

Form A

1.	Name of the Company	Tilaknagar Industries Ltd.
2.	Annual Financial Statements for the year ended	31st March, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A.
5.	To be signed by-	
	• Chairman & Managing Director	
	• Chief Financial Officer	
	• Auditor	
	• Chairman - Audit Committee	



Registered Office: P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra-413 720
Email: investor@tilind.com, **Website:** www.tilind.com, **Phone:** +91 22 22831716/18, **Fax:** +91 22 22046904

NOTICE

NOTICE is hereby given that the **79th Annual General Meeting (AGM)** of the Members of Tilaknagar Industries Ltd. will be held on **Saturday, September 27, 2014 at 10.30 a.m.** at the Registered Office of the Company i.e. P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra- 413 720 to transact the following business:

ORDINARY BUSINESS

Item No. 1 - Adoption of the audited financial statements and the reports of the Board of Directors and Auditors thereon

To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2014, including the audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the financial year ended on that date and the reports of the Board of Directors and Auditors thereon.

Item No. 2 - Declaration of dividend

To declare dividend on equity shares for the financial year ended March 31, 2014.

Item No. 3 - Re-appointment of Mrs. Shivani Amit Dahanukar, who retires by rotation

To appoint a Director in place of Mrs. Shivani Amit Dahanukar (DIN:00305503), who retires by rotation and being eligible, offers herself for re-appointment.

Item No. 4 - Re-appointment of Statutory Auditors

To re-appoint M/s Batliboi & Purohit, Chartered Accountants (Firm Registration No. 101048W) as the Statutory Auditors of the Company to hold office from the conclusion of the 79th Annual General Meeting till the conclusion of the 82nd Annual General Meeting, subject to ratification of their appointment by the Members at every Annual General Meeting held after this Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

Item No. 5 – Not to fill the vacancy caused by retirement of Mr. V. B. Haribhakti, Independent Director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

“RESOLVED THAT Mr. V. B. Haribhakti (DIN: 00088062), Director liable to retire by rotation, who does not offer himself for re-appointment be not re-appointed as a Director of the Company and the vacancy so caused on the Board of Directors be not filled-up.”

Item No. 6 - Appointment of Dr. Vishnu Kanhere as an Independent 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 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. Vishnu Kanhere (DIN: 00999861), Director of the Company whose period of office is liable to retire by rotation and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of the Director along with the deposit of the requisite amount under Section 160 of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term expiring on March 31, 2019, not liable to retire by rotation.”

Item No. 7 - Appointment of Dr. Ravindra Bapat as an Independent 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 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. Ravindra Bapat (DIN: 00353476), Director of the Company whose period of office is liable to retire by rotation and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of the Director along with the deposit of the requisite

amount under Section 160 of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term expiring on March 31, 2019, not liable to retire by rotation."

Item No. 8 - Appointment of Mr. C. V. Bijlani as an Independent 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 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. C. V. Bijlani (DIN: 02039345), Director of the Company whose period of office is liable to retire by rotation and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of the Director along with the deposit of the requisite amount under Section 160 of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term expiring on March 31, 2019, not liable to retire by rotation."

Item No. 9 - Appointment of Mr. Madan Goyal as an Independent 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 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Madan Goyal (DIN: 00377825), Director of the Company whose period of office is liable to retire by rotation and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of the Director along with the deposit of the requisite amount under Section 160 of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term expiring on March 31, 2019, not liable to retire by rotation."

Item No. 10 - Appointment of Mr. Ronil Sujjan as an Independent 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 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Ronil Sujjan (DIN:01780094), who was appointed as an Additional Director of the Company by the Board of Directors with effect from October 31, 2013, in terms of Section 161(1) of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of the Director along with the deposit of the requisite amount under Section 160 of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term expiring on March 31, 2019, not liable to retire by rotation."

Item No. 11 - Approval of the remuneration payable to the Cost Auditors for the financial year 2014-15

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s P. D. Phadke & Associates, Cost Auditors, appointed by the Board of Directors for conducting the audit of cost accounting records maintained by the Company relating to manufacturing of the products covered under the aforesaid rules, be paid a remuneration of ₹ 1,50,000/- (Rupees One Lac Fifty Thousand Only) plus service tax as applicable and re-imbursalment of out of pocket expenses as may be incurred by them for conducting the Cost Audit for the financial year 2014-15;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and 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 : August 14, 2014

Gaurav Thakur
Company Secretary

Registered Office:

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A person can act as Proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% (ten percent) of the total share capital of the Company. Members holding more than 10% (ten percent) of the total share capital of the Company may appoint a single person as Proxy, who shall not act as a Proxy for any other Member.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the Meeting. A Proxy form is annexed with this Notice. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.

2. In case of joint holders attending the Meeting, only that joint holder who is higher in the order of names will be entitled to vote.
3. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to Special Business to be transacted at the Meeting is annexed hereto.
4. Brief resumes of the Directors proposed to be appointed/ re-appointed, nature of their expertise in specific functional areas, name of companies in which they hold directorships and membership/ chairmanships of Board Committees, shareholding and relationships between them inter-se as stipulated under Clause 49 of the Listing Agreement, are provided in the Corporate Governance Report forming part of the Annual Report.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 20, 2014 to Saturday, September 27, 2014 (both days inclusive) for the purpose of Annual General Meeting and determining the entitlement of the dividend for the financial year ended March 31, 2014.
6. The payment of the dividend of ₹ 0.80 (Eight Paisa only) per equity share of ₹ 10/- each as recommended by the Board of Directors for the financial year 2013-14 shall be made on or before October 04, 2014 on its declaration by the Members at this Annual General Meeting:
 - 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 20, 2014

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 19, 2014; and

- ii) to all Beneficial Owners in respect of shares held in dematerialized form whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the close of business hours on September 19, 2014.
7. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars can not act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.

Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write 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.

8. Under Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of declaration is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred ₹ 92,918/- being the unclaimed dividend amount pertaining to the financial year 2005-06 to the Investor Education and Protection Fund of the Central Government.
9. 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 11, 2013 (date of last Annual General Meeting) on its website i.e. www.tilind.com and also on the Ministry of Corporate Affairs' website.

The concerned Members are advised to claim the same by sending request letter along with 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 its transfer to the Investor Education and Protection Fund (IEPF), constituted by the Central Government i.e. seven years from the date of declaration of the dividend.

10. 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. Concerned 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.
11. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat accounts dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form or transferees of Physical Shares must furnish their self-attested copy of the PAN card to the Company/Registrar and Share Transfer Agents.
13. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, companies can serve Annual Report and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members holding shares in physical form, who have not registered their email address with the Company, are requested to submit their request with their valid email address to the Registrar and Share Transfer Agents of the Company. Members holding shares in demat form are requested to register/update their email address with their Depository Participant directly. Members of the Company, who have registered their email address are entitled to receive such communication in physical form upon request.

Accordingly, electronic copy of the Annual Report for the financial year 2013-14 and Notice of the 79th Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the Members whose email address are registered with the Company/ Depository for communication purposes unless any Member has requested for a hard copy of the same. Even after registering for e-communication, Members are entitled to receive the same in physical form, upon making a request in this regard, by post at free of cost. For this purpose, the Members may also send requests to the designated email address i.e. investor@tilind.com.
14. Members may also note that the Annual Report for the financial year 2013-14 and the Notice of the 79th Annual General Meeting will also be available on the Company's website i.e. www.tilind.com.
15. The Annual Report for the financial year 2013-14, the Notice of the 79th Annual General Meeting and all documents referred to in the Notice and the Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 including Certificate of Auditors with respect to implementation of ESOP Schemes of the Company (which shall also be placed in the Meeting) are available for inspection by the Members of the Company without any fee at the Company's Registered Office at P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra-413 720 between 11.00 a.m and 01.00 p.m. on all working days except Saturday up to the date of the Annual General Meeting.
16. Members are requested to:
 - (a) intimate any change in their addresses/mandates and address all their queries relating to shares of the Company to the 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 for shares held in physical form.
 - (b) quote Client ID and DP ID in respect of shares held in dematerialized form and ledger folio number in respect of shares held in physical form in all the correspondence.
 - (c) make nomination in respect of the shares held in physical form in the Company. The Nomination Form as prescribed by the Ministry of Corporate Affairs can be obtained from the Registrar and Share Transfer Agents of the Company.
17. The Members/Proxies are requested to bring the attendance slip duly filled in for attending the Meeting.
18. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically. Necessary

arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting.

The instructions for Members for exercising their vote through e-voting are as under:

- (i) The voting period begins on Sunday, September 21, 2014 at 10.00 a.m. and ends on Tuesday, September 23, 2014 at 06.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, August 22, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com during the voting period.
- (iii) Click on "Shareholders" tab.

- (iv) Now, select the "Tilaknagar Industries Ltd." from the drop down menu and click on "SUBMIT".
- (v) Now Enter your User ID
 - a. For CDSL : 16 digits beneficiary ID
 - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the folio/client id number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company, please enter the number of shares in the Dividend Bank details field.

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for "Tilaknagar Industries Ltd." on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

- (xv) After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Non - Individual Shareholders
- Non - Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a compliance user using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
20. The Members, who have voted electronically, are not eligible to vote by ballot paper.
21. Mr. R. T. RajGuroo, Practicing Company Secretary has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
22. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
23. The Results shall be declared on or after the Annual General Meeting of the Company and the resolutions shall be deemed to be passed on the date of the Annual General Meeting subject to receipt of the requisite numbers of votes in favour of the resolutions.
24. The Results declared along with the Scrutinizer's report shall be placed on the Company's website i.e. www.tilind.com and on the website of CDSL within two (2) days of passing of the resolutions at the Annual General Meeting of the Company. The Results will also be communicated to the Stock Exchanges where the shares of the Company are listed.
- EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 SETTING OUT ALL THE MATERIAL FACTS RELATING TO SPECIAL BUSINESS:**
- Item No. 5**
- Mr. V. B. Haribhakti is a Non-Executive Independent Director of the Company. He joined the Board of Directors on March 15, 1977. He retires by rotation at this Annual General Meeting under the applicable provisions of the Companies Act, 1956 and does not seek re-appointment owing to his advancing age.
- The Board places on record its appreciation for the valuable services rendered by him during his tenure of more than three decades as Director of the Company. The Board does not propose to fill the vacancy arising from the retirement of Mr. V. B. Haribhakti.
- Accordingly, the Board recommends the Ordinary Resolution set forth in Item No. 5 for the approval of the Members.
- None of the Directors and Key Managerial Personnel and their relatives except Mr. V. B. Haribhakti, to whom the resolution relates, is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.
19. The voting rights of the Members for the purpose of e-voting shall be reckoned in proportion to the paid-up value of the equity shares registered in their name as on Friday, August 22, 2014.

Item Nos. 6 to 9

The Members may be aware that upto April 01, 2014, majority of the Sections of the Companies Act, 2013 have become operative, replacing the corresponding provisions of the Companies Act, 1956.

Dr. Vishnu Kanhere, Dr. Ravindra Bapat, Mr. C. V. Bijlani and Mr. Madan Goyal are the Non-Executive Independent Directors of the Company appointed at various times and liable to retire by rotation pursuant to the provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Certain specific procedures for the appointment and remuneration of Independent Directors have been prescribed under the Companies Act, 2013, besides the term of Independent Directors can be for a period up to five consecutive years and they are not liable to retire by rotation during this period. Also, the Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of Independent Directors by a listed company (effective from October 01, 2014).

Accordingly, it is proposed to appoint Dr. Vishnu Kanhere, Dr. Ravindra Bapat, Mr. C. V. Bijlani and Mr. Madan Goyal as Independent Directors under Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement to hold office for a term expiring on March 31, 2019 and not liable to retire by rotation during this period.

Dr. Vishnu Kanhere, Dr. Ravindra Bapat, Mr. C. V. Bijlani and Mr. Madan Goyal are not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013 and have also given their consent to act as Directors.

