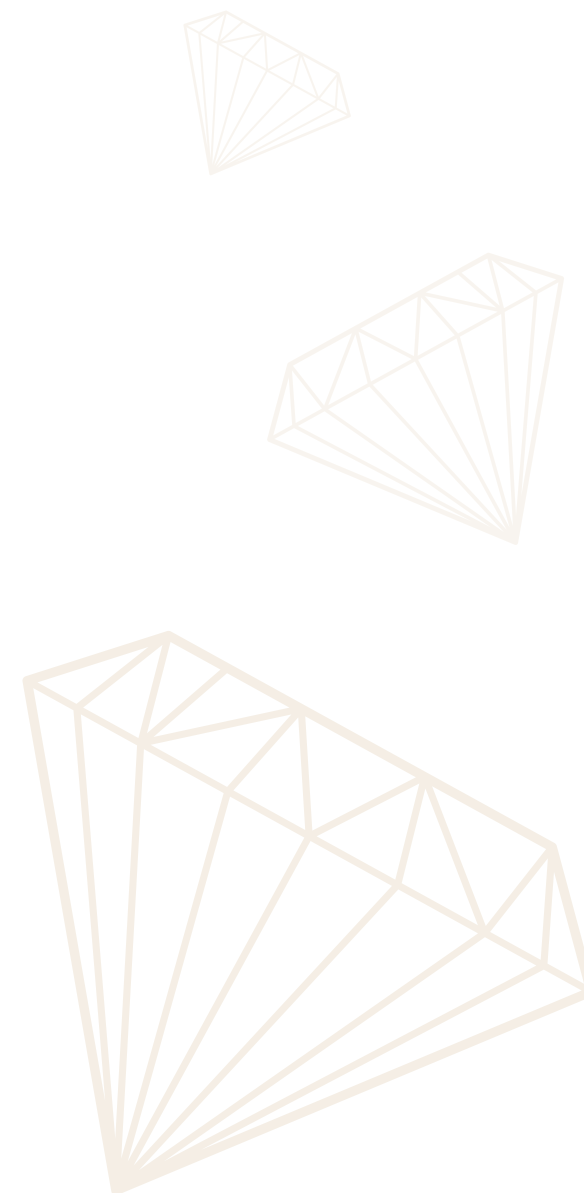
**53 Foreign currency exposure**
**Derivatives not designated as hedging instruments**

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



**Details of foreign currency exposure of the group :**

	As at March 31, 2020		As at March 31, 2019	
	Foreign Currency	INR	Foreign Currency	INR
<b>A. There are no borrowings on forward contracts</b>	-	-	-	-
<b>B. Other foreign currency exposures:</b>				
<b>Trade Receivables</b>				
USD	55.42	4,178.09	65.73	4,546.72
EURO	0.90	75.02	0.74	57.21
GBP	-	-	0.04	3.20
<b>Advances from Customers</b>				
USD	1.14	85.84	-	-
GBP	0.00	0.03	-	-
<b>Trade payables</b>				
USD	7.06	532.59	2.63	187.68
EURO	0.26	21.29	-	-
GBP	0.23	21.87	0.03	2.19
<b>Advances to Vendors</b>				
USD	2.32	174.95	1.69	117.40
EURO	2.06	170.93	2.55	204.11
GBP	0.56	52.50	0.07	5.96
<b>Balance with banks</b>				
USD	0.37	28.20	0.34	23.62



## 54 Financial Instruments

### A - Fair values

The carrying amount of financial assets and liabilities except for certain financial assets i.e. "instrument carried at fair value" appearing in the financial statement are reasonable approximation of fair value. Such investments of those financial instruments carried at fair value are disclosed below:-

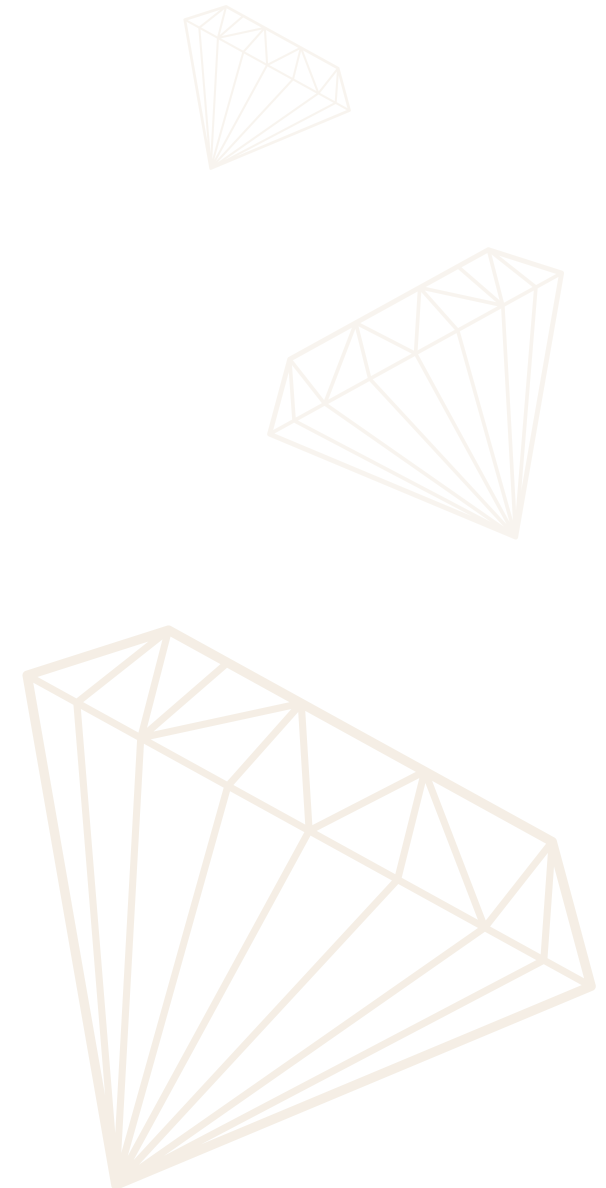
Particulars	Fair value		Carrying value	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Financial assets measured at fair value through profit and loss</b>				
Investments				
Equity shares	0.60	0.60	0.60	0.60
<b>Total</b>	<b>0.60</b>	<b>0.60</b>	<b>0.60</b>	<b>0.60</b>

### B - Fair values hierarchy

The following table provides fair value management hierarchy of the company`s assets:

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>March 31, 2020</b>			
<b>Investment</b>			
Equity share	-	-	0.60
<b>Total</b>	-	-	<b>0.60</b>
<b>March 31, 2019</b>			
<b>Investment</b>			
Equity share	-	-	0.60
<b>Total</b>	-	-	<b>0.60</b>

There have been no transfer between level 1, level 2 and level 3 during the year.



