

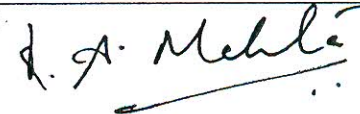





Form A

1.	Name of the Company	Tilaknagar Industries Ltd.
2.	Annual Financial Statements for the year ended	31st March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A.
5.	To be signed by-	
	• Chairman & Managing Director	⊙ CMD 
	• Officiating Head of Finance	⊙ OF 
	• Auditor	⊙ 
	• Chairman – Audit Committee	⊙ VBN 

**CERTIFIED TRUE COPY
For TILAKNAGAR INDUSTRIES LTD.**


COMPANY SECRETARY



Regd. Office: P.O. Tilaknagar, Tal. Shirampur, Dist. Ahmednagar, Maharashtra-413 720

NOTICE

NOTICE is hereby given that the 78th Annual General Meeting (AGM) of the Members of Tilaknagar Industries Ltd. will be held on Wednesday, September 11, 2013 at 10.30 a.m. at the Registered Office of the Company i.e. P.O. Tilaknagar, Tal. Shirampur, Dist. Ahmednagar, Maharashtra-413 720 to transact the following business:

ORDINARY BUSINESS

Item No. 1 – Adoption of Accounts

To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and the statement of Profit & Loss for the year ended on that date together with the Directors' and Auditors' Report thereon.

Item No. 2 – Declaration of Dividend

To declare final dividend for the financial year ended March 31, 2013 on equity shares of the Company.

Item No. 3 – Re-appointment of Dr. Vishnu Kanhere

To appoint a Director in place of Dr. Vishnu Kanhere, who retires by rotation and being eligible, offers himself for re-appointment.

Item No. 4 – Re-appointment of Dr. Ravindra Bapat

To appoint a Director in place of Dr. Ravindra Bapat, who retires by rotation and being eligible, offers himself for re-appointment.

Item No. 5 – Re-appointment of Statutory Auditors

To re-appoint Statutory Auditors, M/s. Batliboi & Purohit, Chartered Accountants (FRN101048W), to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Members of the Company and to fix their remuneration.

SPECIAL BUSINESS

Item No. 6 – Revision in remuneration payable to Mr. Amit Dahanukar, Chairman & Managing Director

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 Sections 198, 309 and 310 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions, if any, of the said Act, including any statutory modification(s) or re-enactment thereof for the time being in force, approval be and is hereby accorded for the enhancement in the salary, perquisites, allowances and commission payable to Mr. Amit Dahanukar, Chairman & Managing Director of the Company, with effect from April 01, 2013, for the remainder of the tenure on the terms as set out

in the draft Agreement submitted to this Meeting and initialed for the purpose of identification, which Agreement is hereby specifically approved, with absolute discretion to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute to exercise its powers conferred by this resolution) to alter and vary the terms and conditions of the said Agreement as the Board may in its absolute discretion consider necessary and as may be agreed to by Mr. Amit Dahanukar;

RESOLVED FURTHER THAT where in any financial year the Company has no profits or its profits are inadequate, the Company do pay to Mr. Amit Dahanukar, Chairman & Managing Director, remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified in Schedule XIII to the Companies Act, 1956;

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Item No. 7 – Revision in remuneration payable to Mrs. Shivani Amit Dahanukar, Executive Director

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 Sections 198, 309 and 310 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions, if any, of the said Act, including any statutory modification(s) or re-enactment thereof for the time being in force, approval be and is hereby accorded for the enhancement in the salary, perquisites, allowances and commission payable to Mrs. Shivani Amit Dahanukar, Executive Director of the Company, with effect from April 01, 2013, for the remainder of the tenure on the terms as set out in the draft Agreement submitted to this Meeting and initialed for the purpose of identification, which Agreement is hereby specifically approved, with absolute discretion to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute to exercise its powers conferred by this resolution) to alter and vary the terms and conditions of the said Agreement as the Board may in its absolute discretion consider necessary and as may be agreed to by Mrs. Shivani Amit Dahanukar;

RESOLVED FURTHER THAT where in any financial year the Company has no profits or its profits are inadequate, the Company do pay to Mrs. Shivani Amit Dahanukar, Executive

Director, remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified in Schedule XIII to the Companies Act, 1956;

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board

Place: Mumbai

Date: May 30, 2013

Gaurav Thakur
Company Secretary

Registered Office:

P.O. Tilaknagar, Tal. Shirampur,

Dist. Ahmednagar, Maharashtra-413 720

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing proxy must be received by the Company at its Registered Office not less than 48 hours before the commencement of the Meeting.
3. In terms of the Articles of Association of the Company read with Section 256 of the Companies Act, 1956, Dr. Vishnu Kanhere and Dr. Ravindra Bapat, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Their brief resumes as per the requirements of Clause 49 of the Listing Agreement are provided in the Corporate Governance Report forming part of the Annual Report. The Board of Directors of the Company recommends their re-appointment.
4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed here to.
5. Members are requested to note that the Company's equity shares are under compulsory demat trading for all investors, pursuant to the provisions of SEBI Circular No. 21/99 dated July 8, 1999. Members are, therefore, requested to dematerialise their shareholding to avoid inconvenience.
6. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, September 05, 2013, to Wednesday, September 11, 2013 (both days inclusive).
7. If the final dividend as recommended by the Board of Directors

is approved at the Annual General Meeting, payment of such dividend will be made on or before September 18, 2013:

- i) to all Members in respect of shares held in physical form whose names appear on the Company's Register of Members as on September 05, 2013 after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on September 04, 2013; and
 - ii) to all Beneficial Owners in respect of shares held in dematerialised form whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on September 04, 2013.
8. The facility of electronic credit of dividend directly to the respective bank accounts of the Members through National Electronic Clearing Service (NECS) is arranged by the Company. This facility is currently available at the locations specified by RBI. This facility is in addition to the Bank Mandate Facility that already exists whereby bank account details are printed on the dividend warrants. Members who would like to avail of the NECS Mandate Facility or the Bank Mandate Facility (if not done earlier) are requested to complete and submit the NECS Mandate Form available at the Company's website i.e. www.tilind.com to Company's Registrar and Share Transfer Agents (for shares held in physical form) or their Depository Participants (for shares held in electronic form) latest by September 04, 2013.
 9. Members are requested to:
 - a) intimate any change in their addresses/mandate/bank details and all their queries related to shares to the Company's Registrar and Share Transfer Agents i.e. Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (East), Mumbai – 400 072.
 - b) quote Client ID and DP ID numbers in respect of shares held in dematerialised form and ledger folio number in respect of shares held in physical form in all the correspondence.
 - c) bring the attendance slip duly filled in for attending the Meeting.
 10. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 11. Corporate Members are requested to send a duly certified copy of the board resolution authorising their representatives to attend and vote at the Annual General Meeting.

12. Members who have multiple folios in identical names or joint names in the same order are requested to send all the Share Certificates to the Company's Registrar and Share Transfer Agents i.e. Bigshare Services Pvt. Ltd. for consolidation of all such folios into one to facilitate better service. Members may also avail of the nomination facility as provided under Section 109A of the Companies Act, 1956.
13. All documents referred in the accompanying notice are open for inspection at the Registered Office of the Company on all the working days, except Saturdays and holidays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting including Certificate of Auditors with respect to implementation of ESOP Schemes of the Company, which shall also be placed in the Meeting.
14. Members may refer Report on Corporate Governance for particulars of Directors' appointment/re-appointment at the Annual General Meeting.
15. The Annual Report of the Company, circulated to the Members of the Company, is also available on the Company's website i.e. www.tilind.com.
16. Members desiring any relevant information about the accounts at the Annual General Meeting are requested to write to Mr. Gaurav Thakur, Company Secretary and Compliance Officer of the Company at least ten days in advance of the Meeting so that the information required can be made readily available.
17. The details of bonus shares lying unclaimed in the TI-Unclaimed Suspense Account are available on the Company's website i.e. www.tilind.com. Members may claim the same by sending request letter in this regard alongwith self attested address proof, PAN Card copy and demat account details to the Company's Registrar and Share Transfer Agents.
18. Unclaimed Dividend:
Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unclaimed dividend amounts lying with it as on September 21, 2012 (date of last Annual General Meeting) on its website i.e. www.tilind.com and also on the Ministry of Corporate Affairs' website.
The Members are advised to claim the same by sending request letter alongwith letter of undertaking available on the website of the Company and self-attested PAN Card copy to the Company's Registrar and Share Transfer Agents before the due date for transfer to the aforesaid fund i.e. seven years from the date of declaration of the dividend.

19. As per SEBI directive, it is mandatory for the transferees to furnish self-attested copy of the PAN (Permanent Account Number) card to the Company's Registrar and Share Transfer Agents for registration of transfer/ transmission/transposition of shares in the physical form.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 SETTING OUT ALL THE MATERIAL FACTS RELATING TO SPECIAL BUSINESS:

Item No. 6

Mr. Amit Dahanukar was re-appointed as Chairman & Managing Director of the Company at the 77th Annual General Meeting of the Company for a period of 5 years with effect from November 07, 2012. In view of his valuable contribution for the past several years towards the growth of the organization, the Board of Directors, upon recommendation of the Remuneration Committee, has proposed revision in the remuneration payable to him with effect from April 01, 2013 for his balance tenure as Chairman & Managing Director of the Company. The revised remuneration structure is detailed as under:

Salary: ₹15,78,000/- (Rupees Fifteen Lacs Seventy Eight Thousand only) per month.

Commission: Payment of commission calculated with reference to the net profit of the Company for each financial year as may be fixed by the Board of Directors, subject to ceiling laid down in Section 309 of the Companies Act, 1956.

Performance Incentive: As per the rules of the Company.

Perquisites and Allowances: In addition to salary, the Chairman & Managing Director shall be entitled to following perquisites and allowances:-

Accommodation: Furnished or otherwise, shall be provided by the Company or HRA in lieu thereof subject to a limit of sixty percent of the annual salary.

Medical Reimbursement: For self and family in accordance with the rules of the Company and Scheme as applicable to other Senior Executives.

Leave Travel Assistance: For self and family in accordance with the rules of the Company and Scheme as applicable to other Senior Executives.

Personal Accident Insurance: Premium not to exceed ₹ 4000/- per annum.

Leave: Leave on full pay as per the rules of the Company subject to maximum of one month's leave for every eleven months' service.

Encashment of Leave: Encashment of leave at the end of tenure will not be included in the computation of the ceiling on

perquisites.

Provident Fund: Benefits under the Provident Fund Scheme of the Company in accordance with the Company's rules and regulations in force from time to time.

Pension and Superannuation Fund: Benefits under the Company's Pension and Superannuation Fund Scheme in accordance with the Company's rules and regulations and Schemes in force from time to time, to the extent these two are not taxable under the Income-Tax Act, 1961.

Gratuity: Gratuity payable in accordance with the rules and approved scheme of the Company which does not exceed half month's salary (15 days) for each completed year of service, subject to a ceiling laid down thereunder from time to time.

Car: Free use of Company's Car including maintenance and operation together with driver, the monetary value of which may be evaluated as per Income-Tax Rules, 1962.

Telephone: Free telephone facility at residence.

Provision for use of car for official duties and telephone facility at residence shall not be included in computation of perquisites for the purpose of calculation of the said ceiling.

Club Fees: Fees for Clubs, subject to a maximum of two Clubs, excluding admission and life membership fees.

Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Chairman & Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956, as may be amended from time to time.

The draft supplementary agreement to be entered into between the Company and Mr. Amit Dahanukar, Chairman & Managing Director of the Company is available for inspection at the Registered Office of the Company on all the working days, except Saturdays and holidays between 11.00 a.m. and 1.00 p.m. upto the date of the ensuing Annual General Meeting.

Approval of Members is sought pursuant to the provisions of Sections 198, 309 and 310 read with Schedule XIII to the Companies Act, 1956 for revision in the remuneration payable to Mr. Amit Dahanukar, Chairman & Managing Director of the Company with effect from April 01, 2013 to November 06, 2017.

The Board of Directors recommends the resolution for approval of the Members as an Ordinary Resolution.

None of the Directors except, Mr. Amit Dahanukar and Mrs. Shivani Amit Dahanukar who is a relative of Mr. Amit Dahanukar

is concerned or interested in the Resolution.

This may also be treated as an abstract pursuant to the provisions of Section 302 of the Companies Act, 1956.

Item No. 7

Mrs. Shivani Amit Dahanukar was re-appointed as Executive Director of the Company at the 77th Annual General Meeting of the Company for a period of 5 years with effect from October 01, 2012. In view of her valuable contribution for the past several years towards the growth of the organization, the Board of Directors, upon recommendation of the Remuneration Committee, has proposed revision in the remuneration payable to her with effect from April 01, 2013 for her balance tenure as Executive Director of the Company. The revised remuneration structure is detailed as under:

Salary: ₹ 14,94,000 (Rupees Fourteen Lacs Ninety Four Thousand only) per month.

Commission: Payment of commission calculated with reference to the net profit of the Company for each financial year as may be fixed by the Board of Directors, subject to ceiling laid down in Section 309 of the Companies Act, 1956.

Performance Incentive: As per the rules of the Company.

Perquisites and Allowances: In addition to salary, the Executive Director shall be entitled to following perquisites and allowances:

Medical Reimbursement: For self in accordance with the rules of the Company and Scheme as applicable to other Senior Executives.

Personal Accident Insurance: Premium not to exceed ₹ 4000/- per annum.

Leave: Leave on full pay as per the rules of the Company subject to maximum of one month's leave for every eleven months' service.

Encashment of Leave: Encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.

Provident Fund: Benefits under the Provident Fund Scheme of the Company in accordance with the Company's rules and regulations in force from time to time.

Pension and Superannuation Fund: Benefits under the Company's Pension and Superannuation Fund Scheme in accordance with the Company's rules and regulations and Schemes in force from time to time, to the extent these two are not taxable under the Income-Tax Act, 1961.

Gratuity: Gratuity payable in accordance with the rules and

approved scheme of the Company which does not exceed half month's salary (15 days) for each completed year of service, subject to a ceiling laid down thereunder from time to time.

Car: Free use of Company's Car including maintenance and operation together with driver, the monetary value of which may be evaluated as per Income-Tax Rules, 1962.

Provision for use of car for official duties shall not be included in computation of perquisites for the purpose of calculation of the said ceiling.

Club fees: Fees for Clubs, subject to a maximum of two Clubs, excluding admission and life membership fees.

Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956, as may be amended from time to time.

The draft supplementary agreement to be entered into between the Company and Mrs. Shivani Amit Dahanukar, Executive Director of the Company is available for inspection at the Registered Office of the Company on all the working days, except

Saturdays and holidays between 11.00 a.m. and 1.00 p.m. upto the date of the ensuing Annual General Meeting.

Approval of Members is sought pursuant to the provisions of Sections 198, 309 and 310 read with Schedule XIII to the Companies Act, 1956 for revision in the remuneration payable to Mrs. Shivani Amit Dahanukar, Executive Director of the Company with effect from April 01, 2013 to September 30, 2017.

The Board of Directors recommends the resolution for approval of the Members as an Ordinary Resolution.

None of the Directors except, Mrs. Shivani Amit Dahanukar and Mr. Amit Dahanukar who is a relative of Mrs. Shivani Amit Dahanukar is concerned or interested in the Resolution.

This may also be treated as an abstract pursuant to the provisions of Section 302 of the Companies Act, 1956.

By Order of the Board

Place: Mumbai

Date: May 30, 2013

Gaurav Thakur
Company Secretary

Registered Office:

P.O. Tilaknagar, Tal. Shrirampur,
Dist. Ahmednagar, Maharashtra-413 720

FOR THE KIND ATTENTION OF MEMBERS

Green Initiative in Corporate Governance: Go Paperless

The Company has received tremendous response from the Members of the Company for adopting "Green Initiative in Corporate Governance" implemented by the Ministry of Corporate Affairs ('MCA') vide Circular nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 allowing paperless compliances by Companies through electronic mode. The Company in continuance with initiative of MCA welcomes the Members to achieve 100% paperless compliance, enabling the Company to contribute to the society by saving more trees/plants and also reduce cost of Company on printing annual reports, letters, documents among others used for communication with Members.

MCA initiative permits companies to send various communications/documents (including notice of general meetings, annual reports among others) to its Members through electronic mode, to the registered e-mail addresses of the Members. Besides being a faster and secure way of receiving information, it also acts as a repository of all such communications/documents. It is also a golden opportunity for the Members to contribute to the corporate social responsibility initiative of the Company.

Recognizing the spirit of the Circulars issued by MCA, your Company endeavours to effect all communications, as may be allowed from time to time, including annual report for the financial year 2012-13, in electronic form, to the email address provided/updated by you with the depository/the Company. Please note that all the communications/documents will also be made available on the Company's website i.e. www.tilind.com where it can be downloaded. The Company undertakes to provide physical copies of all the above communications/documents free of cost on receipt of a requisition from you.

Shares held in Demat Mode:

If you are holding shares of the Company in dematerialised form and have not registered your e-mail address with your depository participant or your email address has changed, please register/update the same with your depository participant to ensure smooth receipt of communications/documents from the Company.

Shares held in Physical Mode:

If you are holding shares of the Company in physical form and have not registered your e-mail address with the Company or your email address has changed, please register/update the same by sending e-mail to investor@tilind.com or a written request to the Registrar and Share Transfer Agents (RTA) i.e. Bigshare Services Pvt. Ltd. in this regard.

In case your email address is not registered with the Company, the abovementioned communications/documents shall be sent in physical form. For ensuring prompt receipt of the abovementioned communications/documents, kindly register your e-mail address with the Company at the earliest.

We at 'Tilaknagar Industries Ltd.' appreciate the "Green Initiative" taken by MCA and trust you would help us in implementing the e-governance initiatives of the Government.

Updating of Bank Account Details

Securities and Exchange Board of India (SEBI) vide its circular no. CIR/MRD/DP/10/2013 dated March 21, 2013 has mandated the companies to maintain bank account details of the Members with 9 digit MICR code to enable them to effect electronic payment of dividend among others to the respective bank accounts of the Members.

In view of the above mentioned circular, you are requested to update your bank account details in the following manner:

Shares held in Demat Mode:

If you are holding shares of the Company in dematerialized form and have not registered your bank account details with your depository participant or your bank account details have changed, please register/update the same with your depository participant to ensure credit of dividend among others directly in your bank account.

Shares held in Physical Mode:

If you are holding shares of the Company in physical form and have not registered your bank account details with the Company or your bank account details have changed, please register/update the same by sending the following documents to the RTA i.e. Bigshare Services Pvt. Ltd.:

- a) A request letter for updating bank account details
- b) Self-attested copy of your PAN Card
- c) Photocopy of the cheque leaf (to capture correct Bank Account no., IFSC Code and 9 digit MICR Code)

We seek your co-operation in complying with the mandatory requirements of the above mentioned SEBI circular.



Regd. Office: P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra-413 720

ATTENDANCE SLIP

DP. ID*	
---------	--

Master Folio No.	
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Client ID*	
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No. of Shares held	
--------------------	--

I hereby record my presence at the 78th Annual General Meeting of the Company at its Registered Office i.e. P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413 720, on Wednesday, September 11, 2013 at 10.30 a.m.

SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING

If Member, please sign here	If Proxy, please sign here

Notes:

1. Members/Proxy holders are requested to complete and sign this Attendance Slip and bring with them, when they come to the Meeting and hand it over at the entrance.
2. The copy of Annual Report may please be brought to the Meeting Hall.

*Applicable for investor holding shares in electronic form.



Regd. Office: P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra-413 720

PROXY FORM

DP. ID*	
---------	--

Master Folio No.	
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Client ID*	
------------	--

No. of Shares held	
--------------------	--

I/We of being Member(s) of the above-named Company, hereby appoint, of or failing him/her, of as my/our proxy to vote for me/us on my/our behalf at the 78th Annual General Meeting of the Company to be held at its Registered Office i.e. P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413 720 on Wednesday, September 11, 2013 at 10.30 a.m. and any adjournment(s) thereof.

Signed this day of, 2013.

*Applicable for investor holding shares in electronic form.

Affix One
Rupee
Revenue
Stamp

Notes:

1. The proxy need not be a Member of the Company.
2. The proxy in order to be valid must be deposited with the Company at its Registered Office duly completed in all respects not less than forty-eight (48) hours before the time fixed for holding the above Meeting.





PREPARING FOR TOMORROW

Tilaknagar Industries Ltd. | Annual Report 2012-13



Corporate Information

Board of Directors

Executive Directors

Mr. Amit Dahanukar,
Chairman & Managing Director
Mrs. Shivani Amit Dahanukar,
Executive Director

Non - Executive Directors

Mr. V. B. Haribhakti
Dr. Vishnu Kanhere
Dr. Ravindra Bapat
Mr. C.V. Bijlani
Mr. Madan Goyal

Company Secretary

Mr. Gaurav Thakur

Statutory Auditors

Batliboi & Purohit,
Chartered Accountants

Internal Auditors

Devdhar Joglekar & Srinivasan,
Chartered Accountants

Solicitors

W. S. Kane & Co.
Holla & Holla
Parekh & Co.
Deepak Sabarwal & Associates
Advocate Dharmish Thanai

Bankers/Financial Institutions

Punjab National Bank
Bank of India
State Bank of India
Axis Bank Limited
Corporation Bank
Development Credit Bank Limited
The Karur Vysya Bank Limited
Standard Chartered Bank
GE Money Financial Services Private Limited

Shares listed at

BSE Limited (BSE)
National Stock Exchange of India Limited (NSE)

Registered Office & Works

P. O. Tilaknagar, Tal. Shirampur,
Dist. Ahmednagar, Maharashtra – 413 720
Tel.: 02422-265123 / 265032 / 265092
Fax.: 02422- 265135

Corporate Office

Industrial Assurance Building,
3rd Floor, Churchgate, Mumbai – 400 020
Tel.: 022-22831716 /18
Fax.: 022-22046904
e-mail: investor@tilind.com
website: www.tilind.com

Registrar & Share Transfer Agents

Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate, Sakivihar Road,
SakiNaka, Andheri (E), Mumbai – 400 072
Tel.: 022-28470652 / 40430200
Fax: 022-28475207
e-mail: investor@bigshareonline.com
website: www.bigshareonline.com

Preparing for tomorrow

The cover of our Annual Report 2012-13 represents a fitting picture of the spirit of our enterprise.

Drawing back, taking aim and ready to launch.

At Tilaknagar Industries Ltd., we may have countered headwinds in 2012-13 but implemented a number of initiatives to emerge stronger.

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At Tilaknagar Industries Ltd., our identity is reflected in a number of our Millionaire brands.

■ Tilaknagar Industries Ltd. (TI) is among India's leading alco-bev business companies with an outstanding collection of brands across the IMFL spectrum comprising whisky, brandy, rum, gin and vodka. These brands include Mansion House, Courier Napoleon, Madiraa, BLACPOWER, White House, Savoy Club, Castle Club and MH VSOP, among others.

■ TI is among a handful of companies to possess four Millionaire brands (Mansion House Brandy, Madiraa Rum, Brigadier's No. 1 Brandy and Vorion No. 1 Indian Brandy). Mansion House is also the world's third-largest brandy brand with sales of 4.57 million cases in 2012-13 and the largest selling brandy in the Canteen Stores Department(CSD).

■ TI enjoys a near pan-India sales play with a strong presence in South India, the country's largest consumer of alcoholic beverages.

■ TI expects to continue to embrace its two-pronged strategy of organic growth (through strategic product launches and continual investments in its brands) and inorganic growth (through forging mutually-beneficial marketing and distribution, manufacturing and branding alliances) that add long-term value for shareholders.

TI is listed on BSE and NSE
with a market capitalisation of

₹ 7257.96

million at the close of 2012-13
and a promoter stake of

56.26%

in the Company's equity.



We acquired a 26% stake in Mason & Summers Marketing Services Pvt. Ltd.(MSMSPL) to leverage its vast distribution network in North and East India.

Key 2012-13 message

- At TI, our 2012-13 performance demonstrates the resilience of our business model as we countered both macroeconomic as well as regulatory challenges, emerged stronger and continued to invest in preparing for tomorrow.
- We sold 13.80 million cases during 2012-13 as compared with 13.24 million cases in 2011-12, which is a fair achievement considering weak consumption, slowing economic growth and an overall depressed sentiment paired with restrictive government controls on liquor distribution, especially in the State of Tamil Nadu.
- We increased our presence in the faster growing markets of India, enhanced our leading brand positions through premium product launches and innovation; we strengthened our access to markets, working with our distributors and customers to expand our footprint.
- Through these initiatives, we invested in preparing for tomorrow and have emerged structurally best-placed to capitalise on the future.

2012-13 big highlights – preparing for tomorrow

- With the launch of a slew of premium brands comprising Courier Napoleon Blue, Courier Napoleon Green, Mansion House Whisky and White House Rum, we now possess one of the largest premium product portfolios in India's alco-bev space.
- Signed strategic bottling agreements with Pernod Ricard India Pvt. Ltd.(PRIPL) to manufacture its products at our bottling facilities in Maharashtra and Andhra Pradesh.
- Acquired a 26% stake in Mason & Summers Marketing Services Pvt. Ltd.(MSMSPL) to leverage its vast distribution network in North and East India.
- Entered into a trademark assignment agreement with Mohan Breweries and Distilleries Ltd. (MBDL) for assignment of their trademarks – "Brigadier's No. 1 Brandy" and "Vorion No. 1 Indian Brandy". This strategic alliance with MBDL is expected to positively improve our fortification in the Tamil Nadu Market.

Who we are, what we do.

Tilaknagar Industries Ltd. (TI) is among India's leading Indian Made Foreign Liquor (IMFL) companies with a national market share of 55% in premium segment of Brandy.

Brands

TI possesses one of India's largest alco-bev portfolios comprising of more than 40 IMFL brands including Mansion House, Courier Napoleon, BLACPOWER, White House, MH VSOP and Castle Club, among others.

Sales reach

TI enjoys a wide presence in Karnataka, Tamil Nadu, Kerala, Andhra Pradesh and Puducherry, the largest liquor consuming Indian geography. The Company is also among few alco-bev brands with an attractive Canteen Stores Department (CSD) presence.

TI possesses one of India's largest alco-bev portfolios comprising of more than **40 IMFL** brands.

Manufacturing infrastructure

TI possesses a large manufacturing facility in Shirampur (Maharashtra) comprising of 100 KLPD molasses-based and 100 KLPD Multi- Feed (molasses and grain) distillation plants along with a bottling facility. Other production units include 4 operating subsidiaries, 10 lease arrangements and 13 tie-up units strategically located across India.

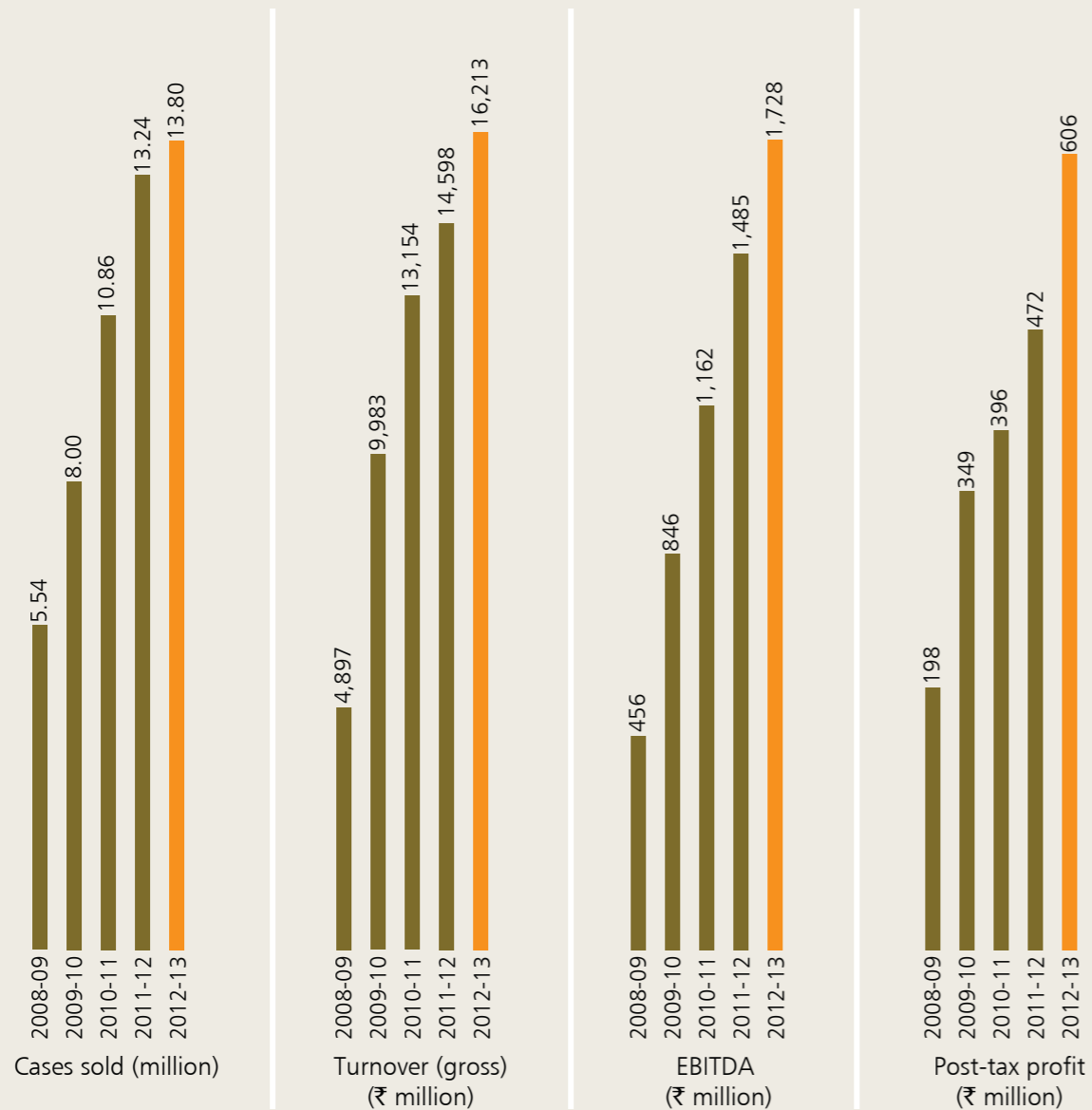
Dividend

TI proposed a dividend of ₹ 0.80 per equity share of ₹ 10 each (8%) for the financial year 2012-13 (subject to shareholders' approval), in line with its philosophy to remunerate shareholders and leave resources for plough back.

Performance overview

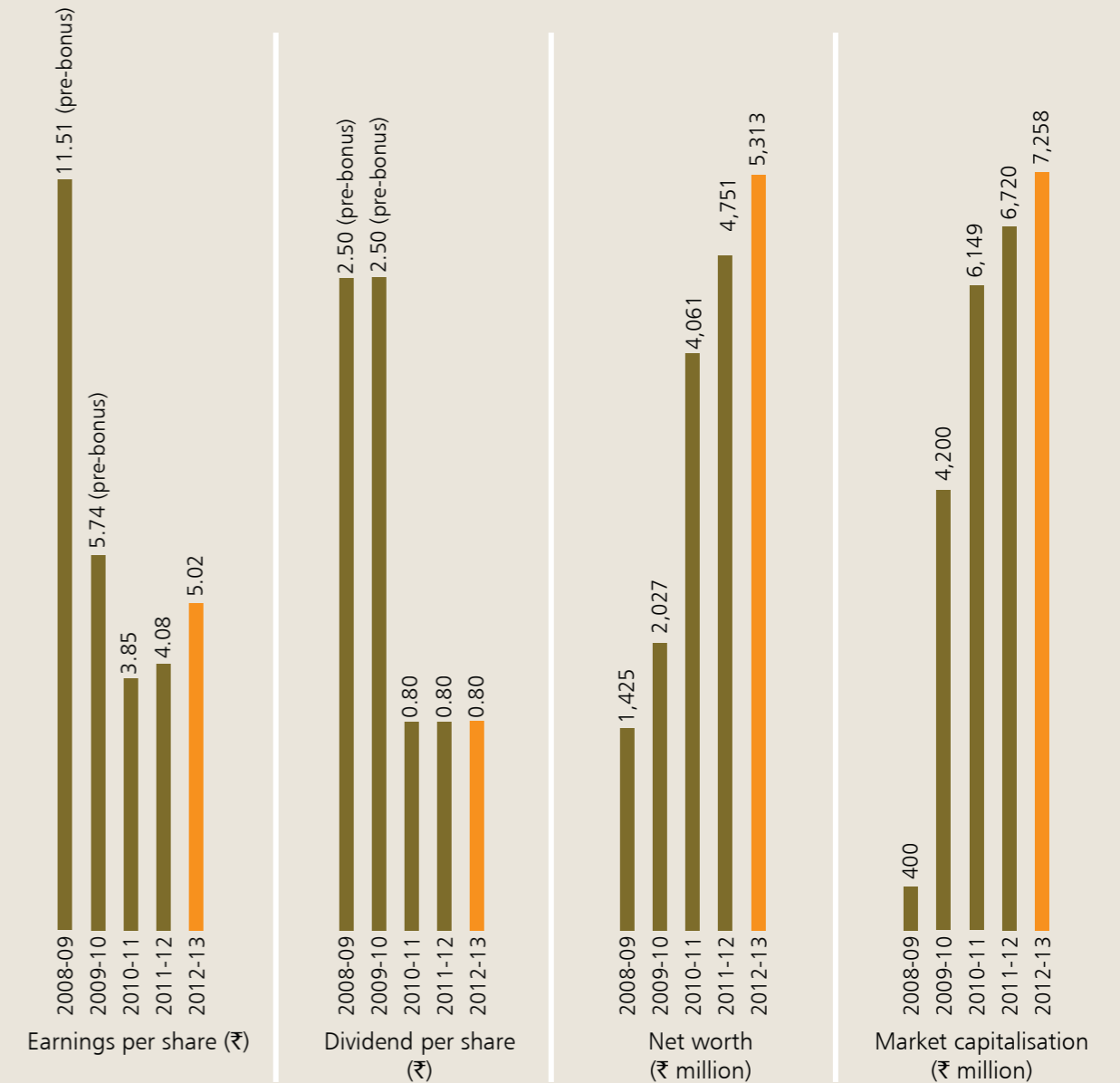
At TI, our 2012-13 results validate the conviction that we possess the fundamentals to report a credible performance even in an uncertain economic environment.

5-year financial highlights



2012-13 financial highlights in a nutshell

₹	₹	₹	₹
16,213	606	1,728	0.80
million	million	million	
Gross revenue	Post-tax profit	Operating profit	Dividend per share (proposed)





■ The big picture

“Our niche brand positions, extensive reach and strong routes to market delivered a credible performance in 2012-13 as we continued to invest in preparing for tomorrow.”

Amit Dahanukar, Chairman & Managing Director



We have a sizeable presence in South India accounting for **approximately 75%** of our volumes.

Dear Stakeholders,

I am proud to present the credentials of the Company at a time when we were faced not just with several macroeconomic challenges but issues on the regulatory front as well.

Overall, we marketed 13.80 million cases in 2012-13 compared with 13.24 million cases in the previous year, representing a growth of 4.2%, a credible achievement in a tight market.

Strengthening our business amidst regulatory challenges

Tamil Nadu is an important liquor-consuming state in India accounting for 19% of the overall consumption. On account of the changes undertaken by the government regarding the liquor ordering process which favoured local players, our sales volume in the state has declined during the year 2012-13. Also during the current year, CSD sales remained stagnant.

I must mention that though the overall Indian liquor industry grew 5% during the year under review, our non-Tamil Nadu growth during the year was substantially higher than the industry. This should provide our shareholders with an insight and an assurance that our brand has continued to remain

robust without dependence on one particular state, enabling us to capitalise on the industry fundamentals as soon as they rebound.

The other point I wish to communicate to the shareholders is that even though we encountered weak scenarios in Tamil Nadu and across CSDs, we continued to strengthen our overall business through various initiatives namely:

- We extended our presence to 18 states and were able to increase our prices in four states including Kerala (August, 2012), Odisha (September, 2012), Andhra Pradesh (December, 2012) and Karnataka (March, 2013).
- We signed strategic bottling agreements with Pernod Ricard India Pvt. Ltd. (PRIPL) to manufacture its products at our bottling facilities in Maharashtra and Andhra Pradesh.
- We launched Courier Napoleon Blue, a super-premium brandy in Tamil Nadu and Courier Napoleon Green premium brandy in Karnataka, Kerala, Tamil Nadu, Puducherry, Goa and Sikkim. We also forayed into 13 states with our premium Mansion House Gold Whisky.
- We entered into a trademark assignment agreement with Mohan

Breweries and Distilleries Ltd. for assignment of their trademarks – “Brigadier’s No. 1 Brandy” and “Vorion No. 1 Indian Brandy”.

■ We strengthened our exports presence from 0.11 million cases to 0.22 million cases, leveraging the combination of taste and price-value to widen our international footprint from nine countries to 11, all of which have a large expatriate presence.