The Company has received a notice in writing from a Member of the Company proposing the candidatures of Dr. Vishnu Kanhere, Dr. Ravindra Bapat, Mr. C. V. Bijlani and Mr. Madan Goyal for the office of the Directors of the Company along with the deposit of requisite amount under Section 160 of the Companies Act, 2013.

The Company has also received declarations from all the above Directors that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Dr. Vishnu Kanhere, Dr. Ravindra Bapat, Mr. C. V. Bijlani and Mr. Madan Goyal fulfils the conditions specified in the Companies Act, 2013 and rules made there under for their appointment as Independent Directors of the Company and are independent of the management. Copy of the draft letter of appointment of all the above Directors setting out the terms and conditions of appointment are available for inspection by the Members

of the Company without any fee at Company's Registered Office at P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra-413 720 between 11.00 a.m and 01.00 p.m. on all working days except Saturday up to the date of the Annual General Meeting i.e. September 27, 2014 and have also been uploaded on the Company's Website i.e. www.tilind.com.

Brief resume of all the above Directors, nature of their expertise in specific functional areas and name of companies in which they hold directorship and membership/chairmanship of Board Committees, shareholding and relationship between director inter-se as stipulated under Clause 49 of the Listing Agreement, are provided in the Corporate Governance Report forming part of the Annual Report.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail services of all the above Directors as Independent Directors. Accordingly, the Board recommends the Ordinary Resolutions set forth in Item Nos. 6 to 9 for the approval of the Members.

Dr. Vishnu Kanhere, Dr. Ravindra Bapat, Mr. C. V. Bijlani and Mr. Madan Goyal are interested in the resolutions set out respectively at Item No. 6 to 9 of the Notice with regard to their respective appointments and the relatives of the above Directors may be deemed to be interested in the resolutions respectively to the extent of their shareholding, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolutions set out at Item Nos. 6 to 9.

Item No. 10

The Board of Directors of the Company had, at its Meeting held on October 31, 2013, appointed Mr. Ronil Sujjan as an Additional Director of the Company with effect from October 31, 2013. Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Ronil Sujjan is holding office up to the date of this Annual General Meeting.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, it is proposed to appoint Mr. Ronil Sujjan as an Independent Director of the Company to hold office for a term expiring on March 31, 2019 and not liable to retire by rotation during this period.

Mr. Ronil Sujjan is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and has also given his consent to act as Director.

The Company has received a notice in writing from a Member of the Company proposing the candidature of Mr. Ronil Sujjan

for the office of the Director of the Company along with the deposit of requisite amount under Section 160 of the Companies Act, 2013.

The Company has also received declaration from Mr. Ronil Sujan about his meeting the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Ronil Sujan fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as Independent Director of the Company and is independent of the management. Copy of his draft letter of appointment setting out the terms and conditions of appointment is available for inspection by the Members of the Company without any fee at Company's Registered Office at P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra-413 720 between 11.00 a.m and 01.00 p.m. on all working days except Saturday up to the date of the Annual General Meeting i.e. September 27, 2014 and has also been uploaded on the Company's Website i.e. www.tilind.com.

Brief resume of Mr. Ronil Sujan, nature of his expertise in specific functional areas and name of companies in which he holds directorship and membership/chairmanship of Board Committees, shareholding and relationship between director inter-se as stipulated under Clause 49 of the Listing Agreement, are provided in the Corporate Governance Report forming part of the Annual Report.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as Independent Director. Accordingly, the Board recommends the Ordinary Resolution set forth in Item No. 10 for the approval of the Members.

None of the Directors and Key Managerial Personnel and their relatives except Mr. Ronil Sujan, to whom the resolution relates, is concerned or interested, financial or otherwise, in the resolution set out at Item No. 10.

Item No. 11

Pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and based on the recommendations of the Audit Committee, the Board of Director of the Company had appointed M/s. P. D.

Phadke & Associates, Cost Accountants as Cost Auditors for the financial year 2014-15 for conducting the audit of cost accounting records maintained by the Company relating to manufacturing of the products covered under the aforesaid rules at a remuneration of ₹ 1,50,000/- (Rupees One Lac Fifty Thousand Only) plus service tax as applicable and reimbursement of out of pocket expenses as may be incurred by them for conducting the Cost Audit for the financial year 2014-15.

The following certificates obtained from them are available for inspection without any fees at Company's Registered Office at P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra-413 720 between 11.00 a.m and 01.00 p.m. on all working days except Saturday up to the date of the Annual General Meeting i.e. September 27, 2014:

1. certifying their independence and arms length relationship with the Company; and
2. certifying that their appointment if made, will be in conformity with limits specified in Section 141 of the Companies Act, 2013 and they hold a valid certificate of practice and are eligible under Section 148 of the Companies Act, 2013 for being appointed as Cost Auditors.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors is subject to ratification by the Members of the Company. Accordingly, the Board recommends the Ordinary Resolution set forth in Item No. 11 for the approval of the Members.

None of the Directors and Key Managerial Personnel and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 11.

By Order of the Board

Place : Mumbai
Date : August 14, 2014

Gaurav Thakur
Company Secretary

Registered Office:

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



CIN: L15420PN1933PLC133303

Registered Office: P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra-413 720
Email: investor@tilind.com, **Website:** www.tilind.com, **Phone:** +91 22 22831716/18, **Fax:** +91 22 22046904

ATTENDANCE SLIP

Regd. Folio No./ DP ID - Client ID : _____
Name of the Member/Proxy : _____
No. of Shares held : _____

I hereby record my presence at the 79th Annual General Meeting of Tilaknagar Industries Ltd. held on September 27, 2014 at 10.30 a.m. at its Registered Office i.e. P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413 720.

Signature of the Member/Proxy

Notes:

- 1. Only Member/Proxy can attend the Meeting.
- 2. Member/Proxy who wish to attend the Meeting must bring this attendance slip to the Meeting and hand it over at the entrance of the Meeting hall.
- 3. Member/Proxy should bring his/her copy of the Annual Report for reference at the Meeting.



CIN: L15420PN1933PLC133303

Registered Office: P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra-413 720
Email: investor@tilind.com, **Website:** www.tilind.com, **Phone:** +91 22 22831716/18, **Fax:** +91 22 22046904

PROXY FORM

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

Name of the Member(s)

Registered Address

E-mail ID

Folio No./Client ID

DP ID

I/We, being the member(s) of _____ shares of the above named Company, hereby appoint:

- 1) Name: _____ Address: _____
E-mail id: _____ Signature: _____, or failing him /her
- 2) Name: _____ Address: _____
E-mail id: _____ Signature: _____, or failing him /her
- 3) Name: _____ Address: _____
E-mail id: _____ Signature: _____, or failing him /her



as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 79th Annual General Meeting of the Company, to be held on Saturday, September 27, 2014 at 10:30 a.m. at P.O. Tilaknagar, Tal. Shrirampur, Dist Ahmednagar, Maharashtra – 413 720 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Vote (Optional see Note 3)		
		For	Against	Abstain
Ordinary Business				
1	Adoption of audited financial statements and the reports of the Board of Directors and Auditors thereon			
2	Declaration of dividend			
3	Re-appointment of Mrs. Shivani Amit Dahanukar, who retires by rotation			
4	Re-appointment of Statutory Auditors			
Special Business				
5	Not to fill the vacancy caused by retirement of Mr. V. B. Haribhakti, Independent Director			
6	Appointment of Dr. Vishnu Kanhere as an Independent Director			
7	Appointment of Dr. Ravindra Bapat as an Independent Director			
8	Appointment of Mr. C. V. Bijlani as an Independent Director			
9	Appointment of Mr. Madan Goyal as an Independent Director			
10	Appointment of Mr. Ronil Sujan as an Independent Director			
11	Approval of the remuneration payable to the Cost Auditors for the financial year 2014-15			

Signed this _____ day of _____ 2014

Affix a
Re.1/-
Revenue
Stamp

Signature of Shareholder

Signature of 1st Proxy holder

Signature of 2nd Proxy holder

Signature of 3rd Proxy holder

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company i.e. P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413 720, not less than FORTY EIGHT HOURS before the commencement of the Meeting.
2. A proxy need not be a Member of the Company. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% (ten percent) of the total share capital of the Company. Members holding more than 10% (ten percent) of the total share capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member.
3. It is optional to indicate your preference. If you leave the For, Against or Abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.



ICONIC BRANDS
CREATING VALUE



Corporate Information

Board of Directors

Executive Directors

Mr. Amit Dahanukar
Chairman & Managing Director

Mrs. Shivani Amit Dahanukar
Executive Director

Non - Executive Independent Directors

Mr. V. B. Haribhakti
Dr. Vishnu Kanhere
Dr. Ravindra Bapat
Mr. C. V. Bijlani
Mr. Madan Goyal
Mr. Ronil Sujan (w.e.f. October 31, 2013)

Chief Financial Officer

Mr. Srijit Mullick (w.e.f. October 05, 2013)

Company Secretary

Mr. Gaurav Thakur

Statutory Auditors

Batliboi & Purohit
Chartered Accountants

Internal Auditors

Devdhar Joglekar & Srinivasan
Chartered Accountants

Cost Auditors

P. D. Phadke & Associates
Cost Accountants

Solicitors

W. S. Kane & Co.
Advocate Dharmish Thanai
Parekh & Co.
Advocate Umamaheshwar Rao
Economic Laws Practice (ELP)
Holla & Holla

Bankers/Financial Institutions

State Bank of India
Bank of India
Punjab National Bank
Axis Bank Limited
GE Money Financial Services Private Limited
Allahabad Bank

Registered Office & Works

P. O. Tilaknagar, Tal. Shrirampur,
Dist. Ahmednagar, Maharashtra - 413 720
Tel.: (02422) 265123/265032
Fax.: (02422) 265135
E-mail: regoff@tilind.com
Website: www.tilind.com

Corporate Office

Industrial Assurance Building,
3rd Floor, Churchgate, Mumbai - 400 020
Tel.: (022) 22831716/18
Fax.: (022) 22046904
E-mail: tiliquor@tilind.com

Registrar & Share Transfer Agents

Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate, Saki Vihar Road,
Saki Naka, Andheri (E), Mumbai – 400 072
Tel.: (022) 40430200
Fax : (022) 28475207
E-mail: investor@bigshareonline.com
Website: www.bigshareonline.com

Shares listed at

BSE Limited (507205)
National Stock Exchange of India Limited (TI)

Corporate Identification Number (CIN)

L15420PN1933PLC133303

E-mail ID for Investor Correspondence

investor@tilind.com

Annual General Meeting

79th Annual General Meeting is scheduled to be held on Saturday, September 27, 2014 at 10.30 a.m.,
at the Registered Office of the Company at P. O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra - 413 720

Iconic Brands, Creating Value

Our Brands are highly recognisable. They have an enthusiastic and loyal following and are uniquely well positioned in the premium high-margin segments. They are also easily extendable into new products under the same “family” brand that are less risky and more welcome by consumers. And finally, they lend us financial and operational advantages through their ability to earn better-than-industry operating profits. Many of our Brands have reached iconic status and are key to our value creation agenda.

Today, we are an established leader in the Brandy space in India. We are committed to fortifying our presence in this segment with a strong portfolio of our legacy brands *Mansion House Brandy* and *Courier Napoleon Brandy* to achieve superior business performance.

Every day, we are making market share gains by expanding our portfolio in Rum, Whisky, Vodka and Gin, and penetrating deeper into our existing and new markets through inventive marketing efforts and sustained brand development to suit a variety of price points.

Everyday, we focus on leveraging our brands for profitable growth and through this enhanced value creation.