**C - Valuation techniques and processes used to determine fair value**

Fair value of unquoted investments is determined based on the present values, calculated using generally accepted valuation principles.

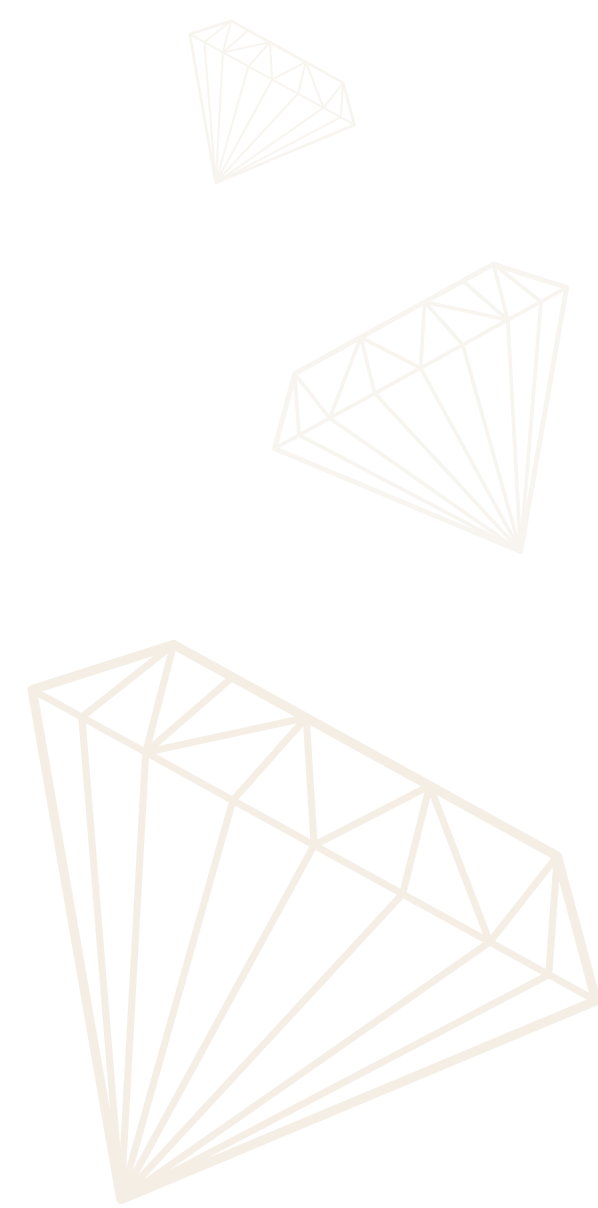
**D - Valuation inputs and relationships to fair value**

Significant unobservable inputs used in Level 3 fair value measurement:-

**Non current investment - Unquoted**

Significant unobservable inputs used in Level 3 fair value measurement:-

	As at March 31, 2020	As at March 31, 2019
Fair Value	0.60	0.60
Significant unobservable inputs*		
Earnings growth rate (%)	10.00	10.00
Risk adjusted discount rate (%)	10.00	10.00
* There were no significant inter-relationships between unobservable inputs that materially affect fair values.		
<b>E - Reconciliation of financial instruments categorised under level 3</b>		
Opening at the beginning of the year	0.60	0.60
Additions during the year	-	-
Gain/(Loss) recognised in OCI during the year	-	-
Closing at the end of the year	0.60	0.60



**55 Financial risk management objectives and policies**

The Company's principal financial liabilities comprise loans and borrowings, security deposits and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, investment in preference shares & equity shares, trade and other receivables, and cash and cash equivalents that are derived directly from its operations.

"The Company's business activities are exposed to a variety of financial risks, namely market risks, credit risk and liquidity risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company.

## A. Market Risk

"Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk and currency risk and equity price risk. Financial instruments affected by market risk include loans and borrowings.

The sensitivity analysis in the following sections relate to the position as at March 31, 2020 and March 31, 2019.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies to total debts.

The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020 and March 31, 2019."

### (i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The entity's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

#### Interest rate sensitivity:

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows

At the reporting date the interest rate profile of the entity's interest bearing financial instrument is as its fair value:

Particulars	Carrying amounts	
	As at March 31, 2020	As at March 31, 2019
<b>Variable rate instruments</b>		
Long term borrowings	153.31	2,165.56
Current maturities of long term debt	137.25	1,376.68
Short term Loan	39,736.97	30,160.06

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not have any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss and neither would it affect the equity.

A change of 100 basis points in interest rates for variable rate instruments at the reporting date would have increased/ (decreased) profit or loss for the below years by the amounts shown below. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	As at March 31, 2020		As at March 31, 2019	
Increase/ (decrease) in basis points	100	(100)	100	(100)
Effect on profit before tax (increase)/ decrease	400.28	(400.28)	337.02	(337.02)

### (ii) Foreign currency risk

The Indian National Rupee is the entity's most significant currency. As a consequence, the company's results are presented in Indian National Rupee and exposures are managed against Indian National Rupee accordingly. The company has limited foreign currency exposure which are mainly on account of imports and exports. The company has not hedged its imports and exports, since they have short recovery cycle and act as natural hedging reducing the foreign currency risk.

#### Foreign currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant. The impact on the Company's profit before tax due to changes in the fair value of foreign currency exposure.