2012-13 – a year where performance defined our personality

We have a sizeable presence in South India accounting for approximately 75% of our volumes because of the fact that the region is the largest consumer of liquor in India. However, we recognise that to ensure robust and sustainable growth, we need a pan-Indian presence. Towards this end, we acquired 26% stake in Mason & Summers Marketing Services to leverage its distribution network in North and East India, a move which will progressively enable us to spread wings to other parts of India, open up several new revenue streams and mitigate excessive dependence on one particular geography.

Though the overall Indian liquor industry grew 5% during the year under review, our non-Tamil Nadu growth during the year was substantially higher than the industry. This should provide our shareholders with an insight and an assurance that our brand has continued to remain robust.

Some of our other key developments include:

- We selected to associate with prominent airlines (Indigo, SpiceJet, Jet Airways and GoAir) following which our brands were showcased via hand baggage tags, tickets, boarding passes, magazine covers and seat back panels.
- We invested sizeable resources towards enhancing the visibility of up market brands like CNB Green and CNB Blue with the objective to climb higher up the value chain.
- Our brand Mansion House Whisky is a strong driver of our whisky portfolio in unison with BLACPOWER Grain Whisky, which is also doing very well.

Shareholder optimism

In a business where the realisations of our end products are largely controlled by the government, the focus is to extend into states with more lenient liquor laws. This is where the power of our brands can be fully unleashed and translate into corresponding realisations. A few years ago, we embarked on the strategic direction to increase our presence in Eastern India. We began to market

aggressively following our understanding that increased prosperity would translate into a superior life quality and would inevitably lead to the consumption of better quality of liquor. Even as recent as three years ago, our sales volume in Eastern India accounted for only 2% of our overall volumes. But our investment in a new team of professionals, stronger distribution and production source and as a result of a stronger regional focus (covering West Bengal, Odisha and Assam) this share has increased to 4% in 2012-13.

I must also mention the fact that the fundamentals related to the liquor industry are strengthening by the day. India has probably the largest proportion of youth among the larger countries of the world. The quantum of new earners is also possibly the largest anywhere in the world. Besides, social taboo related to liquor consumption is declining, there is a growing incidence of liquor consumption among women and the low Indian per capita consumption leaves attractive headroom to be explored.

The regulatory environment is also becoming favourable as the license

I must also mention the fact that the fundamentals related to the liquor industry are strengthening by the day. India has probably the largest proportion of youth among the larger countries of the world.

We will focus on pushing at least a 15-20% growth in volumes of our brands.



required to enter the business is not easy for new companies. Even though MNCs have deeper pockets, they have not been doing too well in the country. As the country's consumption increasingly attracts the interest of the global liquor companies, there could be acquisitions that enhance corporate valuations and their entry could benefit the entire industry.

Preparing for tomorrow

At TI, we recognise that there are two ways to grow our business – organic (distribution, new brands, promotions and premiumisation) and inorganic (strategic partnerships). We are optimistic of achieving this rapid growth due to our strong execution capability, largest marketing team, margin-accretive brands and the presence of four millionaire brands in our portfolio.

Going into 2013-14, we will focus on pushing at least a 15-20% growth in

volumes of our brands through stronger local activities, sponsorships and doling out sales incentives. Furthermore, with the recent trademark assignment agreement with Mohan Breweries and Distilleries and penetration into other states, we could end up with volumes touching 20 million cases in 2013-14.

As a Company focused on value-addition, we expect to sustain the proportion of value-added brands, and generating a substantial portion of our overall revenues. This focus is likely to translate into a volume-value play that generates higher revenues and profits towards building progressive long-term value of our enterprise.

With my very best regards,

Amit Dahanukar
Chairman & Managing Director

Brand showcase



Seven Islands Vintage Single Malt Scotch Whisky has been carefully crafted for the connoisseur and this super-premium whisky has a rich golden colour with notes of butterscotch,

honey and vanilla, mingled with a delicate hint of spices and a faint trace of apples and pears. It is a unique spirit that fuses Indian values and culture and the Scottish art of making whisky.

The launch of Seven Islands Vintage Single Malt Scotch Whisky endorses the Company's premiumisation focus and promises strong growth prospects both in India and internationally.



The art and science of brandy making is perfectly balanced and blended with traditionally distilled grape spirits. Matured in wooden casks to give a rich aroma of selected grapes and warm honey, Courrier Napoleon Brandy Green is the connoisseurs' ultimate choice.



Mansion House brandy is the flagship brand of Tilaknagar Industries Ltd. It comes with the credentials of highly experienced and qualified French technique. Made in the Pot Stills of France, it is an original and a rare blend.



TI's Mansion House Premium Whisky is made from the purest Scotch malts aged to perfection in oak casks and blended with the finest Indian grain spirit distilled at TI's own highly state-of-the-art distillery.



TI White House XXX Matured Rum is a skillfully crafted earthy liquid with the finest of carefully distilled liquids that leave one with an inexplicably smooth after-taste.



One of the latest entrants from TI is our Mansion House Silk Brandy. A rare blend created by experts using traditional matured grape brandies obtained from special Cognac pot stills to gain a vibrant Aroma and bold characteristic with a bright golden tint.



Courier Napoleon
French Brandy - Blue



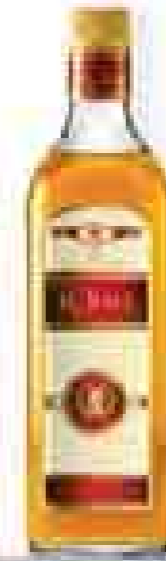
Mansion House Silk Brandy



Courier Napoleon
French Brandy - Green



Mansion House
Premium Whisky



Senate Royale Whisky

Our product portfolio strikes a balance between efficiency and efficacy thereby allowing us to remain aware of the changing demands of the customers and remain as one of the fastest growing IMFL companies in India today.



Courier Napoleon
French Brandy



Crown Prince Brandy



Duchess V.S.O.P. Brandy



BLACPOWER Grain Whisky



Classic Whisky

40 strategic brands

With a portfolio of over 40 brands, TI's products straddle across the IMFL value chain and are available in 18 Indian States through more than 30 distributors and in over 40,000 points of sale, representing one of the largest such distribution networks in the country.



Savoy Club Gin
& Fresh Lime



Castle Club Vodka



TI White House
XXX Matured Rum



TI's Madiraa Premium
Dark XXX Rum



Black Colt Rum

How our business model enhances stakeholder value

At TI, we possess a business model structured to protect the downside in challenging markets and leverage the upside during sectoral rebounds, and, in doing so, equipped to grow profitably and sustainably.



Our performance was the result of our focus on building a business model that remained relevant across business cycles.

Faster volume growth

26%

CAGR over the past five years

Our key business drivers...

- Industry-leading brands combining vintage and innovation
- Widespread manufacturing infrastructure widening the market access
- A de-leveraged Balance Sheet (debt-equity ratio of 1.2 in 2012-13) indicating fiscal conservatism
- Strong community welfare and responsible environment management initiatives
- Robust pool of talented and enterprising people

...help deliver attractive value

- Faster volume growth – 26 % CAGR over the past five years
- Faster revenue growth – 32% CAGR over the past five years
- EBIDTA margin improvement – 40% CAGR over the past five years
- Net profit CAGR – 32% over the past five years
- Consistent dividend payout track record since the past decade

In one of the most challenging business scenario in 2012-13, TI delivered growth across most financial metrics (net sales, market share, net profit and free cash flow generation). This performance was the result of our focus on building a business model that remained relevant across business cycles.

Brand launches: As tomorrow's preparation, we continued to invest in brands and categories. The four brands launched in 2012-13 were Courier Napoleon Blue, Courier Napoleon Green, Mansion House Whisky and White House Rum.

Performance: Our brandy segment registered a sales volume of 7.08 million cases while the rum segment registered a volume of 3.28 million cases.

Inorganic: We strengthened business value by entering into an agreement with Mohan Breweries and Distilleries Ltd. for assignment of their trademarks - Brigadier's No. 1 Brandy and Vorion No. 1 Indian Brandy, creating a foundation for higher sales in Tamil Nadu.

We signed agreements with Pernod Ricard India Pvt. Ltd. to manufacture their products at our

bottling facilities in Maharashtra and Andhra Pradesh, enhancing our plant utilisation. We also acquired a 26% stake in Mason & Summers to leverage its distribution network in North and East India.

The result is that our business is increasingly agile, providing opportunities from the ground-up to convert nascent trends into enhanced opportunities and competitive advantage.



Review of our sales and marketing activities

Laxmi Narasimhan, Deputy Managing Director



We are now getting 49% of revenues from non-brandy categories, de-risking us from segment vulnerabilities.

Dear Stakeholders,

Our EBIDTA margins grew at 16%, which compares well with industry peers. EBIDTA growth is ahead of volume growth of 4%.

Your Company demonstrated resilience as it came through a year fraught with predatory excesses to post 28% growth in PAT.

The excesses included extra ordinary cost pushes, artificial restrictions (in Tamil Nadu), government levies (on manufacturers) and taxes (on consumers).

Our setback in the principal market of Tamil Nadu was offset by buoyant growth in the rest of India. Your Company took care not to maroon itself in the high-volume, low-margin game, which could have destroyed hitherto accumulated earnings. The year called for decisive price consolidations and resisting the urges to drive into revenues at cost of value.

Our business continued on the premiumisation drive enunciated in the last annual report. We further consolidated premiumisation by the roll-out of Courier Napoleon Green Brandy, Courier Napoleon Blue Brandy and Mansion House Silk Brandy.

Mansion House Whisky posted 150% growth over the last year and the brand is available in 13 states and counting. White House Rum is on its way to become a Millionaire brand within the second year of its launch. It is also heartening to note that our flagship Mansion House Brandy was anchored at premium prices across the country.

As a result, were we to plot a consumer price pyramid, 80% of the Indian consumers will find themselves below our price points.

However from here onwards there will be an added journey with Diageo's entry. The common refrain is what it augurs for industry in general and for us in particular.

The entry of Diageo augurs well for us. We have prepared for this very scenario and our business model will subscribe to the upcoming opportunities.

We see value opportunities for the enterprise as a whole in terms of EBIDTA margins and manageable cash flows. Our EBIDTA margin is 23% which is the highest in the industry and we will focus on sustaining it going into the future.

We play to what we call the 'fat pitch',

that is adopt resilient policies that will not only allow us to maximise opportunities under normal conditions but also ensure we achieve acceptable results under extraordinarily adverse conditions.

We anticipate a slew of business opportunities arising in manufacturing, marketing, brand building and joint ventures.

We are now getting 49% of revenues from non-brandy categories, de-risking us from segment vulnerabilities. This is not so much by design but by successes coming out of our decentralised organisational structure, which allows each region to chase opportunities rather than the Company chasing centrally set targets that bear little relation to what is achievable.

As we go into the future, we reaffirm our commitment to strengthen the long-term value of our Company and generate sustainable shareholder returns.

With my very best wishes,

Laxmi Narasimhan
Deputy Managing Director

Brand associations

Mansion House – Chennai Super Kings association

For the third year running, Mansion House Brandy continued its association with the two times IPL champions “Chennai Super Kings” as their “Official Cheers Partner”. TI had signed up South African performers as cheerleaders for Chennai Super Kings (CSK) at the Indian Premier League (IPL) held during April-May, 2013. The cheerleaders were seen in trendier blue harem pants and yellow razor back crop tops during the season cheering for M.S. Dhoni and team.

Mansion House leveraged the brand on the uniforms of the cheerleaders and the podium at all the stadiums where the cheerleaders were stationed during the matches. The sponsorship also entitled Mansion House to use CSK’s brand communications into its marketing initiatives during the period of association.

The partnership is filled with inherent brand synergies and was created in 2011 since both are leaders in their own rights and showcase a spirited attitude. Positioned by the tag line “Choice Of Millions”, Mansion House has an apt association with CSK, since both are truly loved by millions.



BLACPOWER Lavani Dhamaal

BLACPOWER Grain whisky, one of TI’s growing brands, kicked off a 3 month long Lavani festival during March-May, 2013. With a series of live Lavani performances by noted legendary Lavani artist Surekha Puneekar, BLACPOWER Lavani Dhamaal was launched to promote the popular folk art in the State and was held at various centres (Solapur, Karad, Parbhani, Aurangabad, Nashik, Sangli, Satara, Nanded and Nagpur) across Maharashtra.

This forms part of TI’s long term commitment to promote culture and sports. The association between BLACPOWER Apple Juice and Packaged Drinking Water with Lavani is a classic blend of folk art promotion and brand development.



Hockey Stars as Mansion House Brand Ambassadors

We continued to engage the cream of Indian National Hockey team as Mansion House Brand ambassadors around the theme of “HAVE COURAGE”.



Courier Napoleon Green – Singara Singers

Courier Napoleon Green associated with Hello FM launched a talent hunt show called “Courier Napoleon Singara Singers” across 6 cities in Tamil Nadu (TN) to showcase the best Male and Female voice of TN. Being a show associated with Music and singing, the show was an instant hit and connected across TN.



Review of our CSR activities

“Challenges in meeting the Millennium Development Goals call for spontaneity and innovation to solve the world’s most pressing problems. The year 2012-13 was one such year of ingenious ideas for the CSR team of your company.”

Shivani Amit Dahanukar,
Executive Director



Bear friends

The year 2012-13 was a humbling year of achievements for our CSR team. Not only did we initiate new approaches to address our persistent social issues, but also made some partnerships that will go a long way in ensuring the sustainability of our efforts. We were fortunate to obtain support from Shrimati Malati Dahanukar Trust, which enabled us to further reach our communities and undertake grassroots work with its dedicated team of field workers. Jointly, we are inching towards achieving the Millennium Development Goals that we have committed to.

The drought in the summer of 2013 reiterated the importance of environment in all our lives and reaffirmed our commitment towards an environmentally conscious society. The government’s focus on addressing key social issues springs hope of strategic partnerships with them in

the coming year. We devised novel ways for our school students to learn computers and “Earn-while-you-Learn” while imbibing values of village sanitation and entrepreneurship. We are especially excited about our efforts in the marketing of organic produce from the farmers of our villages and livelihood empowerment projects from our women self help groups. Sustained livelihood improvements will ensure that the communities prioritize the expense on education, nutrition and healthcare. We were equally glad to help our four legged friends and saw interesting additions to our animal shelter last year. The hope in their eyes is the hope we all share...The hope of a better tomorrow, the hope of change. We are honored to be a part of this Change.

Introduction to CSR

The world’s social leaders are setting the roadmap for development in the

scenario post Millennium Development Goals (MDG) target of 2015. They continue to do this even as we strive to achieve the MDG’s in the stipulated period till 2015. The delays caused in achieving the set targets of Millennium development Goals are not a lack of concentrated effort but the unforeseen challenges that one encounters when social change begins to happen. Such challenges call for spontaneity and innovation to solve the world’s most pressing problems. The year 2012-13 was one such year of ingenious ideas for the CSR team of your company.

While your company has been working with **malnourished children** for the past few years, in 2012-13 we changed our approach towards malnutrition to one that is more holistic and sustainable. By partnering with one of Mumbai’s leading NGO’s working for malnutrition – **FMCH** (Foundation for Mother and Child

Health), we chose to tackle this basic problem in totality. Now we not only address severely malnourished children, but also work towards promoting healthy pregnancies and parenting to ensure that future generations are free from the shackles of malnutrition. This intervention has already shown promising results and we’ve been approached by the government to address the issue to a larger community.

Similarly, we took our longest running activity i.e. **education** and decided to relook at the basics. A key factor that differentiates the vernacular Marathi schools from the private English medium schools is the costly multi-faceted education in English medium schools. While we continue to deliver this through our Dahanukar English Medium School, during 2012-13 we decided to offer similar enriched experiences in the Marathi

We took our longest running activity i.e. education and decided to relook at the basics.



Dahanukar Vidyalaya with the help of **SPROUTS, Mumbai**. By conducting an alumni meet, we were able to connect our current students to the bevy of extraordinary achievers that have passed from this school over the years. What we were able to achieve was a holistic education system while also imbuing ecological consciousness, entrepreneurship, computer literacy and a fondness for sports across our students.

The constraint that we face in developing communities is not of incoherence, but that of insufficiency. When the family has to choose what expenses precede the other, usually matters such as education, nutrition and health take a backseat compared to something like a new agriculture pump or tractor or a tube well. The 51 adopted wadis that we primarily address have an **agrarian livelihood**. We decided to give the farmers a choice

to increase their agricultural income while also protecting the environment. An organic farming initiative was started by your company in 30 plus wadis. Over 550 farmers were addressed through village meets and visit to our organic farms. This coming monsoon, farmers will be ushering in a new era of farming where they will enjoy complete buy back arrangements from us while we continue to serve the ever increasing demand of our health conscious consumers in Mumbai and Pune. Sustainable and improved livelihoods will mean prioritization of education, health and nutrition over day to day expenses.

We thought of weaving the villagers through a common thread of cultural activities and started the **Sampraday cultural initiative**. Various artists from the country expose arts and culture to the rural population, giving them an avenue to engage and imbibe these

arts. The newly started **Animal welfare** center caters to our small four legged friends and addresses animals rescued from abuse or injuries. This has helped spread responsibility towards animals among villagers who are enthusiastically adopting them.

An extensive **Participatory Rural Appraisal (PRA)** was conducted for 14 adopted wadis with the assistance of **Sevavardhini, Pune**. Sevavardhini has been working in the field of social development for over 20 years and helped us chart out a developmental plan for our adopted wadis. The key areas that we addressed during the PRA were agriculture and dairy, education, financial status, health and nutrition, water and energy availability. The findings from PRA of villages have formed basis of a developmental blueprint that will help us attain social equity and environmental sustainability in the coming years.



Achieving universal primary education

In the last year, we **addressed 1389 students** through our Marathi and English medium schools from grade 1st to 10th. We also **sponsored 38 students** for higher education in various fields. The Dahanukar English Medium School continued exemplary academic performance along with sports achievements. **Miss Ishita Patel**, a 9th standard student from our Dahanukar English Medium School (DEMS) represented Maharashtra state team at the **Under-16 Volleyball** nationals held at Andhra Pradesh. 5 students from DEMS played the state level volleyball tournaments at Kolhapur.

Both our schools initiated the **NIIT N-Guru computer training** program for its children last year. Dahanukar Vidyalaya Tilaknagar (DVT) started a bunch of new activities in the school ranging from celebration of important

days, celebrating eco-friendly festivals, **Earn-While-You-Learn** scheme for students and organic vegetables on campus. The students excelled in arts and sports and **Miss Ravina Salvi** represented the school in singing competition and was felicitated by the Chief Minister of Madhya Pradesh for her achievements. She also won gold and bronze medals at the state level and national level Taekwondo competitions respectively. **Mr. Manoj Tribhuwan** received an award for developing a low-cost refrigerator as a part of Inter-school science competition by the State Government. The students displayed prowess in Taekwondo, lawn tennis and table tennis at the zonal level.

We also sponsored 38 students for higher education in various fields. The Dahanukar English Medium School continued exemplary academic performance along with sports achievements.

Millennium Development Goals

Eradicate extreme poverty and hunger

During the past year we **served over 7.6 lakh people** through our annakshetras in Kerala, Tamil Nadu, Andhra Pradesh, Goa, Punjab

and Maharashtra. At the Shirampur annakshetra in Maharashtra and Rajahmundry in Andhra Pradesh, vegetables grown on campus are used in the **community kitchens**. At other locations, we were glad to have

volunteers from villages who help us carry out this activity for the rural poor. The annakshetras try to serve children and elderly people, who otherwise are forced to earn their daily meals by indulging in laborious work.



7.6 lakh
meals served



1389
students addressed



Promoting gender equality and empowering women

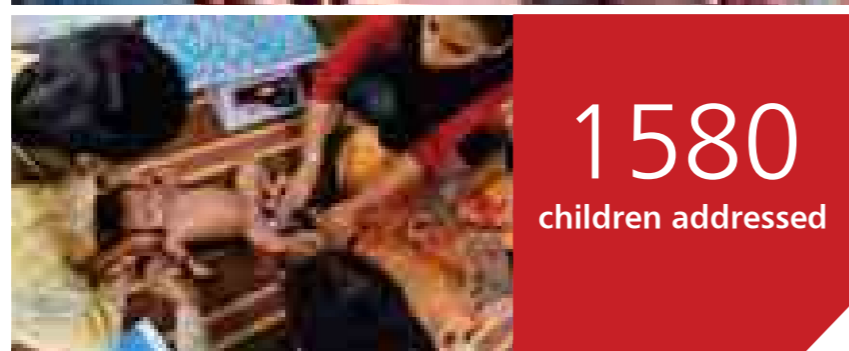
The CSR team along with field workers from SMDT (Shrimati Malati Dahanukar Trust) reached out to the rural women in a more focused way this year. In our 51 adopted wadis, we addressed **over 300 women and self help groups**. We initiated over 50 vermicompost projects in our wadis offering free training, hands-on experience at our in-house **vermicompost production** facility in Tilaknagar and 100% buy back support. This has engaged women positively and talks of scaling up the projects to form clusters are under way. Trainings on **candle making** and **Agarbatti making** have been undertaken for 10 Self Help Groups (SHG) in the month of May 2013. Over 150 women SHG's in Bhokar, Shirampur were introduced to our organic farming program and will pursue it further this year.



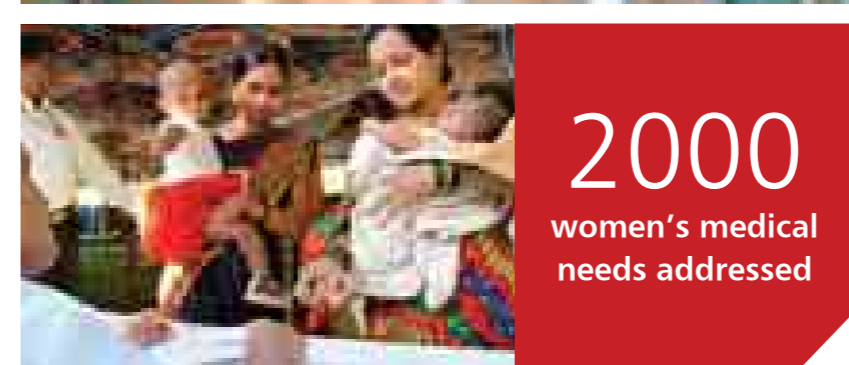
50
vermicompost projects initiated

Reducing child mortality

During 2012-13 we partnered with **FMCH** (Foundation for Mother and Child Health), Mumbai to start a malnutrition centre for mothers and children at Tilaknagar, Shirampur. This centre now has a team of doctor, nutritionist, two nurses and three field officers. Through the clinic, we have addressed over **200 children and 30 pregnant mothers** to meet their nutritional and health needs. The centre not only delivers medical support, but also focuses on nutritional counseling and parenting tips. A systematic approach from pregnancy to 6 years of age aims to eradicate malnutrition in our adopted wadis. Through **biennial malnutrition camps** for 1-16 year olds, we have addressed nutritional and health needs of 1580 children in the past year.



1580
children addressed



2000
women's medical needs addressed

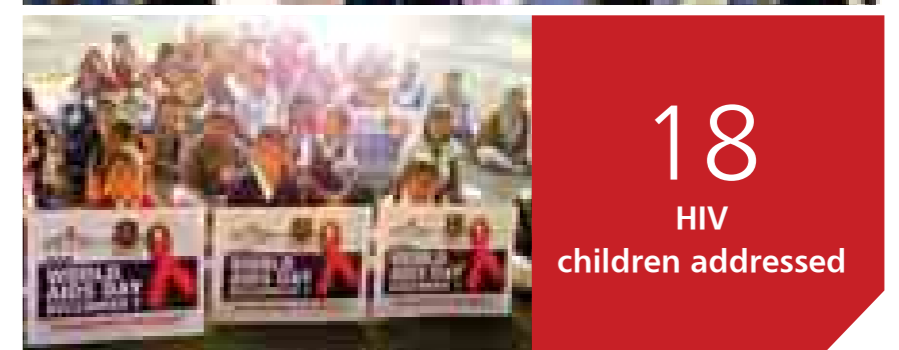
Improving maternal health,

The medical staff of TI-CSR runs two clinics as well as a **mobile clinic** that visits the 51 wadis on a fortnightly basis. Through our clinics as well as mobile clinics we dispense nutritional supplements to pregnant mothers. Apart from this, the malnutrition centre started last year in the Tilaknagar clinic lays emphasis on mothers to ensure healthy birth-weight. The teams of 3 field workers from this centre conduct timely home visits and counsel women from the communities on nutritional as well as sanitation aspects. The **sanitary pad unit** started by your company addresses the use of low cost eco-friendly sanitary pads made at our unit to improve personal hygiene. The field workers promote the use of these pads and the same are taken to the grassroots communities by women self help groups.

Combating HIV/AIDS, malaria, and other diseases

The medical team of your company along with experts from **Alcoholics Anonymous, Mumbai** conducted an awareness camp in the adopted wadis on the health implications of drinking and subsequent illnesses. **Maitriya Mahila Mandal** from Shirampur conducted information sessions with the adolescent girls of our Marathi and English medium schools to increase awareness about sex education and safety measures.

We continue to support **Swayampreit Sansthan** in Sangamner which addresses the needs of 18 HIV infected children. Our association with Swayampreit Sansthan is currently in its third year and we are glad to be associated with their genuine commitment to the cause.



18
HIV children addressed



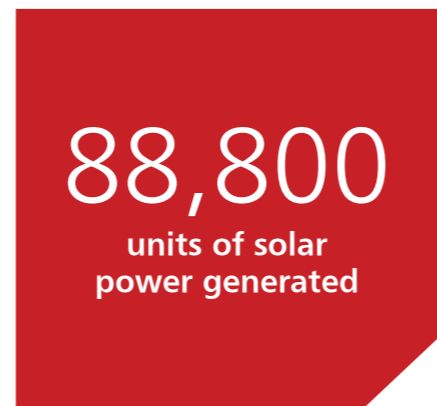
Ensuring environmental sustainability,

Last year, your company celebrated the **World Environment Day** in a novel way conducting a **cycle rally** from its Mumbai office to Shirampur factory while promoting the message of Green economies and tree plantation. On account of last year's critical rainfall the tree plantation activity was conducted in a limited manner.



We generated over **88,800 units of solar power** last year while reducing our dependence on fossil based electricity. We continued to promote waste management in the villages and initiated vermi-compost projects to address the issue of domestic waste. An **organic farming** promotion campaign has been initiated in adopted wadis to address the various ill effects

of traditional chemical farming and its implications on the environment. Over **550 farmers** have been addressed through farmer meetings, visits to our organic farms. In the coming monsoons farmers will switch towards organic farming not only to conserve their farm ecology but also to produce healthier food.



An inter-school Taluka level **painting competition** was held in association with **Hindustan Pencils** where children were asked to paint on various environmental topics.

Your company understands the importance of arts and culture in bringing the community together and to that effect we started **Sampraday** – a weekend arts and culture fest where the countries best artists across various art forms come and perform at Tilknagar. We have had shows such as an orchestra by visually impaired, talks on snake awareness, birds of Maharashtra, play highlighting tiger conservation and various programs reiterating culture of Maharashtra – Bharud, Mangala gaur etc. we want to engage our children and communities by exposing them to various art forms.



Sampraday
19
arts and cultural programs conducted



The **Goshala** at Tilknagar continues to take care of over 270 abandoned and rescued cattle. The milk obtained from the cows is distributed to the school children.

Your company started an **Animal Welfare** center for small animals including dogs, cats, goats rescued from abuse or accidents in association with **Shree Ramanugrah Trust, Mumbai**. The center has over 245 animals, 21 of whom have been adopted by nearby villagers.



Community marriages were conducted in April 2013 in Umarched where 41 couples across religions and castes got married in a program that saw the attendance of over 10000 villagers.

We continue to support the upkeep and maintenance of various **religious structures**. Kateswami Ashram-Wadala, Mirawli Baba Dargah-Ahmednagar, Bethel church-dattanagar are some of the institutions that we have assisted in 2012-13.

We **supply drinking water** to over 19 wadis, the number of wadis increased dramatically in the summer of 2013 due to an acute water shortage effecting from a state wide drought.

We support the **Anand Vihar** home for destitute children as well as Canosa Girls hostel in Shrirampur for their monthly grocery needs.

Blanket distribution was carried out to over 8000 beneficiaries in the winter of 2012-13 reaching out to villages as far as Ahmednagar.



Your company continues to offer **monthly pension** to about 100 old and handicapped people from the neighboring villages. These beneficiaries do not have any heir.

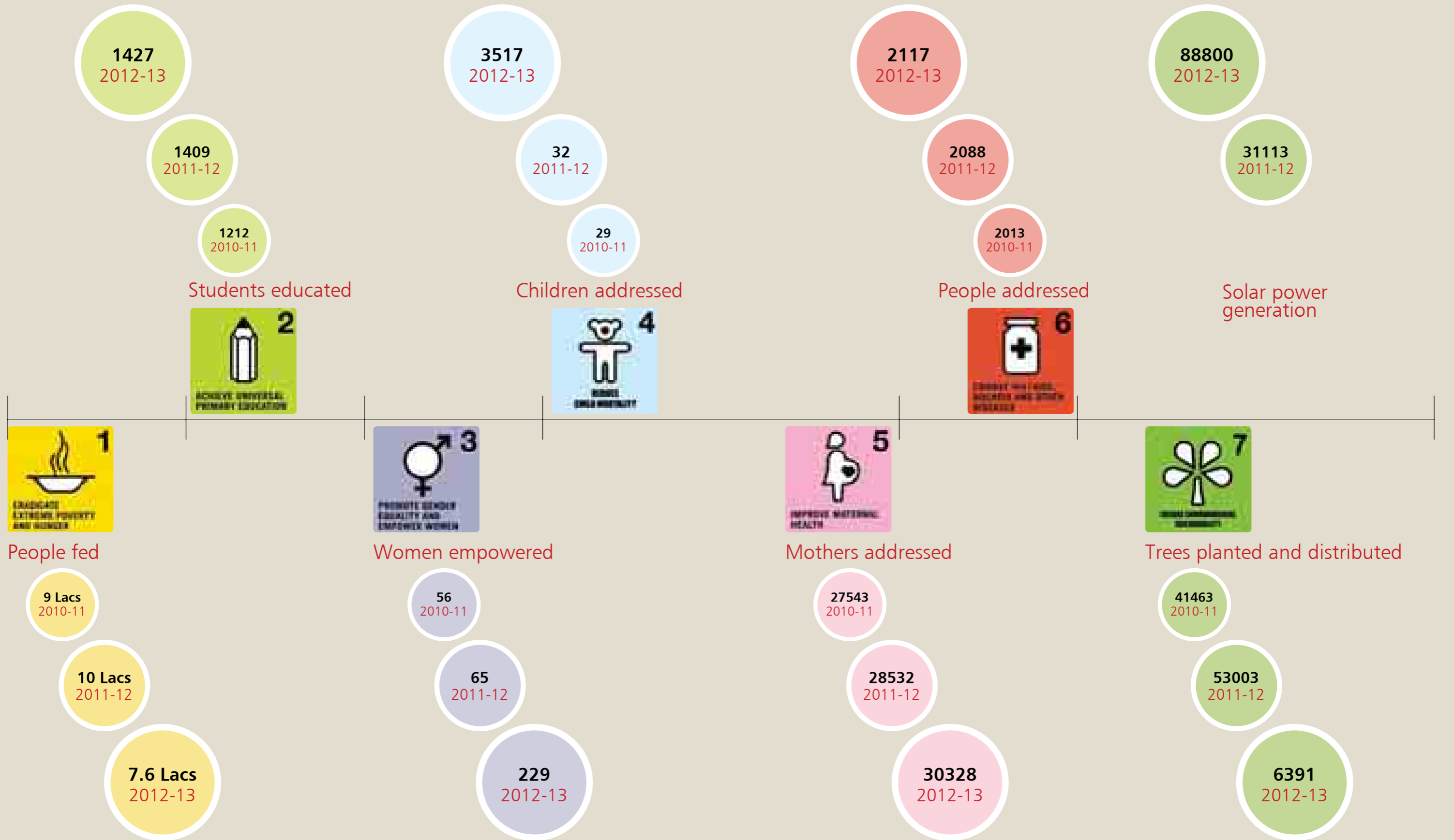
The **sports club** of your company continues to promote upcoming talent in over 10 different sport activities. About 7 **national level swimmers** are supported

by your company- Aaron D'souza, Jyotsna Pansare, Rujuta Bhatt, Purva Shetye, Avantika Chavan, Ashwathy Nair, Lekha Kamath, Roshan Uday span the country and make us proud with their achievements.

We conducted **cataract eye surgeries** for 107 people from the nearby wadis. **Medical aid** was provided to 45 rural people for various chronic illnesses.



CSR Goals achieved in 2012-13



Awards and recognitions

During 2012-13, TI was bestowed and feted with several awards in recognition of its performance, achievements and good governance practices. These awards are a testimony of our sincere efforts towards consistently increasing our presence in the industry, designing and embracing a strong governance framework to meet the goals of long-term sustainable growth and value creation.

National Udyog Leadership Award

Mr. Amit Dahanukar, Chairman & Managing Director, was the proud recipient of the prestigious 'National Udyog Leadership Award', which honours extraordinary personalities for their achievements in various fields. The award was presented by the Indian Organisation for Business Research and Development on February 17, 2013.



SAFA Best Presented Annual Report Awards, 2011

In a grand ceremony held on 22 March 2013 in the premises of the Institute of Chartered Accountants of Sri Lanka, Colombo, our Annual Report for the financial year 2010-11 was conferred the 'Certificate of Merit' in the category of 'Manufacturing Sector' by the South Asian Federation of Accountants (SAFA).

The award was conferred on the basis of evaluation administered by the SAFA Committee for improvement in transparency, accountability and governance of the published annual report of entries from South Asian countries. This award is a strong recognition of our internal controls and stringent efforts to maintain compliance with the prescribed financial framework while maintaining transparency and accountability through communications to its stakeholders.

LACP – 2012 Spotlight Awards

We won the prestigious Silver Award in the Global Communication Competition, the 2012 Spotlight Awards, organised by the League of American Communication Professionals (LACP) for excellence in the development of our Annual Report for the year 2011-12 out of 1,500 entries received from 300 international entities.

The award is an acknowledgement of the success of the Annual Report in communicating the strong, vintage brand values of the Company to its stakeholders.



52nd Annual Awards of ABCI

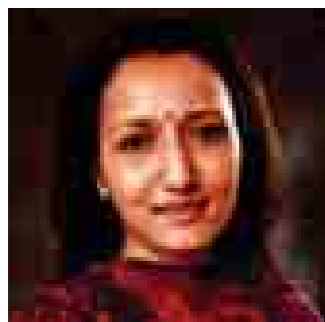
Our Annual Report for the financial year 2010-11 won the 'Silver Award' in the 52nd Annual Awards Night organised by the Association of Business Communicators of India (ABCI) on 19 October 2012 at the Taj Mahal Hotel, Mumbai.

Profile of the Board of Directors



Mr. Amit Dahanukar

Mr. Amit Dahanukar is a graduate in Electrical Engineering with a Masters degree in Engineering Management from Stanford University, U.S.A. He provides strategic direction for TI's future initiatives and is also responsible for its various alliances and collaborations.



Mrs. Shivani Amit Dahanukar

Mrs. Shivani Amit Dahanukar has a Masters in Business Administration from the University of San Francisco. She is also a graduate in Law from the Government Law College, University of Mumbai. She oversees TI's daily operations and spearheads the welfare activities of the Group in the fields of nutrition, primary education and healthcare.



Mr. V.B. Haribhakti

Mr. V.B. Haribhakti is a Chartered Accountant and in practice for the past several years. A gold medalist in the final Chartered Accountants Examination, he was President of the Institute of Chartered Accountants of India in 1967-68. He was also the President of Indian Merchants' Chamber in 1978-79 and of the Council for Fair Business Practices in the year 2004-05. He is having considerable experience in the field of accountancy and management and is associated with the Company since March, 1977.

Dr. Vishnu Kanhere

Dr. Vishnu Kanhere is a practicing Chartered Accountant and a qualified Cost & Management Accountant. He is a Certified Fraud Examiner (Association of Certified Fraud Examiners, U.S.A) and a Certified Information System Auditor (Information Systems Audit and Control Association, U.S.A). He is an I.R.C.A. (U.K) – accredited auditor for ISO 9001:2008 Quality Management Systems. His financial, commercial and information technology background helps him provide valuable inputs to the Company.

Dr. Ravindra Bapat

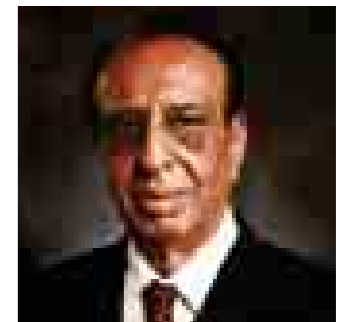
Dr. Ravindra Bapat is Emeritus Professor, Department of Surgical Gastroenterology at the Seth G. S. Medical College and K.E.M Hospital, Parel, Mumbai. He is a member of the Governing Council of Tata Memorial Centre. He is also the Chairman of Haffkine Bio-Pharmaceutical Corporation Ltd.