CONTENTS

1

Pg. No. 1-26

About Us and Messages



Pg. 12

Message from the Chairman & Managing Director

Mr. Amit Dahanukar

TI at a Glance	1
The King of the Dark Browns	2
An Emerging Leader in Premium Whites and Light Browns	4
Centered on Quality Growth based on Premiumisation	6
Deleveraging our Balance Sheet for Wealth Creation	8
Board of Directors	10
Message from the Chairman & Managing Director	12
Financial Highlights	16
Business Highlights	17
Awards and Recognition	18
Message from the Deputy Managing Director	20
Marketing & Promotions	22

2

Pg. No. 27-36

Corporate Social Responsibility

<p>1 Pg. 29</p> <p>ERADICATING EXTREME POVERTY AND HUNGER</p>	<p>2 Pg. 30</p> <p>ACHIEVING UNIVERSAL PRIMARY EDUCATION</p>	<p>3 Pg. 31</p> <p>PROMOTING GENDER EQUALITY AND EMPOWERING WOMEN</p>	<p>4 Pg. 32</p> <p>REDUCING CHILD MORTALITY</p>
<p>5 Pg. 32</p> <p>IMPROVING MATERNAL HEALTH</p>	<p>6 Pg. 33</p> <p>COMBATING HIV/ AIDS, MALARIA AND OTHER DISEASES</p>	<p>7 Pg. 33</p> <p>ENSURING ENVIRONMENTAL SUSTAINABILITY</p>	<p>8 Pg. 34</p> <p>SPORTS DEVELOPMENT</p>

3

Management Discussion and Analysis

Pg. No. 37-62



Global & Indian Alcoholic Beverages Industry	38
Business and Operations Review	42
Financial Overview	52
Risks & Concerns, Opportunities & Threats	52
Human Resources	53
Information Technology	57
Internal Control Systems	57
Outlook	58
Profile of our Senior Management	59

4

Directors' Report

Pg. No. 63-76

5

Corporate Governance Report

Pg. No. 77-95

6

Consolidated Financial Statements

Pg. No. 97-125



Independent Auditors' Report	99
Consolidated Balance Sheet	100
Consolidated Statement of Profit and Loss	101
Consolidated Cash Flow Statement	102
Notes to Consolidated Financial Statements	103

7

Standalone Financial Statements

Pg. No. 127-157



Independent Auditors' Report	129
Annexure to the Independent Auditor's Report	130
Balance Sheet	132
Statement of Profit and Loss	133
Cash Flow Statement	134
Notes to Financial Statements.....	135
Statement Pursuant to Section 212	157

1

About Us and Messages

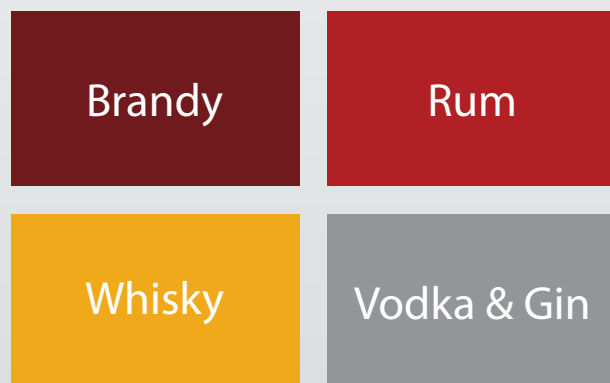
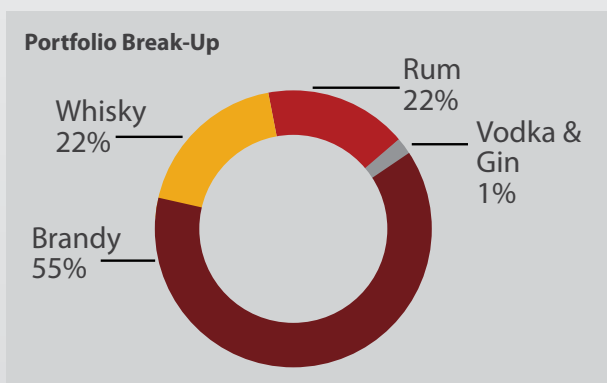
About Us and Messages

TI at a Glance

About Us

TI is the world's leading brandy producer and a strategic player in India's IMFL industry through more than 40 well-established and iconic brands covering a range of Brandy, Rum, Whisky, Gin and Vodka. These brands are carefully positioned at multiple price points to cater to varied consumer tastes. TI has 5

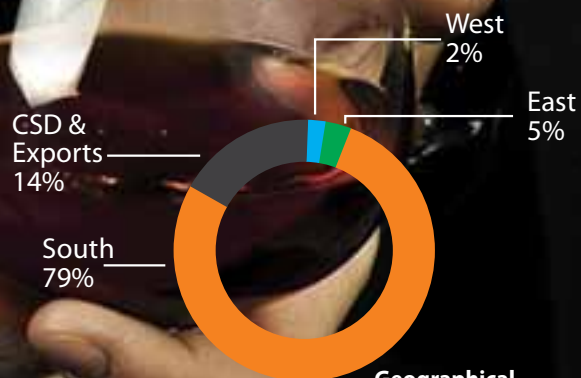
millionaire brands — Mansion House Brandy, Madiraa Rum, Brigadier No. 1 Brandy, Vorion No. 1 Indian Brandy and White House Rum. Operating margins of TI are comparatively better vis-a-vis its listed peers in the liquor space.



Markets

TI has a prominent market position in India's key IMFL markets of Karnataka, Andhra Pradesh, Kerala, Tamil Nadu and Puducherry - together constituting more than 60% of India's IMFL demand. It is also strengthening its foothold in the fast growing markets in East and West India, through a wider collection portfolio of products including both browns and whites. TI recently acquired IFB Agro's IMFL business bringing under its fold 'Volga' vodka and 'Blue Lagoon' gin - two of IFB Agro's most popular brands in Eastern Indian markets of West Bengal, Assam and Odisha. The Company is also gradually expanding its presence in selected export markets within Africa, the Middle East, the Far East and the Caribbean countries.

16.13 MN CASES
SOLD IN FY2014,
UP BY 17% YoY

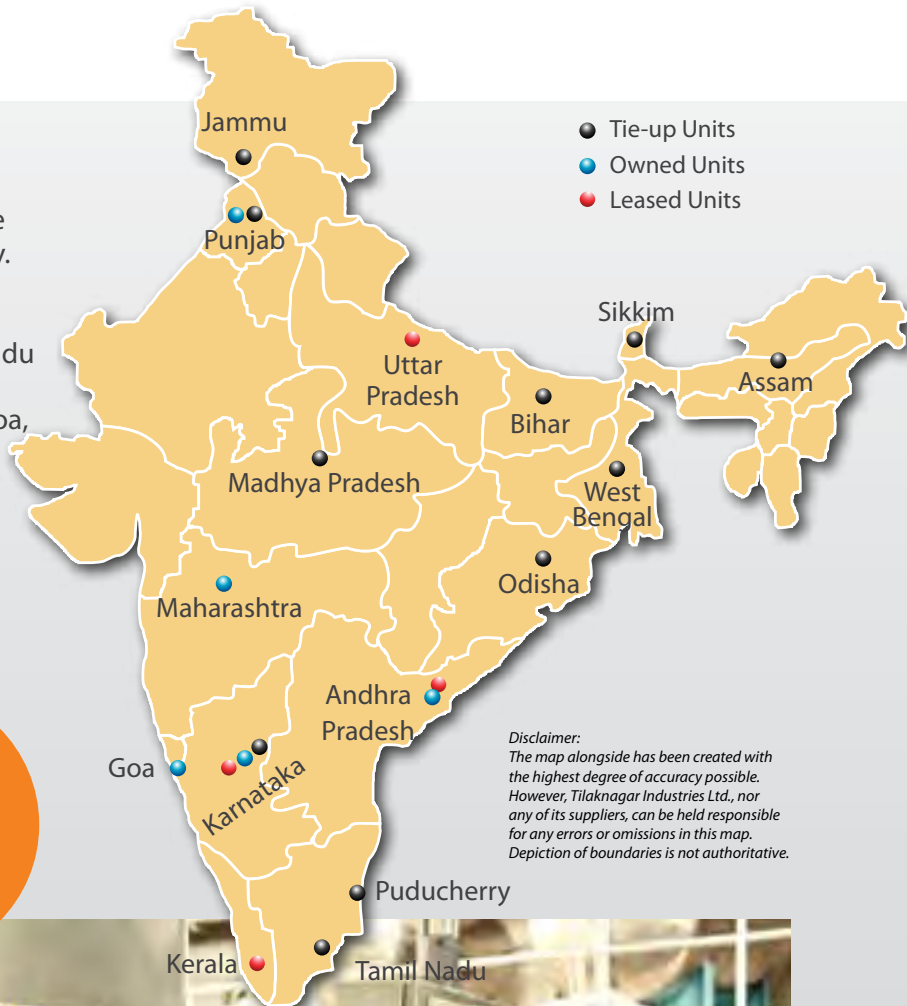
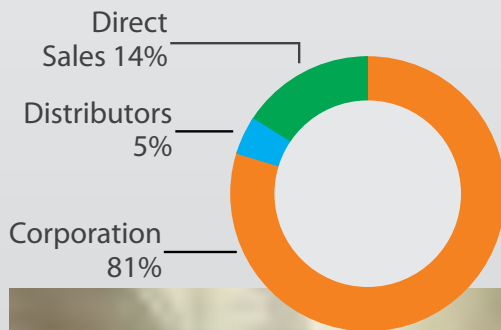


Geographical Break-up of TI's Sales (In terms of Volumes)

Network

TI penetrates its market through the largest sales network in the industry. It is a major seller through various state corporations across Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Odisha. It also has distributor channels located in Maharashtra, Goa, Silvassa, West Bengal. TI is also one of the largest vendors into the CSD requirements.

Channel-wise Break-up of Sales of TI (%) (In terms of Volumes)



*Disclaimer:
The map alongside has been created with the highest degree of accuracy possible. However, Tilaknagar Industries Ltd., nor any of its suppliers, can be held responsible for any errors or omissions in this map. Depiction of boundaries is not authoritative.*

Manufacturing

TI operates a robust production model with 5 in-house manufacturing (inclusive of 4 subsidiaries), 12 lease arrangements and 14 tie-up units. TI's expansion of its entire bottling line facility at Shrirampur is expected to be commissioned entirely in FY2015.



The King of the Dark Browns

Today's consumers are seeking opportunities for affordable luxury, and our brands allow them to add that luxury with confidence.

TI is among a handful of companies to possess 5 Millionaire Brands "Mansion House Brandy", "Madiraa Rum", "White House Rum", "Brigadier's No. 1 Brandy" and "Vorion No. 1 Brandy". In fact, our Mansion House Brandy is today the world's 2nd largest selling brandy.

We can confidently say that we are the "King of the Dark Brown segment" of our industry. A key reason behind this is our extensive and complete brand portfolio that straddles across all price categories, particularly with considerable success in the premium segments of each brand. Mansion House Brandy, the world's No. 2 Brandy brand, and Courier Napoleon Brandy were our two best performers once again. Our key focus is now on extending our lead in the Brandy space while consolidating our position in the rum business with a strong aspiration to become No. 1 in this category.



Mansion House French Brandy

An Emerging Leader in Premium Whites and Light Browns

TI's enviable collection of premium brands across all IMFL categories offers customers a luxury choice for all occasions.

TI is also taking a serious look at developing a strong business centred around the "whites". We recently acquired the IMFL business of IFB Agro Industries Ltd. (IFB), Kolkata, including two of its most popular brands in East Indian Markets of West Bengal, Assam and Odisha, namely "Volga" Vodka and "Blue Lagoon" Gin. This acquisition strengthens our presence in the East and allows us to offer a more diversified portfolio of liquor by including the white spirit products.

We also have a strategy around the "light brown" whisky segment. We currently sport a limited portfolio that caters to specific regional markets. We've built a solid foundation to start positioning our whites and light browns and expect to make our mark in these segments over a steady and patient strategy.



Mansion House
Premium Whisky

Castle Club
Vodka

Centered on Quality Growth based on Premiumisation

TI's size provides for scale efficiencies in production, selling and marketing. This enables cost efficiencies and the dissemination of best practices in business operations across markets and brands, allowing TI to serve its customers and consumers better.