#### Sensitivity to risk

	As at March 31, 2020		As at March 31, 2019	
Increase/ (decrease) in Currency rate (USD)	2.75%	(2.75%)	2.75%	(2.75%)
Effect on profit before tax increase/ (decrease)	117.74	(117.74)	127.35	(127.35)

### (iii) Equity price risk

The company's equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. Reports on the equity portfolio are submitted to the company's senior management on a regular basis. The company's Board of Directors reviews and approves all equity investment decisions.

"At the reporting date, the exposure to:

- unlisted equity securities at fair value is Rs. 0.60 Lakhs.
- unlisted equity in Associate at cost of Rs. 135.39 Crores"

### B. Credit Risk

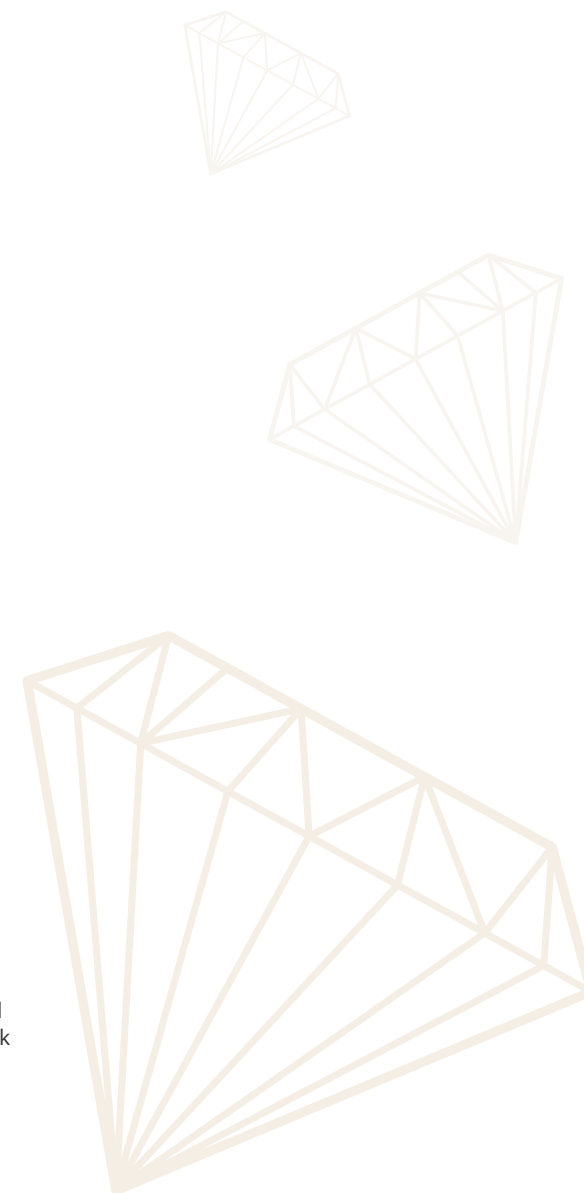
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The entity is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

#### Trade receivables and loans

Credit risk is managed by company in accordance with the company's established policy, procedures and control relating to credit risk management. Credit quality is assessed based on an extensive credit rating and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and loans are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for receivables and loans. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note below. The company does not hold collateral as security. The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and has been rated highly based on internal credit assessment parameters.

Presently, In the current COVID-19 scenario, there are no indication of any material risk. However going forward this could be possible risk which will be addressed as & when they arise.





### Financial instruments and cash deposits

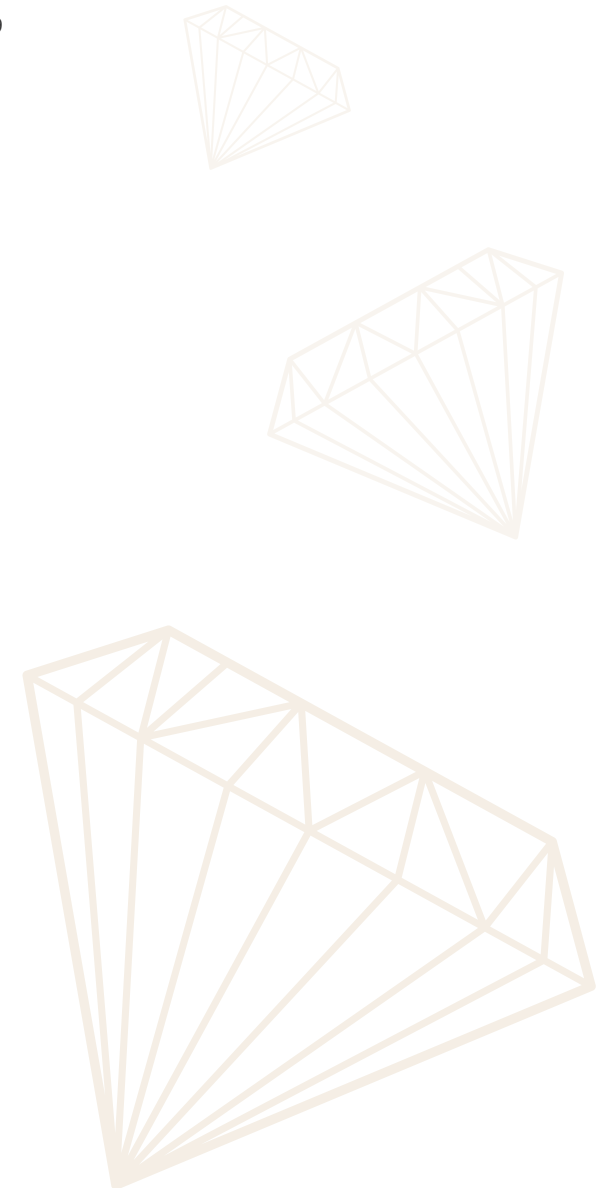
“Credit risk from balances with banks and financial institutions is managed by the entity’s treasury department in accordance with the entity’s policy. Counterparty credit limits are reviewed by the entity’s Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty’s potential failure to make payments.

The Company’s maximum exposure to credit risk for the components of the Balance Sheet at March 31, 2020 and March 31, 2019 is the carrying amounts as illustrated in note below.”