Mr. C.V. Bijlani

Mr. C.V. Bijlani started his career as a Lecturer in Economics. He possesses a five-decade experience in banking and finance (project finance, capital structuring, merchant banking, investment banking, forex, mergers and acquisitions, industrial rehabilitation, joint ventures, external commercial borrowings, leasing, hire purchase, HRD, accounts, taxation, legal and general administration, among others. He has held senior positions both with public and private sector banks. He was awarded Udyog Gaurav Award in 1992 by All India Organisational Entrepreneurial Confederation for contribution to Financial Sector.

Mr. Madan Goyal

Mr. Madan Goyal is a management graduate (Faculty of Management Studies, Delhi), the Fellow of Chartered Institute of Bankers, United Kingdom and Lord Aldington Research Fellow, United Kingdom and C.A.I.I.B., with an experience of more than 47 years in commercial banking, investment banking and human resource management. He was associated with the State Bank of India, SBI Capital Markets and SBI Mutual Fund for 25 years, holding senior positions. Currently, he is the Chairman & Managing Director of Primeview (India) Infin Pvt. Ltd.

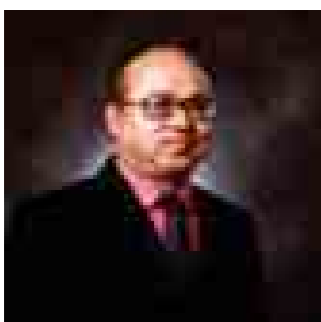


Profile of our senior management



Mr. Laxmi Narasimhan *Deputy Managing Director*

Mr. Laxmi Narasimhan is an alumnus of IIM Calcutta and has a B.E. degree in Industrial Engineering from Anna University. He has over 18 years of experience in the FMCG sector in various capacities at different locations.



Dr. Keshab Nandy *Director (Legal, HR, IT, IR, Vigilance & Safety)*

Dr. Keshab Nandy is a multiple graduate and post-graduate degree holder with distinctions in English, HRD, Law and Management, and a Ph.D. in Human Resources. He has expertise in several areas of management with more than 33 years of Industry experience. He is actively associated with management research, a prolific motivational speaker and is recipient of several awards.



Dr. Sukhbir Puri *Sr. Vice President – Operations*

Dr. Sukhbir Puri is a MSc., Ph.D. in Chemistry and has 40 years of extensive experience of which 5 years is in marketing and more than 35 years in manufacturing/operations/supply chain. He is associated with Bhartiya Yuva Sakti Trust, an NGO that trains the youth to become entrepreneurs.



Mr. Gaurav Thakur *Company Secretary*

Mr. Gaurav Thakur is a post-graduate in Commerce and a qualified Cost & Management Accountant and Company Secretary, having over 13 years of experience in secretarial and legal functions across various sectors.

Mr. G. S. Krishnan *General Manager – Finance*

Mr. G. S. Krishnan is a Science graduate and C.A.I.I.B. (Indian Institute of Bankers) and has over 31 years of experience with nationalized and private sector banks in the area of financial services.

Mr. Purushottam L. Gupta *DGM – Finance*

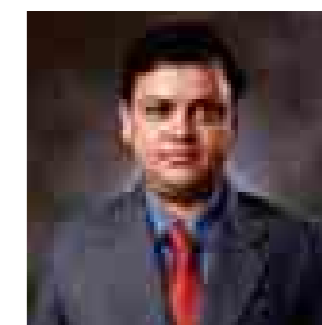
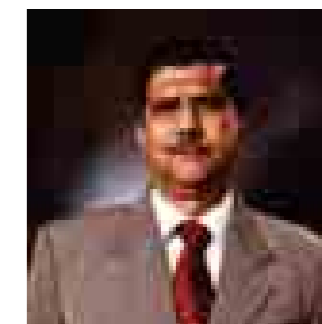
Mr. Purushottam L. Gupta is a post-graduate in Economics, Personnel Management and C.A.I.I.B. (Indian Institute of Bankers) and has over 39 years of experience in banking.

Mr. Ajit Sirsat *General Manager - Finance & Accounts*

Mr. Ajit Sirsat is a Chartered Accountant and Cost & Management Accountant having 19 years of experience in finance & accounts.

Mr. C. D. Nageshwar Rao *Vice President – Sales (Deccan)*

Mr. C. D. Nageshwar Rao, a high performing marketing professional, is a graduate in Commerce with diploma in Business Management. He possesses a rich 31 years of experience in sales, of which 29 years is in liquor industry.





Mr. Pinaki Sengupta *Vice President – Sales (East)*

Mr. Pinaki Sengupta has a PG Diploma in Marketing & Sales Management with 21 years of hands-on experience in the liquor industry serving MNCs and leading Indian liquor companies.



Mr. Ashish Choudhury *General Manager – Sales (Karnataka)*

Mr. Ashish Choudhury is a graduate in Humanities from the Bengaluru University and has 33 years of experience in sales in different locations with leading IMFL companies.



Mr. S. S. Balaje *DGM – Sales (Tamil Nadu & Puducherry)*

Mr. S. S. Balaje is a graduate in Corporate Secretaryship and has over 29 years of experience in the areas of consumer research/innovations, sales and marketing of liquor, packages and tinned food.



Mr. Rajesh Agrawal *DGM – Sales (Maharashtra & Daman)*

Mr. Rajesh Agrawal is a graduate in Humanities and has over 29 years of experience in the IMFL industry. He possesses an in-depth knowledge of sales and distribution in the liquor industry.

Mr. Siv Sankar Chanda *AGM – Sales (Odisha)*

Mr. Siv Sankar Chanda is a graduate in Humanities from Utkal University, Odisha and has over 21 years of experience in sales and marketing of FMCG/alcohol across different locations.

Mr. Maxy George Poovattil *Sr. Manager – Sales (Kerala)*

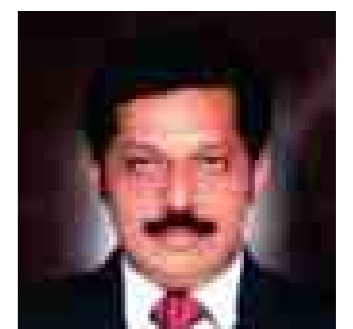
Mr. Maxy George Poovattil is a graduate in Arts from Manonmaniam Sundaranar University, Tamil Nadu and has over 18 years of experience in sales and FMCG in Kerala and UAE markets.

Mr. K. Udaykumar *Manager – Tamil Nadu and PMK*

Mr. K. Udaykumar is a graduate in English Literature and has over 14 years of experience in sales with leading IMFL companies.

Mr. Biswadeb Chowdhury *AGM – Sales*

Mr. Biswadeb Chowdhury is a Commerce graduate and has over 17 years of work experience in sale with leading IMFL companies.





Mr. Naresh Agnihotri *Vice President – Works*

Mr. Naresh Agnihotri is a graduate in Chemistry and has over 41 years of experience, of which 24 years is in the liquor industry.



Mr. K. S. Prasad *Vice President – Projects*

Mr. K. S. Prasad is a B.Tech and has more than 26 years of experience in alcohol and alcohol-based chemical projects.



Mr. M. R. K. Nair *General Manager – HR/IR and Legal*

Mr. M. R. K. Nair is having extensive experience spread over 44 years across various industries. He has handled IR, industrial administration and legal matters.



Mr. C. R. Ramesh *General Manager – Liquor*

Mr. C. R. Ramesh is having 30 years of experience in liquor manufacturing operations.

Mr. Santosh Thakur *General Manager – Purchase*

Mr. Santosh Thakur is a graduate in Science from Mumbai University and a post-graduate in Materials Management from L. N. Welingkar Institute of Management having 20 years of cross-functional experience across various sectors.

Mr. Anand Kadam *DGM – Purchase*

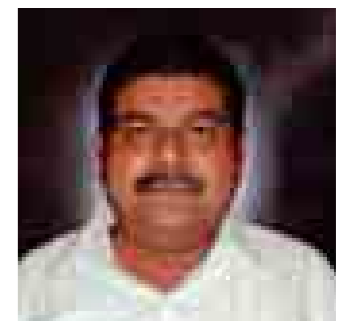
Mr. Anand Kadam is a graduate in Engineering (B.E. Production – Hons.) from Mumbai University and a post-graduate in Materials Management having more than 21 years of experience in material management.

Mr. K. Kumarsamy *General Manager – Manufacturing*

Mr. K. Kumarsamy is a graduate in Chemistry and has over 23 years of experience, of which 20 years is in the liquor industry in the areas of blending and quality assurance, production of IMFL, Spirit & Wine and commercials.

Mr. Bhaskar Ray Chowdhury *General Manager – Production (East & North East)*

Mr. Bhaskar Ray Chowdhury is a B.Tech in Chemical Engineering from Jadavpur University and has over 17 years of experience with leading liquor companies.





Mr. Shaibal Mukherjee *DGM – Production*

Mr. Shaibal Mukherjee is a Chemical Engineer from Jadavpur University and a post-graduate in Business Management. He has vast experience of more than 30 years with leading liquor companies and is fully conversant with all aspects of liquor manufacturing.



Mr. R. C. Vashisht *General Manager – (North)*

Mr. R. C. Vashisht is a B.Sc(Hons.) with distinction in Chemistry. He has total 36 years of rich experience in reputed liquor companies.



Mr. A. G. Nagarajan *General Manager – (South)*

Mr. A. G. Nagarajan is a B. Tech from NIT Warangal and post-graduate from AIMA, New Delhi. He has over 30 years of rich experience across various capacities at different locations out of which 15 years is in liquor industry.



Mr. Shankar Pawar *AGM – Finance & Accounts*

Mr. Shankar Pawar is a Chartered Accountant and has 9 years of experience in the areas of accounts, finance and taxation across various sectors.

Mr. Bhavin Desai *AGM – Cost and Accounts*

Mr. Bhavin Desai is a qualified Cost & Management Accountant and is MBA (Finance) from ICFAI and has over 16 years of experience across various sectors.

Ms. Saviana Phulsunghe *DGM – HR*

Ms. Saviana Phulsunghe is a post-graduate in Human Resource and has a rich experience of over 17 years, in the areas of human resource, handling a generalist profile.

Ms. Hemangi Joshi Naik *AGM – Legal*

Ms. Hemangi Joshi Naik is a B.A., L.L.B. and has over 8 years of experience in corporate laws across various sectors.

Mr. Ankush Sushil Vengurlekar *Senior Manager – CSR*

Mr. Ankush Sushil Vengurlekar has over 9 years of experience in sustainable farming, environmental sustainability and has been addressing corporate social responsibility in our Company for the past four years.



Management discussion and analysis

Global economy

The International Monetary Fund (IMF) expects the world economy to grow slightly above 3% in 2013, same as in 2012, but 0.2% lower than its April 2013 forecast as it has cautioned that in addition to the old structural risks, new threats have emerged, thereby emphasising the message of cautious optimism.

Indian economy

India is an integral part of the global economy with its exports and imports amounting to 43% of the GDP. As a result, the country is not unaffected by what happens in the rest of the world and our economy too has slowed after 2010-11.

The Indian economy decelerated for the second year in succession to 5% in 2012-13 against 6.2% in 2011-12, the lowest in the last decade, due to poor performance of the manufacturing, agriculture and services sectors. An erratic monsoon and drought-like situation in many parts affected the agriculture and manufacturing sectors. The growth in the services sector stood at a low of 6.6% in 2012-13. This weakness extended into government finances too: the trade deficit touched an unprecedented USD 190.9 billion in 2012-13.

However, there is enough room for optimism as only China and Indonesia have grown faster than India in 2012-13. And in 2013-14, if we grow at the rate of 5.6% as projected by the IMF, only China would have grown faster than India. The IMF also pegs India's growth to rise to 6.3% in 2014-15.

Global alcohol industry

Powered by an estimated two billion people worldwide consuming alcoholic beverages (WHO estimates), the world alco-bev industry is expected to reach almost 210 billion litres in 2014. About 40% of the world's alcoholic beverages and spirits (rum, whisky, brandy and vodka) consumption includes



The Indian liquor industry, estimated at USD 5.66 billion, grew at a rate of 9-12% over the last two years.

The Asia-Pacific region consumes around a quarter of all alcoholic beverages worldwide with a growth rate of 4.4%.



branded drinks manufactured by large global companies with the European Union representing almost 57% of the global alcoholic drinks market (Source: MarketLine research).

Interestingly, the United States' per capita alco-bev consumption is only 9.44 litres of alcohol per person per year, which is approximately half of that of Moldova, the country with the highest per capita consumption. The one significant trend that is witnessed in worldwide alco-bev consumption is the fact that males consume more than females except for one country where the trend is reversed i.e. Ecuador (Source:WHO)



Leading alcohol consuming countries

Country	Per capita consumption (litres)
United Kingdom	13.37
France	13.66
Ireland	14.41
South Korea	14.80
Croatia	15.11
Ukraine	15.60
Russia	15.76
Hungary	16.27
Czech republic	16.45
Moldova	18.22

Source: Global Status Report on Alcohol and Health 2011, World Health Organisation

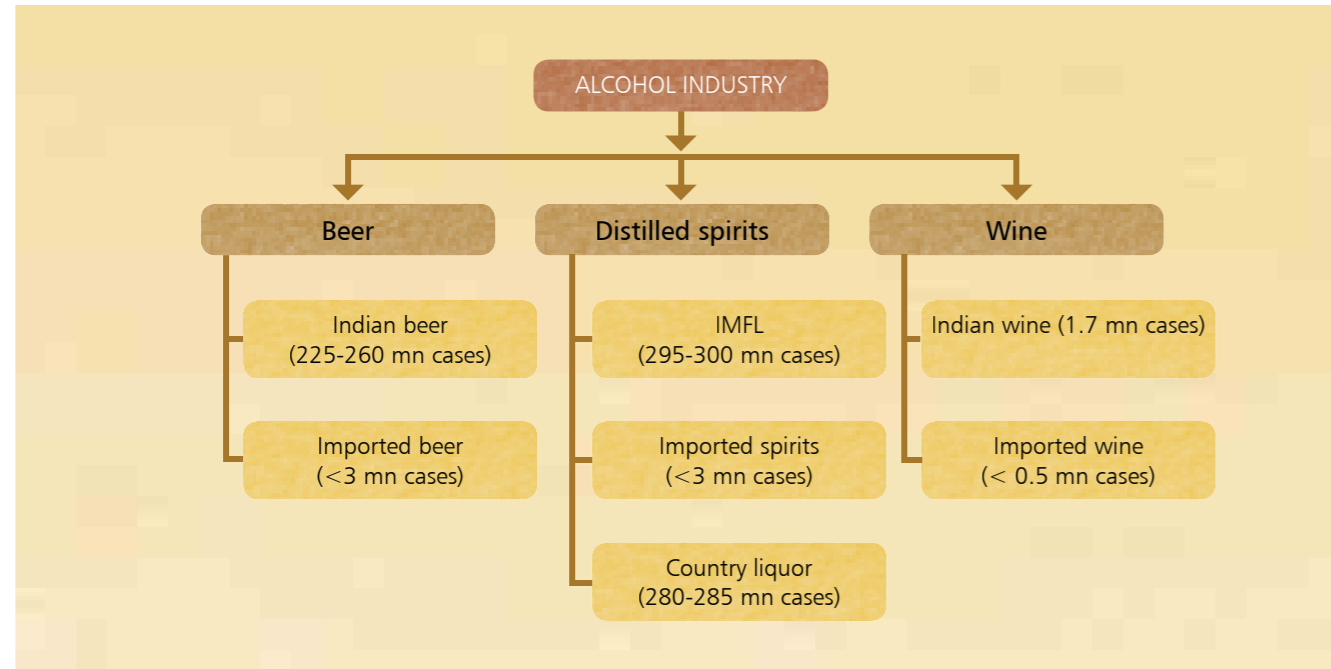
As per MarketLine, the global spirits market is expected to exceed USD 306 billion by 2015, representing a 17% increase over the past five years, with whisky leading the market with a 26% share.

The Asia-Pacific region consumes around a quarter of all alcoholic beverages worldwide with a growth rate of 4.4%, making the geography the fastest growing region worldwide (Source: Accenture). China and India could account for nearly 85% of the region's projected growth.

The world alco-bev industry is expected to reach almost 210 billion litres in 2014.

Indian alcohol industry

The Indian liquor industry, estimated at USD 5.66 billion (around ₹ 340 billion) and growing at a rate of 9 - 12% over the last two years, can be broadly divided into beer, distilled spirits and wine.



(Source: Industry, Crisil April 2013)

The flag-bearer of the distilled spirits segment is IMFL (Indian Made Foreign Liquor), which includes whisky, brandy, rum, gin and vodka. In 2012-13, total IMFL consumption in the country stood at 295-300 million cases, up from about 275-280 million cases in the previous year. Favourable demographics paired with increasing disposable incomes as well as an increasing acceptance of alcohol in the social milieu, have been the core drivers of alco-bev consumption in the country.

With a population pool of about 1.3 billion, the Indian alcohol industry is characterised by low per capita consumption and is at an early stage of development. Interestingly, with a larger percentage of the population coming into the legal drinking age (18 years) over the next three to five years, the optimism for alco-bev consumption in the country and hence a strong case for higher per capita consumption, remains particularly bright. Most major liquor companies with strong brand equity and wide product portfolio that straddles the IMFL segment have adopted a sub-segmentation strategy for their leading and well-established products, which in turn has helped them

retain market share.

South India is the largest consumer of IMFL in the country with almost 60% of the aggregate domestic demand origination out of Andhra Pradesh, Tamil Nadu, Kerala, Puducherry and Karnataka, which could be largely attributed to the ban of country liquor in the South.

State-wise IMFL consumption pattern

State	Consumption
Andhra Pradesh	15%
Tamil Nadu	19%
Karnataka	16%
Kerala	9%
Maharashtra	4%
Uttar Pradesh	4%
Punjab	4%
Delhi (UT)	4%
Haryana	4%
Rajasthan	4%
Others	17%

(Source: Industry)



Key growth drivers

Increasing population: With India's population forecast to grow at 2% per year, India is projected to emerge as the world's most populous country by 2030 and will have the largest working-age population. India's population is likely to rise from 1.3 billion in 2013 to 1.48 billion by 2030 and further to 1.6 billion by 2050 (Source: Crisil).

Favourable demographics: It is estimated that over 56% of the Indian population was in the age group of 18-60 years in 2011. This places nearly 700 million people within the legal drinking age category and another 150 million are expected to be added to this target population over the next five years. With alcohol no longer considered a taboo in India and an upwardly mobile young population with a propensity to spend, IMFL consumption volumes are likely to surge over the coming years.

Higher disposable incomes: Sustained economic growth, higher earnings and disposable incomes will lead to increasing affordability, especially for the rising Indian middle-class. This in turn is expected to enhance discretionary spending over products like alcoholic beverages.

Increasing social acceptance of alcohol: Of late, consuming alcohol has witnessed growing social acceptance among the masses in clubs, parties and weddings, among other such events. Moreover, the concept of women consuming alcoholic beverages is increasingly considered to be socially-acceptable, especially across cosmopolitan cities. This

lifestyle shift is expected to buoy IMFL volumes.

Migration from country liquor: Gradually, the Indian market is moving from country liquor to IMFL. Country liquor is typically regarded as a cheaper alternative to IMFL. With the expected increase in disposable incomes and superior brand perception of IMFL over country liquor, the accelerated shift to IMFL, especially in India's northern markets, will provide a greater thrust to IMFL volumes.

Organised players: Entry barriers in India's alcohol industry are high because of ban on advertising, taxes on inter-state product movement, licensing requirements and high taxes. The production is capital-intensive, providing established players with a clear opportunity to strengthen their presence and market share.

Low consumption: Despite a higher volume growth, India's per capita consumption remains a miniscule 0.8 litres compared with Moldova, the world's highest alcohol consuming region at 18.22 litres.

Tax revenue source: State Governments have realised that IMFL is a good source to bring in substantial revenues. Hence, the State Governments have increased their flexibility towards granting expansion licenses in various markets for existing capacities and eased regulation on IMFL products by opening more channels of distribution.

Corporate overview

Tilaknagar Industries Ltd.(TI) is one of India’s fastest growing IMFL companies with a sizeable presence in South India and in Canteen Stores Department (CSD) across the country. It possesses a wide range of over 40 brands straddling along the IMFL spectrum (brandy, whisky, rum, vodka and gin) and available across various price points. Some of its fastest-selling brands include Mansion House Brandy, Mansion House Whisky, Courier Napoleon Brandy, Senate Royale Whisky,

Madiraa Rum, White House Rum and Castle Club Vodka, among others.

With a manufacturing and bottling network of 28 units and a network of more than 30 distributors and over 40,000 points of sale, the Company distributes its products across the country, covering numerous market segments and geographies with especially pronounced presence in the South, India’s largest IMFL consuming geography.

Growing sales volumes at TI

(million cases)

2008-09	2009-10	2010-11	2011-12	2012-13
5.5	8.0	10.9	13.2	13.8

Financial review

During the year under review, the Company’s consolidated revenue increased from ₹ 5,555.48 million to ₹ 7,545.84 million, registering an increase of 35.8% driven by its efforts to focus on premium brands coupled with benefits of geographic expansion and price hikes. The profit after tax stood at ₹ 605.96 million (including VAT refund of ₹ 109.84 million) as compared to ₹ 471.61 million in the previous financial year, representing an increase of 28.5% on account of improved topline and higher realisations.

Operational review

Operational highlights, 2012-13

- The Company recorded a 4.2% growth in sales volume from 13.24 million cases in 2011-12 to 13.80 million cases in 2012-13;
- The rum segment contributed 24% to the Company’s total volumes in 2012-13 compared to 19% in 2011-12;
- White House Rum, the Company’s newest entrant in the rum segment, reported sales of more than 5 lac cases in

2012-13 whereas Madiraa Rum, the ‘millionaire’ brand from the Company stable, reported 10% growth during the year;

- In Eastern India, the Company launched six brands resulting in 48% sales growth emanating out of the region;
- The Company emerged as the second largest listed company in the South, which accounts for 60% of national volumes and also emerged as the second largest listed company in key states of the East too;
- Savoy Club Orange Gin was launched in August 2012, which was a big success in West Bengal reflected in market share accretion of 22% within six months of launch.

Manufacturing review

The Company’s manufacturing facilities comprised one fully-owned facility, four operating subsidiaries, 10 lease arrangements and 13 tie-up units. The Company’s primary distillation facility is located in Shirampur (Maharashtra) comprising 100 KLPD molasses-based and 100 KLPD grain-based distillation plants and a 100,000 cases-per-month (single shift) IMFL bottling plant.

Manufacturing Facilities

Unit types	2009	2010	2011	2012	2013
Fully-owned	3	3	4	5	5
Leased	8	7	7	10	10
Tie-up	13	21	21	15	13
Total	24	31	32	30	28



The newly-launched White House Rum was successful, reporting sales of 0.5 million cases in the first year of launch.

The Company signed a strategic bottling agreement with Pernod Ricard India Pvt. Ltd. (PRIPL) under which it will bottle PRIPL’s brands at its facilities in Maharashtra and Andhra Pradesh, increasing its capacity utilisation.

Marketing and distribution

During the year under review, all of the Company’s brands reported attractive performance. The newly-launched White House Rum was successful, reporting sales of 0.5 million cases in the first year of launch. Offtake volumes of Mansion House Whisky trebled over the previous year and White House Rum emerged as the second largest rum brand in the operating markets of the South.

The Company’s premiumisation strategy helped it carve out a distinct niche for itself. The Company has launched Seven Islands Vintage Single Malt Scotch Whisky in Chennai in October 2012 in super premium category followed by subsequent launches in Delhi and Chandigarh.

Moreover, strong preference for its brands in Tamil Nadu prompted the Company to launch Courier Napoleon Green Brandy and Courier Napoleon Blue Brandy in September 2012 followed by launches in Puducherry, Goa, Sikkim, Haryana, Karnataka and Kerala, leading to attractive offtake. In Eastern India, Odisha emerged as the Company’s strongest market followed by West Bengal and Assam.

On the marketing front, Mansion House Brandy retained its association with the two-times IPL champions Chennai Super Kings as its official ‘Cheers’ partner for the third year in a row. BLACPOWER, a fast-growing brand of the Company, kicked off a three-month Lavani festival by the legendary Surekha Punekar in March 2013. The association between BLACPOWER Apple Juice and Packaged Drinking Water with Lavani represented a classic blend of promotion of folk art on the one

hand and contributing to brand development on the other. The Company also retained key players from the Indian hockey team as Mansion House brand ambassadors. Moreover, Courier Napoleon Green associated with Hello FM to launch a talent hunt show called ‘Courier Napoleon Singara Singers’ across six cities in Tamil Nadu.

The Company entered into an agreement with Mohan Breweries and Distilleries for the assignment of their trademarks Brigadier No. 1 brandy and Vorion No. 1 Indian brandy for 15 years with an option to extend the same for another 10 years. These two brands posted cumulative volumes of 3.2 million cases in 2012-13 and this strategic alliance will deepen the Company’s presence in Tamil Nadu.

In October 2012, the Company acquired a 26% equity stake in Mason & Summers Marketing Services Pvt. Ltd. (MSMSPL), a distribution entity with agreements to distribute premium products of Mohan Meakin Limited in Northern and Eastern India. MSMSPL’s footprint covers eight geographies comprising Punjab, Chandigarh, Uttarakhand, Madhya Pradesh and Chhattisgarh, among others, where TI will be able to enhance its presence.

Environmentally sustainable practices

The Company’s focus is to increasingly align itself and implement globally-best practices in environmental management. A step in this direction is, its focus on exploring the use of spent wash in brick-making and in irrigation as well as the use of fly ash in cement manufacture towards reducing the load on the environment and optimising the consumption of scarce resources.

Over 88,000 units of solar power were generated during the year under review, reducing the Company’s dependence on fossil-based electricity. The Company also promoted waste

management in villages, initiated vermi-compost projects to utilise domestic waste and embraced a holistic organic farming campaign in wadis to counter the implications of chemical farming. Over 550 farmers were addressed during farmer meetings and this will inspire switchover over the coming months.

The Company is certified for ISO 9001:2008 and 14001:2004, demonstrating its deep commitment to environmental compliances.

Risks, concerns, opportunities and threats

The fact that about half of the country’s population is below 25 years of age bodes well for the spirits sector considering that about 38% of the alcoholic beverage consumption is derived from consumers in the 25-34 age bracket.

Today’s middle-class population of 160 million is expected to grow to 547 million by 2026 (Source: NCAER estimates). Urban alcoholic beverage consumption is estimated to contribute 70% to the total consumption. The current urbanisation of around 30% is expected to exceed 40% by 2030, providing a significant consumption impetus.

Consumer attitudes towards alcohol are rapidly evolving as well, demonstrated by a clear shift in consumer behavior towards the social acceptance of alcohol consumption. Besides, social habits are undergoing a transformation and with increasing urbanisation, this acceptance is only likely to increase.

As per CRISIL Research, from 2012-13 to 2017-18, IMFL consumption (in volume terms) is likely to register a 9-10% CAGR to touch 475-480 million cases. A growing shift in preference from country liquor to IMFL, particularly in Northern India, will pronounce IMFL consumption over the medium-term. Moreover, the continuing ban on country liquor in most Southern States will provide a greater thrust to IMFL consumption in the region. In 2017-18, per capita consumption of IMFL pan-India is expected to reach 0.37 cases per annum, up from 0.25 cases per annum in 2012-13, with per capita consumption in Northern States projected to increase at a robust pace and Southern States continuing to consume higher volumes.

The Company enjoys a strong presence across the IMFL industry segments with a sizeable presence in whisky and rum. The Company generated reasonable volume traction over the last four years and in line with this growth, the Company’s product portfolio increased from 16 in 2008 to over 40 by the close of financial year 2012-13. The Company expects accelerated growth in sales on the back of current lower per capita consumption (among the lowest in the world), favorable demographics and rising per capita income paired with more launches and wider product availability.

The Company has a strong presence in South India, the largest Indian market for alcoholic beverages. The Company also entered the growing markets of East, North East and Maharashtra to address rising demand and reduce demand-

side risks. Following brand launches, most notably of such premium brands as Courier Napoleon Blue Brandy, Courier Napoleon Green Brandy, Mansion House Whisky and White House Rum, the Company expects to accelerate volume growth across the years with distinct value contribution on account of its premiumisation strategy.

The Company continued to build on its brand equity through launching premium brands in the brown spirits market, accounting for 93% of the Indian Made Foreign Liquor (IMFL). It possesses four millionaire brands (Mansion House Brandy, Madiraa Rum, Brigadier No. 1 Brandy and Vorion No. 1 Indian Brandy) and expects to build two more ‘millionaire’ brands (White House Rum and Courier Napoleon) by 2014. The Company enjoys second position in the brandy segment with a 12% market share and holds the distinction of being the leader in brandy supply to the Canteen Stores Department (CSD).

With the cost of molasses (IMFL’s key raw material resource) continuing to be linked to the sugar industry’s cyclicity, the Company strategically ventured into grain-based production, representing an adequate insurance against volatile molasses costs.

Some of the key risks facing the Company include worsening regulatory environment, continued economic headwinds and slowdown in consumption, affecting offtake. However as a risk-averse corporate, the Company embraces principles

and adopts strategies that insulate its business, to the extent possible, from external vagaries. It also adopts a holistic risk mitigation framework to counter the effects of any possible adversity.

Human resources

Organisational psychology indicates that successful organisations owe their success to their human capital. Facts and figures are the quantitative elements of successful management, yet qualitative (cognitive) aspects can actually make or break an organisation.

The Company follows stringent recruitment norms to ensure the quality of the hired individuals. The qualification composition (excluding workmen) is as follows:

Qualification Composition

Qualification	No. of people
Graduates	298
Post Graduates	124
ITI	22
Ph.D	2
Company Secretary	3
Diploma	18
Professional Courses (Finance)	4



In 2017-18, per capita consumption of IMFL pan-India is expected to reach 0.37 cases per annum, up from 0.25 cases per annum in 2012-13.





During the year under review, new practices and processes were initiated by the Company:

- Medclaim facility was extended to employees to reimburse the medical expenses of their old parents in deserving cases w.e.f. November 2012;
- MBA interns were engaged to conduct an Employee Satisfaction Survey (ESS) and Employee Engagement Survey (EES) at periodic intervals;
- The Company's HR manual was revamped with updates, new developments, processes and best HR practices;
- A peer review was introduced as a part of 360-degree performance appraisal system;
- KRA communication workshops for employees were conducted at all regional offices;
- 'Worker of the Quarter' and 'Employee of the Quarter' awards were instituted to recognise and reward star performers;
- Emphasis on 'learning' through in-house and external training programmes;
- Introduced 'Buddy System' for new joiners in the organisation; and
- HR initiatives like 'Code of Conduct' for employees with 'Whistleblower Policy' and 'Policy against sexual harassment at workplace' were introduced.

The Company carried out the following activity in the HR technology platform:

- Steps were taken to ensure that all HR modules (including full and final settlement of employees) were addressed

through SAP

The total employee strength was 682, as on March 31, 2013.

Information technology

The Company is in the process of enhancing its SAP platform for reinforcing the different modules by implementing IBM Flex System x240 and VMware Software, which will provide a cost-effective, scalable, flexible and robust IT architecture.

Some of the Company's IT infrastructure includes:

IBM Pure Flex system: It is optimised for virtualisation and is highly scalable I/O designed to run a wide variety of workloads. It delivers maximum performance of up to 74% performance boost over previous generation servers.

VMware software: It is a unified data centre platform that provides unprecedented automation, flexibility, and efficiency to transform the way it delivers IT. Computation, storage, networking, security and availability services are pooled, aggregated and delivered as software and managed by intelligent, policy-driven software. Some of its advantages include:

- Reduced capital and operational expenses and minimised potentially-lost revenues due to downtime, outages and failures;
- Automated enforcement of service-level agreements to ensure availability, security and scalability of enterprise applications;
- Deliver applications and business services on-demand with the freedom to choose hardware, application architecture, operating system and private or public cloud infrastructure; and



- Deliver capacity management and optimisation to ensure capacity consumption in right-sized and not over provisioned, to allow for the most efficient use of virtualised resources.

Internal control systems

The Company has effective and efficient systems of internal control, which has been incorporated throughout the enterprise through SAP systems commensurate with the size and nature of the business. This system was designed to ensure:

- All assets are acquired economically, used efficiently and protected against loss, destruction or unauthorised use.
- All resources – human, materials, machines and money are used efficiently and effectively.
- Financial, accounting and other operational information are accurate, reliable and submitted on-time to all concerned.
- All applicable laws and internal policies are complied with.

The Company's internal and statutory auditors review the adequacy of internal controls on a regular basis and thus helps mitigate/avoid fraud or any other discrepancies in the daily operational activities of the Company.

The Audit Committee of the Board of Directors also meets periodically to review the findings of internal and statutory auditors' reports and advise the management with the

corrective policies and controls to be adopted by the Company, consistent with the organisational requirements.

Outlook

The Company will continue to focus on both organic and inorganic growth opportunities with a view to accelerating market share volume and value growth. Towards this extent, it will continue to focus on new product launches, widen the distribution network and forge strategic alliances for identifying new manufacturing and distribution models. The Company will continue to generate more than 50% of revenues from non-brand categories and seek to meet growing consumer demands, especially for such products as White House Rum in Kerala (reported five lacs cases in the year of launch), Courier Napoleon Green in Tamil Nadu and Puducherry and Savoy Club Orange Gin in West Bengal.

The Company is particularly excited about the fact that with growing industry-level consolidation, portfolio rationalisation will open up new opportunities to launch and position brands across vacuum segments. With a wide range of IMFL brands straddling across the segment and available across several price points, a vibrant distribution network and a focused business strategy, TI expects to capitalise on this trend going into the future.

DIRECTORS' REPORT

Dear members

Your Directors are pleased to present their 78th Annual Report together with the audited financial statements of the Company for the financial year ended March 31, 2013.

FINANCIAL RESULTS

The financial performance of the Company for the financial year ended March 31, 2013 is summarized below:

(₹ in million, except per share data)

Particulars	Consolidated		Standalone	
	Year ended 31.03.2013	Year ended 31.03.2012	Year ended 31.03.2013	Year ended 31.03.2012
Total Revenue	7,545.84	5,555.48	5,713.62	4,587.27
Profit before interest, depreciation and tax (EBIDTA)	1,727.68	1,484.82	1,494.93	1,334.36
Profit before tax	850.37	700.01	719.72	580.64
Profit after tax	605.96	471.61	503.43	387.54
Surplus brought from last year	832.05	472.15	744.09	468.26
Profit available for appropriations	1,438.01	943.76	1,247.52	855.80
Transfer to general reserves	-	-	-	-
Proposed dividend and tax thereon	113.72	111.71	113.72	111.71
Surplus carried to balance sheet	1324.29	832.05	1133.80	744.09
Earnings per share of ₹ 10/- each				
(a) Basic	5.02	4.08	4.17	3.35
(b) Diluted	4.86	4.02	4.04	3.30

The Company has tie-up arrangements in some States and in respect of such arrangements, turnover of ₹ 5,401.34 million during the financial year 2012-13 (₹ 6,896.02 million in the last financial year) has not been treated as sales. However, the surplus generated out of these arrangements is included in the total revenue.

During the year, the Company has recognized ₹ 109.84 million as income on account of MVAT and CST refunds received with respect to sales made in the State of Maharashtra in the financial year 2011-12 pursuant to Mega Project Status conferred on its manufacturing facilities under Package Scheme of Incentives (PSI), 2007.

DIVIDEND

The Directors are pleased to recommend a final dividend of ₹ 0.80 (eighty paise only) per equity share of ₹ 10/- each (8%) for the financial year 2012-13. The dividend, if approved by the Members, will entail a payout of ₹ 113.32 million including dividend distribution tax of ₹ 15.82 million and will be paid on or before September 18, 2013.

OPERATIONS

The Company is one of the fastest growing liquor companies in India with a significant presence in South India (largest liquor market) and is a well established name in Canteen Stores Department (CSD). During the year under review, the Company has achieved sales volume of 13.80 million cases as compared to 13.24 million cases in the financial year 2011-12 on consolidated basis, registering an increase of 4% despite the problems faced by the industry in the State of Tamil Nadu, which accounts for sizable part of the Company's business. The Company's sustained and systematic drive in premiumizing its products has helped it to carve its niche within the segment.

During the year under review, Brandy segment has contributed 51%, followed by Whisky and Rum segments, which have contributed 24% each to the overall sales volume of the Company. The Mansion House Brandy continues to be the flagship brand of the Company. White House Rum, Company's newest entrant in the Rum segment has already achieved sales volume of more than 5 lac cases whereas, Madiraa Rum, the millionaire brand of the Company witnessed growth of 10%

during the year. Mansion House continues to be a strong driver of the Whisky portfolio in unison with BLACPOWER Grain Whisky, which has increased its pan Indian presence and is now present across 9 States. Savoy Club Orange Gin, launched in the month of August 2012, has garnered a market share of 22% in six months of its launch in West Bengal market.