We operate on a business model centered around powerful and leading Premium Brands with handsome margins, giving us the strength of having comparatively better EBIDTA earnings than listed peers in the liquor space. In FY2014, we continued our premiumisation journey in Brandy, Rum and Whisky segments by launching tactical brands in the prestige space on a pan India basis. Not only have these brands been well received by the consumer, but they have also managed to garner a lion's share in their respective segments.

When it comes to premiumisation, we have not limited ourselves only to brown spirits. We are equally keen to get into the premium white spirits space as well. By acquiring IFB brands, we have strengthened our portfolio of premium brands along with our footprint in the East. These brands also have a pan India potential, which we are determined to bring about in due course.



Madiraa Gold
Dark XXX Rum

Deleveraging our Balance Sheet for Wealth Creation

We are continuously looking at ways to maximise our returns on investment and borrowed capital by continuously finding ways to lower the capital intensity of our business, and therefore, generate higher levels of free cash flow.

We recognise that in a business that has more than 50% of sales value paid in taxes upfront, we will naturally be working capital intensive. We are also cognisant of the long term debts on our books and the need to gradually bring them down further towards healthier leverage ratios. There are several measures we plan to take on this front.

Firstly, we will take a closer look at our volume based brands within our portfolio and continue our journey of “premiumisation”, which will focus on continuously improving our EBIDTA, and thus our return on working capital deployed.

Secondly, we intend to focus on our core premium branded business, gradually reducing our volumes in low-margin high-volume products. Our exit from the P. P. Caps manufacturing business during FY2014 is testimony to this endeavour.

Finally, we shall be focussing on paring down our long-term loans, which will significantly de-leverage our balance sheet. Since we are adequately invested to manage our growth over the next few years and do not require any major capex, we look forward to a day when our sops will bring our long-term debts to near zero levels.



Courier Napoleon
Blue Label French
Reserve Brandy



Courier Napoleon
Finest French
Brandy - Green



Courier Napoleon
Brandy - Red

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 community 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 has 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 an 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.



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 his contribution to the 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. He has an experience of more than 48 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) Infn Pvt. Ltd.



Mr. Ronil Sujan

Mr. Ronil Sujan is a Post Graduate in Management with a degree from the prestigious Texas A&M University and FMP from Stanford University, U.S.A. He is the co-founder of RCH Pte. Ltd., a Singapore-based and India-centric boutique advisory, multi-family office and strategic investment firm. He has about 25 years of diverse experience in the financial and investment sector. Prior to Co-founding RCH, he was part of the Rabobank Group. In the last 7 of his 14 years tenure with the Group, he served as the Managing Director & Head-M&A and Investment Banking Asia-Pacific for Rabobank International. Prior to that he was an Executive Director at Rabo India Finance for over 7 years. He also had work experience with United Technologies Corporation, Bank of America and ANZ Grindlays Bank.

Board of Advisors



Mr. Vijay K Rekhi

Mr. Vijay K Rekhi is a leading figure in the alcobev industry with over four decades of experience with reputed companies in India and abroad. He holds a Masters degree in Economics from Delhi School of Economics and MBA from IIM Ahmedabad. He served United Spirits Limited as President and Managing Director and was associated with the UB Group for over 40 years, including its overseas operations. He has vast experience in the manufacturing, marketing and general management, particularly in the liquor industry. He holds Directorship in a few leading global companies and honorary positions in various trade associations.



Mr. Ratneshwar Prasad

Mr. Ratneshwar Prasad has 43 years of diverse experience in taxation law, competition law and international taxation. After graduating from IIT, Kanpur, he joined Indian Revenue Service (IRS) – Income Tax in the year 1970 and got promoted to the posts of Commissioner, Chief Commissioner and eventually the Chairman of Central Board of Direct Taxes (CBDT). While working with IRS, he had the distinction of passing LL.B. and Master of Finance from the University of Strathclyde, United Kingdom. In addition to holding another unique distinction of deciding approximately 10,000 tax appeals, he is also the founding member of the Competition Commission of India (CCI).

Message from the Chairman & Managing Director



Amit Dahanukar
Chairman &
Managing Director

Dear Stakeholders,

TI continues its course as a strong and sustainable business; and one that is trusted and respected by stakeholders globally. In FY2014, our continued business growth defines our scorecard as a quality Value Creator.

This has been another year of progress for Tilaknagar Industries Ltd. (TI). Despite a generally tepid economic environment, our business continued as expected, maintaining itself on a steady course of continuous value creation. It has also been a year in which we consolidated our leadership position in the Brandy and Rum segments, continued to build our brands across an enlarged product portfolio and reported strong performance overall on a consolidated basis. I would underline our continued multilateral performance across all Indian markets and our modest entry into certain emerging export markets. In a year of soaring raw material prices - particularly Extra Neutral Alcohol (ENA), the work of our supply chain in further enhancing our efficiencies to mitigate the upward push on costs of goods also merits recognition. The highlights of our activities and performance over the past year have been discussed in detail in the MDA section of this Report.

Despite some recovery in agriculture and the industrial sector, the overall Indian GDP growth recorded during FY2013-14 was lower at 4.7%. In the fourth quarter of FY2014, GDP grew 4.6% (in terms of GDP at factor cost at constant prices). Fortunately, the IMF has estimated a better year ahead for the Indian economy, as per the World Economic Outlook released in January 2014. Further to a landslide victory and the formation of a new pro-

business Government, a series of reform measures have been announced including the clearance of several large-scale projects by the Cabinet Committee on Investment. These are collectively projected to help revive the Indian economy and investor sentiment. In addition, the resurgence of exports, prospects of a revival in the global economy and moderation in inflation point towards a better outlook for the domestic economy during FY2014-15. This in turn will spell a positive impact on the enlarging middle-class group's earnings, savings and consumption, making the demand for our beverages stronger and deeper.

Business performance

TI is India's leading liquor company engaged in the business of manufacture and sale of Indian Made Foreign Liquor (IMFL), operating in all regional markets within the country. We are committed to delivering progress and have once again done so in the financial year 2014. In terms of financial performance, we continued to display a consistent operating performance. Over the last five years our Income from Operations, EBIDTA and PAT grew at a five-year CAGR of 21%, 20% and 14%, respectively. Amidst the backdrop of challenging market conditions, our consolidated net sales in FY2014 increased by 15% YoY, to reach ₹ 1,028 crore. Our Net Profit after Tax was at ₹ 58 crore for the financial year under review. The steady growth in our top line and bottom line numbers has been primarily driven by a strong organic and inorganic growth in each of our leading and emerging brands.

The Board is recommending a dividend of ₹ 0.80 per share for FY2014, while maintaining a capital structure appropriate for current credit conditions and working capital needs.

Even though we grew well in terms of overall cases sold across India during the year, our net earnings did not grow commensurately. The key reason for this was that in the 4th quarter of FY2014 in particular, we faced multiple unforeseen challenges in Tamil Nadu, a key market for TI. To begin with, we did not get the much anticipated price increase during the year from the regulators. As a result we could not look forward to better contributions from our high volume products as anticipated. Furthermore, its licensee's bottling unit also faced a shutdown for few months due to its financial stress, resulting in a lower sales and contribution than expected from our profitable premium segments. Additionally, we witnessed a sharp rise in the prices of our key ingredient, ENA in Tamil Nadu - the highest ever in its history. This placed further pressure on our margins on sales within this territory. Going forward, we hope to see a correction on all these fronts and coupled with decisive counter measures, we are confident that we can improve our net earnings in this important market.

We are confident in adding Courier Napoleon Brandy to the Millionaire club, which will take our Millionaire brand count to 6 by FY2015.

Message from the Chairman & Managing Director

I would like to draw your attention to the fact that we enjoy comparatively better EBIDTA in the business compared to listed peers, making your Company far less susceptible to volatility in basic costs or delayed price increase rationalisations managed by regulators. This is the result of our long standing and successful efforts towards premiumisation and churning within our brand portfolio, making us ideally straddled on the premium end of the business, and thus a sustainable and strong company. As our competitors gradually abandon products that have comparatively lower EBIDTAs, we only stand to gain by absorbing as much unmet demand as possible.

Improving our Leverage

On the balance sheet front, we are cognisant of the need to curtail our overall debt levels. To begin with, I am pleased to inform you that our major capex, planned over the last few years, has been mostly completed and we are well set with our manufacturing infrastructure for catering to our organic growth. We may consider capital investment subject to availability of suitable business opportunities. Moreover, as per the sops on the ₹ 250 crore investment made in Shirampur plant so far, we expect most of this investment to be refunded back to us in due course.

Given the nature of our industry which requires approximately more than 50% of the sale value of our goods to be paid in taxes upfront, such high levels of working capital is unavoidable. As our business is inherently working capital intensive, we are increasingly focussed on looking at how our working capital can be optimised by managing our portfolio towards further premiumisation and even healthier EBIDTAs, while being more judicious on products that have high volumes and relatively low margins. Our business is much about financial acumen as it is the flavour of beverages.

The final outcome of these initiatives will mean that, in time, our various return ratios will start looking much more handsome.

Looking Ahead

We are already an established and recognised player with a loyal following by millions of consumers. We are in the early stages of what could be a new age of vigorous economic reformation and development. The vast numbers of young Indians coming of legal drinking age over the next few years is a tremendous advantage and a huge potential consumer base. There is still a lot of growth potential in India with many less-penetrated geographies and segments still waiting to be tapped. We need to continuously improve our

We are increasingly focussed on looking at how our working capital can be optimised by managing our portfolio towards further premiumisation and even healthier EBIDTAs.

working capital efficiency and deleverage our long term loans as mentioned before. We are also focussed on selling off certain non-core assets and non-core business interests to further strengthen our balance sheet. We may also look to introduce a financial/strategic investor to participate with us to strengthen our equity base further.

Recently, we have witnessed some consolidation within the industry with a major player being acquired by a global leader. These developments are indicators of major shifts taking place within our industry, which we expect to become more rigorous, formal and accountable. The solid bet placed on India's consumption story by leading global players also indicates a strong endorsement of the marketplace we operate in. Such consolidation may lead to more opportunities for us where certain brands and products are removed from the marketplace due to their non-viability, leaving us more unmet volume consumption to absorb. These are indeed very exciting times we live in.

The solid bet placed on India's consumption story by leading global players also indicates a strong endorsement of the marketplace we play in.

People

I have seen as many different business challenges and solutions over the years. Yet one factor has remained constant throughout – the irrepressible commitment and drive of our people. This is in no small measure due to the power and range of our brands, which help us to attract highly talented people to work with us. From quiet nights in to great nights out, our brands help people celebrate life, every day and everywhere in India. So, too, do our people. They are an essential part of our brands and the success of our business. It is a real privilege to work with them. Our Board of Directors offer a fine mix of skills and experience gained within TI and at other companies. In conclusion, I would like to thank all of our stakeholders for their support over the past year. Together, we face the future with confidence.

We continue to measure ourselves against the world's greatest companies. A critical part of that is our engagement with those who have invested in our business. We recognise that they have a choice to do so. We thank them for that investment, and for placing their trust in TI. We thank the stakeholders for their support during the past year and look forward to their continued support.