Particulars	As at March 31, 2020	As at March 31, 2019
Current Financial assets		
Investment in a joint venture	17,779.35	17,618.43
Investment in others	0.60	0.60
Loans	1,658.26	803.08
Others	179.95	159.60
	<b>19,618.16</b>	<b>18,581.71</b>
Non Current Financial assets		
Trade receivables	82,305.44	64,174.89
Cash and cash equivalents	1,010.43	825.40
Bank balances other than above	813.55	941.61
Loans	4,073.86	4,669.95
Others	2,050.18	2,412.35
	<b>90,253.46</b>	<b>73,024.20</b>

### C. Liquidity Risk

The Company monitors its risk of shortage of funds on a regular basis. The Company’s objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The table below summarises the maturity profile of the Company’s financial liabilities based on contractual undiscounted payments:”



Particulars	Payable within one year	Payable within one year to five years	Total
<b>As at March 31, 2020:</b>			
Term loans from banks	137.25	153.51	290.76
Short term loan	39,736.97	-	39,736.97
Trade payables	26,423.78	-	26,423.78
Other Financial Liabilities	3,049.40	514.96	3,564.36
<b>As at March 31, 2019:</b>			
Term loans from banks	1,376.68	2,165.76	3,542.44
Short term loan	30,160.06	-	30,160.06
Trade payables	24,483.57	-	24,483.57
Other Financial Liabilities	1,778.16	47.19	1,825.35

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

#### Excessive risk concentration

“Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the entity’s performance to developments affecting a particular industry.

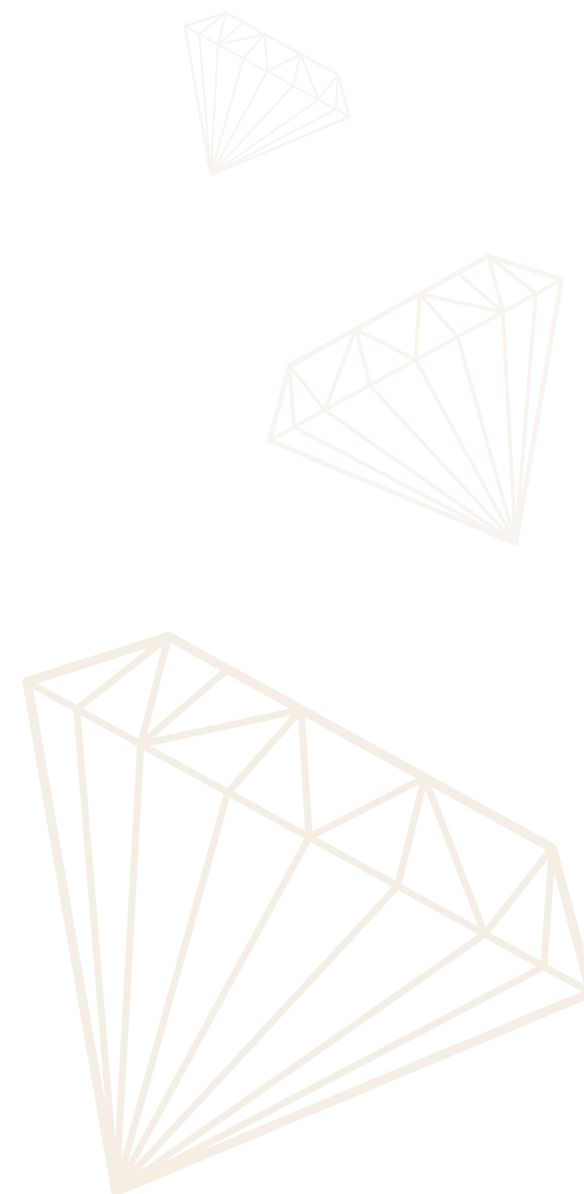
In order to avoid excessive concentrations of risk, the entity’s policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.”

#### Collateral

The Company has created a charge in favour of the lenders for loans and borrowings (Refer note-18 and 23 on Borrowings for details).

#### 56 Post-employment benefit plans

Particulars	As at March 31, 2020	As at March 31, 2019
Gratuity	388.08	141.55



“The entity has a defined benefit plans for Gratuity, Provident Fund and Leave Encashment. For provident fund, entity makes contribution to provident fund trust. Gratuity plan is funded with LIC and requires contributions to be made to a separate fund administered by LIC. Leave encashment liability of the entity is unfunded. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member’s length of service and salary at retirement age.

Each year, the Board of Trustees reviews the level of funding in the Gratuity plan and Provident fund. Such a review includes the asset-liability matching strategy and investment risk management policy. The Board of Trustees decides its contribution based on the results of this annual review. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.”

The following tables summaries the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the respective plans.

#### Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2020 and March 31, 2019

Particulars	Gratuity		
	Defined benefit obligation	Fair value of plan assets	Benefit liability
<b>March 31, 2019</b>	(2,762.71)	2,621.16	(141.55)
<b>Cost charged to profit or loss</b>			
Service cost	(188.62)		(188.62)
Net interest expense	(211.62)	200.78	(10.84)
Sub-total included in profit or loss	<b>(400.24)</b>	<b>200.78</b>	<b>(199.46)</b>
Benefits paid	157.01	(157.01)	-
<b>Remeasurement gains/(losses) in other comprehensive income</b>	-	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	(17.30)	(17.30)
	-	-	-
Actuarial changes arising from changes in demographic assumptions	0.35	-	0.35
Actuarial changes arising from changes in financial assumptions	(186.07)	-	(186.07)
Experience adjustments	(158.36)	-	(158.36)
Sub-total included in OCI	<b>(344.08)</b>	<b>(17.30)</b>	<b>(361.38)</b>
Contributions by employer	-	314.32	314.32
<b>March 31, 2020</b>	<b>(3,350.02)</b>	<b>2,961.95</b>	<b>(388.07)</b>