With respect to geographical expansion, the Company has emerged as the second largest listed Company in South and also in key States of East. South has contributed 75% of the total sales volume followed by CSD which has contributed 16%. East, which has contributed 4% to the Company's overall sales volume, is the least penetrated and high margin market in the IMFL industry and the Company is focusing on improving its presence in East.

SIGNIFICANT DEVELOPMENTS

During the year under review, following significant developments took place:

- The Company has signed an agreement with Pernod Ricard India Pvt. Ltd.(PRIPL) to manufacture PRIPL products at its bottling facilities in the States of Maharashtra and Andhra Pradesh.
- The Company has acquired 26% stake in Mason & Summers Marketing Services Pvt. Ltd., which is engaged in the sales, marketing and distribution of the branded products of Mohan Meakin Ltd. and its affiliates including iconic brand "OLD MONK RUM" in North and East India.
- The Company has entered into Trademark assignment

agreement with Mohan Breweries and Distilleries Ltd. for assignment of their well established trademarks – “Brigadier’s No. 1 Brandy” and “Vorian No. 1 Indian Brandy”.

■ Prag Distillery(P) Ltd., the wholly owned subsidiary of the Company has entered into an arrangement with PRIPL for subleasing of part of its total licensed capacity and leasing out part of its manufacturing facility to PRIPL for a period of five years to take advantage of its unutilized production capacities.

■ The Company has commenced construction work for the State of Art IMFL bottling facility at Shrirampur, for catering the increased production load.

DIRECTORS

Pursuant to the provisions of Sections 255 and 256 of the Companies Act, 1956 and in terms of the Articles of Association of the Company, Dr. Vishnu Kanhere and Dr. Ravindra Bapat, Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

A brief profile of the Directors seeking re-appointment covering nature of their expertise in specific functional areas, the names of the companies in which they hold directorship and committee membership is furnished as a part of the Corporate Governance Report. The Board of Directors recommends their re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirements of Section 217(2AA) of the Companies Act, 1956, and on the basis of the information furnished to them by the Statutory Auditors and management, the Directors confirm that:

- in preparation of the annual accounts, the applicable Accounting Standards have been followed and there are no material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the accounting year and of the profit of the Company for the year;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance

with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities; and

- they have prepared annual accounts on a going concern basis.

SHARE CAPITAL

During the year, the Company has issued and allotted 810,151 equity shares under ESOP Scheme – 2008 and 1,068,212 equity shares under ESOP Scheme – 2010, upon exercise of vested stock options.

The issued, subscribed and paid-up equity share capital of the Company as on March 31, 2013 stood at ₹ 1218.80 million, comprising of 121,880,135 equity shares of ₹ 10/- each.

EMPLOYEE STOCK OPTION SCHEMES

With an objective of enabling the Company to reward and retain the qualified and skilled professionals and to give an opportunity to employees to participate in the growth of Company, the Company has implemented ESOP Scheme – 2008, ESOP Scheme – 2010 and ESOP Scheme – 2012, in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the SEBI Guidelines'). The Compensation Committee, constituted in accordance with the SEBI Guidelines, administers and monitors the said Schemes.

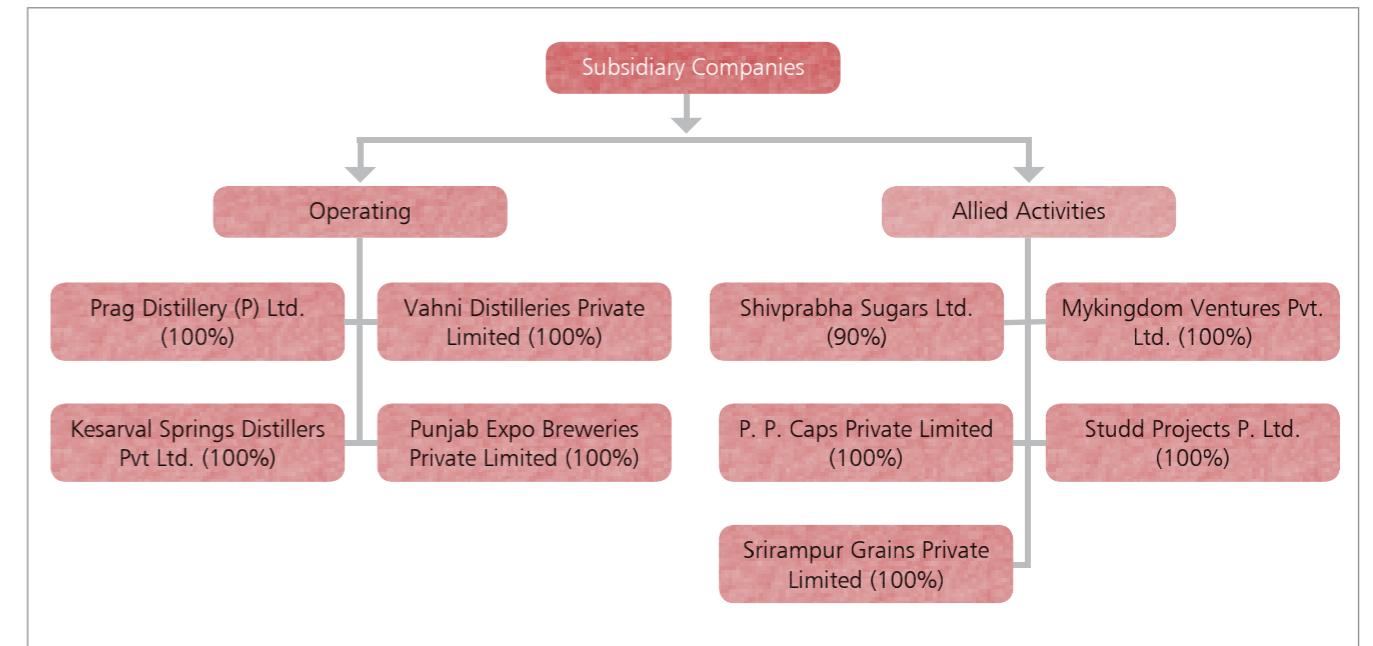
The relevant disclosures in compliance with the Clause 12 of the SEBI Guidelines, as amended, are set out in Annexure 'C' to this report.

The Company has received a certificate from the Statutory Auditors of the Company that the Schemes have been implemented in accordance with the SEBI Guidelines and the respective resolutions passed by the Members. The Certificate will be placed at the Annual General Meeting for inspection by the Members.

SUBSIDIARY COMPANIES

In past few years, the Company has acquired various companies to strengthen its bottling capacities and also to integrate both forward and backward, besides strengthening in house processes. This has, in turn, helped the Company in gaining greater control over the operational aspects.

As on March 31, 2013, the Company was having following 9 subsidiaries:



Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies is attached to the accounts.

In accordance with the general circular no. 2/2011 dated February 08, 2011 issued by the Ministry of Corporate Affairs, the annual accounts of these subsidiary companies are not being attached with the balance sheet of the Company. The Company will make available the annual accounts of the subsidiary companies and the related detailed information to any Member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the registered office of the Company and that of the respective subsidiary companies. The consolidated financial statements presented by the Company includes the financial results of its subsidiary companies.

CONSOLIDATED FINANCIAL STATEMENTS

As stipulated under Clause 32 of the Listing Agreement and in accordance with the requirements of Accounting Standard (AS-21) prescribed by the Institute of Chartered Accountants of India, the consolidated financial statements of the Company together with Auditors' Report thereon are annexed to the Annual Report.

AUDITORS AND AUDITORS' REPORT

M/s. Batliboi & Purohit, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and being eligible, have

offered themselves for re-appointment.

The Company has received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act. The Board of Directors recommends their re-appointment as Statutory Auditors.

The observations and comments given in the Auditors' Report read together with notes to accounts are self-explanatory and do not call for any further information and explanation under Section 217(3) of the Companies Act, 1956.

COST AUDITORS

Pursuant to the industry specific cost audit order no. 52/26/CAB-2010 dated November 06, 2012 of the Central Government, the Company is required to get its cost records for the financial year 2013-14 audited in respect of "Alcoholic Beverages" and "Industrial Alcohol" being manufactured by it.

Pursuant to the provisions of Section 233B(2) of the Companies Act, 1956 and subject to the approval of the Central Government, the Board of Directors on the recommendation of the Audit Committee has appointed M/s. P. D. Phadke & Associates, Cost Accountants as Cost Auditors for conducting the Cost Audit of the cost records maintained by the Company relating to manufacturing of 'Alcoholic Beverages' and 'Industrial Alcohol' for the financial year 2013-14.

The Company has filed the Cost Audit Report for the financial year 2011-12 with respect to cost records maintained by it relating to manufacturing of Industrial Alcohol on January 30, 2013, well before the due date of filing.

The due date for filing the Cost Audit Report for the financial year 2012-13 is September 27, 2013 and the same shall be filed in due course.

SECRETARIAL AUDIT REPORT

M/s. Ragini Chokshi & Associates, Practicing Company Secretaries have conducted Secretarial Audit for the financial year 2012-13 and have submitted the Report confirming compliance with the applicable provisions of the Companies Act, 1956 and other rules and regulations issued by SEBI/other relevant authorities.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI.

The Company is in substantial compliance of the provisions of the voluntary guidelines on corporate governance issued by Ministry of Corporate Affairs in the year 2009, a benchmark for the corporate sector in achieving the highest standard of corporate governance.

The Report on corporate governance alongwith the Statutory Auditors' Certificate regarding compliance of the conditions of corporate governance pursuant to Clause 49 of the Listing Agreement is annexed hereto and forms part of the Annual Report.

In terms of sub-clause (V) of Clause 49 of the Listing Agreement, a certificate from Chairman & Managing Director and Officiating Head of Finance of the Company, inter-alia, confirming the correctness of the financial statements, adequacy of internal control measures and reporting of matters to the Audit Committee in terms of the said clause, is also enclosed as part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed review of operations, performance, key events of the year, industry scenario, risk and future outlook of the Company and its businesses as stipulated in Clause 49 of the Listing Agreement is given in the Management Discussion and Analysis Report annexed hereto and forms part of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The year 2012-13 was a humbling year of achievements for

the Company's CSR team. Not only did, the Company initiate new approaches to address persistent social issues, but also made some partnerships that will go a long way in ensuring the sustainability of its efforts.

A separate section on initiatives taken by the Company to fulfill its Corporate Social Responsibility (CSR) is annexed hereto and forms part of the Annual Report.

PARTICULARS OF EMPLOYEES, CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Details with respect to conservation of energy, technology absorption & foreign exchange earnings and outgo, as required under Section 217(1)(e), read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in Annexure 'A' to this Report.

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, names and other particulars of employees are set out in Annexure 'B' to this Report.

FIXED DEPOSITS

The Company has not accepted any fixed deposits within the scope of Section 58A of the Companies Act, 1956 during the year.

As on March 31, 2013, there was one matured deposit aggregating to ₹ 4,000/- (Rupees Four Thousand Only), which has not been claimed by the depositor upto the date of this Report. During the year, the Company has repaid an amount of ₹ 10,000/- (Rupees Ten Thousand Only) lying unclaimed with the Company, on receipt of request from the concerned depositor in this regard.

There are no unclaimed deposits/interest on deposits lying unclaimed with the Company for more than seven years, which may be transferred to Investor Education & Protection Fund pursuant to sub section 2(c) of Section 205C of the Companies Act, 1956.

DETAILS OF UNCLAIMED BONUS SHARES IN TERMS OF CLAUSE 5A(II) OF THE LISTING AGREEMENT

Pursuant to the provisions of Clause 5A(II) of the Listing Agreement, the Company reports the following details in respect of equity shares lying in the Tilaknagar Industries Ltd.- Unclaimed Suspense Account, which were issued in physical form:

Particulars	Bonus Issue – 2009		Bonus Issue - 2010	
	No. of shareholders	No. of Shares	No. of shareholders	No. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	1,116	63,752	1,179	198,088
Number of shareholders who approached issuer for transfer of shares from suspense account during the year	1	1,000	Nil	Nil
Number of shareholders to whom shares were transferred from suspense account during the year	1	1,000	Nil	Nil
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year*	1,115	62,752	1,179	198,088

* The voting rights on the shares outstanding in the suspense accounts as on March 31, 2013 shall remain frozen till the rightful owner of such shares claims the shares.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Sections 205A(5) and 205C of the Companies Act, 1956, relevant amounts which remained unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unclaimed amounts lying with the Company as on September 21, 2012 (date of last Annual General Meeting) on the website of the Company i.e. www.tilind.com, as also on the Ministry of Corporate Affairs website.

SUSTAINABILITY

The Company's main focus is to expand the implementation of sustainable exercises for environment protection with each passing year. As part of the environment protection initiative, it is exploring the use of spent wash in brick making and in

irrigation and also use of fly ash in cement manufacturing. It is expected that by the next financial year, the Company will have some breakthrough in the above areas and will be successful in commercializing the same.

The Company has also taken sustainable initiatives such as energy generation through solar and gobar gas plants, water harvesting, vermi-composting and soil improvement activities, garbage re-cycling and most important of all tree plantations.

ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation to investors, bankers, customers, suppliers, auditors for their continued support during the year. Your Directors extend their sincere gratitude to all the regulatory authorities like SEBI, Stock Exchanges, Registrar of Companies and other Central and State Government authorities/agencies for their support.

Your Directors place on record their appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the Industry.

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 30, 2013

Amit Dahanukar
Chairman & Managing Director

ANNEXURE 'A' TO THE DIRECTORS' REPORT

A) CONSERVATION OF ENERGY

Measures taken:

1. All bio-digesters are working satisfactorily. The biogas generated was utilized principally for steam generation in boilers. The details of gas generation, consumption and equivalent coal saved during the financial year 2012-13 compared with the financial year 2011-12 are as tabulated below:

Sr. No.	Particulars	Unit	Year 2012-13	Year 2011-12
1	Biogas generation	Lac M ³	19.18	23.46
2	Spent-wash treated	Lac M ³	0.57	0.75
3	Ratio of biogas generation to spent wash treated	M ³ /M ³	33.64	31.10
4	Biogas Utilisation:			
	a. for steam generation in boiler	Lac M ³	16.54	20.33
	b. for power generation in biogas engine	Lac M ³	Nil	0.54
	c. biogas flared during start up & interruptions	Lac M ³	2.64	2.58

Notes:

- a. Ratio of Biogas generation to spent wash treated has increased by 8.2%.
 b. The Ratio has increased due to consistent operation of the digesters.
 c. Coal equivalent to 1654 MT was saved due to the usage of Biogas generated.
2. The Biogas engines for generation of power were not operated as the Biogas generated was used for production of steam.

Sr. No.	Particulars	Unit	Year 2012-13	Year 2011-12
1	Biogas consumed for power generation	Lac M ³	Nil	0.54
2	Power Generation	KWh	Nil	89,287
3	Ratio of power generation to biogas consumption	KWh/M ³	Nil	1.63

3. The details of the power generated and savings achieved on operation of power house during the financial year 2012-13 are as follows :

Sr. No.	Particulars	Unit	Year 2012-13	Year 2011-12
1	Power Generation	KWh	3,223,000	11,513,800
2	Savings	₹ Lac	236.56	780.63

B) RESEARCH & DEVELOPMENT INITIATIVES

1) Courier Napoleon Finest French Brandy - Green(CNB Green)

Higher version of CNB Green has been developed for introduction in the market to cater to the growing needs of the consumers with respect to better taste and palate proposition.

CNB Green is perfectly blended with traditionally distilled grape spirits, matured in wooden casks to give rich aroma of selected grapes and warm honey.

2) Courier Napoleon Blue Label French Reserve Brandy(CNB Blue)

CNB Blue is the highest offering Brandy of the family for the discerning connoisseurs.

Known by its special designed blue bottle, CNB Blue is a complex blend crafted by utilizing oak matured grape spirits and select Indian neutral spirits. The palate is warm and full of prominent flavors of grapes, vanilla with considerable amount of woody notes perceptible on tongue with smooth finish. The lengthy finish lingers with a delicate balance of mature woody note coupled with characteristic sweet grape fruits and refined brandy aromas.

3) Mansion House Silk Brandy

Mansion House Silk has been developed as a unique

proposition to give Cognac like experience to high end - often foreign travelling consumers.

Premium blend has been made from specially distilled grape spirits under expert supervision and has been achieved to perfection, rounded off to meet connoisseur's choice. Original brandy flavors are enhanced and traditional blending process have been followed.

4) Seven Islands

In continuation of our journey to be in Scotches, the initial work has been taken up to come out with liquid and packaging in the Malt category, to be bottled in India. Once launched, this brand will be called as Seven Islands Royalty and will be in upper segment of 'Bottled in India' Scotches.

5) Senate 5

This brand is specifically being researched and developed for introduction in the regular scotch market, where till today 'Teachers' rules the roost.

6) Glass

The Company has developed its own patented flask for both Pints and Nips. This will help in premiumisation of the brands and also in recycling the bottles.

C) TECHNOLOGY ABSORPTION/INNOVATION AND ADOPTION

- Four sticker labeling machines have been installed and commissioned at various units particularly for improvement in quality of packaging to enhance look of the brand/packaging
- Production for the bottling arrangement with Pernod Ricard India Pvt. Ltd. (PRIPL) has commenced.
- Construction work for the State of Art IMFL bottling facility at Shirampur has commenced.

FORM - A

Total energy consumption and energy consumption per unit of production

Sr. No.	Power and Fuel consumption	Unit	Year 2012-13	Year 2011-12
1.	Electricity Purchased from MPECOS/ MSEDCL	KWh	5,906,558	3,447,574
	Amount	₹ in Lac	469.00	247.75
	Rate per unit	₹ / KWh	7.94	7.18
	Electricity own generation from Biogas Engines	KWh	Nil	89,287
	Amount	₹ in Lac	Nil	7.75
	Rate per unit	₹ / KWh	Nil	8.68
	Electricity own generation from Turbine	KWh	3,223,000	11,513,800
	Amount	₹ in Lac	19.33	46.05
	Rate per unit	₹ / KWh	0.60	0.40
	Electricity own generation from D G Sets	KWh	285,504	1,184,888
	Amount	₹ in Lac	46.92	165.41
	Rate per unit	₹ / KWh	16.43	13.96
	Total Electricity used	KWh	9,415,062	16,235,549
	Wtd. Avg. Unit rate	₹ / KWh	5.69	2.88
2.	Steam coal for generation of steam	MT	21,437.00	43,527.84
	Amount	₹ in Lac	1,239.22	2,373.72
	Average rate per MT	₹ / MT	5,781.00	5,453.33
	Baggase for generation of steam	MT	610.96	1,681.00
	Amount	₹ in Lac	23.59	39.55
	Average rate per MT	₹ / MT	3,861.78	2,352.78
	Fire wood for generation of steam	MT	32.32	Nil
	Amount	₹ in Lac	1.00	Nil
	Average rate per MT	₹ / MT	3,095	Nil

Electricity Consumption per unit of product

Name of product	Unit	Year 2012-13	Year 2011-12
Molasses ENA	KWh/Ltr.	0.34	0.13
Grain ENA	KWh/Ltr.	0.67	0.68
IMFL	KWh/Case	0.26	0.25

Power Consumption per litre of ENA has increased due to plants' operation limited to molasses spirit production. This has, in turn, restricted the operation of the boiler and the turbine to 40% to 50% of their capacity, lowering production of captive electricity and increased power purchase from the Government.

Power Consumption per case of IMFL has increased due to 53% increase in 90ml pack sizes' production over the last year.

D) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year the foreign exchange outgo was ₹ 71.52 million (P.Y. ₹ 16.42 million) and foreign exchange earnings were ₹ 151.06 million (P.Y. ₹ 66.91 million).

ANNEXURE 'B' TO THE DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2013.

Sr. No.	Name	Designation	Gross Remuneration (₹)/ Month	Qualifications	Age (Years)	Total Experience (Years)	Date of Commencement of Employment	Last Employment & Designation
1.	Mr. Amit Dahanukar	Chairman & Managing Director	2,703,865/-#	B.E (ELEC), M.S (U.S.A)	36	12 Years	07.11.2001	First Employment
2.	Mrs. Shivani Amit Dahanukar	Executive Director	1,751,225/-#	M.B.A, L.L.B	35	7 Years	01.06.2006	First Employment
3.	Mr. Laxmi Narasimhan	Dy. Managing Director	3,860,000/-	B.E (IND. ENGG.) P.G.D. B.M (I.I.M, CALCUTTA)	43	19 Years	24.10.2011	United Spirits Ltd. - Chief Operating Officer (Deccan Region)
4.	Dr. Sukhbir Puri	Sr. V.P – Operations	840,666/-	M.Sc. Ph.D	64	39 Years	27.04.2009	Khemani Group – Group President
5.	Dr. Keshab Nandy	Director – (Legal, HR, IT, IR, Vigilance & Safety)	600,000/-	B.A, M.A, M.H.R.M, PGDPM & I.R, L.L.B, DCM, M.Phil, Ph.D	57	34 Years	03.09.2007	UTI Technology Services Ltd. - Sr. VP – HR, IR, Legal, Quality, Admin, Facility MGT & CVO

Apart from commission of ₹ 48,82,970 and ₹ 31,98,530 payable for the year 2012 - 2013 to Mr. Amit Dahanukar and Mrs. Shivani Amit Dahanukar, respectively.

ANNEXURE 'C' TO THE DIRECTORS' REPORT

Statement as at March 31, 2013 pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

Sr.No.	Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012																										
1.	Number of stock options granted during the year	Nil	Nil	<table border="1"> <thead> <tr> <th>Date of Grant</th> <th>No. of stock options granted</th> </tr> </thead> <tbody> <tr> <td>May 28, 2012</td> <td>30,00,000</td> </tr> <tr> <td>February 04, 2013</td> <td>10,00,000</td> </tr> <tr> <td>Total</td> <td>40,00,000</td> </tr> </tbody> </table>	Date of Grant	No. of stock options granted	May 28, 2012	30,00,000	February 04, 2013	10,00,000	Total	40,00,000																		
Date of Grant	No. of stock options granted																													
May 28, 2012	30,00,000																													
February 04, 2013	10,00,000																													
Total	40,00,000																													
2.	The Pricing Formula	<p>The exercise price shall be calculated at a discount not higher than 75% of the average of the daily high and low of the prices for the Company's equity shares quoted on BSE Limited, during the 15 days preceding the date of vesting of stock options subject to minimum exercise price as given below:</p> <table border="1"> <thead> <tr> <th>Date of Grant</th> <th>Minimum Exercise Price (₹)</th> </tr> </thead> <tbody> <tr> <td>July 02, 2009</td> <td>13.33</td> </tr> <tr> <td>January 28, 2010</td> <td>25.00</td> </tr> <tr> <td>June 25, 2010</td> <td>36.67</td> </tr> <tr> <td>August 07, 2010</td> <td>50.00</td> </tr> </tbody> </table>	Date of Grant	Minimum Exercise Price (₹)	July 02, 2009	13.33	January 28, 2010	25.00	June 25, 2010	36.67	August 07, 2010	50.00	<p>The exercise price shall be calculated at a discount not higher than 75% of the average of the daily high and low of the prices for the Company's equity shares quoted on BSE Limited, during the 15 days preceding the date of vesting of stock options subject to minimum exercise price as given below:</p> <table border="1"> <thead> <tr> <th>Date of Grant</th> <th>Minimum Exercise Price (₹)</th> </tr> </thead> <tbody> <tr> <td>January 15, 2011</td> <td>60.00</td> </tr> <tr> <td>August 01, 2011</td> <td>38.00</td> </tr> <tr> <td>October 21, 2011</td> <td>25.00</td> </tr> <tr> <td>November 11, 2011</td> <td>25.00</td> </tr> </tbody> </table>	Date of Grant	Minimum Exercise Price (₹)	January 15, 2011	60.00	August 01, 2011	38.00	October 21, 2011	25.00	November 11, 2011	25.00	<p>The exercise price shall be calculated at a discount not higher than 75% of the average of the daily high and low of the prices for the Company's equity shares quoted on BSE Limited, during the 15 days preceding the date of vesting of stock options subject to minimum exercise price as given below:</p> <table border="1"> <thead> <tr> <th>Date of Grant</th> <th>Minimum Exercise Price (₹)</th> </tr> </thead> <tbody> <tr> <td>May 28, 2012</td> <td>42.00</td> </tr> <tr> <td>February 04, 2013</td> <td>60.00</td> </tr> </tbody> </table>	Date of Grant	Minimum Exercise Price (₹)	May 28, 2012	42.00	February 04, 2013	60.00
Date of Grant	Minimum Exercise Price (₹)																													
July 02, 2009	13.33																													
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November 11, 2011	25.00																													
Date of Grant	Minimum Exercise Price (₹)																													
May 28, 2012	42.00																													
February 04, 2013	60.00																													
3.	Number of stock options vested during the year	1,206,606	1,492,151	2,184																										
4.	Number of stock options exercised during the year [includes 135,230 stock options(ESOP Scheme 2008) and 16,725 stock options(ESOP Scheme 2010) exercised during the year and pending for allotment]	945,381	1,084,937	Nil																										
5.	Total number of shares arising as a result of exercise of stock options	810,151	1,068,212	Nil																										
6.	Number of stock options lapsed during the year	130,440	94,980	2,184																										
7.	Number of stock options cancelled during the year	234,420	278,063	54,946																										
8.	Variation in the terms of stock options	Nil	Nil	Nil																										
9.	Money realized by exercise of stock options during the year(₹)	23,129,384	30,801,225	Nil																										
10.	Total number of stock options in force	2,313,022	3,232,356	3,942,870																										

Sr.No.	Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
11.	Employee-wise details of stock options granted to:			
	(i) Senior Managerial Personnel			
	Name	No. of stock options granted during the year		
	Mr. Laxmi Narasimhan	Nil	Nil	969,000
	Dr. Keshab Nandy	Nil	Nil	40,000
	Dr. Sukhbir Puri	Nil	Nil	35,776
	Mr. Naresh Agnihotri	Nil	Nil	21,000
	Mr. C.D. Nageshwar Rao	Nil	Nil	24,500
	Mr. K. S. Prasad	Nil	Nil	30,429
	Mr. G. S. Krishnan	Nil	Nil	30,000
	Mr. Santosh Thakur	Nil	Nil	30,000
	Mr. Gaurav Thakur	Nil	Nil	30,000
	(ii) Employees who were granted, during any one year, stock options amounting to 5% or more of the stock options granted during the year			
	Name	No. of stock options granted during the year		
	Mr. Laxmi Narasimhan	Nil	Nil	969,000
	(iii) Identified employees who were granted stock options, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil	Nil	Nil
12.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of stock options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	Refer Note 28(v) of the Notes to Accounts		
13.	Impact of the difference between the intrinsic value of the stock options and the fair value of the stock options on profits and on EPS	Refer Note 28(v) of the Notes to Accounts		
14.	Weighted-average exercise prices and weighted-average fair values of stock options, separately for stock options whose exercise price either equals or exceeds or is less than the market price of the stock	Refer Note 28(v) of the Notes to Accounts		
15.	A description of the method and significant assumptions used during the year to estimate the fair value of stock options, including the following weighted-average information (i) Risk-free interest rate (ii) Expected life (iii) Expected volatility (iv) Expected dividends (v) The price of the underlying share in market at the time of stock option grant	Refer Note 28(v) of the Notes to Accounts		

A certificate received by the Company from the Statutory Auditors of the Company i.e. M/s Batliboi & Purohit, Chartered Accountants, Mumbai to the effect that the above mentioned Schemes have been implemented in accordance with the SEBI Guidelines will be placed before the Annual General Meeting and a copy of the same shall be made available for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays and all holidays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

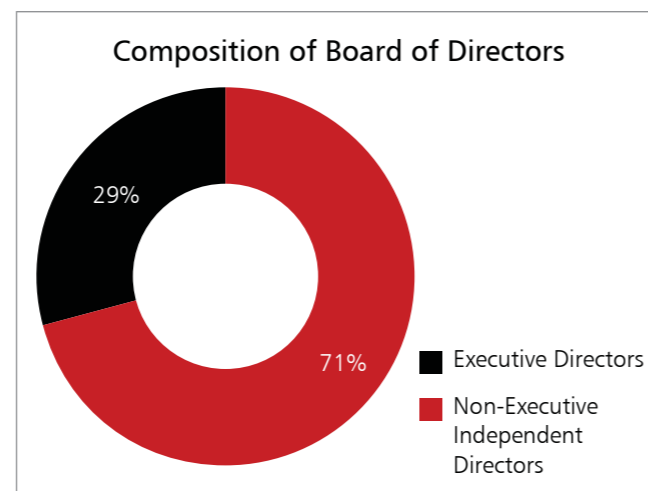
The Company believes in good corporate governance, which has been a strong edifice of the Company, duly supported by pillars of customers' faith, depositors' confidence, institutional trust and investor satisfaction. The Company is committed towards application of best management practices, compliance of laws in letter and spirit and adherence to the ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders and above all, aligning its business structure in the lines of transparency, integrity, professionalism and accountability at the highest level. The Company has well established systems, policies and practices to ensure maintenance of highest standards of accountability and excellence in service of all stakeholders.

During the year under review, the Company has voluntarily got secretarial audit conducted from M/s. Ragini Chokshi & Associates, Practicing Company Secretaries. The Secretarial Audit Report submitted by them confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreement with the Stock Exchanges (including Clause 49 of the said agreement) and all the applicable rules, regulations and guidelines issued by Securities and Exchange Board of India.

2. BOARD OF DIRECTORS

The Board of Directors comprises of eminent professionals having significant and diversified experience in their respective fields. The Board consists of seven (7) Directors comprising

of two (2) Executive Directors and five (5) Non-Executive Independent Directors. The Board is headed by Chairman & Managing Director. All the Directors except Chairman & Managing Director and Executive Director are liable to retire by rotation.



The composition of the Board meets with the requirements as prescribed under the Clause 49 of the Listing Agreement and ensures separation of Board's function of governance and management. The Executive Directors are involved in the day-to-day management of the Company and the Non-Executive Directors bring external perspective and independence to the decision making process.

The Company has received declaration from Independent Directors that they satisfy the criteria of independence as prescribed under Clause 49 (I)(A)(iii) of the Listing Agreement.

The Board meets at least once in a quarter to consider amongst other matters, quarterly performance and financial results of the Company. To enable the Board to discharge its responsibilities effectively and take informed decisions, comprehensive agenda notes are circulated well in advance to the Directors. The Board periodically reviews compliance reports in respect of laws and regulations applicable to the Company. During the year under review, the Board was provided with all the relevant information as prescribed under Clause 49 of the Listing Agreement.

During the year under review, five (5) meetings of the Board

were held as per details given below:

Date of the Meetings	
1. May 28, 2012	4. November 03, 2012
2. August 13, 2012	5. February 04, 2013
3. October 16, 2012	

The intervening period between the Board Meetings was within the maximum time gap prescribed under the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Composition of the Board and attendance records of Directors:

Name of the Directors	Position/Category	Meetings Details		Attendance at the last AGM held on September 21, 2012
		Held during the Year	Attended	
Mr. Amit Dahanukar	Chairman & Managing Director (E, P)	5	5	Yes
Mrs. Shivani Amit Dahanukar	Executive Director (E, P)	5	5	Yes
Mr. V. B. Haribhakti	Director (NE, I)	5	5	Yes
Dr. Vishnu Kanhere	Director (NE, I)	5	5	Yes
Dr. Ravindra Bapat	Director (NE, I)	5	5	Yes
Mr. C.V. Bijlani	Director (NE, I)	5	4	Yes
Mr. Madan Goyal	Director (NE, I)	5	5	Yes

NE: Non-Executive, I: Independent, E: Executive, P: Promoter

Number of other Directorships and Committee Positions held by Directors:

Name of the Directors	No. of Directorships in other public companies (excluding TI) *	No. of Committee positions held in other public companies (excluding TI)**	
		Chairman	Member
Mr. Amit Dahanukar	1	Nil	Nil
Mrs. Shivani Amit Dahanukar	1	Nil	Nil
Mr. V. B. Haribhakti	7	3	3
Dr. Vishnu Kanhere	2	2	Nil
Dr. Ravindra Bapat	2	Nil	Nil
Mr. C.V. Bijlani	Nil	Nil	Nil
Mr. Madan Goyal	Nil	Nil	Nil

* Private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956 are excluded for the above purpose.

** The committees considered for the purpose are those prescribed in the Listing Agreement i.e. Audit Committee and the Shareholders/ Investors Grievance Committee.

None of the Directors on the Board is a Member of more than 10 committees or Chairman of more than 5 committees across all public limited companies as specified in Clause 49 of the Listing Agreement.

3. AUDIT COMMITTEE

The Audit Committee is constituted in compliance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

The Audit Committee comprises of experts specialized in areas of accounting/financial management. Mr. V. B. Haribhakti, Non-Executive and Independent Director, a profound and

experienced Chartered Accountant, is the Chairman of the Audit Committee. The Executive Directors, Head of Finance Department, Internal Auditors and the Statutory Auditors are permanent invitees to the Meetings. The Cost Auditors are also invited to attend the Audit Committee Meetings, as and when required.

During the year under review, four (4) meetings of the Audit Committee were held as per details given below:

Date of the Meetings	
1. May 28, 2012	3. November 03, 2012
2. August 13, 2012	4. February 04, 2013

Composition of the Audit Committee and attendance records of Members:

Name of the Directors	Position/Category	Qualification	Meetings Details	
			Held during the Year	Attended
Mr. V. B. Haribhakti	Chairman (NE, I)	Chartered Accountant	4	4
Dr. Vishnu Kanhere	Member (NE, I)	Chartered Accountant and Cost & Management Accountant	4	4
Mr. C.V. Bijlani	Member (NE, I)	M.A., C.A.I.I.B.	4	3
Mr. Madan Goyal	Member (NE, I)	M.B.A., C.A.I.I.B., F.C.I.B. (U.K.)	4	4

NE: Non-Executive, I: Independent

Mr. Gaurav Thakur, Company Secretary, acts as the Secretary of the Committee.

The Audit Committee, in accordance with the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, has been entrusted with the responsibility of:

- overseeing the Company's financial reporting process and disclosure of financial information of the Company to ensure authentic and credible financial information;
- recommending to the Board, the appointment, re-appointment of Statutory Auditors, fixation of audit fees and approving payments for any other services;
- reviewing, with the management, the annual and quarterly financial statements before submission to the Board for approval, with particular reference to the following:
 - matters required to be included in the Directors' Responsibility Statement to be included in the Board's

Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;

- changes, if any, in accounting policies and practices and reasons for the same;
 - major accounting entries involving estimates based on the exercise of judgment by management;
 - significant adjustments made in the financial statements arising out of audit findings;
 - compliance with listing and other legal requirements relating to financial statements;
 - disclosure of any related party transactions; and
 - qualifications, if any, in the draft audit report.
- reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted

by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- reviewing, with the management, performance of Statutory and Internal Auditors and adequacy of the internal control systems;
- reviewing the adequacy of internal audit function;
- discussing with Internal Auditors of any significant findings and follow-up thereon;
- reviewing the findings of any internal investigations by the Internal Auditors and report the matter to the Board;
- discussing with Statutory Auditors before the commencement of audit, about the nature and scope of audit as well as after completion of audit for ascertaining any area of concern;
- looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, members (in case of non-payment of declared dividends) and creditors;
- reviewing the functioning of the Whistle Blower mechanism;
- approving the appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and

m. reviewing the following information:

- management discussion and analysis of financial conditions and results of operations;
- statement of significant related party transactions;
- management letters/letters of internal control weaknesses issued by the Statutory Auditors;
- internal audit reports relating to internal control weaknesses;
- the appointment, removal and remuneration of the Internal Auditors; and
- financial statements and investments made by the unlisted subsidiary companies.

The Audit Committee is vested with the necessary powers to achieve its objectives.

4. REMUNERATION COMMITTEE

The terms of reference of Remuneration Committee include inter-alia recommendation to the Board, the remuneration packages of Executive and Non-Executive Directors. Remuneration of Directors is determined depending upon the performance of the Company, individual Director's performance and prevailing industry norms. The recommendations of Remuneration Committee are considered and approved by the Board, subject to the approval of Members, wherever necessary.

Mr. V. B. Haribhakti, Non-Executive and Independent Director, is the Chairman of the Remuneration Committee.

During the year under review, the Committee met once on May 28, 2012.