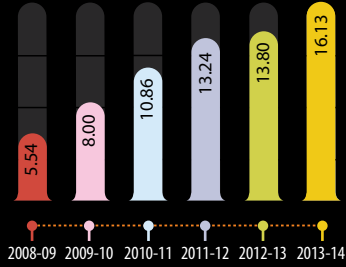
With warm regards,

Amit Dahanukar

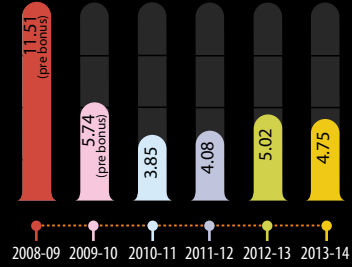
Chairman & Managing Director

Financial Highlights (Consolidated)

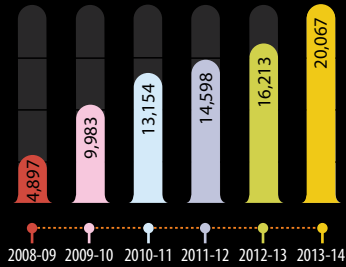
CASES SOLD Million



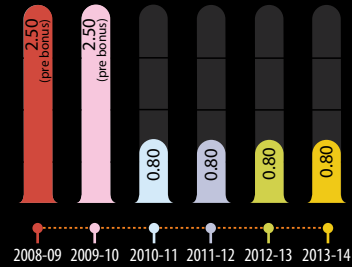
EARNINGS PER SHARE ₹



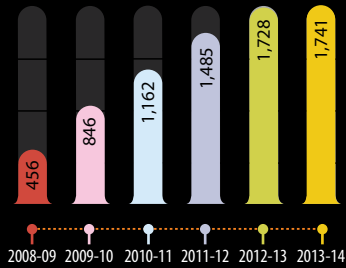
TURNOVER - GROSS ₹ Million



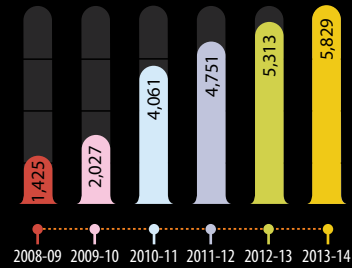
DIVIDEND PER SHARE ₹



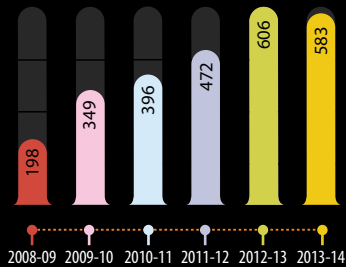
EBIDTA ₹ Million



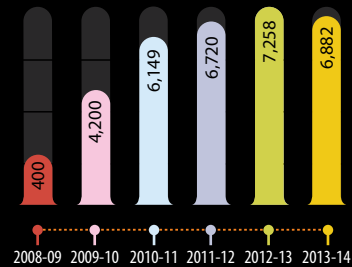
NETWORTH ₹ Million



POST TAX PROFIT ₹ Million



MARKET CAPITALISATION ₹ Million



Business Highlights

Product Launches, Milestones & Marketing

- The Brandy segment of the Company continued to be at the forefront contributing 55%, followed by Whisky and Rum segments, which have contributed 22% each to the overall sales volume of the Company.
- The sales volume in Brandy segment has increased by 24% to 8.80 million cases as compared to 7.08 million cases in the last financial year. The sales volume in Whisky segment has increased by 9% to 3.58 million cases, as compared to 3.28 million cases in the last financial year.
- The sales volume in Rum segment grew by 9% to 3.57 million cases as compared to 3.28 million cases in the last financial year. In other segments, 0.18 million cases were sold as compared to 0.16 million cases sold in the last financial year.
- White House XXX Matured Rum, which was launched in the month of March 2012, has become the 3rd home-grown Millionaire Brand of the Company.
- The Company migrated to a new aesthetic and visually appealing packaging of Mansion House French Brandy designed by London-based internationally reputed brand design agency for introduction in the markets.
- Senate Royale Whisky has become the leading Whisky in the State of Odisha in the semi-premium segment.
- New premium launches made during FY2014:
 - Mansion House Silk – A premium brandy launched in Kerala and Puducherry
 - Courier Napoleon Green premium brandy further extended to new markets such as Odisha
 - Blacpower Whisky made inroads in the State of Karnataka, along with an existing presence in 7 other states across the country
 - White House Rum has established itself in Kerala and continues to gain traction in other States. It is seen as the largest selling Rum in the operating segment in South.
- Other launches of several brands in various states across multiple categories during FY2014:
 - Brandy - White House Brandy in Andhra Pradesh, Mansion House Brandy & Courier Napoleon Brandy Green in Meghalaya
 - Rum - Madiraa GOLD Rum and White House Rum in Odisha and West Bengal respectively
 - Whisky - Blacpower Whisky in Goa and Mansion House Whisky in Bihar and Meghalaya
 - Vodka – Classic Vodka in Madhya Pradesh

Manufacturing & Supply

The expansion of the entire bottling line capacity at Shrirampur is expected to be commissioned in its entirety in the financial year 2014-15.

Disposals, Debt Repayment and Acquisitions

- The Company has acquired the IMFL business of IFB Agro Industries Ltd. (IFB), Kolkata including two of its most popular brands in Eastern Indian Markets of West Bengal, Assam and Odisha i.e. "Volga" Vodka and "Blue Lagoon" Gin. The acquisition is a strategic fit to Company's plans to fortify its presence in the East and offer a diversified portfolio of liquor, particularly white spirit products.
- In line with its strategy to concentrate on its core business, the Company has exited from the P. P. Caps manufacturing business by divesting the entire stake held by it in P. P. Caps Pvt. Ltd., a wholly-owned subsidiary, and the same has ceased to be a subsidiary of the Company w.e.f. January 16, 2014.
- The Company has recognized CST and VAT Refund of ₹ 123.76 million in FY2014 and ₹ 109.84 million in FY2013 for its sales in FY2013 and FY2012 respectively in Maharashtra under Package Scheme of Incentives, 2007.

Awards and Recognition

During FY2013-14, the following prestigious awards were conferred in recognition of our performance, achievements and contribution to the Society:

CSD Runners Up Trophy for Excellent Business Performance for the Year 2012-13

We were presented with 'CSD Runners Up Trophy for Excellent Business Performance for 2012-13'. The trophy was presented by Lt General Munish Sibbal, PVSM, AVSM* Quarter Master General of the Indian Army at a ceremony held at INCS Ashwini at Colaba, Mumbai. The award reinstates our success in the CSD segment and is a direct reflection of the industry recognition and acknowledgement of the wide acceptance of our brands and blends amongst the Armed Forces.



Ambrosia Award 2014 - Excellence in CSR Initiative

Our efforts in CSR have been lauded and appreciated by India's leading Alcobev magazine 'Ambrosia'. In a recent Awards function that witnessed the biggest liquor companies vying for these awards, we bagged the 'Award for Excellence in Corporate Social Responsibility' for Socio-Economic Progress for the outstanding contribution made in the field of social welfare.



Ambrosia Award 2014 - Excellence in Packaging Award Mono Cartons (Premium)

We were bestowed with Award for Excellence in Packaging for the aesthetically designed mono carton of our Seven Islands Vintage Single Malt Scotch Whisky at INDSPIRIT 2014.





Silver Outstanding Award for the Year 2013

We won the Silver Outstanding Award for the year 2013 in the prestigious IWSC Competition (International Wine & Spirit Competition), a privileged international-level competition attracting global brands and companies, for our brand Seven Islands Vintage Single Malt Scotch Whisky.



LACP Award for Annual Report 2012-2013

We won the prestigious Bronze Award in 2013 Spotlight Awards, a Global Communication Competition organized by LACP (League of American Communication Professionals) for excellence in the development of our Annual Report for the Financial Year 2012-13.



Bharat Vibhushan Samman Puraskar

Mr. Amit Dahanukar, Chairman & Managing Director was conferred with the prestigious 'Bharat Vibhushan Samman Puraskar' for his Outstanding Individual Achievement & Distinguished Services to the Nation. The Award was presented by the Economic and Human Resource Development Association, Delhi on the occasion of a National Seminar held at Delhi on August 24, 2013 on "Outstanding Contribution for Social & Economic Growth".

Message from the Deputy Managing Director



Laxmi Narasimhan
Deputy Managing
Director

Driving performance out of our Brands is all about understanding consumers' tastes and demand. TI's enviable collection of premium brands offers our increasingly loyal consumers a choice for all occasions.

Our EBIDTA ratio stabilized at 22% of net sales, which continues to compare well with Industry peers, notwithstanding a neutral result on PAT and EBIDTA, despite a revenue growth of 10%.

It is said that the boxer who ultimately wins is not the one who throws the most punches, but the one who can take the most. Our strong EBIDTA margins allowed us to take the punches this year.

Price decontrols and positive changes not coming about in a politically hyperactive year does not come as a negative surprise. With state governments in place, we are certain price decontrols and easing of controls in IMFL industry will fructify in FY2015. Usually price decontrols are witnessed once in 2-3 years. It is about time.

The Premium launches that took place in 2012 and 2013 are yielding robust volume numbers and growth. White House Rum launched in 2012 is a millionaire brand. Courier Napoleon Green Brandy in Premium Plus category gained leadership in majority of the markets where it was launched. Mansion House Brandy gained share in all markets except Tamil Nadu where extraneous reasons affected our sales. Mansion House Whisky continues on the growth trajectory with a 3-year CAGR of 80%. Setbacks in Tamil Nadu have been neutralised with robust performance in other states.

Exports grew by 50%. The acquisition of IFB brands namely Volga Vodka and Blue Lagoon Gin has added to our organic growth in the East. This is accretive acquisition, i.e. the EBIDTA per case is same, if not more than our current margin of 22%.

Diageo is yet to impact the industry the way it was expected to. In small tracts where their corrections came about, our health too improved significantly.



It is said that the boxer who ultimately wins is not the one who throws the most punches but the one who can take the most. Our strong EBIDTA margins allowed us to take the punches this year.

Diageo, given its size and mandate, will bring about value corrections in the industry and that will benefit all companies. Consider this, in India out of ₹ 100 paid by the customer, the government takes ₹ 60, the trade takes ₹ 20, the suppliers and bank interests consume ₹ 19, leaving ₹ 1 in the hands of the companies as profits. The discourse, hitherto about unbridled volumes, will change to one about equitable share of the value chain.

Warm Regards,

Laxmi Narasimhan

Deputy Managing Director

Marketing & Promotions

The Company implements several marketing campaigns, spanning multiple channels including airline magazines and displays, sports events, radio broadcasts, and outdoor display.

Within the airline segment, TI promoted its brands with multiple airlines including Indigo, Spicejet and Jet Airways. These were specific branding put on seat panels, luggage tags, boarding passes and airline magazines.

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 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 a 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.

We are making market share gains by expanding our portfolio to suit a variety of price points.

Courrier Napoleon French Brandy



26%
Net sales growth

Mansion House Whisky



18%
Net sales growth

Senate Royale Whisky



27%
Net sales growth

BLACPOWER Whisky



54 %
Net sales growth

White House Rum



100%
Net sales growth

Marketing & Promotions

AIRCRAFT BRANDING



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.

“Mansion House presents Solli Adi” -- A live show which was aired during the CSK matches, where participants called in to “predict and win”.

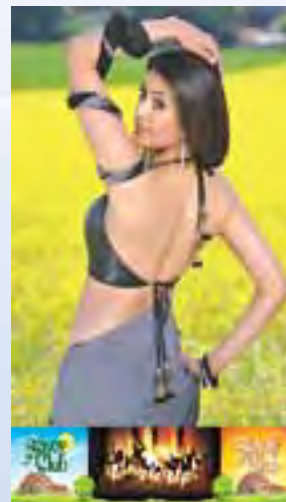


Marketing & Promotion

BLACPOWER LAVANI DHAMAAL



IMAGE RIGHTS OF POPULAR ACTRESSES



2

Corporate Social Responsibility

Corporate Social Responsibility

Corporate Social Responsibility



Mrs. Shivani Amit Dahanukar
Executive Director

EDUCATING & EMPOWERING COMMUNITIES.

While concrete steps towards change were undertaken during 2013-14, the year 2014-15 will witness us adopting the holistic developmental model to reach out to the nearby villages. Thus, was born this year's CSR theme - **"Let's Reach Out"**.

The issues being addressed are prevalent in almost all the neighbouring villages, with the degree of severance varying from location to location. It is our faith in the holistic developmental model through community participation that is compelling us to reach out to many more needy communities this year.

We have made significant efforts to directly link the progress of our communities to our progress, ensuring that they benefit from our presence. At TI, we have been able to understand that CSR is not an **'Add-on' function**, but something that is integrated in the core and needs to be embedded in all our business processes.