Particulars	Gratuity		
	Defined benefit obligation	Fair value of plan assets	Benefit liability
April 01, 2018	(2407.92)	2059.71	(348.21)
Cost charged to profit or loss			
Service cost	(157.00)	-	(157.00)
Net interest expense	(186.61)	159.63	(26.98)
Sub-total included in profit or loss	<b>(343.61)</b>	<b>159.63</b>	<b>(183.98)</b>
Benefits paid	85.75	(85.75)	-
Remeasurement gains/(losses) in other comprehensive income	-	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	(13.61)	(13.61)
Actuarial changes arising from changes in demographic assumptions	72.38	-	72.38
Actuarial changes arising from changes in financial assumptions	(14.91)	-	(14.91)
Experience adjustments	(154.40)	-	(154.40)
Sub-total included in OCI	<b>(96.93)</b>	<b>(13.61)</b>	<b>(110.54)</b>
Contributions by employer	-	501.18	501.18
March 31, 2019	<b>(2,762.71)</b>	<b>2,621.16</b>	<b>(141.55)</b>

	As at March 31, 2020	As at March 31, 2019
Funds Managed by Insurer	2,961.95	2,621.16
<b>Total</b>	<b>2,961.95</b>	<b>2,621.16</b>

Significant assumptions used in calculation of post-employment defined benefit obligation of the company's are shown below:

	As at March 31, 2020	As at March 31, 2019
	%	%
<b>Discount rate</b>	6.80%	7.66%
<b>Future salary increases</b>	5.50%	5.50%
<b>Mortality rate</b>	100% of IALM (2012 - 14)	100% of IALM (2006 - 08)

A quantitative sensitivity analysis for significant assumption as at March 31, 2019 and March 31, 2020 :

Particulars	Gratuity		Gratuity	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Assumption	Discount Rate		Discount Rate	
Sensitivity Level	0.50% Increase	0.50% Increase	0.50% Decrease	0.50% Decrease
Impact on defined benefit obligation	(110.85)	(95.49)	117.96	101.57
Assumption	Future Salary		Future Salary	
Sensitivity Level	0.50% Increase	0.50% Increase	0.50% Increase	0.50% Increase
Impact on defined benefit obligation	118.87	103.21	(112.69)	(97.84)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Expected contribution to post employment benefit plans for the next Annual reporting period is Rs.225.63 lakhs

**The following payments are expected contributions to the defined benefit plan in future years:**

	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Within the next 12 months (next annual reporting period)	328.09	263.88
Between 2 and 5 years	384.29	1,160.24
Beyond 5 years	2,637.64	1,338.59
<b>Total expected payments</b>	<b>3,350.02</b>	<b>2,762.71</b>
The average duration of the Gratuity at the end of the reporting period	14.54	14.75

## 57 Information under 186(4) of the Companies Act, 2013

	As at March 31, 2020	As at March 31, 2019
(a) Loans given:		
i) To a Joint Venture Company (interest free working capital advance)		
Opening Balance	-	0.12
Given during the year	-	-
Received during the year	-	(0.12)
<b>Closing Balances</b>	<b>-</b>	<b>-</b>
ii) In the form of unsecured short-term Inter corporate Deposits *		
Opening Balance	4,895.00	9,890.00
Given during the year	750.00	750.00
Received / adjusted during the year	(2,485.79)	(5,745.00)
<b>Closing Balances</b>	<b>3,159.21</b>	<b>4,895.00</b>



### (b) Investments made (As disclosed under Note.3 & 4)

\* All loans are given to unrelated entities at interest rates ranging from 10% to 12% per annum. All the loans are provided for business purposes of respective entities, repayable on demand with prepayment option to the borrower.

## 58 Capital management

For the purpose of the company's capital management, capital includes issued equity share capital and other equity attributable to the equity holders of the company. The primary objective of the company's capital management is to maximise the shareholder's wealth.

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital employed as well as the level of dividend to shareholders.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using a debt equity ratio, which is net debt divided by total capital. The company's policy is to keep the debt equity ratio between 70% and 100%. The company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations.



**The Company's debt equity ratio was as follows:**

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings	40,027.53	33,702.30
Less: Cash and cash equivalents	(1,010.43)	(825.40)
Net debt	<b>39,017.10</b>	<b>32,876.90</b>
Equity Capital	2,670.69	2,668.19
Other Equity	151,623.00	130,906.00
<b>Total Equity</b>	<b>154,293.69</b>	<b>133,574.19</b>
Debt Equity Ratio	<b>25.29%</b>	<b>24.61%</b>

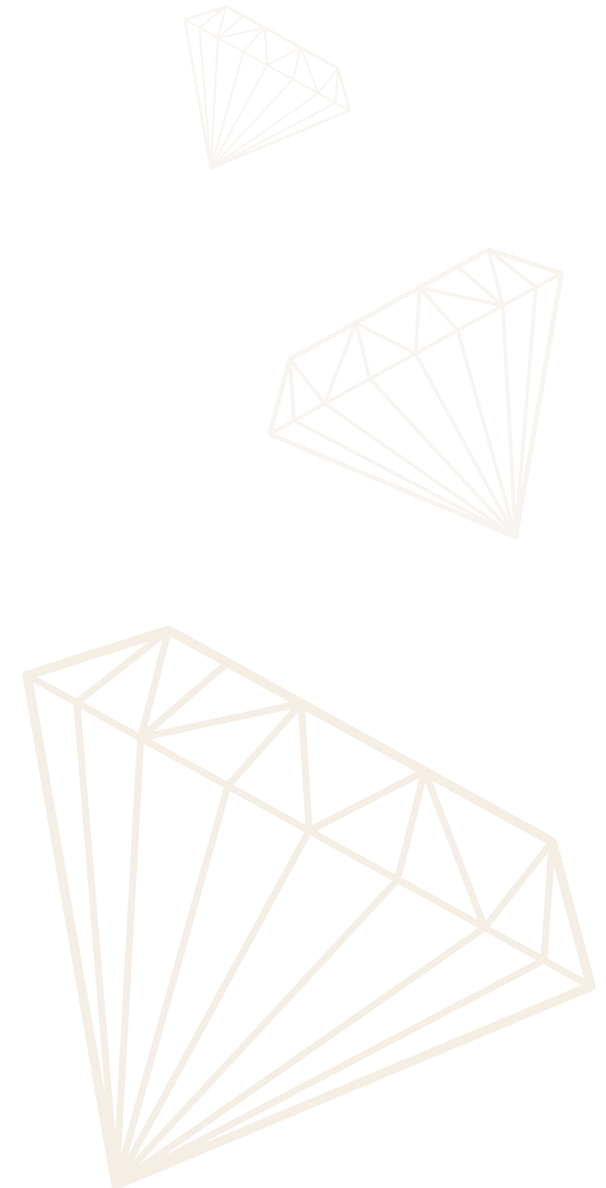
In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current financial year. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020.