Composition of the Remuneration Committee and attendance records of Members:

Name of the Directors	Position/Category	Meeting Details	
		Held during the Year	Attended
Mr. V. B. Haribhakti	Chairman (NE, I)	1	1
Dr. Vishnu Kanhere	Member (NE, I)	1	1
Mr. C.V. Bijlani	Member (NE, I)	1	1
Mr. Madan Goyal	Member (NE, I)	1	1

NE: Non-Executive, I: Independent

Remuneration of Directors

Remuneration paid to Executive Directors is within the limits prescribed under the provisions of the Companies Act, 1956. The Non-Executive Directors are remunerated with commission not exceeding one percent of the net profits of the Company as computed in the manner provided under Section 198 (1) of the Companies Act, 1956 pursuant to the approval granted

by the Members at the 77th Annual General Meeting held on September 21, 2012. Non-Executive Directors are paid sitting fees, within the ceiling prescribed by Central Government, for attending the Board and Committee Meetings.

There is no pecuniary or business relationship between the Non-Executive Directors and the Company, except for the sitting fees and commission paid to them.

Details of remuneration of all the Directors of the Company for the financial year 2012-13 are as follows:

Name of the Directors	Salaries & Perquisites (₹)	Contribution to SA/ PF (₹)	Sitting Fees (₹)	Commission (₹)
Mr. Amit Dahanukar	27,737,400	1,928,448	Nil	4,882,970
Mrs. Shivani Amit Dahanukar	17,322,000	1,846,080	Nil	3,198,530
Mr. V. B. Haribhakti	Nil	Nil	70,000	1,191,363
Dr. Vishnu Kanhere	Nil	Nil	60,000	1,191,363
Dr. Ravindra Bapat	Nil	Nil	35,000	1,191,362
Mr. C.V. Bijlani	Nil	Nil	55,000	1,191,362
Mr. Madan Goyal	Nil	Nil	70,000	1,191,363

Apart from above, gratuity and leave encashment is payable to Executive Directors as per rules of the Company.

The service contracts of the Executive Directors are for a period of five years and can be terminated by either party by giving six months' notice in writing or six months' salary in lieu thereof. No severance fees is payable to the Executive Directors on termination of the service contracts.

5. COMPENSATION COMMITTEE

The terms of reference of Compensation Committee include, inter-alia, granting of Stock Options to the eligible employees, ascertaining the detailed terms and conditions for such grants, administering the Employee Stock Option Schemes of the

Company and exercising the powers and performing the duties as prescribed under Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Dr. Vishnu Kanhere, Non-Executive and Independent Director, is the Chairman of the Compensation Committee.

During the year under review, two (2) meetings of the Compensation Committee were held as per details given below:

Sr. No.	Date of the Meetings
1.	May 28, 2012
2.	February 04, 2013

Composition of the Compensation Committee and attendance records of Members:

Name of the Directors	Position/Category	Meetings Details	
		Held during the Year	Attended
Dr. Vishnu Kanhere	Chairman (NE, I)	2	2
Mrs. Shivani Amit Dahanukar	Member (E, P)	2	2
Dr. Ravindra Bapat	Member (NE, I)	2	2

NE: Non-Executive, I: Independent, E: Executive, P: Promoter

The particulars of Equity Shares/Employee Stock Options (ESOPs) of the Company held by the Directors are furnished below:

Name of the Directors	Number of Equity Shares held		Number of ESOPs held*	
	As on March 31, 2013	As on March 31, 2012	As on March 31, 2013	As on March 31, 2012
Mr. Amit Dahanukar	23,344,552	22,537,459	Nil	Nil
Mrs. Shivani Amit Dahanukar	39,476,043	39,371,043	Nil	Nil
Mr. V. B. Haribhakti	15,000	9,000	13,998	19,998
Dr. Vishnu Kanhere	6,000	Nil	13,998	19,998
Dr. Ravindra Bapat	26,250	20,250	13,998	19,998
Mr. C.V. Bijlani	6,000	Nil	13,998	19,998
Mr. Madan Goyal	6,000	2,000	13,998	17,998

* Granted on August 07, 2010 at 75% discount to the average of the daily high and low of the price of Company's equity shares quoted on BSE Limited during the 15 days preceding the date of vesting of stock options subject to minimum exercise price of ₹ 50/-, vesting in 4 years from the date of grant and exercisable within 2 years from the date of vesting.

6. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Shareholders/Investors Grievance Committee oversees the performance of the Registrar and Share Transfer Agents and ensures expeditious redressal of shareholders' and investors' complaints like non-receipt of annual report, non-receipt of share certificates upon transfer of shares, dematerialisation/rematerialisation, transfer/transmission, split/consolidation of shares, etc.

Mr. C.V. Bijlani, Non-Executive and Independent Director, is the

Chairman of the Shareholders/Investors Grievance Committee.

During the year under review, four (4) meetings of the Shareholders/Investors Grievance Committee were held as per details given below:

Sr. No.	Date of the Meetings
1.	May 28, 2012
2.	August 13, 2012
3.	November 03, 2012
4.	February 04, 2013

Composition of the Shareholders/Investors Grievance Committee and attendance records of Members:

Name of the Directors	Position/Category	Meetings Details	
		Held during the Year	Attended
Mr. C.V. Bijlani	Chairman (NE, I)	4	3
Mr. Amit Dahanukar	Member (E,P)	4	4
Mr. V.B. Haribhakti	Member (NE, I)	4	4
Mr. Madan Goyal	Member (NE, I)	4	4

NE: Non-Executive, I: Independent, E: Executive, P: Promoter

Mr. Gaurav Thakur, Company Secretary, is the Compliance Officer of the Company.

Statement of various complaints received and resolved during the financial year 2012-13:

Nature of Complaints	Opening as on April 01, 2012	Received	Resolved	Closing as on March 31, 2013
Non receipt of share certificates lodged for transfer	Nil	2	2	Nil
Non receipt of dividend warrants	Nil	26	26	Nil
Non receipt of annual reports	Nil	13	13	Nil
Non receipt of demat rejected share certificates	Nil	1	1	Nil
Non receipt of demat credit	Nil	1	1	Nil
Non receipt of bonus shares	Nil	1	1	Nil
SEBI	Nil	Nil	Nil	Nil
Total	Nil	44	44	Nil

7. SHARE TRANSFER COMMITTEE

The terms of reference of the Share Transfer Committee include, inter-alia, ensuring timely processing of requests received from shareholders with respect to share transfer/transmission, issue of duplicate share certificates, dematerialisation/rematerialisation, split/consolidation of shares, etc.

Mr. Amit Dahanukar, Chairman & Managing Director of the Company, is the Chairman of the Share Transfer Committee and Mrs. Shivani Amit Dahanukar, Executive Director and Mr. Gaurav Thakur, Company Secretary are the other Members of the Committee.

The requests received from the Members are dealt by the Committee on weekly basis.

8. SUBSIDIARY COMPANIES

The Company has nine subsidiary companies and none of these falls under the category of "material non-listed Indian subsidiaries" in terms of Clause 49 (III) of the Listing Agreement.

The Audit Committee periodically reviews the financial statements and investments made by the subsidiary companies. The Minutes of the Board Meetings of subsidiary companies are tabled at the subsequent Board Meetings of the Company.

The Board periodically reviews the significant transactions and arrangements entered into by the subsidiary companies.

9. CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT

The Company has formulated and implemented a Code of Conduct for all the Directors and Senior Management of the Company in compliance with Clause 49(1)(D) of the Listing Agreement. All the Board Members and Senior Management of the Company have affirmed the compliance with the said Code of Conduct for the financial year ended March 31, 2013. A declaration to this effect signed by Mr. Amit Dahanukar, Chairman & Managing Director of the Company, forms part of this Report.

10. DISCLOSURE PRACTICES FOR PREVENTION OF INSIDER TRADING

As required by the Securities and Exchange Board of India

(Prohibition of Insider Trading) Regulations, 1992, the Company has adopted policy for "Corporate Disclosure Practices for Prevention of Insider Trading" with effect from December 01, 2002. The Policy ensures prevention of dealing in shares by all the Directors and Designated Employees of the Company, while they are exposed to or expected to be exposed to unpublished price sensitive information about the Company.

11. CMD/CFO CERTIFICATION

In accordance with the requirements of Clause 49(V) of the Listing Agreement, a certificate from Mr. Amit Dahanukar, Chairman & Managing Director and Mr. G.S. Krishnan, Officiating Head of Finance of the Company, confirming the correctness of the financial statements, adequacy of internal control measures and matters to be reported to the Audit Committee was placed before the Board in the Meeting held on May 30, 2013 and the same is annexed to this report.

12. GENERAL BODY MEETINGS

The venue, time and particulars of special resolutions passed at the last three Annual General Meetings of the Members of the Company are as follows:

Financial Year	Meeting Day, Date & Time	Venue	Special Resolutions passed
2011-12	Friday, September 21, 2012 at 12 noon	P.O. Tilaknagar, Tal. Shirampur, Dist. Ahmednagar, Maharashtra – 413 720.	1. Re-appointment of Mr. Amit Dahanukar as Chairman & Managing Director 2. Re-appointment of Mrs. Shivani Amit Dahanukar as Executive Director 3. Payment of Commission to Non-Executive Directors
2010-11	Thursday, September 08, 2011 at 11 a.m.	P.O. Tilaknagar, Tal. Shirampur, Dist. Ahmednagar, Maharashtra – 413 720.	Nil
2009-10	Monday, September 20, 2010 at 11 a.m.	P.O. Tilaknagar, Tal. Shirampur, Dist. Ahmednagar, Maharashtra – 413 720.	1. Issue of further securities 2. Re-classification of the Authorised Share Capital 3. Increase in the Authorised Share Capital 4. Amendment in the Articles of Association 5. Authorisation for ESOPs 6. Revision in remuneration payable to Mr. Amit Dahanukar, Chairman & Managing Director 7. Revision in remuneration payable to Mrs. Shivani Amit Dahanukar, Executive Director 8. Issue of bonus shares 9. Increase in FII Limits 10. Issue of Convertible Warrants

Passing of Resolution by Postal Ballot

During the year under review, following special resolutions were passed on May 24, 2012, by way of Postal Ballot conducted under the provisions of Section 192A of the Companies Act, 1956 read with the Companies (passing of the resolution by postal ballot) Rules, 2011:

Particulars of special resolutions passed	Details of Voting Pattern	
	Votes Cast in Favour (No. of Shares)	Votes Cast against (No. of Shares)
Authorization for ESOP Scheme-2012 of the Company	70,246,170	90,623
Approval for extension of the benefits of ESOP Scheme-2012 to the eligible employees of subsidiary companies	70,240,404	93,992
Alteration in Article 163(a) of the Articles of Association of the Company for authorizing Board of Directors to capitalize the reserves of the Company	70,241,948	92,823
Insertion of Article no. 162A in the Articles of Association of the Company for enabling the Company to buy-back its shares, whenever it decides in this regard	70,230,578	95,847

Mr. R.T. RajGuroo, Practicing Company Secretary was appointed by the Board as Scrutinizer on April 13, 2012 for conducting the postal ballot process in a fair and transparent manner. The last date for receipt of the completed postal ballot form was fixed as May 21, 2012. The result of the Postal Ballot was declared on May 24, 2012.

At the ensuing Annual General Meeting, there is no resolution proposed to be passed through Postal Ballot.

13. DISCLOSURES

A) Disclosure on materially significant related party transactions having potential conflict with the interest of the Company at large

The particulars of related party transactions have been given in the Notes to Accounts. However, these transactions were carried out on an arms-length basis and are not likely to have any potential conflict with the interests of the Company.

B) Disclosure of Accounting Treatment

The Company follows Accounting Standards prescribed by the Companies Accounting Standards Rules, 2006 and relevant provisions of the Companies Act, 1956. In preparation of financial statements, the Company has not adopted a treatment different from that prescribed in the Accounting Standards.

C) Risk Management Frame Work

The Company has identified the major risk areas and the Board of Directors periodically reviews the risk assessment and control process in the Company and the risk minimisation procedures.

D) Details of non-compliance by the Company,

penalties, stricture imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to Capital Markets, during the last three years

The Company has complied with all the provisions of Listing Agreement with Stock Exchanges and regulations and guidelines of SEBI, as applicable from time to time. There were no instances of non-compliance of any matter related to the capital markets during the last three years.

E) Compliance with mandatory and non-mandatory requirements of Clause 49 of the Listing Agreement

During the year under review, the Company has submitted the quarterly compliance reports on Corporate Governance to the stock exchanges within the timelines prescribed under Clause 49(VI)(ii) of the Listing Agreement. The Company has also obtained certificate from the Statutory Auditors confirming compliances of the mandatory requirements of Clause 49 of the Listing Agreement and same is annexed to this report.

Additionally, the Company has complied with the following non-mandatory requirements prescribed under Clause 49 of the Listing Agreement:

i) The Board

The Company ensures that the person who is appointed as an independent director has the requisite qualifications and expertise to provide value addition to the Company.

ii) Remuneration Committee

The Board has set up a remuneration committee. A detailed note on its terms of reference and constitution etc. is provided under the section 'Remuneration Committee' in the earlier part of the Report.

iii) Shareholders Rights

Since, the Company publishes its quarterly/half yearly and annual financial results in leading English and Marathi newspapers having wide circulation besides posting the same on its website www.tilind.com therefore, no separate declaration of half yearly financial performance is sent to the shareholders.

iv) Audit Qualifications

The Company continues to adopt best practices to ensure unqualified financial statements and there were no audit qualifications on the financial statements for the financial year ended March 31, 2013.

v) Training to Board Members

An individual joining the Board is presented with a brief background of the Company, its business model and also informed of Company's important policies and applicable code of conduct. The Board, at its various meetings, is apprised of the business strategy, operations, changes in the technology, regulatory changes and risk management and minimization procedures, which facilitates the Board Members to stay abreast with the changes in the business environment.

vi) Mechanism for evaluating Performance of Non-Executive Board Members

The Company does not have a formal mechanism for evaluation of performance of the Non-Executive Board Members. The Board, at its discretion, may consider such requirement in future.

vii) Whistle Blower Policy

The Management has always encouraged the employees of the Company to raise their concerns relating to fraud, malpractice or any other activity or event which is against the Company's interest. Every employee who observes unethical behaviour can bring to the attention of the immediate reporting officer who is required to report the same to the Chairman & Managing Director/ Audit Committee. Apart from that, any employee may report directly to the Chairman & Managing Director/ Audit Committee, any matter requiring immediate redressal.

14. MEANS OF COMMUNICATION**i) Quarterly/Half Yearly/Annual Results:**

Quarterly/Half Yearly/Annual Results of the Company are regularly submitted to the Stock Exchanges through NSE Electronic Application Processing System (NEAPS) and BSE Corporate Compliance and Listing Centre (the "Listing Centre"). The same are also published in the newspapers viz. The Free Press Journal, Navshakti and Punyanagari.

ii) Website:

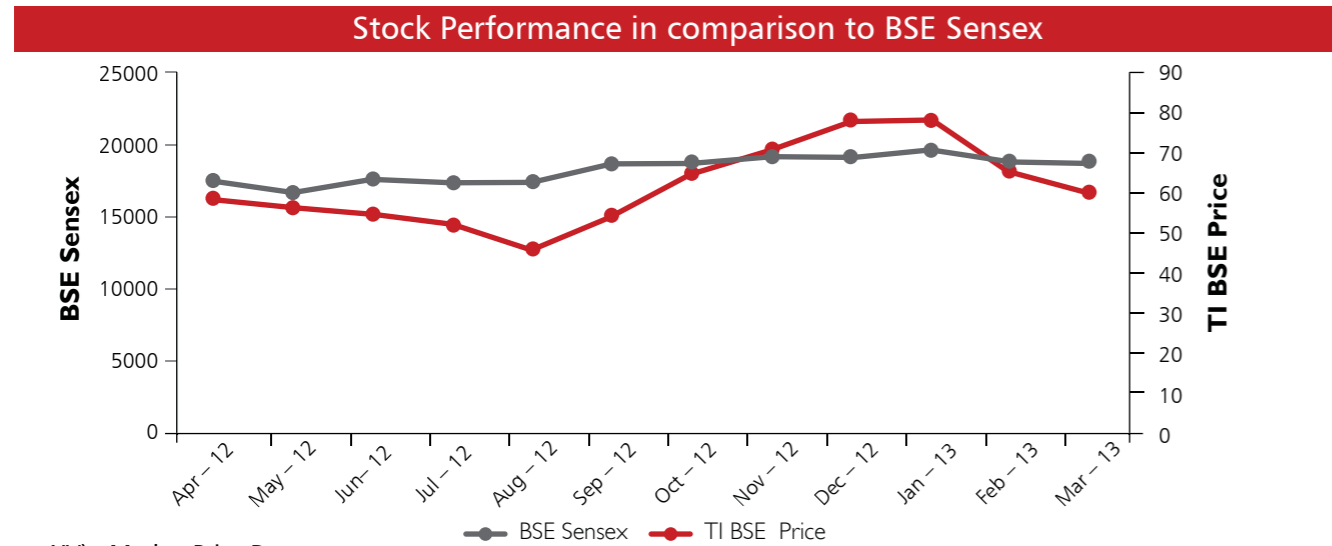
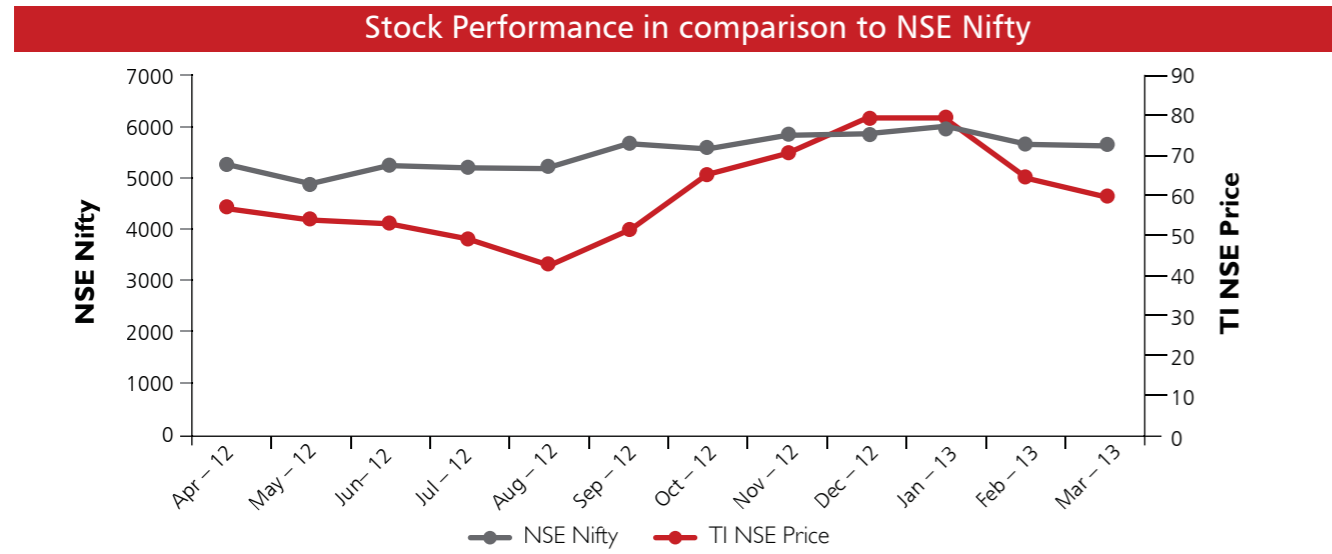
Besides submitting to the stock exchanges, the Company also posts its Quarterly/Half Yearly/Annual Results, Annual Report, official news releases, presentations made to investors and transcripts of the meetings with institutional investors/analysts on its website i.e. www.tilind.com.

15. GENERAL SHAREHOLDER INFORMATION:

I	Annual General Meeting	
	Day, Date and Time	Wednesday, September 11, 2013 at 10.30 a.m.
	Venue	P.O. Tilaknagar, Tal. Shirampur, Dist. Ahmednagar, Maharashtra – 413 720
II	Financial Calendar	
	Financial Year	1 st April to 31 st March
	Financial reporting of results	
	Quarterly unaudited results (other than last quarter)	Within forty five days from the end of the quarter
	Annual audited results	Within sixty days from the end of the last quarter
III	Book Closure Date	Thursday, September 05, 2013 to Wednesday, September 11, 2013 (both days inclusive)
IV	Dividend Payment Date	On or before September 18, 2013
V	Registrar and Share Transfer Agents	Bigshare Services Pvt. Ltd. E-2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai – 400 072 Ph: (022) 2856 0652/4043 0200 Fax: (022) 2847 5207 Email: investor@bigshareonline.com Website : www.bigshareonline.com

VI	Share Transfer System	Share transfers in physical form are required to be lodged with the Registrar and Share Transfer Agents. Share Transfer Committee meets on weekly basis to approve the share transfers. All shares received for transfer are registered and returned within a period of fifteen days from the date of lodgment, provided the documents are valid and complete in all respects. The Company obtains half-yearly certificate from M/s Ragini Chokshi & Associates, Practicing Company Secretaries confirming the compliance by the Company of the timelines specified under Clause 47(c) of the Listing Agreement for registering transfer/transmission etc. and files the same with the stock exchanges in the prescribed timeline. The Company has designated email id i.e. investor@tilind.com for registering complaints by investors.
VII	Corporate Identification Number (CIN)	L15420PN1933PLC133303
VIII	Listing on Stock Exchanges	BSE Limited (Scrip Code: 507205) National Stock Exchange of India Limited (Scrip Code: TI) The Company has paid the annual listing fees for the financial year 2013-14 to BSE and NSE.
IX	Dematerialization of Shares	Trading in equity shares of the Company is permitted only in dematerialized form. The Company's shares are held in dematerialized form to the extent of 98.70% of the total issued and paid up shares as on March 31, 2013.
X	Demat ISIN For Equity Shares	INE133E01013 The Company has paid annual custodian fees for the financial year 2013-14 to NSDL and CDSL, the depositories.
XI	Outstanding GDRs / ADRs / Warrants / Convertible Instruments and their impact on equity	The Company does not have any outstanding GDRs/ ADRs/Warrants/ Convertible instruments as on March 31, 2013.
XII	Plant Locations	i) Tilaknagar Industries Ltd., P.O. Tilaknagar, Tal. Shirampur, Dist. Ahmednagar, Maharashtra ii) Prag Distillery (P) Ltd., R.S. No. 199/1, 200/2, Bicca Bolu, Rajanagaram Road, Nallamilli, Rangampeta Mandal, East Godavari District, (A.P.) iii) Vahni Distilleries Private Limited, No. 140, Tavaregera Village, Kushtagi Taluka, Koppal District, Karnataka iv) Kesarval Springs Distillers Pvt. Ltd., L-22, Cuncolim Industrial Estate, Cuncolim, Goa v) Punjab Expo Breweries Private Limited, Plot No. 237,238, Village Jeoli, Tehsil Derabassi, Dist. Mohali, Punjab
XIII	Address for Correspondence	Mr. Gaurav Thakur, Company Secretary and Compliance Officer Tilaknagar Industries Ltd., Corporate Office: 3rd Floor, Industrial Assurance Building, Churchgate, Mumbai 400 020. Tel. : 022 2283 1716/18, Fax : 022 2204 6904 Website : www.tilind.com Email : investor@tilind.com

XIV) Stock Performance:



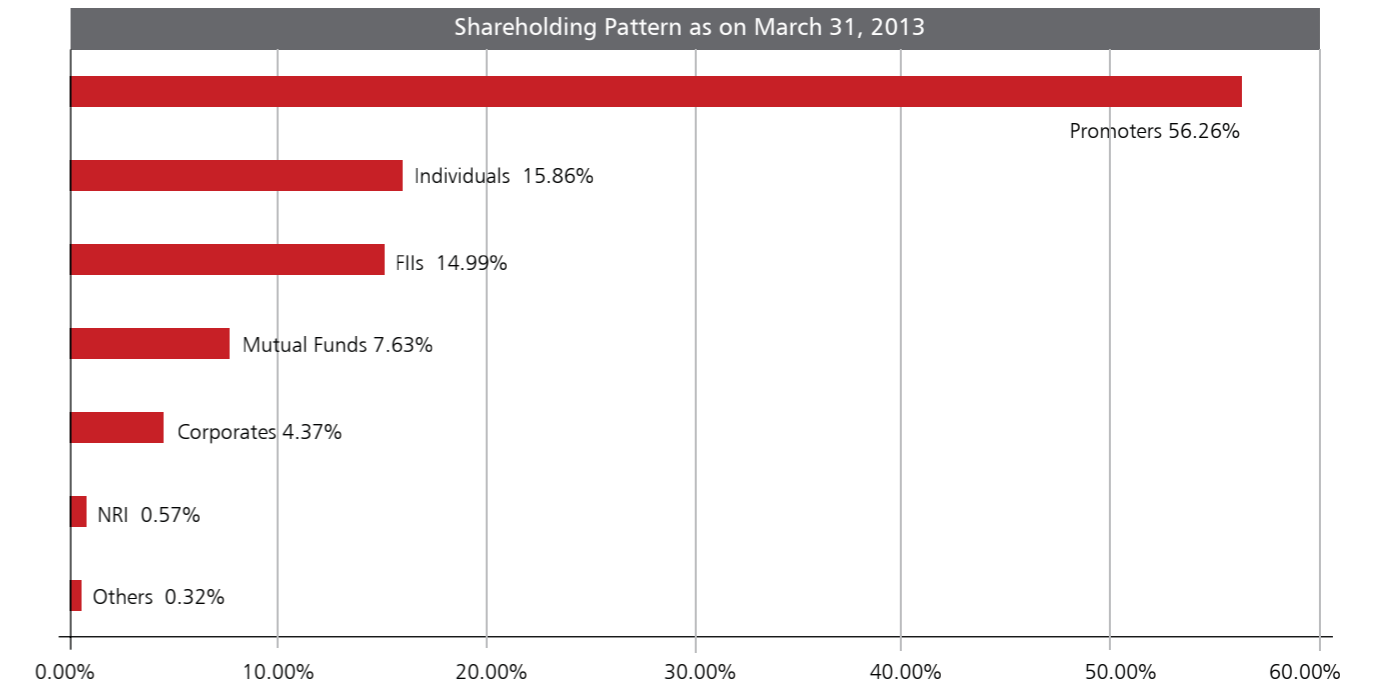
XV) Market Price Data:

Monthly High and Low Quotes and Volume of Shares traded at BSE and NSE

Period	BSE			NSE		
	High Price (₹)	Low Price (₹)	Volume (Nos.)	High Price (₹)	Low Price (₹)	Volume (Nos.)
2012						
April	61.65	52.30	2,533,793	59.65	52.40	4,878,162
May	58.00	52.90	1,404,358	56.95	53.75	2,442,885
June	55.50	50.00	1,006,409	54.45	51.15	2,496,008
July	60.20	47.50	2,883,138	58.65	49.15	4,714,320
August	53.70	40.30	2,596,005	52.35	43.05	6,405,594
September	53.90	41.50	2,143,258	52.00	42.90	4,951,752
October	74.50	52.20	9,846,798	71.00	53.95	22,360,945
November	74.90	60.60	6,994,412	71.60	63.20	14,646,456
December	83.95	70.25	6,817,262	81.05	71.05	17,825,715
2013						
January	86.95	70.00	5,787,229	85.10	76.10	14,405,509
February	81.00	64.20	2,046,874	79.00	64.95	5,284,444
March	70.45	55.75	3,018,168	69.90	58.30	4,947,264

XVI) Shareholding Pattern :

Category	As on March 31, 2013			As on March 31, 2012		
	No. of Members	No. of Shares held	%	No. of Members	No. of Shares held	%
Promoter Holding:	14	68,571,668	56.26	13	67,659,575	56.38
Public Holding:						
Mutual Funds/UTI	8	9,303,379	7.63	2	6,885,028	5.74
Financial Institutions/Banks	21	85,738	0.07	20	42,934	0.04
Foreign Institutional Investors	11	18,266,388	14.99	10	15,572,709	12.98
Bodies Corporate	536	5,322,249	4.37	565	5,451,951	4.54
Individuals	22,369	19,326,619	15.86	22,387	22,502,017	18.75
Clearing Members	71	44,954	0.04	126	435,140	0.36
NRI	235	698,300	0.57	230	1,302,418	1.09
Trusts	-	-	-	1	150,000	0.12
TI - Unclaimed Suspense Account	1	260,840	0.21	-	-	-
Total Public Shareholding	23,252	53,308,467	43.74	23,341	52,342,197	43.62
Total Shareholding	23,266	121,880,135	100.00	23,354	120,001,772	100.00



XVII) Distribution of Shareholding as on March 31, 2013

Shareholding of nominal value (₹)	Share Holders		Share Amount	
	Number	% to total	₹	% to total
Upto - 5,000	18,095	77.77	25,451,370	2.09
5,001 -10,000	2,167	9.32	17,127,450	1.41
10,001- 20,000	1,301	5.59	19,473,340	1.60
20,001- 30,000	565	2.43	14,394,120	1.18
30,001- 40,000	260	1.12	9,199,210	0.75
40,001-50,000	250	1.07	11,446,320	0.94
50,001-1,00,000	307	1.32	22,658,120	1.86
1,00,001 and above	321	1.38	1,099,051,420	90.17
Total	23,266	100.00	1,218,801,350	100.00

XVIII) Top Ten Shareholders (other than Promoters) as on March 31, 2013

Sr. No.	Name of the Shareholders	No. of Shares held	% of Holding
1	Smallcap World Fund, INC	8,890,000	7.29
2	IDFC Premier Equity Fund	7,125,000	5.85
3	Morgan Stanley Asia (Singapore) Pte.	3,163,083	2.60
4	Pure Heart Value Investment Fund	2,910,572	2.39
5	CLSA (Mauritius) Limited	1,666,000	1.37
6	Biju P John	1,480,815	1.21
7	Vivid Finance And Holdings Pvt Ltd	1,133,978	0.93
8	Wexford Spectrum Investors(Mauritius) Limited	1,000,000	0.82
9	UTI-MID CAP Fund	791,063	0.65
10	Suyash Outsourcing Pvt. Ltd.	5,50,000	0.45
	Total	28,710,511	23.56

DECLARATION ON CODE OF CONDUCT

To,
The Board of Directors
Tilaknagar Industries Ltd.,
Corp. Office: 3rd Floor, Industrial Assurance Building,
Churchgate, Mumbai - 400 020.

Dear Sirs,

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and the Senior Management of the Company. The Code of Conduct has also been posted on the website of the Company.

It is further confirmed that all Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended March 31, 2013, as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

For Tilaknagar Industries Ltd.

Amit Dahanukar
Chairman & Managing Director

Place : Mumbai
Dated: May 30, 2013

CMD & CFO CERTIFICATION

To,
The Board of Directors
Tilaknagar Industries Ltd.,
Corp. Office: 3rd Floor, Industrial Assurance Building,
Churchgate, Mumbai - 400 020.

Dear Sirs,

We hereby certify that:

- a) We have reviewed financial statements for the financial year ended March 31, 2013 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year which are fraudulent, illegal and violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
 - i) significant changes in internal control during financial year ended March 31, 2013;
 - ii) significant changes in accounting policies during financial year ended March 31, 2013; and
 - iii) instances of significant fraud of which we have become aware.

For Tilaknagar Industries Ltd.

Amit Dahanukar
Chairman & Managing Director
Place: Mumbai
Date : May 30, 2013

For Tilaknagar Industries Ltd.

G. S. Krishnan
Officiating Head of Finance

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To
The Members of
Tilaknagar Industries Ltd.

We have examined the compliance of conditions of corporate governance by Tilaknagar Industries Ltd. ('The Company') for the financial year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges in India.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was carried out in accordance with the guidance note on certification of corporate governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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 **Batliboi & Purohit**
Chartered Accountants
Firm Registration No. 101048W

Kaushal Mehta
Partner
Membership No. 111749

Place: Mumbai
Date : May 30, 2013

DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING

(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

Name of the Directors	Dr. Vishnu Kanhere	Dr. Ravindra Bapat
Date of Birth	April 14, 1958	June 02, 1942
Expertise in specific functional areas	Dr. Vishnu Kanhere is a practicing Chartered Accountant and a qualified Cost & Management Accountant. He is a Certified Fraud Examiner (Association of Certified Fraud Examiners, U.S.A) and a Certified Information System Auditor (Information Systems Audit and Control Association, U.S.A). He is an I.R.C.A. (U.K.) - accredited auditor for ISO 9001:2008 Quality Management Systems.	Dr. Ravindra Bapat is Emeritus Professor, Department of Surgical Gastroenterology at the Seth G. S. Medical College and K.E.M Hospital, Parel, Mumbai. He is a member of the Governing Council of Tata Memorial Centre. He is also the Chairman of Haffkine Bio-Pharmaceutical Corporation Ltd.
Qualifications	Chartered Accountant and Cost & Management Accountant	M.S., M.B.A., F.I.S.C.
Public Companies in which Directorship is held as on March 31, 2013	1. Pritish Nandy Communications Ltd. 2. PNC Productions Ltd.	1. Haffkine Bio-Pharmaceutical Corporation Limited 2. Haffkine Ajintha Pharmaceuticals Limited
Chairman of Committees formed by Board of other Listed - Companies of which he/she is a Director as on March 31, 2013	Pritish Nandy Communications Ltd. - Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee	Nil
Member of Committees formed by Board of other Listed Companies of which he/she is a Director as on March 31, 2013	Pritish Nandy Communications Ltd. - Selection Committee and Compensation Committee	Nil
Shareholding in the Company as on March 31, 2013 (Equity)	6,000	26,250

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors of
Tilaknagar Industries Ltd.

We have audited the accompanying consolidated financial statements of Tilaknagar Industries Ltd. ('The Company') and its subsidiaries, which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other matters

We did not audit the financial statements of nine subsidiaries whose financial statements reflect total assets of ₹2,681.05 million as at March 31, 2013, total revenue of ₹4,686.15 million and net cash inflows amounting to ₹29.74 million for the year then ended as accounted in the consolidated financial statements of the Company. These Financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management of the Group and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of other auditors.

We did not audit the financial statements of one associate wherein the Company's share of profit / loss was not considered in the consolidated financial statements since it is not material. Our opinion was not qualified in respect of this matter.

For **Batliboi & Purohit**
Chartered Accountants
Firm Registration No. 101048W

Kaushal Mehta
Partner
Place : Mumbai
Date : May 30, 2013
Membership No. 111749

CONSOLIDATED BALANCE SHEET as at March 31, 2013.

(₹ in million)

	Note No.	As at March 31, 2013	As at March 31, 2012
I EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	1,218.80	1,200.02
Reserves & Surplus	3	4,090.05	3,549.42
		5,308.85	4,749.44
Share Application Money pending allotment		3.98	1.68
Minority Interest		0.08	0.03
Non-Current Liabilities			
Long-Term Borrowings	4	2,111.80	1,145.55
Deferred Tax Liabilities (Net)	5	330.46	280.81
Other Long-Term Liabilities	6	451.94	321.89
Long-Term Provisions	7	8.44	8.23
		2,902.64	1,756.48
Current liabilities			
Short-Term Borrowings	8	4,199.79	3,670.84
Trade Payables	9	990.00	491.58
Other Current Liabilities	10	492.56	535.31
Short-Term Provisions	11	295.40	389.78
		5,977.75	5,087.51
Total		14,193.30	11,595.14
II ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12	4,102.78	4,123.18
Intangible Assets		57.81	86.18
Capital Work-in-Progress		1,454.21	939.73
Goodwill on consolidation		254.28	254.28
Non-Current Investments	13	17.27	0.37
Long-Term Loans and Advances	14	709.32	123.72
		6,595.67	5,527.46
Current Assets			
Current Investments	15	-	2.50
Inventories	16	1,331.54	1,302.93
Trade Receivables	17	2,019.98	1,291.34
Cash and Bank Balances	18	252.77	198.07
Short-Term Loans and Advances	19	3,993.02	3,271.59
Other Current Assets	20	0.32	1.25
		7,597.63	6,067.68
Total		14,193.30	11,595.14
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our Report of even date annexed.

For and on behalf of the Board

For **Batliboi & Purohit**
Chartered Accountants
Firm Registration No. 101048W

Amit Dahanukar
Chairman &
Managing Director

Shivani Amit Dahanukar
Executive Director

V.B.Haribhakti
Director

Kaushal Mehta
Partner
Membership No. 111749

Dr. Vishnu Kanhere
Director

Dr. Ravindra Bapat
Director

C.V.Bijlani
Director

Place : Mumbai
Date : May 30, 2013

Madan Goyal
Director

Gaurav Thakur
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2013.

(₹ in million)

	Note No.	Year ended March 31, 2013	Year ended March 31, 2012
INCOME			
Revenue from Operations			
Sale of products (Gross)	21	12,004.43	8,369.59
Less: Excise duty		4,629.47	2,891.66
Sale of products (Net)		7,374.96	5,477.93
Other Operating Income	21.1	149.25	60.97
		7,524.21	5,538.90
Other Income	22	21.63	16.58
		7,545.84	5,555.48
EXPENSES			
Cost of Materials Consumed	23	3,347.22	2,308.39
(Increase) / Decrease in Stock	24	128.73	(345.14)
Employee Benefit Expense	25	297.90	292.43
Other Expenses	26	2,044.31	1,814.98
Finance Cost	27	635.47	562.21
Depreciation		241.84	222.60
		6,695.47	4,855.47
Profit / (Loss) before taxation		850.37	700.01
Tax expenses			
Current Tax		195.57	147.14
For earlier years		28.71	-
MAT Credit entitlements		(29.57)	-
Deferred Tax		49.65	81.20
		244.36	228.34
Profit / (Loss) after taxation		606.01	471.67
Less : Minority Interest		0.05	0.06
Profit / (Loss) after taxation		605.96	471.61
Earnings Per Share (₹) Basic	28 (xii)	5.02	4.08
Diluted		4.86	4.02
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our Report of even date annexed.