The objective of Corporate Social Responsibility (CSR) is to **'Add Value to Life'** to bring about sustainable development with inclusive growth. The desire to bring about a positive change in people's lives is the fuel that drives us.

Corporates directly impact the society and the environment through their operations, products and services. Each of us have a duty to leave the planet stronger for our future generations.

We are deeply committed to move forward with all our vigour and enthusiasm. While our journey towards sustainable and equitable communities has just begun, it is reassuring for us to have found the right path.

Our Approach: Upliftment of the society through Community Participation



Our conviction for a more equitable & just society keeps us ahead towards achieving these goals. Join us to create a better society.

Addressing the Millennium Development Goals



1 Eradicating Extreme Poverty & Hunger

During the past year, we served **487,947 individuals** through our Annakshetras. At the Shirrampur Annakshetra in Maharashtra and Rajahmundry in Andhra Pradesh, vegetables grown within the campus are used in the community kitchens.

At other locations, we were glad to have volunteers from villages who help us carry out the activity for the rural poor. The Annakshetras serves children and the elderly people, who otherwise are forced to earn their daily meals by indulging in laborious work.



Corporate Social Responsibility



2 Achieving Universal Primary Education

We strive to improve the learning abilities of children by integrating arts and culture, sports and experiential learning in their curriculum. A child-friendly educational method fosters self-learning and allows a child to study according to his/her aptitude and skill. By supplying nutritious mid-day meals supervised by a nutritionist, we are keeping malnutrition and illnesses at bay. **1,456 children** have been educated through English & Marathi medium school.

Activity Based Learning (ABL) is a methodology where children of different ages are grouped together in one class, and each learns at his or her own pace through a series of activities and cards arranged in the form of a learning ladder, with the teacher acting as a facilitator of children's learning.

- ◆ **Joyful Learning:** A platform that provides under-privileged children where they could have access to play, through which they can develop their social, emotional, physical & intellectual skills using toys and sports.
- ◆ **Child Rights Education:** Childline Ahmednagar initiated child rights education to rural children with Dahanukar Vidyalaya, Tilaknagar. CHILDLINE helps abused children through direct intervention in a crisis situation, rescuing children from abusive situations, giving them medical help, counseling and rehabilitation.
- ◆ **Remedial voluntary classes** are conducted by the teachers for the children to facilitate learning.
- ◆ **Medical Check-up:** Children between the age of **03-16 years** from various schools, orphanages, madaras received iron, calcium, de-worming and multi-vitamin supplements, through pediatric, ophthalmic & dental check up.

- ◆ **Computer Education:** **28 students** from tenth standard undertook the MSCIT training and gave exams & 149 students were introduced to the SCRATCH computing program.
- ◆ **Earn while you Learn:** Over **250 children** participated in this initiative which was initiated last year. 22,060 kilos of vermicompost and 104 kgs of organic cabbage and beet was also cultivated and harvested by the children as a part of "Earn while you Learn", which was used in their mid-day meal.
- ◆ **Experiential Learning:** A butterfly garden was prepared by the primary school students to study the life of caterpillars and insects.
- ◆ **Fostering Arts & Culture:** **230 children** participated in the arts and music workshop held by volunteers from St. Xavier's college and J. J. school of Arts on account of Children's Day.



- Ganesha idols made from paper marked Ganesh Chaturthi, while colors extracted from vegetables were used to celebrate Holi.
- Cultural and awareness events were conducted on Shivaji Jayanti, Savitri bai Phule Mahotsav, International Women's Day and World Aids Day. Important days and festivals were celebrated with fervor and an eco-friendly approach.
- Annual Day and Alumni meet of the Dahanuakar Vidyalaya, Tilaknagar was conducted on 15th December.
- Annual awards function was conducted on 5th July to felicitate **38 academic achievers** as well as **62 sports achievers** from the schools.



Promoting Gender Equality and Empowering Women

We reached out to further villages and rural women through our inclusion programs in the past six months. We collaborated the women with Shri Mahila Griha Udyog Lijjat Papad to provide livelihoods to even more women and by forming self help groups we imbibed a culture of savings among more women in the villages.

- ◆ Over **24 new Self Help Groups** were formed which introduced **394** to the culture of savings.
- ◆ A total of **1,114 women** from rural communities were reached by our women empowerment team and introduced to the concept of **micro savings** through self help groups.
- ◆ **69 new vermi-compost projects** were installed by rural women and farmers in the neighbouring villages.
- ◆ **75 women** have been trained with Lijjat Papad, while **47** are regularly supplying papads to them.
- ◆ A 3-month training to **32 women** for tailoring at Gokhale Wadi, Shrirampur was started in March in collaboration with Janshikshan Sansthan, Ahmednagar.

- ◆ Swayam Siddha Co-operative, Shrirampur offered training for making of agarbatti and candle making and **41 village women** participated in the training to set up home-scale manufacturing units.



Corporate Social Responsibility



4 Reducing Child Mortality

Through the health and nutrition program, we provide preventive healthcare to the villagers including malnutrition prevention and eradication. In addition, we conducted programs like health awareness camps, counseling programs, street plays aimed at informing, training and empowering our communities on matters of health, nutrition and child development.



- ◆ We have addressed over **915 children** and **116 pregnant mothers** and **62** severely malnourished children were treated, out of which **32** have been successfully brought to normal condition.
- ◆ New assessments were conducted among **567 children** from Wadala Mahadev, Dhangarwadi, Athwadi, Belapur of Taluka Rahata and Shirampur and **283 children** from Rajur village in Akole Taluka.
- ◆ **183 Anganwadi Sevikas** from Rajur village were trained by our malnutrition team along with Dr. Rupal and Dr. Vandana from FMCH (Foundation for Mother and Child Health), Mumbai for community managed malnutrition management.
- ◆ **2,732 children** from the neighboring villages were addressed through the half yearly pediatric camp held in Tilaknagar.
- ◆ Through biennial malnutrition camps for 1-16 year olds, we have addressed nutritional and health needs of **2,719 children** in the past year.

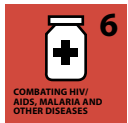


5 Improving Maternal Health

A dedicated team of doctors, nurses, nutritionists and field officers ensure that pregnant mothers have healthy pregnancies and the children born are healthy. As a part of better parenting lessons through our malnutrition centre, we arranged cooking demonstrations to display various food recipes that can be prepared at home to address micro-nutrient deficiency.

- ◆ **321 villagers**, including pregnant mothers and adolescent girls, were addressed on health and hygiene awareness camps in the villages.
- ◆ **430 beneficiaries** were addressed through seven awareness camps in **3 villages** addressing topics such as health and hygiene, birth spacing, junk food and importance of breast feeding.
- ◆ Pediatric health camp assessed **1,481 children** from 0-15 years and distributed nutritional supplements.





6 Combating HIV/AIDS, Malaria and Other Diseases

An ENT, Ophthalmic assessment and treatment camp was held in July, addressing **1,147 beneficiaries**. Medical aid was provided to **18 patients** suffering from critical illnesses & cataract surgery was conducted for **66 patients**.



7 Ensuring Environmental Sustainability

Under the environment and sustainability program, our team reached out to far more farmers in the villages of Rahuri, Rahata and Shrirampur Taluka. The farmers who had initiated organic farming themselves became ambassadors of the activity and brought new farmers under the practice of organic farming.



A successful dialogue is being established with the Taluka Agriculture Officer for organic farming training in the Shrirampur taluka.

- ◆ We addressed and introduced over **640 farmers** to organic farming, awareness sessions & **21 farmers** undertook organic farming, on **10.8 acres** of farm land.
- ◆ Over **15 villages** have been spanned with our organic outreach activity in the Shrirampur, Rahata and Rahuri taluka.



Corporate Social Responsibility



8

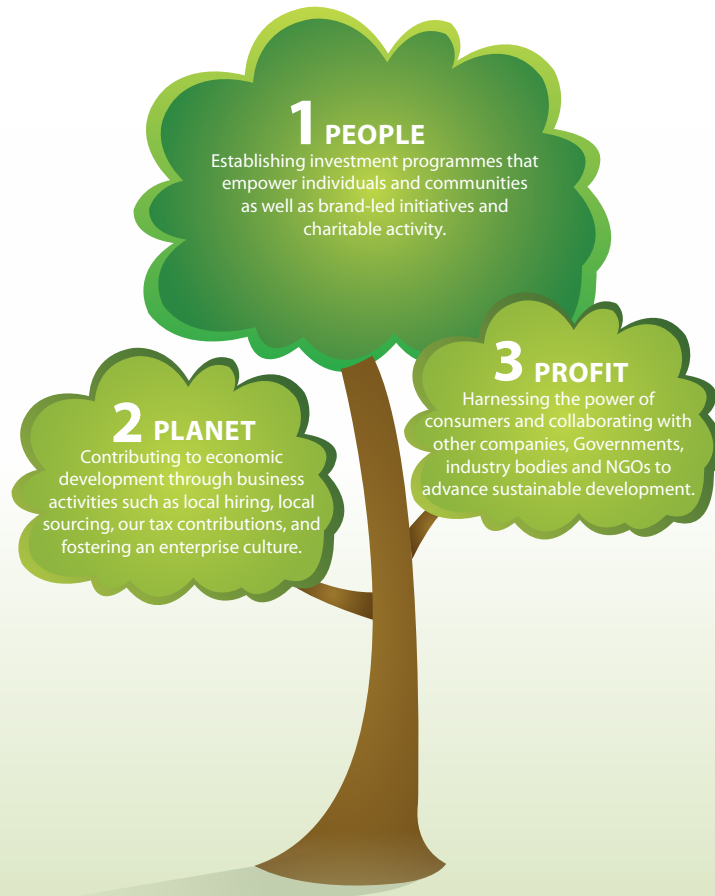
Sports Development

The sports development program started its outreach among the rural **Zilla Parishad** schools around Tilaknagar. We have initiated a model where the schools lacking basic sports are taken under our program. The faculty is trained by our sports coordinators & sports equipments are distributed. Children are introduced to various sports in the school such as football, cricket and athletics.



- ◆ **9 sports outreach centers** have been initiated in the Rahata and Shirampur talukas.
- ◆ At Tilaknagar, **376 children** participated in various sports such as Volleyball, Taekwondo, Badminton, Kho-Kho, Kabaddi, Tennis and Chess & **762 children** from the neighbouring villages were inducted on our sports outreach program.
- ◆ Zonal volleyball tournaments for under-14, 17, 19 category were conducted at Tilaknagar, where **576 children** from the Ahmednagar, Pune and Solapur district participated. We also hosted the PAYKKA Zonal tournament in which 4 girls from Tilaknagar were a member of the winning Ahmednagar team.
- ◆ We also organized the National camp on volleyball in January where **50 students** from Maharashtra state in the Under-16 category participated.
- ◆ Overall, we addressed **2,038 children** through our various sports programs.

TRIPLE BOTTOMLINE APPROACH



■ PEOPLE ■ GOVERNMENT ■ CORPORATE

Implementation of schemes by involving people through Local Panchayats

Employee Volunteering:

A **cycle rally** was conducted to flag off the initiation of our malnutrition project in **Rajur village** of Akole Taluka. 26 employees of Tilaknagar Industries Ltd. cycled over **200 kms** to bring light to the problem of malnutrition.

20 employees from Tilaknagar Industries Ltd. participated in the Standard Chartered Mumbai Marathon Dream Run to support education.



Corporate Social Responsibility

OTHER CSR ACTIVITIES :

Goshala & Animal Welfare: The Goshala at Tilaknagar continues to take care of over 270 abandoned and rescued cattle and an Animal Welfare Centre for small animals including dogs, cats, goats rescued from abuse or accidents in association with **Shree Ramanugrah Trust, Mumbai**. The Centre has over 245 animals, 21 of whom have been adopted by nearby villagers.