**59 Exceptional items (Refer note no. 38)**

- (a) The Central Pollution Control Board (CPCB) vide its letter dated August 06, 2019 pursuant to Company's representation and their subsequent inspection has allowed the Company to restore capacity of its molasses plant from 77 KLD to 200 KLD. Environmental Compensation of Rs.702.00 lakhs as levied by CPCB, has been paid and accounted for during the year.
  - (b) In accordance with Sabka Vishwas Scheme 2019, Rs.858.59 Lakhs was paid towards Central excise duty as one-time settlement, for the period April 2007 to June 2017 in line with legal advice and accounted for during the reporting year.
  - (c) The Government of Bihar in exercise of the powers conferred under Section 19(4) of the Bihar Excise Act, 1915 through its notification dated April 5, 2016, imposed a ban on trade and consumption of Liquor in the State of Bihar. As on March 31, 2019, the Company had an outstanding of Rs. 1259.12 lakhs with the Bihar State Beverages Corporation Limited ("BSBCL"). An amount of Rs. 403.09 lakhs pertaining to VAT refund from the Government of Bihar under the applicable law at that time, in respect of billed stocks returned by BSBCL or stocks destroyed pursuant relevant notifications, has been received in June `2019. The balance of Rs 856.03 lakhs, has been written off, as a matter of prudence and it is disclosed as an exceptional item."
- 60** The COVID -19 pandemic is rapidly spreading throughout the world. RADICO's bottling facilities and offices were under nationwide lockdown, and operations temporarily suspended, since March 24, 2020. However, the ENA manufacturing plant remained partially operational till March 31, 2020 and subsequent period. Presently the plant operations are at full capacity. From May 04, 2020, the bottling facilities have become operational with necessary safety regulations.

Because of lockdown, the volumes for the month of March 2020 has been impacted partially and there has been no sales in the month of April'20. From May 04, 2020, the sales have started with partial opening of lockdown.

The company has sufficient liquidity and demand of its products to continue its operations.

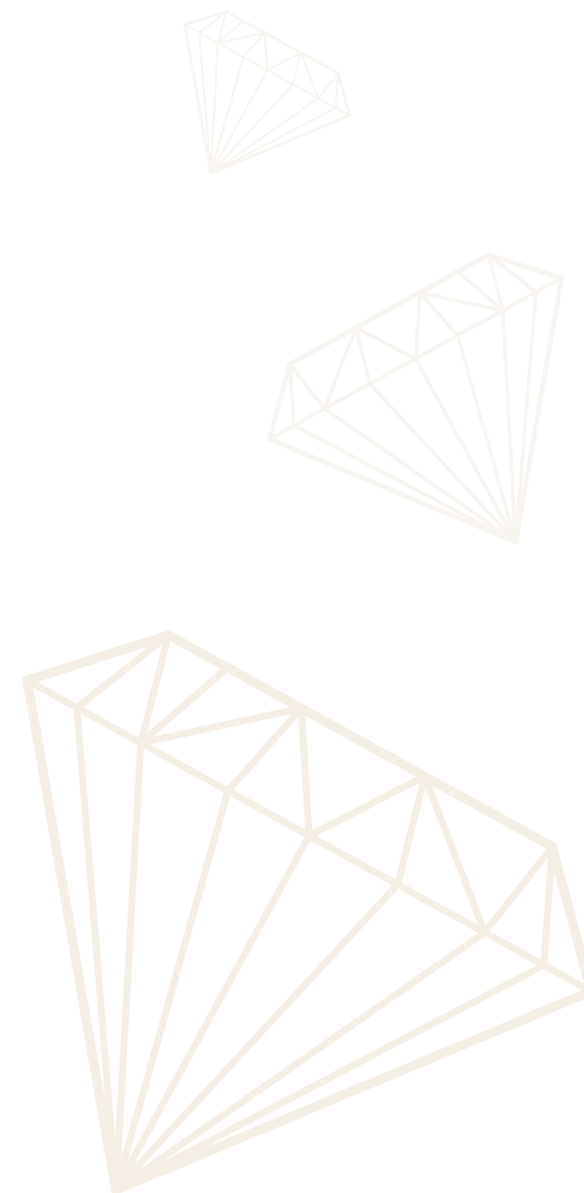


Further, in assessing the recoverability of receivables including trade receivables, loan and advances, the Company has considered internal and external information up to the date of approval of these financial statements, and has performed sensitivity analysis on the assumptions based on current indicators of future economic conditions. Company is confident to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and will continue to, closely monitor any material changes to future economic conditions

#### 61 Details of dues to micro, small and medium enterprises as defined under MSMED Act 2006

		As at March 31, 2020
(a) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	Principal	2,768.72
	Interest	17.79
(b) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;		Nil
(c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;		Nil
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and		17.79
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.		17.79

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management and relied upon by the auditors. Interest, if any, on these have been provided since identified.