For and on behalf of the Board

For **Batliboi & Purohit**
Chartered Accountants
Firm Registration No. 101048W

Amit Dahanukar
Chairman &
Managing Director

Shivani Amit Dahanukar
Executive Director

V.B.Haribhakti
Director

Kaushal Mehta
Partner
Membership No. 111749

Dr. Vishnu Kanhere
Director

Dr. Ravindra Bapat
Director

C.V.Bijlani
Director

Place : Mumbai
Date : May 30, 2013

Madan Goyal
Director

Gaurav Thakur
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2013.

(₹ in million)

	2012-2013	2011-2012
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	850.37	700.01
Adjustment for:		
Depreciation	241.84	222.60
(Profit) / Loss on sale of assets	0.68	(1.63)
Employee stock option expenses	45.62	27.41
Dividend on current investments	(0.27)	-
Sundry balance written back	(0.19)	(1.90)
Bad Debts	0.24	-
Interest paid (net of interest income)	628.70	558.16
Operating Profit before working capital changes	916.62	804.64
Adjustment for:		
(Decrease) / Increase in trade payables, current liabilities and provisions	541.71	257.92
(Increase) / Decrease in long term loans and advances	(1,307.03)	(8.86)
(Increase) / Decrease in inventory	(28.61)	(489.61)
(Increase) / Decrease in trade receivables	(728.87)	(324.98)
	(1,522.80)	(565.53)
Proceeds from short term borrowings	625.00	-
Direct taxes paid	(262.57)	(148.05)
Net Cash from Operating Activities	606.62	791.07
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(739.36)	(1,130.50)
Sale of fixed assets	1.09	3.63
Net Increase in investments	(14.40)	(184.87)
Decrease / (Increase) in margin money and deposits	15.38	22.48
Dividend on current investments	0.27	-
Interest received	7.68	3.26
Net Cash from Investing Activities	(729.34)	(1,286.00)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Equity shares issued on exercise of employee stock options including premium	53.93	333.01
Proceeds (repayment) from borrowings	870.20	883.88
Interest paid	(617.60)	(561.53)
Dividend and tax thereon	(113.72)	(111.71)
Net Cash from Financing Activities	192.81	543.65
Net increase in Cash & Cash equivalents	70.09	48.72
Opening cash & cash equivalents	134.23	80.17
Cash & cash equivalents on subsidiary acquired during the year	-	5.34
Closing cash & cash equivalents	204.32	134.23

As per our Report of even date annexed.

For **Batliboi & Purohit**
Chartered Accountants
Firm Registration No. 101048W

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Date : May 30, 2013

For and on behalf of the Board

Amit Dahanukar
Chairman &
Managing Director

Dr. Vishnu Kanhere
Director

Madan Goyal
Director

Shivani Amit Dahanukar
Executive Director

Dr. Ravindra Bapat
Director

Gaurav Thakur
Company Secretary

V.B.Haribhakti
Director

C.V.Bijlani
Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.**Note 1 Significant Accounting Policies****A Principles of Consolidation**

- i) The consolidated financial statements relate to Tilaknagar Industries Ltd. (The Company) and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:
- The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book value of like assets, liabilities, income and expenses, after fully eliminating intra- group balances and intra group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21- "Consolidated Financial Statements" notified Companies (Accounting Standards) Rules 2006.
 - The difference between the cost of investment in the subsidiaries and the Company's share of net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
 - The financial statements of the Subsidiaries are drawn upto the same reporting date as that of the Company i.e. March 31, 2013 and as far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
 - Minority interest in the net assets of the consolidated subsidiaries consists:
 - The amount of equity attributable to minorities at the date on which investment in a subsidiary is made ; and
 - The minorities share of movements in equity since the date the parent subsidiary relationship comes into existence.
- ii) Investments other than in subsidiaries have been accounted as per Accounting Standard (AS-13) on "Accounting for Investments" notified Companies (Accounting Standards) Rules 2006.

B Significant Accounting Policies**i) Basis of Preparation of Financial Statements:**

The financial statements have been prepared using historical cost convention and on the basis of going concern in accordance with generally accepted accounting principles in India, Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956.

ii) Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

iii) Revenue Recognition:

All revenue and expenses are accounted for on accrual basis. Revenue is recognized when no significant uncertainties exist in relation to the amount of eventual receipt.

- Sales are recognized on dispatch of goods to customers and are recorded net of trade discounts, sales tax / value added tax and inclusive of central / state excise duty.
- Insurance and other claims are accounted for as and when admitted by the appropriate authorities.

iv) Inventories:

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the basis of Weighted Average Method.

- Raw materials, Stores & Spares and Work-in-Progress are valued at material cost.
- Finished goods are valued at manufacturing cost, which comprise direct material, direct labour, other direct cost and other related manufacturing overheads. Excise duty payable on finished goods stock is added to the cost.

v) Fixed Assets:

- Fixed assets are stated at their original cost of acquisition / installation, net of accumulated depreciation, amortization and impairment losses.
- Capital work-in-progress is stated at the amount incurred up to the date of the Balance Sheet.
- Expenditures incurred during construction / erection period on project under implementation are included under "Capital work-in-progress". These expenses are appropriated to fixed assets on commencement of commercial production.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.**Note 1 Significant Accounting Policies (contd.)**

- d) Fixed assets purchased under Hire purchase arrangements, includes expenditure incurred till the assets are put to use.
- e) Goodwill and other intangible assets are stated at cost of acquisition less accumulated amortization
- f) Goodwill comprises the excess of purchase consideration over the fair value of the net assets of the acquired enterprises. Goodwill arising on consolidation or acquisition is not amortized but instead tested for impairment.

vi) Depreciation and Amortization:

- a) Depreciation is provided on the "Written Down Value Method" or "Straight Line Method" in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956 as specified in the accounting policies of the respective Company's standalone financial statements.
- b) Depreciation is provided on assets acquired during the year from the date on which assets were put to use.
- c) Intangible assets are amortized over a period of two to five years on straight line basis which represents the period over which the Company expects to derive economic benefit.

vii) Impairment of Assets:

Impairment loss is recognized wherever the carrying amount of an asset is in excess of its recoverable amount and the same is recognized as an expense in the Statement of Profit and Loss and the carrying amount of the said asset is reduced to its recoverable amount.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased.

viii) Investments:

- a) Long Term Investments are valued at cost. Provision for diminution in value is made only if in the opinion of management such a decline is other than temporary.
- b) Current Investments are valued at cost / fair value whichever is lower.

ix) Foreign Currency Transactions:

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. Exchange rate difference arising on the settlement of foreign currency transactions are recognized in the Statement of Profit and Loss. Foreign currency denominated monetary items as at the Balance Sheet date are translated at the rate prevailing on the date of Balance Sheet and the resultant exchange difference is recognised in the Statement of Profit and Loss.

x) Provisions and Contingencies:

Provision is recognized when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure on contingent liability is made when there is a possible obligation or present obligation that probably will not require an out flow of resources or where reliable estimate of the amount of the obligation cannot be made. However contingent assets are neither provided for nor disclosed.

xi) Government Incentives:

The Company is entitled to various incentives from government authorities in respect of its manufacturing unit.

The Company accounts for its entitlement as income on the basis of sanction received from the Government.

xii) Borrowing Cost:

Borrowing costs attributed to the acquisition of fixed assets are capitalized as a part of the cost of asset upto the date the asset is put to use. Other borrowing costs are charged to the Statement of Profit and Loss in the year in which these are incurred.

xiii) Employee Benefits:**a) Defined Contribution Plan:**

Employee benefits in the form of contribution to Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the same is charged to the Statement of Profit and Loss of the year when the contribution to the respective funds are due.

b) Defined Benefit Plan:

Retirement benefits in the form of gratuity are considered as defined benefit obligations and are provided at the present value of the amounts payable as on that date of the Balance Sheet, determined by using actuarial valuation techniques. Actuarial gains / losses, if any, are recognized in the Statement of Profit and Loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.**Note 1 Significant Accounting Policies (contd.)****xiv) Employee Stock Compensation Cost:**

The Company measures compensation cost relating to employee stock option using the 'intrinsic value method'. Compensation cost for stock option represent the excess of the market price over the exercise price of the shares granted under "Employee Stock Option Scheme" is amortized in accordance with guidelines issued by Securities and Exchange Board of India (SEBI), in this regard.

xv) Taxation:

- a) Provision for Income Tax is determined on the basis of the estimated taxable income and amount expected to be paid to the tax authorities in accordance with the Provisions of the Income Tax Act, 1961.
- b) Deferred Tax is recognized in respect of deferred tax assets (subject to the consideration of prudence) and to the extent there is virtual certainty that the asset will be realized in future and deferred tax liabilities on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in subsequent years.

xvi) Earning Per Share:

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating the diluted earnings per share the net profit for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

xvii) Lease Accounting:

Leasing of assets whereby the lessor essentially remains the owner of the asset are classified as operating leases. The payments made by the Company as lessee in accordance with operational leasing contracts or rental agreements are expensed proportionally during the lease or rental period respectively. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

(₹ in million)

	As at March 31, 2013	As at March 31, 2012
Note 2 Share Capital		
Authorised Shares		
150,000,000 equity shares of ₹10/- each (P.Y. 150,000,000 equity shares of ₹10/- each)	1,500.00	1,500.00
Issued, subscribed and paid up shares		
121,880,135 equity shares of ₹10/- each fully paid up (P.Y. 120,001,772 equity shares of ₹10/- each fully paid up)	1,218.80	1,200.02
Of the above shares :-		
86,176,200 equity shares of ₹10/- each fully paid-up bonus shares issued by capitalisation of share premium, capital reserve and general reserve		
	1,218.80	1,200.02

a) Reconciliation of the number of shares outstanding

(Nos. in million)

Number of equity shares at the beginning	120.00	115.26
Equity shares issued on exercise of employee stock options	1.88	0.46
Equity shares issued on conversion of warrants	Nil	4.28
Number of equity shares at the end	121.88	120.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.**Note 2 Share Capital****b) Terms / rights attached to equity shares**

Each holder of equity share is entitled to one vote per share with a right to receive per share dividend by the Company, when declared. In the event of liquidation, the equity shareholders will be entitled to receive remaining assets of the Company after distribution of all preferential amounts in the proportion to the number of equity shares held by them.

c) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of equity shares in million	As a % of total holding	No. of equity shares in million	As a % of total holding
Shivani Amit Dahanukar	39.48	32.39	39.37	32.81
Amit Dahanukar	23.34	19.15	22.54	18.78
Small Cap World Fund, Inc	8.89	7.29	8.89	7.41
IDFC Premier Equity Fund	7.13	5.85	6.74	5.61
Total	78.84	64.68	77.54	64.61

(₹ in million)

	As at March 31, 2013	As at March 31, 2012
Note 3 Reserves & Surplus		
a) Securities Premium Account		
As per last Balance Sheet	1,860.26	1,497.77
Add : Additions during the year	50.17	362.49
	1,910.43	1,860.26
b) General Reserve		
As per last Balance Sheet	106.18	106.18
c) Capital Reserve		
As per last Balance Sheet	1.90	1.90
d) Revaluation Reserve		
	702.55	732.63
Less : Utilised against depreciation on revalued assets	30.08	30.08
	672.47	702.55
e) Employee Stock Option Outstanding (Net)	74.78	46.48
f) Surplus / (deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	832.05	472.15
Add: Profit after tax for the year	605.96	471.61
Less: Proposed Dividend	97.85	96.12
Less: Dividend Distribution Tax	15.87	15.59
	1,324.29	832.05
	4,090.05	3,549.42

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.

(₹ in million)

	As at March 31, 2013	As at March 31, 2012
Note 4 Long-Term Borrowings		
Secured Loans		
From Banks		
Foreign Currency Term Loans	866.41	422.04
Rupee Term Loans	1,234.59	715.57
Hire Purchase Car Loans (with banker's lien on cars)	10.80	7.94
	2,111.80	1,145.55

- a) The term loans are secured against first pari passu charge on all the fixed assets of the Company, both present and future excluding land and building on non plant area situated at Shirampur, Dist. Ahmednagar and pari passu second charge on all current assets both present and future.
- b) Term loans from banks carry interest @ 12.60% to 13.25%. The loans are repayable in monthly / quarterly instalments each along with interest from the date of the loan.
- c) The term loans for a subsidiary are secured against first charge on plant & equipment and other fixed assets of the Company situated at Biccavolu, East Godavari, Andhra Pradesh.
- d) The amounts of secured loans from banks outstanding at the end of the financial year have been guaranteed by the personal guarantee of Chairman & Managing Director of the Company.
- e) Foreign currency loan is repayable in sixteen equal quarterly instalments of USD 612,500 each after a moratorium of fifteen months from the origination of the loan viz March 28, 2013. Interest is payable on quarterly basis from the origination of the loan.
- f) Foreign currency loan of a subsidiary is repayable in sixteen equal quarterly instalments of USD 687,500 each after a moratorium of twelve months from the origination of the loan viz April 06, 2011. Interest is payable on quarterly basis from the origination of the loan.

g) Maturity profile of Secured Term Loans

(₹ in million)

	1-2 years	2-3 years	3-4 years	Beyond 4 years
Foreign Currency Term Loans	282.04	282.04	169.87	132.46
Rupee Term Loans	423.73	259.27	182.54	369.05
	705.77	541.31	352.41	501.51

(₹ in million)

	As at March 31, 2013	As at March 31, 2012
Note 5 Deferred Tax Liabilities (Net)		
Deferred Tax Liability	340.88	293.44
Deferred Tax Asset	(10.42)	(13.12)
Deferred tax on subsidiary acquired during the year	-	0.49
	330.46	280.81

The break-up of Deferred Tax as at March 31, 2013 is as under:

	Opening as at April 01, 2012	During the year	Closing as at March 31, 2013
Deferred Tax Liability :			
a) On depreciation differences	292.71	47.51	340.22
b) Product Development cost	1.22	(0.56)	0.66
Total Deferred Tax Liability	293.93	46.95	340.88
Deferred Tax Asset :			
Retirement Benefits & Items u/s. 43B (net of reversals)	(13.12)	2.70	(10.42)
Total Deferred Tax Asset	(13.12)	2.70	(10.42)
Deferred Tax Liabilities (Net)	280.81	49.65	330.46

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.

(₹ in million)

	As at March 31, 2013	As at March 31, 2012
Note 6 Other Long-Term Liabilities		
Trade Deposits (Unsecured, interest free)	451.94	321.89
	451.94	321.89
Note 7 Long-Term Provisions		
Provision for Gratuity	8.44	8.23
	8.44	8.23
Note 8 Short-Term Borrowings		
Secured		
Cash Credit (including Working Capital Demand Loan)	4,095.03	3,645.35
Unsecured		
From Directors and related parties	93.36	-
From Others	11.40	25.49
	4,199.79	3,670.84
a) The cash credit (including Working Capital Demand Loan) loans are secured against first pari passu charge on all current assets both present and future and pari passu second charge on all the fixed assets of the Company, both present and future excluding land and building on non plant area situated at Shirampur, Dist. Ahmednagar.		
b) The amounts of secured loans from banks outstanding at the end of the financial year have been guaranteed by the personal guarantee of Chairman & Managing Director of the Company.		
Note 9 Trade Payables		
Trade Payables [Refer Note 28 (xi)]	990.00	491.58
	990.00	491.58
Note 10 Other Current Liabilities		
Current maturities of Term Loans- Foreign Currency Loan	149.57	140.68
Current maturities of Term Loans-Rupee Loans	153.60	252.37
Current Maturities of Hire Purchase Car Loans	7.85	7.55
Interest accrued but not due on borrowings	36.82	18.95
Payable towards Statutory Liabilities	107.39	68.59
Other Payables	27.31	38.20
Employee dues	7.67	6.97
Unclaimed Dividend	2.35	1.99
Unclaimed Deposits [₹4,000 (P.Y. ₹14,000)]	-	0.01
	492.56	535.31
Note 11 Short Term Provisions		
Provision for Leave Encashment	-	10.12
Provision for Gratuity	14.30	12.75
Proposed Dividend	97.50	96.00
Dividend Distribution Tax	15.82	15.57
Provision for Excise Duty on Finished Goods	87.84	116.28
Provision for Taxation (Net of Advance Tax)	79.94	139.06
	295.40	389.78

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.

	Gross Block				Depreciation / Amortization			Net Block	
	As on April 01, 2012	Additions	Deductions	Revaluation	As at March 31, 2013	On Revaluation	For the year	As at March 31, 2013	As at March 31, 2012
TANGIBLE ASSETS									
Land	544.37	-	-	-	544.37	-	-	544.37	544.37
Buildings	314.50	-	-	-	314.50	10.48	8.83	198.23	217.54
Plant & Equipment	3,661.97	202.21	0.73	-	3,863.45	19.60	169.80	3,262.27	3,250.06
Furniture and Fixtures	15.48	0.77	-	-	16.25	-	1.44	7.22	7.89
Office Equipment	25.91	2.64	0.13	-	28.42	-	2.47	11.88	16.46
Computers	82.42	2.65	0.03	-	85.04	-	16.57	57.91	41.06
Electrical Installation & Fittings	17.15	3.49	-	-	20.64	-	1.96	7.52	11.59
Motor Car and Transport Vehicles	64.69	6.02	2.88	-	67.83	-	9.62	38.09	34.40
Roads & Bridges	2.70	5.00	-	-	7.70	-	0.65	1.88	1.47
Library Books	0.03	-	-	-	0.03	-	-	0.03	-
Live Stock	0.03	-	-	-	0.03	-	-	-	0.03
Tools & Equipments	0.04	-	-	-	0.04	-	-	0.03	0.01
Total Tangible Assets	4,729.29	222.78	3.77	-	4,948.30	604.41	211.34	4,104.48	4,124.88
Less: Impairment of Assets								(1.70)	(1.70)
								4,102.78	4,123.18
INTANGIBLE ASSETS									
Brands	109.13	-	-	-	109.13	-	21.83	43.64	65.47
Software	54.10	2.13	-	-	56.23	-	6.93	12.44	17.24
Product Development	17.39	-	-	-	17.39	-	1.74	1.73	3.47
Total Intangible Assets	180.62	2.13	-	-	182.75	94.44	30.50	57.81	86.18
Grand Total	4,909.91	224.91	3.77	-	5,131.05	698.85	241.84	4,160.59	4,209.36
Previous Year	4,339.80	574.76	4.65	-	4,909.91	448.82	222.60	4,209.36	4,209.36

Note: During the year 2007-2008 land, factory building and plant & equipment were revalued, resulting in increase in Gross Block by ₹822.87 million

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.

(₹ in million)

		As at March 31, 2013	As at March 31, 2012
Note 13	Non-Current Investments		
a)	Investment in Government Securities (Unquoted)	Nos.	Nos.
	7 Year National Savings Certificates (Certificates worth ₹44,000/- deposited with Government authorities)	0.05	0.05
	6 Year National Savings Certificates (deposited with Government authorities) [₹4,250 (P.Y. ₹4,250)]	-	-
		0.05	0.05
b)	Investment in Associate (Unquoted)		
	Investment in Equity Instruments		
	Equity shares of ₹10/- each		
	Mason & Summers Marketing Services Pvt. Ltd.	130,000	-
		16.90	-
c)	Other than Trade Investments (Unquoted)		
	Investment in Equity Instruments		
	Equity shares of ₹100/- each		
	Mula Pravara Electric Co-operative Society Ltd.	2,462	2,462
	Shree Suvarna Sahakari Bank Ltd. [₹2,000 (P.Y. ₹2,000)]	20	20
	Maharashtra State Financial Corporation	115	115
	Rupee Co-op Bank Ltd.	1,000	1,000
	Shamrao Vithal Co-operative Bank Ltd.	3,000	3,000
		0.32	0.32
		17.27	0.37
	Aggregate of unquoted investments (at cost)	17.27	0.37

(₹ in million)

		As at March 31, 2013	As at March 31, 2012
Note 14	Long-Term Loans and Advances		
	Unsecured, considered good		
	Capital advances	611.28	34.11
	Loans and advance to employees	9.52	9.82
	MAT Credit entitlement	29.57	-
	Advance Tax (net of Provision for Taxation)	39.87	60.71
	Deposits with Court	19.08	19.08
		709.32	123.72

(₹ in million)

		Shares/ Units	As at March 31, 2013	As at March 31, 2012
Note 15	Current Investments			
	Investment in mutual funds (Unquoted)			
	Monthly Income Plan	122,880.32	-	2.50
	Net asset value ₹Nil (P.Y. ₹2.77 million)		-	2.50

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.

(₹ in million)

		As at March 31, 2013	As at March 31, 2012
Note 16	Inventories (At Cost)		
	Raw materials	136.33	153.06
	Stores and spares	594.29	420.22
	Work-in-progress	425.64	465.17
	Finished goods	175.28	264.48
		1,331.54	1,302.93
Note 17	Trade Receivables		
	Unsecured, considered good		
	Outstanding for a period exceeding six months from the date they are due for payment	20.01	20.24
	Unsecured, considered doubtful		
	Outstanding for a period exceeding six months from the date they are due for payment	9.01	9.01
	Other receivables		
	Unsecured, considered good	1,999.97	1,271.10
		2,028.99	1,300.35
	Less: Provision for doubtful debts	(9.01)	(9.01)
		2,019.98	1,291.34

(₹ in million)

		As at March 31, 2013	As at March 31, 2012
Note 18	Cash and Bank Balances		
a)	Cash and Cash Equivalents		
	i) Balances with Banks		
	In Current Accounts	166.58	101.82
	ii) Cash on Hand	37.74	32.41
		204.32	134.23
b)	Other Bank Balances		
	i) Earmarked Balances with Banks	2.60	2.96
	ii) Short Term Bank Deposits	45.85	60.88
		48.45	63.84
		252.77	198.07

(₹ in million)

		As at March 31, 2013	As at March 31, 2012
Note 19	Short-Term Loans and Advances		
	Unsecured, considered good		
	Advances recoverable in cash or in kind or for value to be received	1,565.68	1,321.02
	Advance with Tie-up Units	1,980.47	1,592.98
	Balance with Excise Authorities	125.61	37.93
	Deposits	321.26	319.66
		3,993.02	3,271.59

(₹ in million)

		As at March 31, 2013	As at March 31, 2012
Note 20	Other Current Assets		
	Interest accrued on Deposits	0.32	1.25
		0.32	1.25

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.

(₹ in million)

	Year ended March 31, 2013	Year ended March 31, 2012
Note 21 Revenue from Operations		
Sales of products	10,827.85	7,055.40
Income from tie-up units	1,176.58	1,314.19
	12,004.43	8,369.59

The Company has entered into arrangements with certain distilleries and bottling units in other states for manufacturing and marketing of its own brands. The manufacture under the said arrangement, wherein each party's obligations are stipulated, is carried out under Company's close supervision. The marketing is entirely the responsibility of the Company. The Company is also required to ensure adequate finance to the distilleries, where required. Accordingly, it is considered appropriate to disclose the following quantitative and value information for the year, as applicable to such activities.

	2012-2013	2011-12
Gross Sales of Company's brands and other sales including sales made by tie-up arrangements	16,212.67	14,597.72
Less : Excise Duty / sales under other various arrangements	7,276.20	7,127.95
Net Sales of Company's brands and other sales	8,936.47	7,469.77
Less : Net Sales made by tie up units	2,738.09	3,306.03
Add : Net income from tie up arrangement	1,176.58	1,314.19
Total Income	7,374.96	5,477.93

Note 21.1 Other Operating Income

Sale of by products and scrap	20.44	60.97
Income from contract manufacturing and other income	18.97	-
Government Incentives [Refer Note 28 (xxi)]	109.84	-
	149.25	60.97

	Year ended March 31, 2013	Year ended March 31, 2012
Note 22 Other Income		
Duty drawback on exports	8.95	5.81
Miscellaneous receipts	3.39	3.08
Sundry balance written back	0.19	1.90
Interest income on margin money / fixed deposits	6.75	4.05
Gain on exchange fluctuation	2.08	0.11
Profit on sale of assets	-	1.63
Dividend on current investments	0.27	-
	21.63	16.58

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.

(₹ in million)

	Year ended March 31, 2013	Year ended March 31, 2012
Note 23 Cost of Materials Consumed		
i) Raw Material Consumption		
Opening Stock	153.06	159.67
Add: Purchases	1,435.83	1,083.02
Less: Closing Stock	136.33	153.06
	1,452.56	1,089.63
ii) Packing Materials & Consumables	1,894.66	1,218.76
	3,347.22	2,308.39

Note 24 (Increase) / Decrease in Stock

Opening Stock		
i) Work-in-progress	465.17	311.51
ii) Finished goods	264.48	73.00
	729.65	384.51
Less : Closing Stock		
i) Work-in-progress	425.64	465.17
ii) Finished goods	175.28	264.48
	600.92	729.65
(Increase) / Decrease in Stock	128.73	(345.14)

Note 25 Employee Benefit Expense

Salary and wages	213.51	218.12
Employee Stock Option Expenses	45.62	30.63
Contribution to provident fund and family pension fund	23.24	19.93
Staff welfare expenses	13.77	17.65
Gratuity	1.76	6.10
	297.90	292.43

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.

	(₹ in million)	
	Year ended March 31, 2013	Year ended March 31, 2012
Note 26 Other Expenses		
Power and fuel	46.00	42.05
Provision for Excise Duty on Finished Goods [Refer Note 28 (ix)]	(28.44)	100.03
Repairs & maintenance		
i) Plant & Equipment	13.17	21.04
ii) Buildings	0.24	1.26
iii) Others	15.77	16.64
Insurance	9.80	8.05
Rent	26.31	29.18
Contract manufacturing cost	336.13	440.74
Legal and professional charges	51.15	72.31
Auditors Remuneration	1.09	0.88
Rates and taxes	271.45	184.11
Freight, transport charges & other expenses	171.12	153.81
Selling expenses [Discounts, Sales Promotion & Advertising etc.]	681.63	440.61
Surplus to Brandowner [Refer Note No 28 (xix)]	62.71	-
Travelling and conveyance expenses	28.14	19.70
Printing and stationery	9.03	9.04
Communication expenses	16.34	12.38
Vehicle running expenses	10.28	8.03
Director sitting fees	0.32	0.32
Bad Debts	0.24	-
Loss on Sale of Assets	0.68	-
Loss on exchange fluctuation	2.86	-
Commission to Independent Directors	5.96	5.69
Establishment expenses	189.00	125.29
Corporate Social Responsibility	32.68	29.05
Miscellaneous expenses	90.65	94.77
	2,044.31	1,814.98

Note 27 Finance Cost		
Interest on Term Loans	118.62	173.61
Interest on Cash Credits / Working Capital Demand Loan	405.00	350.97
Others	111.85	37.63
	635.47	562.21

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.**Note 28 Notes on Accounts**

- i) **Contingent Liability not provided for:** (₹ in million)
- | Particulars | As at
March 31, 2013 | As at
March 31, 2012 |
|---|-------------------------|-------------------------|
| a) Bank guarantees issued on behalf of the Company | 164.46 | 135.58 |
| b) In respect of disputed Income tax matters, pending before the appropriate Income tax authorities, contested by the Company | | |
| A.Y. 2010-2011 | 1.90 | - |
| A.Y. 2009-2010 | 6.13 | 6.13 |
| A.Y. 2007-2008 | 86.07 | 86.07 |
| A.Y. 2004-2005 | - | 22.27 |
| c) In respect of disputed Sales tax matters, pending before the appropriate tax authorities, contested by the Company | | |
| F.Y. 2008-2009 (TOT- Kerala) | 0.11 | - |
| F.Y. 2008-2009 (VAT- Kerala) | 0.22 | - |
| F.Y. 2007-2008 (TOT- Kerala) | 0.11 | - |
| F.Y. 2007-2008 (VAT- Kerala) | 0.55 | - |
| F.Y. 2004-2005 (Bombay Sales Tax) | 4.67 | 4.67 |
| F.Y. 2004-2005 (Central Sales Tax) | 2.03 | 2.03 |
| F.Y. 2003-2004 (Bombay Sales Tax) | 6.28 | 6.28 |
| F.Y. 2003-2004 (Central Sales Tax) | 4.83 | 4.83 |
- ii) Estimated amount of contracts remaining to be executed on capital accounts and not provided for is approx ₹250 million (net of advances) (P.Y. ₹40 million)
- iii) **Operating Lease:**
- a) The Company has taken Bottling units under cancellable operating lease at various locations and during the financial year ₹38.80 million (P.Y. ₹27.14 million) paid towards lease rentals has been charged to Statement of Profit and Loss.
- b) The Company has taken various residential / commercial premises under cancellable operating lease. Lease rental expenses included in the Statement of Profit and Loss for the financial year is ₹26.31 million (P.Y. ₹29.18 million)
- c) Except for escalation clauses contained in certain lease arrangements providing for increase in the lease payment by a specified percentage / amounts after completion of specified period, the lease terms do not contain any exceptional / restrictive covenants other than the prior approval of the lessee before the renewal of lease.
- d) There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lessor is required for further leasing. There is no contingent rent payment.
- iv) The disclosure of Accounting Standard 15 "Employee Benefits" is as follows:

Defined Contribution Plan

The Company has charged in the Statement of Profit and Loss during the financial year an amount of ₹23.24 million (P.Y. ₹19.93 million) under defined contribution plan as employer's contribution to Provident Fund.

Defined Benefit Plan

The Employees' gratuity fund scheme managed by LIC is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the manner as gratuity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.

Note 28 Notes on Accounts (contd.)

(₹ in million)

	Funded Gratuity
Present Value of obligation	32.95
Fair Value of Plans	10.21
Net Liability in the balance sheet	22.74
Defined Benefit Obligations	
Opening balance as at April 1, 2012	30.42
Interest expenses	2.66
Current service cost	3.88
Actuarial (gain) / loss	(4.01)
Closing balance as at March 31, 2013	32.95
Plan Assets	
Opening balance as at April 1, 2012	9.44
Expected return on plan assets	0.81
Contributions by the Company	-
Paid Funds	-
Actuarial (gain) / loss	(0.04)
Transfer Received	-
Closing balance as at March 31, 2013	10.21
Return on Plan Assets	
Expected return on plan assets	0.81
Actuarial (gain) / loss	(0.04)
Actual Return on Plan Assets	0.77
Expenses on defined benefit plan	
Current service costs	3.88
Past service cost	-
Interest expense	2.66
Expected return on plan assets	(0.81)
Net actuarial (gain) / loss	(3.97)
Expenses charged to the Statement of Profit and Loss	1.76

Investments Details	% Invested March 31, 2013
Funds Managed by Life Insurance Corporation	100
Public Sector Unit Bonds	-
State / Central Guaranteed securities	-
Special deposit schemes	-
Other (excluding bank balances)	-
	100

Actuarial assumptions	Gratuity (funded)
Mortality (LIC)	2006-08 Ultimate
Discount rate (per annum)	8.00%
Expected rate of return on plan assets (per annum)	8.70%
Rate of escalation in salary (per annum)	5.00%
Attrition rate (per annum)	2.00%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.

Note 28 Notes on Accounts; (contd.)

v) Employee Stock Option Scheme

a) The Shareholders of the Company at the Annual General Meetings held on August 06, 2008 and September 20, 2010 had approved the Employee Stock Option Scheme (ESOP) 2008 and Employee Stock Option Scheme (ESOP) 2010 respectively and also approved Employee Stock Option Scheme (ESOP) 2012 on May 24, 2012 by way of Postal Ballot.

b) During the financial year ended March 31, 2013, the following schemes were in operation :

A) Employee Stock Option Scheme 2008

Particulars	Grant 1	Grant 2	Grant 3	Grant 4
Date of Grant	July 02, 2009	Jan 28, 2010	June 25, 2010	Aug 07, 2010
Date of the Board Approval	July 02, 2009	Jan 28, 2010	June 25, 2010	Aug 07, 2010
Date of the Shareholders Approval	Aug 06, 2008	Aug 06, 2008	Aug 06, 2008	Aug 06, 2008
Number of options granted till March 31, 2013	730,400	3,730,521	154,200	843,663
Number of options cancelled till March 31, 2013	241,700	839,181	33,870	177,048
Number of options lapsed till March 31, 2013	10,800	351,970	900	8,010
Number of options exercised till March 31, 2013 *	291,600	1,072,970	20,430	97,283
Net options outstanding as on March 31, 2013	186,300	1,466,400	99,000	561,322
Vesting period from the date of grant	4 years	4 years	4 years	4 years
Exercise period from the date of vesting	2 years	2 years	2 years	2 years

*includes 132,530 options under Grant 2 and 2,700 options under Grant 3 exercised during the year and pending for allotment.

B) Employee Stock Option Scheme 2010

Particulars	Grant 1	Grant 2	Grant 3	Grant 4
Date of Grant	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011
Date of the Board Approval	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011
Date of the Shareholders Approval	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010
Number of options granted till March 31, 2013	1,615,500	512,000	3,379,600	969,000
Number of options cancelled till March 31, 2013	735,120	143,510	1,178,327	-
Number of options lapsed till March 31, 2013	70,410	7,080	18,690	-
Number of options exercised till March 31, 2013 *	92,370	55,300	652,237	290,700
Net options outstanding as on March 31, 2013	717,600	306,110	1,530,346	678,300
Vesting period from the date of grant	3 years	3 years	3 years	3 years
Exercise period from the date of vesting	2 years	2 years	2 years	2 years

*includes 3,600 options under Grant 1; 1,530 options under Grant 2 and 11,595 options under Grant 3 exercised during the year and pending for allotment.

C) Employee Stock Option Scheme 2012

Particulars	Grant 1	Grant 2
Date of Grant	May 28, 2012	Feb 04, 2013
Date of the Board Approval	May 28, 2012	Feb 04, 2013
Date of the Shareholders Approval	May 24, 2012	May 24, 2012
Number of options granted till March 31, 2013	3,000,000	1,000,000
Number of options cancelled till March 31, 2013	54,946	-
Number of options lapsed till March 31, 2013	2,184	-
Number of options exercised till March 31, 2013	-	-
Net options outstanding as on March 31, 2013	2,942,870	1,000,000
Vesting period from the date of grant	3 years	3 years
Exercise period from the date of vesting	2 years	2 years

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.

Note 28 Notes on Accounts (contd.)

c) The details of the options as on March 31, 2013 are as under: (Nos. in million)

Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
Financial Year 2011-12			
Options outstanding as on April 01, 2011	4.61	1.60	-
Options granted from April 01, 2011 to March 31, 2012	-	4.86	-
Options cancelled till March 31, 2012	0.29	1.76	-
Options lapsed till March 31, 2012	0.24	-	-
Options exercised April 01, 2011 to March 31, 2012	0.46	0.01	-
Options outstanding as on March 31, 2012	3.62	4.69	-
Financial Year 2012-13			
Options outstanding as on April 01, 2012	3.62	4.69	-
Options granted from April 01, 2012 to March 31, 2013	-	-	4.00
Options cancelled till March 31, 2013	0.23	0.28	0.05
Options lapsed till March 31, 2013	0.13	0.10	-
Options exercised April 01, 2012 to March 31, 2013 *	0.95	1.08	-
Options outstanding as on March 31, 2013	2.31	3.23	3.95

*includes 135,230 stock options (ESOP Scheme 2008) and 16,725 stock options (ESOP Scheme 2010) exercised during the year and pending for allotment.

d) The weighted average fair value of stock options granted during the financial year was ₹101.83 million (P.Y. ₹58.70 million). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

A) Employee Stock Option Scheme 2008

Particulars	Grant 1	Grant 2	Grant 3	Grant 4
Dates of Grant	July 02, 2009	Jan 28, 2010	June 25, 2010	Aug 07, 2010
Market Price (₹ per share) on the dates of grant	143.45	99.45	145.75	199.65
Volatility	71.49%	68.41%	66.45%	66.11%
Risk free rate	6.24%	6.76%	7.10%	7.59%
Exercise price (pre all bonuses)	120	75	110	150
Time to maturity (years)	4	4	4	4
Dividend yield	2.00%	2.00%	2.24%	2.24%
Option fair value (₹ per share)	66.80	49.11	71.37	98.71

B) Employee Stock Option Scheme 2010

Particulars	Grant 1	Grant 2	Grant 3	Grant 4
Dates of Grant	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011
Market Price (₹ per share) on the dates of grant	83.00	51.20	33.95	32.60
Volatility	66.25%	63.86%	63.63%	63.67%
Risk free rate	7.97%	8.36%	8.58%	8.99%
Exercise price	60	38	25	25
Time to maturity (years)	3	3	3	3
Dividend yield	2.24%	2.10%	2.10%	2.10%
Option fair value (₹ per share)	41.89	26.23	17.50	16.55

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.