- **Upkeep of religious Structures:** We continue to support the upkeep and maintenance of various religious structures. Kateswami Ashram-Wadala, Mirawali Baba Dargah-Ahmednagar, Bethel-Church-Dattanagar are some of the institutions that we have assisted in 2012 as well.
- 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 Shirampur for their monthly grocery needs.
- **Monthly pension** to about **93 old and handicapped people** from the neighbouring villages. These beneficiaries do not have any person to look after them.

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

CSR Committee

To oversee and monitor the CSR activities of the Company and also to comply with the provisions of the Section 135 of the Companies Act, 2013, the CSR Committee was constituted on January 14, 2014 comprising of Mrs. Shivani Amit Dahanukar, Executive Director as its Chairperson; Dr. Ravindra Bapat; Mr. C.V. Bijlani; Mr. Madan Goyal; Non-Executive and Independent Directors of the Company as its Members.

The Committee has formulated the CSR Policy of the Company encompassing its philosophy for delineating its responsibility as a corporate citizen and laid down the guidelines and mechanisms for undertaking socially useful programs for welfare and sustainable development of the community at large.

The Company has chosen to intervene in those areas where it can strengthen the base, enable people to lead a healthier and happier life and spread cheers for the better good of the community in which it operates, through its services, conduct and initiatives. The Company, through its CSR initiatives and in fulfillment of its role as a Socially Responsible Corporate, will continue to spread the largest good to the widest number.



3

MDA

Management Discussion and Analysis

Management Discussion and Analysis

GLOBAL ALCOHOLIC BEVERAGES INDUSTRY:

The global alcoholic beverages industry has been growing at a rapid pace over the last decade. According to the World Health Organisation (WHO), the global beverage consumption averaged around 6.1 litres per individual per year over 2005-2010. While European Union (57% of market share of global beverage consumption industry) and some former Soviet states have the largest number of alcohol consumers in the world, Moldova ranks the highest with 18.2 litres of alcohol consumption per person per year. Further, almost 40% of the world's alcoholic beverage consumption consists of branded drinks, with the companies investing heavily in marketing to promote image and encourage consumer loyalty.

The global alcoholic beverages industry mainly consists of five alcoholic products - beer, cider, ale, wine and distilled spirits. According to the WHO research globally, 50.1% of total recorded alcohol is consumed in the form of spirits, followed by beer which accounts for 34.8%. Only 8.0% of total recorded alcohol is consumed in the form of wine. The global spirits industry which touched USD 262 bn in 2010 is expected to grow at 17% CAGR to reach around USD 306 bn in 2015. Currently, Whisky leads the spirits market, with over 26% market share in the global beverage consumption industry. The European Union has the largest market share of this industry, with around 48% of the overall market size.

The global alcoholic beverages industry is expected to witness stable and sustainable growth in the future primarily supported by the increasing demand in emerging countries driven by higher population base, growing alcohol consumption, young generation and rising disposable income levels. According to Lucintel, a leading global management consulting and market research firm, the global alcoholic beverage industry is estimated to grow at a moderate rate to reach around USD 1,369.5 bn in 2018.

The global alcoholic beverages industry is expected to witness stable and sustainable growth in the future primarily supported by the increasing demand in emerging countries.



INDIAN ALCOHOLIC BEVERAGES INDUSTRY:

The Indian alcoholic beverages industry is the third largest market in the world with a market size of around USD 35 bn, growing at 4% per annum on the back of strong demographic profile, growing economy and rising disposable incomes. The market is broadly divided into three categories – Beer, IMFL and Country Liquor. While the market is almost equally divided in terms of volume, the IMFL (Indian Made Foreign Liquor) market is much larger in terms of value, thus accounting for more than 65% of the market share by value.

Break-up of Spirits category globally

Countries	Bn Litres	Mn Cases	% of Total
China	3.3	370	17.5
India	2.8	306	14.5
Russia	2.3	260	12.3
US	2.3	250	11.8
Rest of the world	8.3	924	43.9
Total	19.0	2,110	100.0

*Assumed 1 cs=9 litres



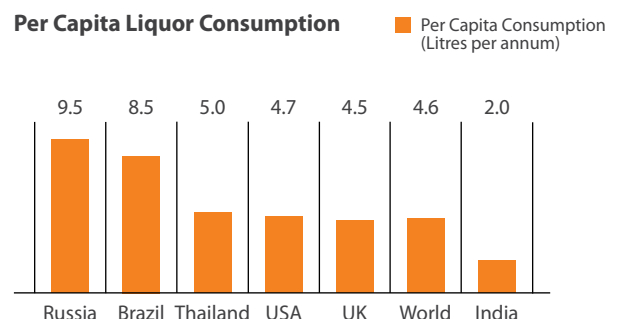
The industry is characterised by diverse customer preferences changing significantly from region to region. South India dominates the IMFL segment with over 60% market share in volumes, due to ban on country liquor, followed by North with 16% and East India accounting for around 11%. Within South India, Tamil Nadu leads with 18% IMFL market share in volumes followed by Karnataka with 17%, Andhra Pradesh with 16% and Kerala with 8%.

Despite being the third-largest liquor market in the world, the per capita consumption in India is one of the lowest as shown in the below chart. The drinking habit in India is influenced

largely by religious and social restrictions. Any significant change in the drinking habits will help the industry to witness strong volume growth in future. This has already started taking place on account of increasing social acceptance of alcohol driven by improving lifestyle and rising consumption among women. Further, India's strong demographic profile, with around 485 mn population in the drinking age and another 150 mn likely to be added to the target population in the next four to five years, should drive the growth of the industry.

The Indian alcoholic beverages industry is the third largest market in the world growing at 4% per annum on the back of strong demographic profile, growing economy and rising disposable incomes.

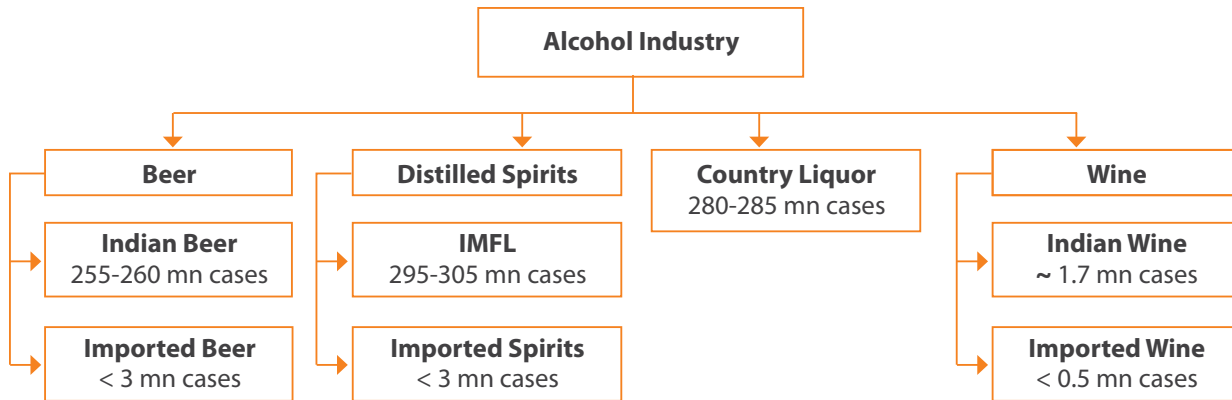
Per Capita Liquor Consumption



Source : ICICIdirect.com Research

Management Discussion and Analysis

INDIAN ALCOHOLIC BEVERAGES INDUSTRY:



IMFL MARKET IN INDIA:

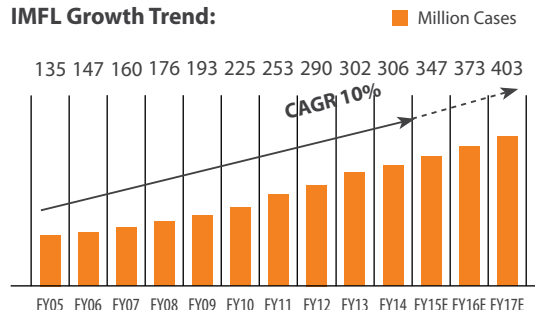
The IMFL segment market size touched 306 mn cases in volume in 2014, growing at CAGR of 10% over last 10 years. The segment is majorly led by brown spirits, where Whisky accounts for around 56% market share, followed by Brandy at 25% and Rum at 14%, while the remaining 5% is from white spirits like Vodka and Gin. The share of IMFL segment

in the spirits market surpassed that of country liquor, having grown from 45% in 2008 to 52% in 2013, indicating a shift towards good quality and premium products. Going forward, according to ICICIdirect.com Research, the IMFL growth is expected to moderate, due to higher base.



Various taxes such as excise duties, sales tax, VAT contribute to the bulk of the retail price. In most states, the government tightly controls the retail price of liquor.

IMFL Growth Trend:



Source : ICICIdirect.com Research; CRISIL Research; Inhouse Research

The industry is currently experiencing a structural transformation towards premiumisation of products along with a structural shift from country liquor to IMFL. The government's preference for better quality liquor has also led to the shift towards IMFL.

Stringent regulatory structure leading to high entry barriers:

The Indian alcoholic beverages market is characterised by very high regulations. The industry is subject to different laws and regulations varying from State to State. This entails any company in the industry to have licenses and permissions in each state where its operations are present. Hence, most of the smaller players in the industry are regional in nature.

Key Regulations:

- **Foreign Direct Investment (FDI):** 100% FDI is permitted in the alcoholic beverages sector. A foreign entity can invest in an Indian business through the automatic route, provided the required licenses are in place. In some cases where the investor is an Indian entity with foreign owners, the investment would require clearance from the Foreign Investment Promotion Board (FIPB). FDI approvals are issued on the basis of a particular licensed capacity.
- **High taxation and price controls:** Various taxes such as excise duties, sales tax, VAT contribute to the bulk of the retail price. In most states, the government tightly controls the retail price of liquor. In many cases, a tender process is used to determine prices and volumes that will be bought by the distributors.
- **Market control:** Distribution & retailing of alcoholic beverages in India is subject to government control. Nearly 75% of the distribution is handled by government corporations whereas 21% is handled by distributors and the remaining 4% from direct sales. Further, there is a complete ban on liquor advertising in India.



Distribution Structures

Structure 1: Distributor - Government, Retail - Government

Kerala

Tamil Nadu

Delhi

Structure 2: Distributor - Government, Retail - Free

Andhra Pradesh Odisha Uttar Pradesh

Bihar Rajasthan Karnataka

Chattisgarh Uttaranchal Jharkhand

Structure 3: Distributor - Free, Retail - Free

Assam West Bengal

Daman Puducherry Maharashtra

Goa Tripura

Increasing Premiumisation: Shift from Country Liquor to IMFL

IMFL Country Liquor



Source : ICICIdirect.com Research

Management Discussion and Analysis



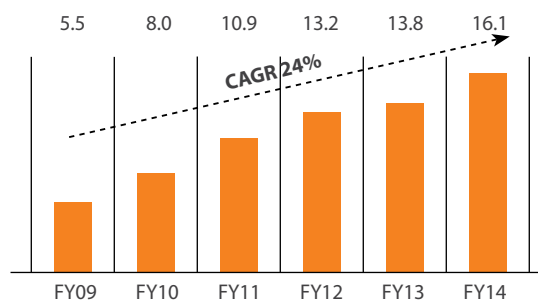
BUSINESS AND OPERATIONS REVIEW

Ti's ongoing mission is to maximise operations contribution to its business objectives by world class provision of the right products at the agreed service level. We aim to do this at the lowest cost possible and in partnership with all our stakeholders. During FY2014, the Company made solid progress in these endeavours and has largely achieved these objectives. To supplement its own plants, the Company also engages in third-party plant contracts and out sources its

manufacturing under strict quality guidelines and rigorous supervision. Over the last year, the Company increased its third-party volumes by 29%, which constitutes about 31% of its total volumes. The business model of having tie-ups has several advantages: they can be started up in relatively much shorter time; very little or no capital investment is required; one does not have to wait for licenses; it is devoid of any labour related issues and offers the management the flexibility to change over from one location to another.