**62 Additional Disclosure of Schedule-III**

Name of the Entity in the Group	Net Assets (total assets minus total liabilities)		Share in Profit or Loss		Share in other Comprehensive Income/(Loss)		Share in Total Comprehensive Income/(Loss)	
	As % of Consolidated Net assets	Amount	As % of Consolidated profit or (loss)	Amount	As % of Other Comprehensive Income/(Loss)	Amount	As % of total Comprehensive Income/(Loss)	Amount
<b>Radico Khaitan Limited</b>								
March 31, 2020	89.77	1,38,514.34	99.28	22,750.07	98.90	(270.43)	99.29	22,479.64
March 31, 2019	88.31	1,17,955.76	96.87	18,806.46	100.20	(71.91)	96.86	18,734.55
<b>Joint Venture</b>								
<b>Radico NV Distilleries Maharashtra Limited</b>								
March 31, 2020	10.23	15,779.35	0.72	163.92	1.10	(3.00)	0.71	160.92
March 31, 2019	11.69	15,618.43	3.13	606.83	(0.20)	0.14	3.14	606.97
<b>Total</b>								
<b>March 31, 2020</b>	<b>100.00</b>	<b>1,54,293.69</b>	<b>100.00</b>	<b>22,913.99</b>	<b>100.00</b>	<b>(273.43)</b>	<b>100.00</b>	<b>22,640.56</b>
<b>March 31, 2019</b>	<b>100.00</b>	<b>1,33,574.19</b>	<b>100.00</b>	<b>19,413.29</b>	<b>100.00</b>	<b>(71.77)</b>	<b>100.00</b>	<b>19,341.53</b>

## 63 Interest in other Entities

### a) Interest in Joint Venture

Name of the group	Place of Business	% of Ownership Interest	Relationship	Accounting Method	Carrying amounts	
					March 31, 2020	March 31, 2019
Radico NV Distilleries Maharashtra Limited	Maharashtra	36%	Joint Venture	Equity Method	15779.35	15618.43

### (b) Summarised financial information of the joint venture:

The table below provide summarised financial information for the joint venture of the group. The information disclosed reflects the amounts presented in the financial statements of the joint venture and not Radico Khaitan Limited's share of those amounts.

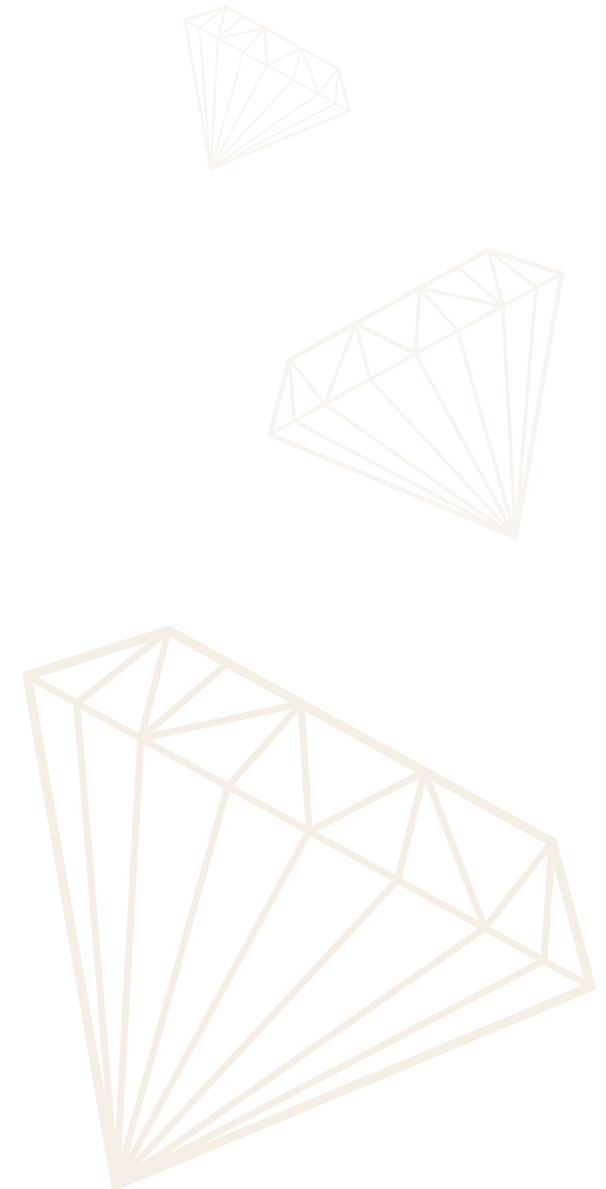
#### Summarised Balance Sheet:

Particulars	March 31, 2020	March 31, 2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	33,291.92	33,128.86
Capital work-in-progress	124.90	5.08
Investment property	38.12	41.23
Intangible assets	112.65	112.65
Financial assets	1,097.52	1,412.89
Other non-current assets	423.87	408.13
<b>Current assets</b>		
Inventories	10,237.46	6,253.32
Financial assets	4,871.14	8,891.84
Other current assets	2,644.14	1,507.69
	<b>52,841.72</b>	<b>51,761.69</b>

Particulars	March 31, 2020	March 31, 2019
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity Share capital	3,773.58	3,773.58
Other Equity	39,523.58	39,610.95
Non-current liabilities		
Financial Liabilities	3,059.52	2,163.89
Provisions	136.93	124.94
Deferred tax liabilities (Net)	3,871.43	3,936.05
Other non-current liabilities	34.20	37.14
Current liabilities		
Financial Liabilities	1,872.63	1,417.85
Other current liabilities	427.01	552.73
Provisions	80.00	45.47
Current tax liabilities (net)	62.84	98.79
	<b>52,841.72</b>	<b>51,761.39</b>

#### Summarized Statement of Profit and Loss for the year ended

Particulars	March 31, 2020	March 31, 2019
Revenue from operations (including excise duty)	31,785.51	30,407.10
Other income	176.82	337.46
	<b>31,962.33</b>	<b>30,744.56</b>
Cost of materials consumed		
Changes in inventories of finished goods and stock in process	22,243.06	14,555.18
	(3,005.82)	1,077.21
Employee benefits expense	2,065.71	1,951.55
Finance costs	327.81	415.05
Depreciation and amortization expense	1,791.37	1,805.43
Other expenses	7,680.52	7,778.09



Particulars	March 31, 2020	March 31, 2019
	<b>31,102.65</b>	<b>27,582.51</b>
Profit/(loss) for the year before taxation (A-B)	<b>859.68</b>	<b>3,162.05</b>
Tax expense:	404.35	1,476.40
Profit/(loss) for the year after tax	<b>455.33</b>	<b>1,685.65</b>
Other Comprehensive Income	(8.32)	0.40
Total Comprehensive Income for the year, net of tax	<b>447.01</b>	<b>1,686.05</b>

The capital commitment and contingent liabilities of the above joint venture are given below:

Particulars	March 31, 2020	March 31, 2019
Capital Commitments	39.64	30.55
Contingent Liabilities	745.46	958.92

The group has filed legal suits against recovery of its dues from trade receivable and other parties aggregating to Rs 6.66 Lakhs (P.Y 6.66 Lakhs), which are in the opinion of Management recoverable and no material losses are foreseen.