Note 28 Notes on Accounts (contd.)

C) Employee Stock Option Scheme 2012

Particulars	Grant 1	Grant 2
Dates of Grant	May 28, 2012	Feb 04, 2013
Market Price (₹ per share) on the dates of grant	56.30	77.20
Volatility	61.31%	57.75%
Risk free rate	8.24%	7.95%
Exercise price	42	60
Time to maturity (years)	3	3
Dividend yield	1.84%	1.84%
Option fair value (₹ per share)	28.56	36.86

e) Since the Company, used the intrinsic value method, the impact on the reported net profit and earnings per share by applying the fair value method is as under:

Particulars	₹ in million	
	As at March 31, 2013	As at March 31, 2012
Net Profit as Reported available to Equity Share holders	605.96	471.61
Add: Employee stock compensation under intrinsic value	45.62	30.63
Less: Employee stock compensation under fair value method	101.83	58.70
Adjusted Net Profit	549.75	443.54
Earnings per share		
Basic: (₹)		
-As reported	5.02	4.08
-Adjusted	4.56	3.84
Diluted: (₹)		
-As reported	4.86	4.02
-Adjusted	4.41	3.78

vi) Segment Reporting:

The Company is predominantly engaged in the business of manufacture and sale of Indian Made Foreign Liquor and its related products which constitute a single business segment.

vii) Related Party Disclosures:

The disclosures pertaining to the related parties as required by the Accounting Standard 18 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India, as applicable, are as under:

a) Key Managerial Personnel	:	Mr. Amit Dahanukar
	:	Mrs. Shivani Amit Dahanukar
b) Company in which Key Managerial Personnel has substantial interest	:	M.L. Dahanukar and Co. Pvt. Ltd.
	:	Arunoday Investments Pvt. Ltd.
c) Relative of Key Managerial Personnel	:	Dr. Priyadarshini A. Dahanukar

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.

Note 28 Notes on Accounts (contd.)

(₹ in million)

Nature of Transaction	Parties referred in (a) above		Parties referred in (b) above		Parties referred in (c) above	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Payment to Key Managerial Personnel						
Mr. Amit Dahanukar	35.99	34.24	-	-	-	-
Mrs. Shivani Amit Dahanukar	23.58	22.70	-	-	-	-
Total	59.57	56.94	-	-	-	-
Loan Taken						
Mr. Amit Dahanukar	70.00	-	-	-	-	-
Mrs. Shivani Amit Dahanukar	0.30	25.00	-	-	-	-
M.L. Dahanukar and Co. Pvt. Ltd.	-	-	2.50	-	-	-
Total	70.30	25.00	2.50	-	-	-
Repayment of Loan						
Mr. Amit Dahanukar	10.00	-	-	-	-	-
Mrs. Shivani Amit Dahanukar	0.30	25.00	-	-	-	-
M.L. Dahanukar and Co. Pvt. Ltd.	-	-	-	-	-	-
Total	10.30	25.00	-	-	-	-
Rent Payment						
Mr. Amit Dahanukar	8.86	2.45	-	-	-	-
M.L. Dahanukar and Co. Pvt. Ltd.	-	-	0.72	0.72	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	2.71	0.92
Total	8.86	2.45	0.72	0.72	2.71	0.92
Outstanding Receivable (Payable)						
Mr. Amit Dahanukar	(57.24)	1.00	-	-	-	-
M.L. Dahanukar and Co. Pvt. Ltd.	-	-	(1.00)	1.50	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	0.89	0.31
Total	(57.24)	1.00	(1.00)	1.50	0.89	0.31

viii) Auditor's remuneration charged to accounts:

(₹ in million)

	2012-2013	2011-12
a) Audit fees	0.92	0.82
b) Auditors remuneration in other capacity	0.15	0.04
c) Reimbursement of expenses	0.02	0.02
Total	1.09	0.88

- ix) Provision of excise duty on finished goods manufactured but yet to be cleared from the factory as at March 31, 2013 estimated at ₹87.84 million (P.Y. ₹116.28 million) has been provided in the books and also been considered in valuation of closing stock of finished goods. Provision for excise duty on finished goods charged in the Statement of Profit and Loss for the financial year is as follows:

(₹ in million)

	2012-2013	2011-12
Provision for excise duty on finished goods at the beginning of the year	116.28	16.11
Provision for excise duty on finished goods at the end of the year	87.84	116.28
Provision for excise duty on finished goods on subsidiary acquired during the year	-	0.14
Provision for excise duty on finished goods charged in the Statement of Profit and Loss	(28.44)	100.03

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.

Note 28 Notes on Accounts; (contd.)

- x) There are no amounts outstanding in respect of unpaid dividend / fixed deposits for more than seven years to be transferred to Investor Education & Protection Fund.
- xi) The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to Micro, Small and Medium Enterprises have not been made.

xii) Earnings per share:

(₹ in million)

	2012-2013	2011-12
Profit After Tax	605.96	471.61
Weighted average number of shares	120.69	115.53
Basic Earnings Per Share	5.02	4.08
Weighted average number of shares (adjusted for the effects of dilutive potential equity shares)	124.73	117.26
Diluted Earnings Per Share	4.86	4.02
Face Value per Equity Share	10.00	10.00

- xiii) The Company has not entered into any forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes. The foreign currency exposure not hedged as at March 31, 2013 are as under:

	Currency	FC in million	March 31, 2013 (₹ in million)	FC in million	March 31, 2012 (₹ in million)
a) Receivable - Debtors	USD	0.35	19.36	0.37	20.47
b) Payable - Term Loans	USD	18.74	1,015.98	11.00	562.72

xiv) CIF Value of Imports

(₹ in million)

	2012-2013	2011-12
Raw materials	92.77	20.29

xv) Earnings in Foreign Exchange

	2012-2013	2011-12
FOB value of exports	151.06	66.91

xvi) Expenditure in Foreign Exchange

	2012-2013	2011-12
Professional Fees	16.83	1.66
Travelling Expenses	3.75	0.86
Interest	19.79	13.52
Purchase of material	50.94	13.90
Total	91.31	29.94

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.Note **28** **Notes on Accounts;** (contd.)**xvii) Managerial Remuneration:**Details of the Managerial Remuneration paid or provided during the financial year ended on March 31, 2013: (*₹ in million*)

	2012-2013	2011-12
Remuneration to Managing Director and Whole-time Directors		
- Salaries and contribution to funds	51.49	51.36
- Commission	8.08	5.58
	59.57	56.94
Remuneration to Non-executive and Independent Directors		
- Commission	5.96	5.69

xviii) During October 2012, the Company has acquired 26% stake in Mason & Summers Marketing Services Pvt Ltd (MSMSPL), a Company engaged in the business of sales, marketing and distribution of branded products of IMFL. The group's share of profit / loss in this associate has not been considered in the consolidated financial statements, since it is not material.

xix) The Company has entered into an agreement with Pernod Ricard India Private Ltd (PRIPL) to manufacture IMFL products for PRIPL at its manufacturing facility at Andhra Pradesh. The turnover and the cost of materials have been accounted in the Company's books and the surplus generated from the operations have been disclosed as surplus to brand owner.

xx) During the financial year, the Income tax department conducted survey on the Company. The Company is in the process of submitting all the necessary documents and replies to the Income Tax Department. The Company has not received any notice of demand in consequence of the survey till the date of signing of the financial statements.

xxi) The Company has been granted Mega Project status for its new facilities at Shrirampur Factory under Package Scheme of Incentives (PSI) 2007 by the Government of Maharashtra. With its mega project status, the Company is entitled to monetary benefits which includes Industrial Promotional Subsidy in the form of refunds equivalent to 100% of eligible investment of ₹2,546.21 million or to the extent of taxes payable under Maharashtra Value Added Tax Act, 2002 and Central Sales Tax Act, 1956 in respect of sale of finished goods eligible for incentives after adjustment of set off or other credit available within a period of seven years whichever is lower. Other operating income for the year includes ₹109.84 million on account of entitlement of MVAT and CST refund for the previous year 2011-2012.

xxii) Other significant notes

a) The Company's glass manufacturing unit was given to Ramnath Glass Containers Pvt. Ltd (RGCP) managed by Mehta Brothers on lease for carrying out their business, which had discontinued the operations in the year 2003 and handed over the unit back to the Company in totally unworkable conditions without fulfilling their legal obligations under the agreement. Due to this the Company had to pay the statutory liabilities and settle the dues of the workmen on behalf of RGCP / Mehta Brothers. The Company has initiated the legal action against the RGCP / Mehta Brothers for recovery of amount paid together with interest and damages amounting to ₹76.20 million.

b) The Company's distributor Ding Dong Liquors has filed a winding up petition on the Company in the High Court of Judicature of Bombay for recovery of Security Deposit of ₹25.00 million. The Company withheld the Security Deposit on the grounds that Ding Dong Liquors had failed to deliver the 'C' Forms and other amounts due to the Company. The Hon'ble High Court vide its Order directed the Company to deposit a sum of ₹12.70 million out of the total amount claimed by Ding Dong Liquors. The Company has deposited the above sum with the Court and filed an appeal against the said Order.

Further, the Company has filed a separate suit for recovery of dues of ₹39.00 million and C-forms against Ding Dong Liquors which has been upheld by the Bombay High court by dismissing the winding up petition and directed Ding Dong Liquors to avail remedy from the Hon'ble Court for recovery of the amount failing which the Company will be entitled to an amount of ₹12.70 million deposited with the Court. Ding Dong has filed a separate suit claiming recovery but have failed to get the transfer of the deposited amount in that suit inspite of praying for the same.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2013.Note **28** **Notes on Accounts** (contd.)

c) Anupama Wine Distributors has filed a suit before the City Civil Court, Bangalore claiming ₹73.11 million towards refund of security deposit and other dues. The Hon'ble Court vide its Order dated December 22, 2007 dismissed their application for attachment of property for recovery of the above dues. The Company has filed a counter claim for ₹119.30 million against Anupama Wine Distributors and the matter is pending before City Civil Court, Bangalore.

d) Anupama Wine Distributors has filed a Company petition against the Company before Bombay High Court and against that the Hon'ble Bombay High Court has vide order dated March 16, 2009 directed to the Company to Deposit a security worth ₹42.10 million. The Company deposited a Bank Guarantee worth the said amount with the High Court, Mumbai and filed an appeal against the said Order which has been upheld the Hon'ble Bombay High Court by dismissing the winding up petition and allowed the Company to discharge the bank guarantee. The said order of Bombay High Court was challenged by Anupama Wine Distributors by filing a Special Leave Application at Hon'ble Supreme Court. The Hon'ble Supreme Court has rejected their Special Leave Application. Accordingly, Company has discharged the said bank guarantee.

e) The Company has filed a winding up petition against its bottler and manufacturer Rhizome Distilleries Pvt. Ltd., Hyderabad at Hyderabad High Court for the recovery of its pending dues of ₹69.00 million against the sales proceeds received by them against Company's products which they have failed to provide to the Company. The High Court, Hyderabad have passed an order restraining Rhizome Distilleries Pvt. Ltd. from alienating its assets and now the matter is placed for final orders. The Company has also filed a separate civil suit against Rhizome Distilleries Pvt. Ltd. for the recovery. The complaints against the Rhizome Distillery Pvt. Ltd.'s directors under section 138 of Negotiable Instruments Act has also been filed regarding the bouncing of cheques which they had provided against our sales proceeds.

xxiii) The Ministry of Corporate affairs, Government of India, vide General Circular No 2 and 3 dated February 08, 2011 and February 21, 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

xxiv) Figures of previous year have been regrouped, reclassified and recast, wherever considered necessary.

As per our Report of even date annexed.

For **Batliboi & Purohit**
Chartered Accountants
Firm Registration No. 101048W

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Date : May 30, 2013

For and on behalf of the Board

Amit Dahanukar
Chairman &
Managing Director

Dr. Vishnu Kanhere
Director

Madan Goyal
Director

Shivani Amit Dahanukar
Executive Director

Dr. Ravindra Bapat
Director

Gaurav Thakur
Company Secretary

V.B.Haribhakti
Director

C.V.Bijlani
Director

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Tilaknagar Industries Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Tilaknagar Industries Ltd. ("The Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give

the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2) As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

For **Batliboi & Purohit**
Chartered Accountants
Firm Registration No. 101048W

Place : Mumbai
Date : May 30, 2013

Kaushal Mehta
Partner
Membership No. 111749

ANNEXURE REFERRED TO IN OUR REPORT TO THE MEMBERS OF TILAKNAGAR INDUSTRIES LTD. (THE COMPANY) FOR THE YEAR ENDED MARCH 31, 2013.

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All fixed assets have been physically verified by the management during the year. As informed, no material discrepancies were noticed on such verification.
- c) There was no substantial disposal of fixed assets during the year.
- ii) a) As per the information furnished, the inventories have been physically verified by the management during the year. In our opinion, having regard to the nature and location of stocks, the physical verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- iii) a) As per the information furnished, the Company has granted loans and advances, to its nine subsidiaries, covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹989.83 million and the year-end balance of loans granted to such parties was ₹967.01 million.
- b) In our opinion and according to the information and explanations given to us, the other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- c) The loans granted are re-payable on demand. As informed, the Company has not demanded repayment of any such loan during the year. The loans given to its seven subsidiaries is interest free and in case of the eight and ninth subsidiary the payment of interest is regular.
- d) There are no overdue amounts of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- e) The Company has not taken any loan from parties, firms covered in the register maintained under section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) In respect of deposits unclaimed, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the cost records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed cost records have been maintained.
- ix) a) According to the information and explanations given to us and based on the books as produced and examined, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty, Cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- c) According to the information and explanation given to us and based on the books produced and examined, the dues of Income tax, Wealth tax, Service tax, Sales tax, Excise duty and cess which have not been deposited on account of any dispute are as follows :

Name of the statute	Nature of dues	Amount (₹ in million)	Forum where the Dispute is pending
Income Tax Act :			
A.Y. 2010-2011	Income Tax	1.90	Commissioner of Income tax (Appeals)
A.Y. 2009-2010	Tax deducted at Source on salary	6.13	Commissioner of Income tax (Appeals)
A.Y. 2007-2008	Income Tax	86.07	Commissioner of Income Tax (Appeals)
Bombay Sales Tax Act :			
F.Y. 2004-2005	Sales Tax	4.67	Joint Commissioner of Sales Tax (Appeals)
F.Y. 2003-2004	Sales Tax	6.28	Joint Commissioner of Sales Tax (Appeals)
Central Sales Tax Act:			
F.Y. 2004-2005	Central Sales Tax	2.03	Joint Commissioner of Sales Tax (Appeals)
F.Y. 2003-2004	Central Sales Tax	4.83	Joint Commissioner of Sales Tax (Appeals)
Kerala Sales Tax :			
F.Y. 2008-2009	(TOT- Kerala)	0.11	Commercial Tax Officer
F.Y. 2008-2009	(VAT- Kerala)	0.22	Commercial Tax Officer
F.Y. 2007-2008	(TOT- Kerala)	0.11	Commercial Tax Officer
F.Y. 2007-2008	(VAT- Kerala)	0.55	Commercial Tax Officer

- x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
- xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution or bank. The Company has not issued any Debentures.
- xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by the Subsidiary Company from a bank, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that no funds raised on short term basis have been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The Company did not have any outstanding debentures during the year.
- xx) The Company has not raised any money by way of public issues during the year.
- xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud of material significance on or by the Company has been noticed or reported during the course of our audit.

For **Batliboi & Purohit**
Chartered Accountants
Firm Registration No. 101048W

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Date : May 30, 2013

BALANCE SHEET as at March 31, 2013.

(₹ in million)

	Note No.	As at March 31, 2013	As at March 31, 2012
I EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	1,218.80	1,200.02
Reserves & Surplus	3	3,778.49	3,340.39
		4,997.29	4,540.41
Share Application Money pending allotment		3.98	1.68
Non-Current Liabilities			
Long-Term Borrowings	4	1,775.26	723.50
Deferred Tax Liabilities (Net)	5	305.42	259.13
Other Long-Term Liabilities	6	451.94	321.89
Long-Term Provisions	7	8.44	8.23
		2,541.06	1,312.75
Current Liabilities			
Short-Term Borrowings	8	4,095.33	3,503.78
Trade Payables	9	459.46	355.73
Other Current Liabilities	10	315.10	375.73
Short-Term Provisions	11	247.55	351.85
		5,117.44	4,587.09
Total		12,659.77	10,441.93
II ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12	3,862.98	3,886.27
Intangible Assets		57.22	85.42
Capital Work-in-Progress		407.59	68.64
Non-Current Investments	13	457.75	440.85
Long-Term Loans and Advances	14	638.06	94.63
		5,423.60	4,575.81
Current Assets			
Current Investments	15	-	2.50
Inventories	16	1,066.19	1,081.40
Trade Receivables	17	1,348.18	894.86
Cash and Bank Balances	18	105.90	80.92
Short-Term Loans and Advances	19	4,715.77	3,805.92
Other Current Assets	20	0.13	0.52
		7,236.17	5,866.12
Total		12,659.77	10,441.93
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our Report of even date annexed.

For and on behalf of the Board

For Batliboi & Purohit
Chartered Accountants
Firm Registration No. 101048W

Amit Dahanukar
Chairman &
Managing Director

Shivani Amit Dahanukar
Executive Director

V.B.Haribhakti
Director

Kaushal Mehta
Partner
Membership No. 111749

Dr. Vishnu Kanhere
Director

Dr. Ravindra Bapat
Director

C.V.Bijlani
Director

Place : Mumbai
Date : May 30, 2013

Madan Goyal
Director

Gaurav Thakur
Company Secretary

STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2013.

(₹ in million)

	Note No.	Year ended March 31, 2013	Year ended March 31, 2012
INCOME			
Revenue from Operations			
Sale of products (Gross)	21	7,554.22	5,995.61
Less: Excise duty		1,990.62	1,467.07
Sale of products (Net)		5,563.60	4,528.54
Other Operating Income	21.1	127.01	44.13
		5,690.61	4,572.67
Other Income	22	23.01	14.60
		5,713.62	4,587.27
EXPENSES			
Cost of Materials Consumed	23	2,355.25	1,851.91
(Increase) / Decrease in Stock	24	145.65	(328.68)
Employee Benefit Expense	25	276.35	272.44
Other Expenses	26	1,441.44	1,457.24
Finance Cost	27	551.29	541.56
Depreciation		223.92	212.16
		4,993.90	4,006.63
Profit / (Loss) before taxation		719.72	580.64
Tax expenses			
Current Tax		157.25	125.00
For earlier years		28.57	-
MAT Credit entitlements		(15.82)	-
Deferred Tax		46.29	68.10
		216.29	193.10
Profit / (Loss) after taxation		503.43	387.54
Earnings Per Share (₹) Basic	28(xii)	4.17	3.35
Diluted		4.04	3.30
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our Report of even date annexed.

For and on behalf of the Board

For Batliboi & Purohit
Chartered Accountants
Firm Registration No. 101048W

Amit Dahanukar
Chairman &
Managing Director

Shivani Amit Dahanukar
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Director

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Partner
Membership No. 111749

Dr. Vishnu Kanhere
Director

Dr. Ravindra Bapat
Director

C.V.Bijlani
Director

Place : Mumbai
Date : May 30, 2013

Madan Goyal
Director

Gaurav Thakur
Company Secretary

CASH FLOW STATEMENT for the year ended March 31, 2013.

(₹ in million)

	2012-2013	2011-2012
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	719.72	580.64
Adjustment for:		
Depreciation	223.92	212.16
(Profit) / Loss on sale of assets	0.07	(1.63)
Employee stock option expenses	45.62	27.41
Dividend on current investments	(0.27)	-
Sundry balance written back	(0.14)	(1.00)
Bad Debts	0.24	-
Interest paid (net of interest income)	546.13	538.50
Operating Profit before working capital changes	815.57	775.44
Adjustment for:		
(Decrease) / Increase in trade payables, current liabilities and provisions	89.75	151.57
(Increase) / Decrease in loans and advances	(1,453.30)	(177.90)
(Increase) / Decrease in inventory	15.20	(461.67)
(Increase) / Decrease in trade receivables	(453.55)	(193.15)
	(1,801.90)	(681.15)
Proceeds from short term borrowings	625.00	-
Direct taxes paid	(209.88)	(115.79)
Net Cash from Operating Activities	148.51	559.14
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(542.61)	(489.54)
Sale of fixed assets	1.09	2.85
Decrease / (Increase) in margin money and deposits	1.09	33.22
Dividend on current investments	0.27	-
Net Increase in investments	(14.40)	(184.87)
Interest received	5.55	3.00
Net Cash from Investing Activities	(549.01)	(635.34)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Equity shares issued on exercise of employee stock options including premium	53.93	249.69
Proceeds (repayment) from borrowings	1,018.31	500.10
Dividend and tax thereon	(113.72)	(111.71)
Interest paid	(531.95)	(546.23)
Net Cash from Financing Activities	426.57	91.85
Net increase in Cash & Cash equivalents	26.07	15.65
Opening cash & cash equivalents	36.95	21.30
Closing cash & cash equivalents	63.02	36.95

As per our Report of even date annexed.

For **Batliboi & Purohit**
Chartered Accountants
Firm Registration No. 101048W

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Date : May 30, 2013

For and on behalf of the Board

Amit Dahanukar
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Director

Gaurav Thakur
Company Secretary

V.B.Haribhakti
Director

C.V.Bijlani
Director

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.**Note 1 Significant Accounting Policies****A Significant Accounting Policies****i) Basis of Preparation of Financial Statements:**

The financial statements have been prepared using historical cost convention and on the basis of going concern in accordance with generally accepted accounting principles in India, Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956.

ii) Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

iii) Revenue Recognition:

All revenue and expenses are accounted for on accrual basis. Revenue is recognized when no significant uncertainties exist in relation to the amount of eventual receipt.

a) Sales are recognized on dispatch of goods to customers and are recorded net of trade discounts, sales tax / value added tax and inclusive of central / state excise duty.

b) Insurance and other claims are accounted for as and when admitted by the appropriate authorities.

iv) Inventories:

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the basis of Weighted Average Method.

a) Raw materials, Stores & Spares and Work-in-Progress are valued at material cost.

b) Finished goods are valued at manufacturing cost, which comprise direct material, direct labour, other direct cost and other related manufacturing overheads. Excise duty payable on finished goods stock is added to the cost.

v) Fixed Assets:

a) Fixed assets are stated at their original cost of acquisition / installation, net of accumulated depreciation, amortization and impairment losses.

b) Capital work-in-progress is stated at the amount incurred up to the date of the Balance Sheet.

c) Expenditures incurred during construction / erection period on project under implementation are included under "Capital work-in-progress". These expenses are appropriated to fixed assets on commencement of commercial production.

d) Fixed assets purchased under Hire purchase arrangements, includes expenditure incurred till the assets are put to use.

e) Goodwill and other intangible assets are stated at cost of acquisition less accumulated amortization.

vi) Depreciation and Amortization:

a) Depreciation is provided on the "Written-down Value Method" in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956 on all assets other than Plant & Equipment.

b) Depreciation is provided on the "Straight Line Method" in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956 on Plant & Equipment.

c) Depreciation is provided on assets acquired during the year from the date on which assets were put to use.

d) Intangible assets are amortized over a period of two to five years on straight line basis which represents the period over which the Company expects to derive economic benefit.

vii) Impairment of Assets :

Impairment loss is recognized wherever the carrying amount of an asset is in excess of its recoverable amount and the same is recognized as an expense in the Statement of Profit and Loss and the carrying amount of the said asset is reduced to its recoverable amount.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased.

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.**Note 1 Significant Accounting Policies (contd.)****viii) Investments :**

- a) Long Term Investments are valued at cost. Provision for diminution in value is made only if in the opinion of management such a decline is other than temporary.
- b) Current Investments are valued at cost / fair value whichever is lower.

ix) Foreign Currency Transactions :

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. Exchange rate difference arising on the settlement of foreign currency transactions are recognized in the Statement of Profit and Loss. Foreign currency denominated monetary items as at the Balance Sheet date are translated at the rate prevailing on the date of Balance Sheet and the resultant exchange difference is recognised in the Statement of Profit and Loss.

x) Provisions and Contingencies :

Provision is recognized when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure on contingent liability is made when there is a possible obligation or present obligation that probably will not require an outflow of resources or where reliable estimate of the amount of the obligation cannot be made. However contingent assets are neither provided for nor disclosed.

xi) Government Incentives :

The Company is entitled to various incentives from government authorities in respect of its manufacturing unit. The Company accounts for its entitlement as income on the basis of sanction received from the Government.

xii) Borrowing Cost:

Borrowing costs attributed to the acquisition of fixed assets are capitalized as a part of the cost of asset upto the date the asset is put to use. Other borrowing costs are charged to the Statement of Profit and Loss in the year in which these are incurred.

xiii) Employee Benefits:**a) Defined Contribution Plan:**

Employee benefits in the form of contribution to Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the same is charged to the Statement of Profit and Loss of the year when the contribution to the respective funds are due.

b) Defined Benefit Plan:

Retirement benefits in the form of gratuity are considered as defined benefit obligations and are provided at the present value of the amounts payable as on that date of the Balance Sheet, determined by using actuarial valuation techniques. Actuarial gains / losses, if any, are recognized in the Statement of Profit and Loss.

xiv) Employee Stock Compensation Cost:

The Company measures compensation cost relating to employee stock option using the 'intrinsic value method'. Compensation cost for stock option represent the excess of the market price over the exercise price of the shares granted under "Employee Stock Option Scheme" is amortized in accordance with guidelines issued by Securities and Exchange Board of India (SEBI), in this regard.

xv) Taxation:

- a) Provision for Income Tax is determined on the basis of the estimated taxable income and amount expected to be paid to the tax authorities in accordance with the Provisions of the Income Tax Act, 1961.
- b) Deferred Tax is recognized in respect of deferred tax assets (subject to the consideration of prudence) and to the extent there is virtual certainty that the asset will be realized in future and deferred tax liabilities on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in subsequent years.

xvi) Earning Per Share:

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating the diluted earnings per share the net profit for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.**Note 1 Significant Accounting Policies (contd.)****xvii) Lease Accounting :**

Leasing of assets whereby the lessor essentially remains the owner of the asset are classified as operating leases. The payments made by the Company as lessee in accordance with operational leasing contracts or rental agreements are expensed proportionally during the lease or rental period respectively. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

(₹ in million)

	As at March 31, 2013	As at March 31, 2012
Note 2 Share Capital		
Authorised Shares		
150,000,000 equity shares of ₹10/- each (P.Y. 150,000,000 equity shares of ₹10/- each)	1,500.00	1,500.00
Issued, subscribed and paid up shares		
121,880,135 equity shares of ₹10/- each fully paid up (P.Y. 120,001,772 equity shares of ₹10/- each fully paid up)	1,218.80	1,200.02
Of the above shares :-		
86,176,200 equity shares of ₹10/- each fully paid-up bonus shares issued by capitalisation of share premium, capital reserve and general reserve		
	1,218.80	1,200.02

a) Reconciliation of the number of shares outstanding

(Nos. in million)

Number of equity shares at the beginning	120.00	115.26
Equity shares issued on exercise of employee stock options	1.88	0.46
Equity shares issued on conversion of warrants	Nil	4.28
Number of equity shares at the end	121.88	120.00

b) Terms / rights attached to equity shares

Each holder of equity share is entitled to one vote per share with a right to receive per share dividend by the Company, when declared. In the event of liquidation, the equity shareholders will be entitled to receive remaining assets of the Company after distribution of all preferential amounts in the proportion to the number of equity shares held by them.

c) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of equity shares in million	As a % of total holding	No. of equity shares in million	As a % of total holding
Shivani Amit Dahanukar	39.48	32.39	39.37	32.81
Amit Dahanukar	23.34	19.15	22.54	18.78
Small Cap World Fund, Inc	8.89	7.29	8.89	7.41
IDFC Premier Equity Fund	7.13	5.85	6.74	5.61
Total	78.84	64.68	77.54	64.61

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.

(₹ in million)

	As at March 31, 2013	As at March 31, 2012
Note 3 Reserves & Surplus		
a) Securities Premium Account		
As per last Balance Sheet	1,741.09	1,462.14
Add : Additions during the year	50.17	278.95
	1,791.26	1,741.09
b) General Reserve		
As per last Balance Sheet	106.18	106.18
c) Revaluation Reserve	702.55	732.63
Less : Utilised against depreciation on revalued assets	30.08	30.08
	672.47	702.55
d) Employee Stock Option Outstanding (Net)	74.78	46.48
e) Surplus / (deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	744.09	468.26
Add: Profit after tax for the year	503.43	387.54
Less: Proposed Dividend	97.85	96.12
Less: Dividend Distribution Tax	15.87	15.59
	1,133.80	744.09
	3,778.49	3,340.39

Note 4 Long-Term Borrowings

	As at March 31, 2013	As at March 31, 2012
Secured Loans		
From Banks		
Foreign Currency Term Loans	529.87	-
Rupee Term Loans	1,234.59	715.56
Hire Purchase Car Loans (with banker's lien on cars)	10.80	7.94
	1,775.26	723.50

- a) The term loans are secured against first pari passu charge on all the fixed assets of the Company, both present and future excluding land and building on non plant area situated at Shirampur, Dist. Ahmednagar and pari passu second charge on all current assets both present and future.
- b) Term loans from banks carry interest @ 12.60% to 13.25% . The loans are repayable in monthly / quarterly instalments each along with interest from the date of the loan.
- c) The amounts of secured loans from banks outstanding at the end of the financial year have been guaranteed by the personal guarantee of Chairman & Managing Director of the Company.
- d) Foreign currency loan is repayable in sixteen equal quarterly instalments of USD 612,500 each after a moratorium of fifteen months from the origination of the loan viz March 28, 2013. Interest is payable on quarterly basis from the origination of the loan.

e) Maturity profile of Secured Term Loans

(₹ in million)

	1-2 years	2-3 years	3-4 years	Beyond 4 years
Foreign Currency Term Loan	132.47	132.47	132.47	132.46
Rupee Term Loans	423.73	259.27	182.54	369.05
	556.20	391.74	315.01	501.51

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.

(₹ in million)

	As at March 31, 2013	As at March 31, 2012
Note 5 Deferred Tax Liabilities (Net)		
Deferred Tax Liability	315.84	272.25
Deferred Tax Asset	(10.42)	(13.12)
	305.42	259.13

The break-up of Deferred Tax as at March 31, 2013 is as under:

	Opening as at April 01, 2012	During the year	Closing as at March 31, 2013
Deferred Tax Liability :			
a) On depreciation differences	271.03	44.15	315.18
b) Product Development cost	1.22	(0.56)	0.66
Total Deferred Tax Liability	272.25	43.59	315.84
Deferred Tax Asset :			
Retirement Benefits & Items u/s. 43B (net of reversals)	(13.12)	2.70	(10.42)
Total Deferred Tax Asset	(13.12)	2.70	(10.42)
Deferred Tax Liabilities (Net)	259.13	46.29	305.42

(₹ in million)

	As at March 31, 2013	As at March 31, 2012
Note 6 Other Long-Term Liabilities		
Trade Deposits (Unsecured, interest free)	451.94	321.89
	451.94	321.89

Note 7 Long-Term Provisions

	As at March 31, 2013	As at March 31, 2012
Provision for Gratuity	8.44	8.23
	8.44	8.23

Note 8 Short-Term Borrowings

	As at March 31, 2013	As at March 31, 2012
Secured		
Cash Credit (including Working Capital Demand Loan)	4,002.03	3,503.78
Unsecured		
From Directors and related parties	93.30	-
	4,095.33	3,503.78

- a) The cash credit (including Working Capital Demand Loan) loans are secured against first pari passu charge on all current assets both present and future and pari passu second charge on all the fixed assets of the Company, both present and future excluding land and building on non plant area situated at Shirampur, Dist. Ahmednagar.
- b) The amounts of secured loans from banks outstanding at the end of the financial year have been guaranteed by the personal guarantee of Chairman & Managing Director of the Company.

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.

		(₹ in million)	
		As at March 31, 2013	As at March 31, 2012
Note 9	Trade Payables		
	Trade Payables [Refer Note 28 (xi)]	459.46	355.73
		459.46	355.73
Note 10	Other Current Liabilities		
	Current maturities of Term Loans-Rupee Loans	153.60	252.37
	Current maturities of Hire Purchase Car Loan	7.85	7.55
	Interest accrued but not due on borrowings	32.93	13.60
	Payable towards Statutory Liabilities	86.02	61.56
	Other Payables	25.42	32.30
	Employee dues	6.93	6.35
	Unclaimed Dividend	2.35	1.99
	Unclaimed Deposits [₹4,000 (P.Y. ₹14,000)]	-	0.01
		315.10	375.73
Note 11	Short Term Provisions		
	Provision for Leave Encashment	-	10.07
	Provision for Gratuity	14.30	12.75
	Proposed Dividend	97.50	96.00
	Dividend Distribution Tax	15.82	15.57
	Provision for Excise Duty on Finished Goods	47.20	92.05
	Provision for Taxation (Net of Advance Tax)	72.73	125.41
		247.55	351.85

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.

Note	12	Fixed Assets	(₹ in million)										
			Gross Block			Depreciation / Amortization			On Revaluation		Net Block		
			As on April 01, 2012	Additions	Deductions	Revaluation	As at March 31, 2013	As at April 01, 2012	Deductions	For the year	On Revaluation	As at March 31, 2013	As at March 31, 2012
		TANGIBLE ASSETS											
		Land	522.89	-	-	-	522.89	-	-	-	-	522.89	522.89
		Buildings	228.05	-	-	-	228.05	75.67	-	5.82	10.48	136.08	152.38
		Plant & Equipment	3,494.11	189.53	-	-	3,683.64	389.04	-	157.18	19.60	3,117.82	3,105.07
		Furniture and Fixtures	14.61	0.76	-	-	15.37	7.24	-	1.39	-	6.74	7.37
		Office Equipment	25.22	2.61	0.13	-	27.70	9.20	0.04	2.40	-	16.14	16.02
		Computers	77.31	2.62	0.03	-	79.90	39.70	0.02	15.56	-	24.66	37.61
		Electrical Installation & Fittings	16.29	-	-	-	16.29	5.34	-	1.52	-	9.43	10.95
		Motor Car and Transport Vehicles	64.11	6.02	2.88	-	67.25	29.93	1.82	9.57	-	29.57	34.18
		Roads & Bridges	2.70	-	-	-	2.70	1.23	-	0.15	-	1.32	1.47
		Library Books	0.03	-	-	-	0.03	0.03	-	-	-	-	-
		Live Stock	0.03	-	-	-	0.03	-	-	-	-	0.03	0.03
		Total Tangible Assets	4,445.35	201.54	3.04	-	4,643.85	557.38	1.88	193.59	30.08	3,864.68	3,887.97
		Less: Impairment of Assets	-	-	-	-	-	-	-	-	-	(1.70)	(1.70)
		INTANGIBLE ASSETS										3,862.98	3,886.27
		Brands	109.13	-	-	-	109.13	43.66	-	21.83	-	43.64	65.47
		Software	53.06	2.13	-	-	55.19	36.58	-	6.76	-	11.85	16.48
		Product Development	17.39	-	-	-	17.39	13.92	-	1.74	-	1.73	3.47
		Total Intangible Assets	179.58	2.13	-	-	181.71	94.16	-	30.33	-	57.22	85.42
		Grand Total	4,624.93	203.67	3.04	-	4,825.56	651.54	1.88	223.92	30.08	3,920.20	3,971.69
		Previous Year	4,183.40	445.25	3.72	-	4,624.93	411.79	2.49	212.16	30.08	3,971.69	3,971.69

Note: During the year 2007-2008 land, factory building and plant & equipment were revalued, resulting in increase in Gross Block by ₹822.87 million.

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.

(₹ in million)

		As at		As at	
		March 31, 2013		March 31, 2012	
Note 13	Non-Current Investments				
a)	Investment in Government Securities (Unquoted)	Nos.	Nos.		
	7 Year National Savings Certificates (Certificates worth ₹44,000/- deposited with Government authorities)			0.05	0.05
	6 Year National Savings Certificates (deposited with Government authorities) [₹4,250 (P.Y. ₹4,250)]			-	-
				0.05	0.05
b)	Investment in Subsidiaries (Unquoted)				
	Investment in Equity Instruments				
	Equity shares of ₹100/- each				
	Vahni Distilleries Private Limited	1,498,050	1,498,050	186.49	186.49
	Kesarval Springs Distillers Pvt. Ltd.	30,000	30,000	15.00	15.00
	Equity shares of ₹10/- each				
	Prag Distillery (P) Ltd.	3,681,000	3,681,000	154.34	154.34
	Punjab Expo Breweries Private Limited	296,002	296,002	55.00	55.00
	Mykingdom Ventures Pvt. Ltd.	10,000	10,000	2.00	2.00
	P.P.Caps Private Limited	250,000	250,000	2.50	2.50
	Studd Projects P. Ltd.	10,000	10,000	0.10	0.10
	Srirampur Grains Private Limited	10,000	10,000	0.10	0.10
	Shivprabha Sugars Ltd.	45,000	45,000	24.98	24.98
				440.51	440.51
c)	Investment in Associate (Unquoted)				
	Investment in Equity Instruments				
	Equity shares of ₹10/- each				
	Mason & Summers Marketing Services Pvt. Ltd.	130,000	-	16.90	-
				16.90	-
d)	Other than Trade Investments (Unquoted)				
	Investment in Equity Instruments				
	Equity shares of ₹100/- each				
	Mula Pravara Electric Co-operative Society Ltd.	2,462	2,462	0.25	0.25
	Shree Suvarna Sahakari Bank Ltd. [₹2,000 (P.Y. ₹2,000)]	20	20	-	-
	Maharashtra State Financial Corporation	115	115	0.01	0.01
	Rupee Co-op Bank Ltd.	1,000	1,000	0.03	0.03
				0.29	0.29
				457.75	440.85
	Aggregate of unquoted investments (at cost)			457.75	440.85

(₹ in million)

		As at		As at	
		March 31, 2013		March 31, 2012	
Note 14	Long-Term Loans and Advances				
	Unsecured, considered good				
	Capital advances		566.33		9.80
	Loans and advance to employees		9.52		9.82
	MAT Credit entitlement		15.82		-
	Advance Tax (net of Provision for Taxation)		27.31		55.93
	Deposits with Court		19.08		19.08
			638.06		94.63

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.

(₹ in million)

		Shares/ Units	As at March 31, 2013	As at March 31, 2012
Note 15	Current Investments			
	Investment in mutual funds (Unquoted)			
	Monthly Income Plan	122,880.32	-	2.50
	Net asset value ₹Nil (P.Y. ₹2.77 million)			
			-	2.50

(₹ in million)

		As at March 31, 2013	As at March 31, 2012
Note 16	Inventories (At Cost)		
	Raw materials	134.88	151.55
	Stores and spares	462.25	315.14
	Work-in-progress	348.72	402.55
	Finished goods	120.34	212.16
		1,066.19	1,081.40

(₹ in million)

		As at March 31, 2013	As at March 31, 2012
Note 17	Trade Receivables		
	Unsecured, considered good		
	Outstanding for a period exceeding six months from the date they are due for payment	20.01	20.24
	Unsecured, considered doubtful		
	Outstanding for a period exceeding six months from the date they are due for payment	9.01	9.01
	Other receivables		
	Unsecured, considered good	1,328.17	874.62
		1,357.19	903.87
	Less: Provision for doubtful debts	(9.01)	(9.01)
		1,348.18	894.86

(₹ in million)

		As at March 31, 2013	As at March 31, 2012
Note 18	Cash and Bank Balances		
a)	Cash and Cash Equivalents		
	i) Balances with Banks		
	In Current Accounts	45.61	24.94
	ii) Cash on Hand	17.41	12.01
		63.02	36.95
b)	Other Bank Balances		
	i) Earmarked Balances with Banks	2.60	2.96
	ii) Short Term Bank Deposits	40.28	41.01
		42.88	43.97
		105.90	80.92

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.

(₹ in million)

	As at March 31, 2013	As at March 31, 2012
Note 19 Short-Term Loans and Advances		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	1,350.53	1,118.86
Advances to Subsidiary Companies *	967.01	770.26
Advance with Tie-up Units	1,980.47	1,592.98
Balance with Excise Authorities	123.08	35.05
Deposits	294.68	288.77
	4,715.77	3,805.92

* Represents advances given to Private Companies where the Director of the Company is a Director.

Note 20 Other Current Assets	Year ended March 31, 2013	Year ended March 31, 2012
Interest accrued on Deposits	0.13	0.52
	0.13	0.52

(₹ in million)

	Year ended March 31, 2013	Year ended March 31, 2012
Note 21 Revenue from Operations		
Sales of products	6,377.64	4,681.42
Income from tie-up units	1,176.58	1,314.19
	7,554.22	5,995.61

The Company has entered into arrangements with certain distilleries and bottling units in other states for manufacturing and marketing of its own brands. The manufacture under the said arrangement, wherein each party's obligations are stipulated, is carried out under Company's close supervision. The marketing is entirely the responsibility of the Company. The Company is also required to ensure adequate finance to the distilleries, where required. Accordingly, it is considered appropriate to disclose the following quantitative and value information for the year, as applicable to such activities.

	2012-2013	2011-12
Gross Sales of Companies' brands and other sales including sales made by tie-up arrangements	11,762.46	11,577.44
Less : Excise Duty / sales under other various arrangements	4,637.35	5,057.06
Net Sales of Companies' brands and other sales	7,125.11	6,520.38
Less : Net Sales made by tie up units	2,738.09	3,306.03
Add : Net income from tie up arrangement	1,176.58	1,314.19
Total Income	5,563.60	4,528.54
Details of sale of products		
Indian Made Foreign Liquor	5,879.20	4,171.59
Industrial Alcohol, Spirits & Others	498.44	509.83
	6,377.64	4,681.42

Note 21.1 Other Operating Income	Year ended March 31, 2013	Year ended March 31, 2012
Sale of by products and scrap	17.17	44.13
Government Incentives [Refer Note 28 (xx)]	109.84	-
	127.01	44.13

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.

(₹ in million)

	Year ended March 31, 2013	Year ended March 31, 2012
Note 22 Other Income		
Duty drawback on exports	8.95	5.81
Miscellaneous receipts	6.42	2.98
Sundry balance written back	0.14	1.00
Interest income on margin money / fixed deposits	5.15	3.07
Gain on exchange fluctuation	2.08	0.11
Profit on sale of assets	-	1.63
Dividend on current investments	0.27	-
	23.01	14.60

Note 23 Cost of Materials Consumed	Year ended March 31, 2013	Year ended March 31, 2012
i) Raw Material Consumption		
Opening Stock	151.55	158.61
Add: Purchases	921.46	779.48
Less: Closing Stock	134.88	151.55
	938.13	786.54
ii) Packing Materials & Consumables	1,417.12	1,065.37
	2,355.25	1,851.91

Details of Raw Materials Consumed	Year ended March 31, 2013	Year ended March 31, 2012
a) Molasses, Grain etc.	441.91	647.03
b) Industrial Alcohol & Other Spirits	356.15	112.53
c) Other Raw Materials	140.07	26.98
	938.13	786.54

Value of Imported & Indigenous Raw Materials Consumed	% to Total Consumption	2012-13	% to Total Consumption	2011-12
i) Imported	5.74	53.85	0.16	1.23
ii) Indigenous	94.26	884.28	99.84	785.31
	100.00	938.13	100.00	786.54

(₹ in million)

	Year ended March 31, 2013	Year ended March 31, 2012
Note 24 (Increase) / Decrease in Stock		
Opening Stock		
i) Work-in-progress	402.55	246.90
ii) Finished goods	212.16	39.13
	614.71	286.03
Less : Closing Stock		
i) Work-in-progress	348.72	402.55
ii) Finished goods	120.34	212.16
	469.06	614.71
(Increase) / Decrease in Stock	145.65	(328.68)

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.

	(₹ in million)	
	Year ended March 31, 2013	Year ended March 31, 2012
Note 25 Employee Benefit Expense		
Salary and wages	195.65	201.29
Employee Stock Option Expenses	45.62	30.63
Contribution to provident fund and family pension fund	22.07	19.14
Staff welfare expenses	11.25	15.28
Gratuity	1.76	6.10
	276.35	272.44

Note 26 Other Expenses

Power and fuel	40.90	37.64
Provision for Excise Duty on Finished Goods [Refer Note 28 (ix)]	(44.85)	91.52
Repairs & maintenance		
i) Plant & Equipment	11.24	19.93
ii) Buildings	0.20	1.26
iii) Others	13.69	13.87
Insurance	9.10	7.68
Rent	14.90	23.25
Contract manufacturing cost	321.46	435.85
Legal and professional charges	49.89	67.18
Auditors Remuneration	0.73	0.59
Rates and taxes	227.41	150.61
Freight, transport charges & other expenses	123.68	116.43
Selling expenses [Discounts, Sales Promotion & Advertising etc.]	522.85	343.69
Travelling and conveyance expenses	20.87	16.28
Printing and stationery	8.12	8.47
Communication expenses	15.66	11.62
Vehicle running expenses	9.95	7.51
Director sitting fees	0.32	0.32
Bad Debts	0.24	-
Loss on Sale of Assets	0.07	-
Loss on exchange fluctuation	2.86	-
Commission to Independent Directors	5.96	5.69
Corporate Social Responsibility	31.22	27.71
Miscellaneous Expenses	54.97	70.14
	1,441.44	1,457.24

Note 27 Finance Cost

Interest on Term Loans	118.62	173.61
Interest on Cash Credits / Working Capital Demand Loan	389.84	330.48
Others	42.83	37.47
	551.29	541.56

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.**Note 28 Notes on Accounts****i) Contingent Liability not provided for:**

	(₹ in million)	
Particulars	As at March 31, 2013	As at March 31, 2012
a) Corporate guarantees issued to banks on behalf of Subsidiary Company	686.10	562.72
b) Bank guarantees issued on behalf of the Company	159.40	135.58
c) In respect of disputed Income tax matters, pending before the appropriate Income tax authorities, contested by the Company		
A.Y. 2010-2011	1.90	-
A.Y. 2009-2010	6.13	6.13
A.Y. 2007-2008	86.07	86.07
A.Y. 2004-2005	-	22.27
d) In respect of disputed Sales tax matters, pending before the appropriate tax authorities, contested by the Company		
F.Y. 2008-2009 (TOT- Kerala)	0.11	-
F.Y. 2008-2009 (VAT- Kerala)	0.22	-
F.Y. 2007-2008 (TOT- Kerala)	0.11	-
F.Y. 2007-2008 (VAT- Kerala)	0.55	-
F.Y. 2004-2005 (Bombay Sales Tax)	4.67	4.67
F.Y. 2004-2005 (Central Sales Tax)	2.03	2.03
F.Y. 2003-2004 (Bombay Sales Tax)	6.28	6.28
F.Y. 2003-2004 (Central Sales Tax)	4.83	4.83

ii) Estimated amount of contracts remaining to be executed on capital accounts and not provided for is approx ₹250 million (net of advances) (P.Y. ₹40 million).

iii) Operating Lease:

- The Company has taken Bottling units under cancellable operating lease at various locations and during the financial year ₹28.51 million (P.Y. ₹22.50 million) paid towards lease rentals has been charged to Statement of Profit and Loss.
- The Company has taken various residential / commercial premises under cancellable operating lease. Lease rental expenses included in the Statement of Profit and Loss for the financial year is ₹14.90 million (P.Y. ₹23.25 million).
- Except for escalation clauses contained in certain lease arrangements providing for increase in the lease payment by a specified percentage / amounts after completion of specified period, the lease terms do not contain any exceptional / restrictive covenants other than the prior approval of the lessee before the renewal of lease.
- There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lessor is required for further leasing. There is no contingent rent payment.

iv) The disclosure of Accounting Standard 15 "Employee Benefits" is as follows:

Defined Contribution Plan

The Company has charged in the Statement of Profit and Loss during the financial year an amount of ₹22.07 million (P.Y. ₹19.14 million) under defined contribution plan as employer's contribution to Provident Fund.

Defined Benefit Plan

The Employees' gratuity fund scheme managed by LIC is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.

Note 28 Notes on Accounts (contd.)

(₹ in million)

	Funded Gratuity
Present Value of obligation	32.95
Fair Value of Plans	10.21
Net Liability in the balance sheet	22.74
Defined Benefit Obligations	
Opening balance as at April 1, 2012	30.42
Interest expenses	2.66
Current service cost	3.88
Actuarial (gain) / loss	(4.01)
Closing balance as at March 31, 2013	32.95
Plan Assets	
Opening balance as at April 1, 2012	9.44
Expected return on plan assets	0.81
Contributions by the Company	-
Paid Funds	-
Actuarial (gain) / loss	(0.04)
Transfer Received	-
Closing balance as at March 31, 2013	10.21
Return on Plan Assets	
Expected return on plan assets	0.81
Actuarial (gain) / loss	(0.04)
Actual Return on Plan Assets	0.77
Expenses on defined benefit plan	
Current service costs	3.88
Past service cost	-
Interest expense	2.66
Expected return on plan assets	(0.81)
Net actuarial (gain) / loss	(3.97)
Expenses charged to the Statement of Profit and Loss	1.76

Investments Details	% Invested March 31, 2013
Funds Managed by Life Insurance Corporation	100
Public Sector Unit Bonds	-
State / Central Guaranteed securities	-
Special deposit schemes	-
Other (excluding bank balances)	-
	100

Actuarial assumptions	Gratuity (funded)
Mortality (LIC)	2006-08 Ultimate
Discount rate (per annum)	8.00%
Expected rate of return on plan assets (per annum)	8.70%
Rate of escalation in salary (per annum)	5.00%
Attrition rate (per annum)	2.00%

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.

Note 28 Notes on Accounts; (contd.)

v) Employee Stock Option Scheme

a) The Shareholders of the Company at the Annual General Meetings held on August 06, 2008 and September 20, 2010 had approved the Employee Stock Option Scheme (ESOP) 2008 and Employee Stock Option Scheme (ESOP) 2010 respectively and also approved Employee Stock Option Scheme (ESOP) 2012 on May 24, 2012 by way of Postal Ballot.

b) During the financial year ended March 31, 2013, the following schemes were in operation :

A) Employee Stock Option Scheme 2008

Particulars	Grant 1	Grant 2	Grant 3	Grant 4
Date of Grant	July 02, 2009	Jan 28, 2010	June 25, 2010	Aug 07, 2010
Date of the Board Approval	July 02, 2009	Jan 28, 2010	June 25, 2010	Aug 07, 2010
Date of the Shareholders Approval	Aug 06, 2008	Aug 06, 2008	Aug 06, 2008	Aug 06, 2008
Number of options granted till March 31, 2013	730,400	3,730,521	154,200	843,663
Number of options cancelled till March 31, 2013	241,700	839,181	33,870	177,048
Number of options lapsed till March 31, 2013	10,800	351,970	900	8,010
Number of options exercised till March 31, 2013 *	291,600	1,072,970	20,430	97,283
Net options outstanding as on March 31, 2013	186,300	1,466,400	99,000	561,322
Vesting period from the date of grant	4 years	4 years	4 years	4 years
Exercise period from the date of vesting	2 years	2 years	2 years	2 years

*includes 132,530 options under Grant 2 and 2,700 options under Grant 3 exercised during the year and pending for allotment.

B) Employee Stock Option Scheme 2010

Particulars	Grant 1	Grant 2	Grant 3	Grant 4
Date of Grant	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011
Date of the Board Approval	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011
Date of the Shareholders Approval	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010
Number of options granted till March 31, 2013	1,615,500	512,000	3,379,600	969,000
Number of option cancelled till March 31, 2013	735,120	143,510	1,178,327	-
Number of options lapsed till March 31, 2013	70,410	7,080	18,690	-
Number of options exercised till March 31, 2013*	92,370	55,300	652,237	290,700
Net options outstanding as on March 31, 2013	717,600	306,110	1,530,346	678,300
Vesting period from the date of grant	3 years	3 years	3 years	3 years
Exercise period from the date of vesting	2 years	2 years	2 years	2 years

*includes 3,600 options under Grant 1; 1,530 options under Grant 2 and 11,595 options under Grant 3 exercised during the year and pending for allotment.

C) Employee Stock Option Scheme 2012

Particulars	Grant 1	Grant 2
Date of Grant	May 28, 2012	Feb 04, 2013
Date of the Board Approval	May 28, 2012	Feb 04, 2013
Date of the Shareholders Approval	May 24, 2012	May 24, 2012
Number of options granted till March 31, 2013	3,000,000	1,000,000
Number of options cancelled till March 31, 2013	54,946	-
Number of options lapsed till March 31, 2013	2,184	-
Number of options exercised till March 31, 2013	-	-
Net options outstanding as on March 31, 2013	2,942,870	1,000,000
Vesting period from the date of grant	3 years	3 years
Exercise period from the date of vesting	2 years	2 years

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.

Note 28 Notes on Accounts (contd.)

c) The details of the options as on March 31, 2013 are as under: (Nos. in million)

Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
Financial Year 2011-12			
Options outstanding as on April 01, 2011	4.61	1.60	-
Options granted from April 01, 2011 to March 31, 2012	-	4.86	-
Options cancelled till March 31, 2012	0.29	1.76	-
Options lapsed till March 31, 2012	0.24	-	-
Options exercised April 01, 2011 to March 31, 2012	0.46	0.01	-
Options outstanding as on March 31, 2012	3.62	4.69	-
Financial Year 2012-13			
Options outstanding as on April 01, 2012	3.62	4.69	-
Options granted from April 01, 2012 to March 31, 2013	-	-	4.00
Options cancelled till March 31, 2013	0.23	0.28	0.05
Options lapsed till March 31, 2013	0.13	0.10	-
Options exercised April 01, 2012 to March 31, 2013 *	0.95	1.08	-
Options outstanding as on March 31, 2013	2.31	3.23	3.95

*includes 135,230 stock options (ESOP Scheme 2008) and 16,725 stock options (ESOP Scheme 2010) exercised during the year and pending for allotment.

d) The weighted average fair value of stock options granted during the financial year was ₹101.83 million (P.Y. ₹58.70 million). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

A) Employee Stock Option Scheme 2008

Particulars	Grant 1	Grant 2	Grant 3	Grant 4
Dates of Grant	July 02, 2009	Jan 28, 2010	June 25, 2010	Aug 07, 2010
Market Price (₹ per share) on the dates of grant	143.45	99.45	145.75	199.65
Volatility	71.49%	68.41%	66.45%	66.11%
Risk free rate	6.24%	6.76%	7.10%	7.59%
Exercise price (pre all bonuses)	120	75	110	150
Time to maturity (years)	4	4	4	4
Dividend yield	2.00%	2.00%	2.24%	2.24%
Option fair value (₹ per share)	66.80	49.11	71.37	98.71

B) Employee Stock Option Scheme 2010

Particulars	Grant 1	Grant 2	Grant 3	Grant 4
Dates of Grant	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011
Market Price (₹ per share) on the dates of grant	83.00	51.20	33.95	32.60
Volatility	66.25%	63.86%	63.63%	63.67%
Risk free rate	7.97%	8.36%	8.58%	8.99%
Exercise price	60	38	25	25
Time to maturity (years)	3	3	3	3
Dividend yield	2.24%	2.10%	2.10%	2.10%
Option fair value (₹ per share)	41.89	26.23	17.50	16.55

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.

Note 28 Notes on Accounts (contd.)

C) Employee Stock Option Scheme 2012

Particulars	Grant 1	Grant 2
Dates of Grant	May 28, 2012	Feb 04, 2013
Market Price (₹ per share) on the dates of grant	56.30	77.20
Volatility	61.31%	57.75%
Risk free rate	8.24%	7.95%
Exercise price	42	60
Time to maturity (years)	3	3
Dividend yield	1.84%	1.84%
Option fair value (₹ per share)	28.56	36.86

e) Since the Company, used the intrinsic value method, the impact on the reported net profit and earnings per share by applying the fair value method is as under:

Particulars	As at	
	March 31, 2013	March 31, 2012
Net Profit as Reported available to Equity Share holders	503.43	387.54
Add: Employee stock compensation under intrinsic value	45.62	30.63
Less: Employee stock compensation under fair value method	101.83	58.70
Adjusted Net Profit	447.22	359.47
Earnings per share		
Basic: (₹)		
-As reported	4.17	3.35
-Adjusted	3.71	3.11
Diluted: (₹)		
-As reported	4.04	3.30
-Adjusted	3.59	3.07

vi) Segment Reporting:

The Company is predominantly engaged in the business of manufacture and sale of Indian Made Foreign Liquor and its related products which constitute a single business segment.

vii) Related Party Disclosures:

The disclosures pertaining to the related parties as required by the Accounting Standard 18 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India, as applicable, are as under:

a) List of Subsidiary Companies	:	Prag Distillery (P) Ltd.
	:	Vahni Distilleries Private Limited
	:	Kesarval Springs Distillers Pvt. Ltd.
	:	Punjab Expo Breweries Private Limited
	:	Mykingdom Ventures Pvt. Ltd.
	:	P.P. Caps Private Limited
	:	Studd Projects P. Ltd.
	:	Srirampur Grains Private Limited
	:	Shivprabha Sugars Ltd.
b) Key Managerial Personnel	:	Mr. Amit Dahanukar
	:	Mrs. Shivani Amit Dahanukar
c) Company in which Key Managerial Personnel has substantial interest	:	M.L. Dahanukar and Co. Pvt. Ltd.
	:	Arunoday Investments Pvt. Ltd.
d) Relative of Key Managerial Personnel	:	Dr. Priyadarshini A. Dahanukar

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.

Note 28 Notes on Accounts (contd.)

(₹ in million)

Nature of Transaction (excluding reimbursements)	Parties referred in (a) above		Parties referred in (b) above		Parties referred in (c) above		Parties referred in (d) above	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Sales								
Prag Distillery (P) Ltd.	68.45	105.47	-	-	-	-	-	-
Vahni Distilleries Private Limited	63.53	64.45	-	-	-	-	-	-
Kesarval Springs Distillers Pvt. Ltd.	1.04	4.73	-	-	-	-	-	-
Punjab Expo Breweries Private Limited	7.41	3.70	-	-	-	-	-	-
Total	140.43	178.35	-	-	-	-	-	-
Purchase								
Prag Distillery (P) Ltd.	5.44	6.68	-	-	-	-	-	-
Punjab Expo Breweries Private Limited	1.71	-	-	-	-	-	-	-
Total	7.15	6.68	-	-	-	-	-	-
Interest Income								
Prag Distillery (P) Ltd.	52.88	17.32	-	-	-	-	-	-
Punjab Expo Breweries Private Limited	20.37	-	-	-	-	-	-	-
Total	73.25	17.32	-	-	-	-	-	-
Payment to Key Managerial Personnel								
Mr. Amit Dahanukar	-	-	35.99	34.24	-	-	-	-
Mrs. Shivani Amit Dahanukar	-	-	23.58	22.70	-	-	-	-
Total	-	-	59.57	56.94	-	-	-	-
Net Loans & Advances given								
Prag Distillery (P) Ltd.	201.60	(101.12)	-	-	-	-	-	-
Vahni Distilleries Private Limited	1.20	82.11	-	-	-	-	-	-
Kesarval Springs Distillers Pvt. Ltd.	11.29	(103.72)	-	-	-	-	-	-
Punjab Expo Breweries Private Limited	0.43	183.81	-	-	-	-	-	-
Mykingdom Ventures Pvt Ltd	0.70	-	-	-	-	-	-	-
P.P.Caps Pvt Ltd	0.55	-	-	-	-	-	-	-
Studd Projects P. Ltd.	(22.82)	-	-	-	-	-	-	-
Srirampur Grain Pvt Ltd	1.39	-	-	-	-	-	-	-
Shivprabha Sugars Ltd.	2.43	1.12	-	-	-	-	-	-
Total	196.77	62.20	-	-	-	-	-	-
Loan Taken								
Mr. Amit Dahanukar	-	-	70.00	-	-	-	-	-
Mrs. Shivani Amit Dahanukar	-	-	0.30	25.00	-	-	-	-
M.L. Dahanukar and Co. Pvt. Ltd.	-	-	-	-	2.50	-	-	-
Total	-	-	70.30	25.00	2.50	-	-	-
Repayment of Loan								
Mr. Amit Dahanukar	-	-	10.00	-	-	-	-	-
Mrs. Shivani Amit Dahanukar	-	-	0.30	25.00	-	-	-	-
M.L. Dahanukar and Co. Pvt. Ltd.	-	-	-	-	-	-	-	-
Total	-	-	10.30	25.00	-	-	-	-
Rent Payment								
Mr. Amit Dahanukar	-	-	8.86	2.45	-	-	-	-
M.L. Dahanukar and Co. Pvt. Ltd.	-	-	-	-	0.72	0.72	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	-	-	2.71	0.92
Total	-	-	8.86	2.45	0.72	0.72	2.71	0.92

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.

Note 28 Notes on Accounts (contd.)

(₹ in million)

Nature of Transaction	Parties referred in (a) above		Parties referred in (b) above		Parties referred in (c) above		Parties referred in (d) above	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Outstanding Receivable (Payable)								
Prag Distillery (P) Ltd.	603.79	402.20	-	-	-	-	-	-
Vahni Distilleries Private Limited	97.89	96.69	-	-	-	-	-	-
Kesarval Springs Distillers Pvt. Ltd.	74.48	63.19	-	-	-	-	-	-
Punjab Expo Breweries Private Limited	184.24	183.81	-	-	-	-	-	-
Mykingdom Ventures Pvt Ltd	0.70	-	-	-	-	-	-	-
P.P.Caps Pvt Ltd	0.55	-	-	-	-	-	-	-
Studd Projects P. Ltd.	0.18	23.00	-	-	-	-	-	-
Srirampur Grain Pvt Ltd	1.39	-	-	-	-	-	-	-
Shivprabha Sugars Ltd.	3.79	1.37	-	-	-	-	-	-
Mr. Amit Dahanukar	-	-	(57.24)	1.00	-	-	-	-
M.L. Dahanukar and Co. Pvt. Ltd.	-	-	-	-	(1.00)	1.50	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	-	-	0.89	0.31
Total	967.01	770.26	(57.24)	1.00	(1.00)	1.50	0.89	0.31

viii) Auditor's remuneration charged to accounts:

	2012-2013	2011-12
a) Audit fees	0.58	0.53
b) Auditors remuneration in other capacity	0.13	0.04
c) Reimbursement of expenses	0.02	0.02
Total	0.73	0.59

ix) Provision of excise duty on finished goods manufactured but yet to be cleared from the factory as at March 31, 2013 estimated at ₹47.20 million (P.Y. ₹92.05 million) has been provided in the books and also been considered in valuation of closing stock of finished goods. Provision for excise duty on finished goods charged in the Statement of Profit and Loss for the financial year is as follows:

	2012-2013	2011-12
Provision for excise duty on finished goods at the beginning of the year	92.05	0.53
Provision for excise duty on finished goods at the end of the year	47.20	92.05
Provision for excise duty on finished goods charged in the Statement of Profit and Loss	(44.85)	91.52

x) There are no amounts outstanding in respect of unpaid dividend / fixed deposits for more than seven years to be transferred to Investor Education & Protection Fund.

xi) The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to Micro, Small and Medium Enterprises have not been made.

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.

Note 28 Notes on Accounts; (contd.)

xii) Earnings per share:		(₹ in million)	
	2012-2013	2011-12	
Profit After Tax	503.43	387.54	
Weighted average number of shares	120.69	115.53	
Basic Earnings Per Share	4.17	3.35	
Weighted average number of shares (adjusted for the effects of dilutive potential equity shares)	124.73	117.26	
Diluted Earnings Per Share	4.04	3.30	
Face Value per Equity Share	10.00	10.00	

xiii) The Company has not entered into any forward exchange contracts to hedge against its foreign Currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes. The foreign currency exposure not hedged as at March 31, 2013 are as under:

	Currency	FC in million	March 31, 2013 (₹ in million)	FC in million	March 31, 2012 (₹ in million)
a) Receivable - Debtors	USD	0.35	19.36	0.37	20.47
b) Payable - Term Loans	USD	9.80	529.87	-	-

xiv) CIF Value of Imports		(₹ in million)	
	2012-2013	2011-12	
Raw materials	92.77	20.29	

xv) Earnings in Foreign Exchange		(₹ in million)	
	2012-2013	2011-12	
FOB value of exports	151.06	66.91	

xvi) Expenditure in Foreign Exchange		(₹ in million)	
	2012-2013	2011-12	
Professional Fees	16.83	1.66	
Travelling Expenses	3.75	0.86	
Purchase of material	50.94	13.90	
	71.52	16.42	

xvii) Managerial Remuneration:

Details of the Managerial Remuneration paid or provided during the financial year ended on March 31, 2013:

	2012-2013	2011-12
Remuneration to Managing Director and Whole-time Directors		
- Salaries and contribution to funds	51.49	51.36
- Commission	8.08	5.58
	59.57	56.94
Remuneration to Non-executive and Independent Directors		
- Commission	5.96	5.69

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.

Note 28 Notes on Accounts (contd.)

xviii) During October 2012, the Company has acquired 26% stake in Mason & Summers Marketing Services Pvt Ltd (MSMSPL), a Company engaged in the business of sales, marketing and distribution of branded products of IMFL.

xix) During the financial year, the Income tax department conducted survey on the Company. The Company is in the process of submitting all the necessary documents and replies to the Income Tax Department. The Company has not received any notice of demand in consequence of the survey till the date of signing of the financial statements.

xx) The Company has been granted Mega Project status for its new facilities at Shirampur Factory under Package Scheme of Incentives (PSI) 2007 by the Government of Maharashtra. With its mega project status, the Company is entitled to monetary benefits which includes Industrial Promotional Subsidy in the form of refunds equivalent to 100% of eligible investment of ₹2,546.21 million or to the extent of taxes payable under Maharashtra Value Added Tax Act, 2002 and Central Sales Tax Act, 1956 in respect of sale of finished goods eligible for incentives after adjustment of set off or other credit available within a period of seven years whichever is lower. Other operating income for the year includes ₹109.84 million on account of entitlement of MVAT and CST refund for the previous year 2011-2012.

xxi) Other significant notes

a) The Company's glass manufacturing unit was given to Ramnath Glass Containers Pvt. Ltd (RGCPL) managed by Mehta Brothers on lease for carrying out their business, which had discontinued the operations in the year 2003 and handed over the unit back to the Company in totally unworkable conditions without fulfilling their legal obligations under the agreement. Due to this the Company had to pay the statutory liabilities and settle the dues of the workmen on behalf of RGCPL / Mehta Brothers. The Company has initiated the legal action against the RGCPL / Mehta Brothers for recovery of amount paid together with interest and damages amounting to ₹76.20 million.

b) The Company's distributor Ding Dong Liquors has filed a winding up petition on the Company in the High Court of Judicature of Bombay for recovery of Security Deposit of ₹25.00 million. The Company withheld the Security Deposit on the grounds that Ding Dong Liquors had failed to deliver the 'C' Forms and other amounts due to the Company. The Hon'ble High Court vide its Order directed the Company to deposit a sum of ₹12.70 million out of the total amount claimed by Ding Dong Liquors. The Company has deposited the above sum with the Court and filed an appeal against the said Order.

Further, the Company has filed a separate suit for recovery of dues of ₹39.00 million and C-forms against Ding Dong Liquors which has been upheld by the Bombay High court by dismissing the winding up petition and directed Ding Dong Liquors to avail remedy from the Hon'ble Court for recovery of the amount failing which the Company will be entitled to an amount of ₹12.70 million deposited with the Court. Ding Dong has filed a separate suit claiming recovery but have failed to get the transfer of the deposited amount in that suit inspite of paying for the same.

c) Anupama Wine Distributors has filed a suit before the City Civil Court, Bangalore claiming ₹73.11 million towards refund of security deposit and other dues. The Hon'ble Court vide its Order dated December 22, 2007 dismissed their application for attachment of property for recovery of the above dues. The Company has filed a counter claim for ₹119.30 million against Anupama Wine Distributors and the matter is pending before City Civil Court, Bangalore.

d) Anupama Wine Distributors has filed a Company petition against the Company before Bombay High Court and against that the Hon'ble Bombay High Court has vide order dated March 16, 2009 directed to the Company to Deposit a security worth ₹42.10 million. The Company deposited a Bank Guarantee worth the said amount with the High Court, Mumbai and filed an appeal against the said Order which has been upheld the Hon'ble Bombay High Court by dismissing the winding up petition and allowed the Company to discharge the bank guarantee. The said order of Bombay High Court was challenged by Anupama Wine Distributors by filing a Special Leave Application at Hon'ble Supreme Court. The Hon'ble Supreme Court has rejected their Special Leave Application. Accordingly, Company has discharged the said bank guarantee.

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2013.**Note 28 Notes on Accounts (contd.)**

e) The Company has filed a winding up petition against its bottler and manufacturer Rhizome Distilleries Pvt. Ltd., Hyderabad at Hyderabad High Court for the recovery of its pending dues of ₹69.00 million against the sales proceeds received by them against Company's products which they have failed to provide to the Company. The High Court, Hyderabad have passed an order restraining Rhizome Distilleries Pvt. Ltd. from alienating its assets and now the matter is placed for final orders. The Company has also filed a separate civil suit against Rhizome Distilleries Pvt. Ltd. for the recovery. The complaints against the Rhizome Distillery Pvt. Ltd.'s directors under section 138 of Negotiable Instruments Act has also been filed regarding the bouncing of cheques which they had provided against our sales proceeds.

xxii) The Ministry of Corporate affairs, Government of India, vide General Circular No 2 and 3 dated February 08, 2011 and February 21, 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

xxiii) Figures of previous year have been regrouped, reclassified and recast, wherever considered necessary.

As per our Report of even date annexed.

For **Batliboi & Purohit**
Chartered Accountants
Firm Registration No. 101048W

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Date : May 30, 2013

For and on behalf of the Board

Amit Dahanukar
Chairman &
Managing Director

Dr. Vishnu Kanhere
Director

Madan Goyal
Director

Shivani Amit Dahanukar
Executive Director

Dr. Ravindra Bapat
Director

Gaurav Thakur
Company Secretary

V.B.Haribhakti
Director

C.V.Bijlani
Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Name of the Subsidiary	(₹ in million)									
	Prag Distillery (P) Ltd	Vahni Distilleries Private Limited	Kesarnal Springs Distillers Pvt. Ltd.	Punjab Expo Breweries Private Limited	Mykingdom Ventures Pvt. Ltd.	P. P. Caps Private Limited	Studd Projects P. Ltd.	Sriampur Grains Private Limited	Shivprabha Sugars Ltd.	March 31, 2013
1. Holding Company's Interest	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013
Equity Share Capital	3,681,000 equity shares of ₹10/- each fully paid up	1,498,050 equity shares of ₹100/- each fully paid up	30,000 equity shares of ₹100/- each fully paid up	296,002 equity shares of ₹10/- each fully paid up	10,000 equity shares of ₹10/- each fully paid up	250,000 equity shares of ₹10/- each fully paid up	10,000 equity shares of ₹10/- each fully paid up	10,000 equity shares of ₹10/- each fully paid up	50,000 equity shares of ₹10/- each fully paid up	90%
2. Net aggregate amounts of the profits / (losses) of the subsidiary so far as it concerns the members of the holding Company and is not dealt with in accounts of the holding Company	61.46	43.28	(5.82)	4.62	0.28	(1.60)	(0.07)	(0.08)	0.49	
- For the financial year of the subsidiary	148.00	(59.20)	(2.43)	6.90	(0.05)	(0.13)	(0.03)	(0.05)	(0.18)	
- For the previous financial year of the subsidiary since it became its subsidiary										
3. Net aggregate amounts of the profits / (losses) of the subsidiary so far as it concerns the members of the holding Company and is dealt with in accounts of the holding Company	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
- For the financial year of the subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
- For the previous financial year of the subsidiary since it became its subsidiary	36.81	149.81	3.00	2.96	0.10	2.50	0.10	0.10	0.50	
4. Capital	297.46	12.21	(11.99)	5.18	2.28	(1.76)	(0.22)	(1.50)	0.29	
5. Reserves	1,971.25	411.12	66.85	211.24	3.16	1.31	0.10	0.01	16.01	
6. Total Assets	1,636.98	249.10	75.84	203.10	0.78	0.57	0.22	1.41	15.22	
7. Total Liabilities	0.03	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
8. Details of Investments (Except Investment in Subsidiary)	2,165.21	2,296.77	4.81	218.55	0.02	0.06	Nil	0.00	0.73	
9. Gross Turnover (including other operating income and other income)	91.97	38.87	(5.82)	6.82	(0.06)	(1.60)	(0.07)	(0.08)	0.63	
10. Profit Before Taxation	30.51	(4.41)	-	2.20	(0.34)	-	-	-	0.14	
11. Provision for Taxation	61.46	43.28	(5.82)	4.62	0.28	(1.60)	(0.07)	(0.08)	0.49	
12. Profit After Taxation	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
13. Proposed Dividend										

For and on behalf of the Board
Amit Dahanukar
Chairman & Managing Director

Dr. Vishnu Kanhere
Director

Madan Goyal
Director

Shivani Amit Dahanukar
Executive Director

Dr. Ravindra Bapat
Director

Gaurav Thakur
Company Secretary

V.B.Haribhakti
Director

C.V.Bijlani
Director

Notes

Caution regarding forward-looking statements

This document contains statements about expected future events and financial and operating results of Tilaknagar Industries Ltd., which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Tilaknagar Industries Ltd.'s Annual Report 2012-13.



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