#### (c) Reconciliation of Carrying Amount

The table below provides the reconciliation to carrying amounts for the joint venture to the group.

Particulars	March 31, 2020	March 31, 2019
Opening Net Assets	43,384.56	41,698.51
Profit for the year	455.33	1,685.65
Other Comprehensive Income	(8.32)	0.40
Total Comprehensive Income/ (Loss) for the year, net of tax	447.01	1,686.05
Closing Net Assets	43,831.57	43,384.56
Group's Share in %	36%	36%
Group's Share in Rs.	15,779.35	15,618.44
Carrying Amount	15,779.35	15,618.43

For and on behalf of Board of Directors

**Dr. Lalit Khaitan**  
Chairman & Managing Director

**Abhishek Khaitan**  
Managing Director

Director

**Dilip K. Banthiya**  
Chief Financial Officer

**Amit Manchanda**  
Vice President  
Legal & Company Secretary

**Alok Agarwal**  
Sr Vice President  
(Finance & Accounts)

Place : New Delhi  
Date: May 28, 2020

As per our report  
of even date attached

**For BGJC & Associates LLP**  
Chartered Accountants  
Firm Regn. No. 003304N/  
N500056

**Darshan Chhajer**  
Partner  
Membership No. 088308  
Place: Gurugram

64 Previous year figures have been re-grouped, wherever necessary, to correspond to current year figures.

# Company Information

## BOARD OF DIRECTORS

Dr. Lalit Khaitan, *Chairman & Managing Director*  
Mr. Abhishek Khaitan, *Managing Director*  
Mr. Krishan Pal Singh, *Whole Time Director, President – Production*  
Dr. Raghupati Singhania, *Independent Director*  
Mr. Sarvesh Srivastava, *Independent Director*  
Ms. Sushmita Singha, *Independent Director*  
Mr. Tushar Jain (*w.e.f. August 8, 2019*)  
Mr. Sharad Jaipuria (*w.e.f. August 8, 2019*)  
Mr. Karna Singh Mehta, *Independent Director (upto September 30, 2019)*  
Mr. Ashutosh Patra, *Independent Director (upto September 30, 2019)*  
Ms. Shailja Devi, *Non-Executive, Non-Independent Director (upto May 7, 2019)*

## CHIEF FINANCIAL OFFICER

Mr. Dilip K Banthiya

## VICE PRESIDENT – LEGAL & COMPANY SECRETARY

Mr. Amit Manchanda

## AUDIT COMMITTEE

Mr. Sarvesh Srivastava *Chairman*  
Dr. Raghupati Singhania *Member*  
Mr. Tushar Jain *Member*

## NOMINATION AND REMUNERATION COMMITTEE

Dr. Raghupati Singhania *Chairman*  
Mr. Tushar Jain *Member*  
Mr. Sharad Jaipuria *Member*

## STAKEHOLDER'S RELATIONSHIP COMMITTEE

Mr. Sharad Jaipuria *Chairman*  
Mr. Sarvesh Srivastava *Member*  
Mr. K.P. Singh *Member*

## ESOP COMPENSATION COMMITTEE

Dr. Lalit Khaitan *Chairman*  
Mr. Abhishek Khaitan *Member*  
Mr. K.P. Singh *Member*

## RISK MANAGEMENT COMMITTEE

Dr. Lalit Khaitan *Chairman*  
Mr. Abhishek Khaitan *Member*  
Mr. Dilip K. Banthiya *Member*

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Dr. Lalit Khaitan *Chairman*  
Mr. Abhishek Khaitan *Member*  
Mr. K.P. Singh *Member*  
Ms. Sushmita Singha *Member*

## STATUTORY AUDITORS

BGJC & Associates LLP  
Raj Tower 1, G-1  
Alaknanda Community Centre  
New Delhi 110 019

## INTERNAL AUDITORS

Grant Thornton  
21st Floor, DLF Square, Jacaranda  
Marg, DLF Phase II  
Gurgaon – 122 002

## COST AUDITORS

Mr. R. Krishnan,  
Cost Accountants  
H -301, Green Valley Apartment  
Plot No.18, Sector-22  
Dwarka, New Delhi -110 077

## TRANSFER AGENTS

Karvy Selenium Tower B, Plot number 31 & 32,  
Gachibowli, Financial District, Nanakramguda,  
Serilingampally, Hyderabad – 500032

## BANKERS

Punjab National Bank  
State Bank of India  
AXIS Bank  
Kotak Mahindra Bank  
Standard Chartered Bank  
IDBI Bank Ltd.  
Yes Bank Ltd.  
HDFC Bank Ltd.  
Federal Bank Ltd.

## REGISTERED OFFICE

Bareilly Road  
Rampur – 244 901  
Uttar Pradesh.

## CORPORATE OFFICE

Plot No.J-1, Block B-1,  
Mohan Co-operative Industrial Area  
Mathura Road, New Delhi – 110 044

## WORKS

Rampur Distillery  
Bareilly Road, Rampur – 244 901, Uttar Pradesh

B-24, A-25, Shri Khatushyamji Industrial  
Complex  
Reengus, Dist. Sikar – 332 404, Rajasthan

A-1/A-2/B-3, Bazpur Industrial Area  
Phase – I, P.O. Sultanpur Patti, Bazpur  
Dist. Udham Singh Nagar – 262 123, Uttarakhand

S. No.59, Timmapur Village, Palmakul Post - 509 325  
Shadnagar Tq. Dist. Mahaboobnagar, Hyderabad  
Andhra Pradesh

44 KM Stone, Delhi Rohtak Road  
Village & Post Rohad, Bahadurgarh  
Dist. Jhajjar – 124501, Haryana.



Plot No. J-I, Block B-I,  
Mohan Co-operative Industrial Area,  
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Fax: +91-11-41678841/42

CIN: L26941UP1983PLC027278

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