Over the last year, the Company increased its third party volumes by 29%, which constitutes about 31% of its total volumes.

Total Number of Cases Sold (Mn) Over the Years



Going forward, the Company desires to maintain this level at least around 30% on an ongoing basis. It also endeavours to ensure that it has at least one manufacturing license in each State of at least 100,000 cases per month capability.

Manufacturing

Based on the Company's business model, it is well positioned to project growth via strategic investments and production capabilities. It runs and operates its own manufacturing facilities built to support the Company's growth ambitions.

TI manufactures its vast product portfolio through 5 in-house manufacturing facilities, supported by 12 lease arrangements and 14 tie-up third party units.

Break-up of our Production Units

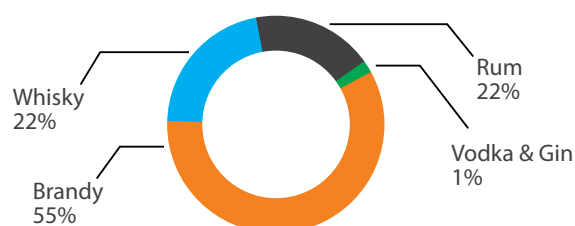
Unit Types	2009	2010	2011	2012	2013	2014
Owned	3	3	4	5	5	5
Leased	8	7	7	10	10	12
Tie-ups	13	21	21	15	13	14
Total	24	31	32	30	28	31

Our Manufacturing Facilities spread across regions

Region	State	Description
West India	Maharashtra	The Shirampur Unit is the Mother Plant of the Company. With Grain & Molasses ENA, Grape & Malt Distillation and bottling facility, this unit caters to the Maharashtra and Export Markets, the Canteen Stores Department (CSD) and regional markets such as Puducherry, Goa and Daman and also serves as the Company's technical R&D centre.
South India	Andhra Pradesh	The Prag Distillery Plant is the Company's AP manufacturing outpost with distillery license and bottling capacity catering to the local Andhra Pradesh market, both the civil and CSD. The Company desires to expand this facility and has applied for a license to increase its bottling capacity.
South India	Karnataka	The Vahni Distilleries Plant caters to local Karnataka market and has a bottling and distillery license.
West India	Goa	The Kesarval Plant at Goa, which has bottling capacities, caters to the local IMFL market and wine for all India.
North India	Punjab	Punjab Expo has a Bottling Plant in Punjab which mainly caters to CSD/PMF/Exports markets.



Portfolio Break-Up (TI)



We manufacture our vast product portfolio through 5 in-house facilities, supported by 12 lease arrangements and 14 tie-up units.

Management Discussion and Analysis



Mansion House Brandy is
**World's 2nd Largest
 Selling Brandy.**

40+ Brands
 Covering Brandy,
 Whisky, Rum,
 Vodka and Gin

Marketing

TI is one of the leading players within the IMFL segment in India. The Company's 40+ brands covering Brandy, Whisky, Rum, Vodka and Gin are sold through India's largest distribution network comprising 30+ distributors and 40,000+ points of sale. The Company is among a handful of companies to possess 5 Millionaire Brands — "Mansion House Brandy", "Madiraa Rum", "White House XXX Matured Rum", "Brigadier's No. 1 Brandy" and "Vorion No. 1 Brandy". Today, Mansion House Brandy is the world's 2nd largest selling brandy. It has established a distinct identity for itself within the IMFL segment through its portfolio of superior liquor brands (offered at various price points) for consumers at varied cross-sections. TI is already an established player in the Brandy space in India. It is committed to fortifying its presence in the segment with a strong portfolio including its legacy brands — Mansion House Brandy and Courier Napoleon Brandy, to achieve superior business performance.

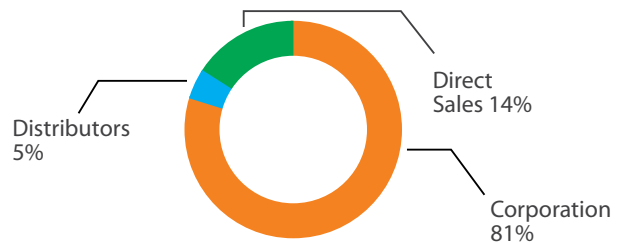
Distribution Network

TI sells through State Corporations across Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Odisha. It also operates through a vast distributor channel located in Maharashtra, Goa, Silvassa, Assam and West Bengal. It is also one of the largest player in the CSD marketplace. Going forward, the Company is looking to expand its sales into the East, which is currently being tapped with immense growth potential.

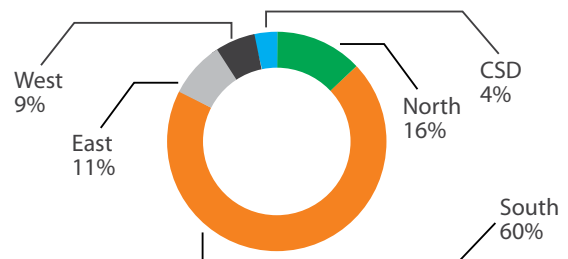
Strong Brands and Geographical Reach

TI enjoys a strong and established Brand Portfolio and is capitalising on its market-leading presence in South India. The Company's Courier Napoleon Brandy family is anticipated to become a Millionaire Brand in the near future adding to the Company's existing Millionaire Club in this segment. Going forward, TI is continuously evolving to expand its business profile, both in terms of Brands and Geographies.

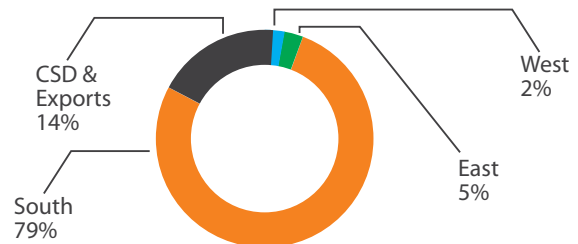
Channel-wise Break-up of Sales of TI (In terms of Volumes)



Geographical Break-up of Industry Sales (In terms of Volumes)



Geographical Break-up of TI's Sales (In terms of Volumes)



30+ Distributors
40,000+ POS

One of India's Largest
Distribution Network in IML Space

5 Millionaire Brands

- Mansion House Brandy
- Madiraa Rum
- White House XXX Matured Rum
- Brigadier's No. 1 Brandy
- Vorion No.1 Brandy

Management Discussion and Analysis

Our Leading Brand gets a Makeover

A key marketing event that took place during the year was the re-packaging of our No. 1 brand Mansion House. This was a major enhancement that was made from a branding and packaging point of view, improving the look of the product.



Premiumisation

With a target of profitable and sustainable growth, the Company is focussing on developing its sales, with an aim to deliver a healthy EBIDTA. The key strategy behind this outcome is the Company's endeavour in further penetrating existing premium segments while pioneering new premium positions which it can readily serve. TI continues its

premiumisation journey in Brandy, Rum and Whisky segment by launching pan Indian and tactical brands in the premium space. Not only have these brands been well received, they have also managed to get lion's share of the segment. TI has not limited itself only to brown spirits, and is interested to enter and succeed in the white spirits space as well.

OUR COMPREHENSIVE
PRODUCT PORTFOLIO
SUPPORTING THE
PREMIUMISATION STRATEGY

RUM



BRANDY



WHISKY



Management Discussion and Analysis

Mansion House Silk:

During FY2013-14, TI launched its most Premium Brand Mansion House Silk offering in the Brandy range in the emerging markets of Kerala and Puducherry. The response was encouraging in both markets. Within just three months of the launch, the brand achieved 10% market share of the super-premium category and became the No. 2 brand in Puducherry. Similarly, it acquired around 7% share of Kerala's market within a relatively short period of time. The Company expects this premium brand to keep growing handsomely in these markets.

Courrier Napoleon Brandy - Green:

Priced above the existing Courier Napoleon Finest French Brandy (RED), this brand is the first step towards expanding the Courier Napoleon Family. The brand was successfully introduced in Tamil Nadu — a strong brandy consuming market, followed by subsequent launches in Puducherry, Goa, Sikkim, Karnataka, Kerala and Odisha. On a pan India basis, this brand grew at 17%.



We expect our super-premium brand to keep growing handsomely in the markets of Kerala and Puducherry, amongst others.



Priced above the existing Courier Napoleon Finest French Brandy (RED), our GREEN brand is another step towards extending the Courier Napoleon Family.

Courrier Napoleon Brandy - Red:

This is one of the most profitable brands in TI stable, and has grown on a 30% YoY during FY2013-14.

Madiraa Gold Dark XXX Rum:

This represents India's most premium and expensive Rum. During FY2013-14, TI has launched the brand in Odisha. Within a short span of 4-5 months into its launch, the brand has successfully garnered 4% market share in the premium rum segment of this market.



Courrier Napoleon Red grew by 30% YoY in FY2013-14

Madiraa Gold XXX, India's most premium and expensive Rum was launched in Odisha and garnered 4% market share in the premium rum segment within just 6 months.

Management Discussion and Analysis

IFB Brands' Acquisition:

Vodka and Gin as a segment for TI has grown by around 20% YoY and is witnessing an increase in share in its overall sales. With a systematic approach, TI is expanding its presence in the segment with its popular brands such as Savoy Club Orange Gin and Castle Club Vodka. By acquiring IFB brands in March 2014, TI has strengthened its Vodka and Gin footprints in the East and will gradually take these acquired brands into its pan-India marketing channels. Through this acquisition, TI

has added to its fold IFB Agro's vodka brand 'Volga' and 'Blue Lagoon' Gin and 'Leonov' Vodka – the most popular brands in eastern Indian markets of West Bengal, Assam and Odisha. The Company is well set to expand the already existing robust IMFL product brand line of TI.



Strengthening foot hold in Whisky Segment

Mansion House Whisky (MHW) was successfully launched across all major states and is set to further witness a pan India exposure in the coming future. MHW has grown at around 18% YoY. Whisky is a burgeoning segment for TI and the Company is dedicated to increase its foothold in the segment with a slow and steady approach, with a direction towards becoming a serious player in the premium category. The Whisky portfolio comprises of emerging brands such as Mansion House Whisky, BLACPOWER Grain Whisky (54% growth YoY) and Senate Royale Whisky (27% growth YoY).

Solidifying our Emerging Leadership in Kerala with White House XXX Matured Rum:

For some time, TI has been focusing on Dark browns, mainly Brandy & Rum and aspires to become the principal player in the category. Having consolidated the premium brandies where they have a share upwards of 50%, the recent forays into rum have witnessed quantum growth. Less than four years back, the Company sold no more than 1 million cases in this segment, but last year it sold 4 million cases and already has two millionaire brands in this segment – Madiraa XXX Rum and TI White House XXX Rum.



- Mansion House Whisky grew **by 18% YoY**
- BLACPOWER Grain Whisky grew **by 54% YoY**
- Senate Royale Whisky grew **by 27% YoY**

Millionaire Brands (Rum Segment):

- TI White House XXX Rum
- Madiraa XXX Rum

Management Discussion and Analysis

FINANCIAL OVERVIEW

The table below spells out the performance of the Company for FY2014.

(₹ in million, except per share data)

Particulars	Consolidated		Standalone	
	Year ended 31.03.2014	Year ended 31.03.2013	Year ended 31.03.2014	Year ended 31.03.2013
Total Revenue	8,284.63	7,545.84	6,198.98	5,713.62
Earnings before interest, depreciation and tax (EBIDTA)	1,741.46	1,727.68	1,456.45	1,494.93
Profit before tax	845.38	850.37	691.77	719.72
Profit after tax	582.56	605.96	485.95	503.43
Surplus brought from last year	1,324.29	832.05	1,133.80	744.09
Profit available for appropriations	1,906.85	1,438.01	1,619.75	1,247.52
Transfer to general reserves	-	-	-	-
Proposed dividend and tax thereon	117.39	113.72	117.39	113.72
Surplus carried to balance sheet	1,789.46	1,324.29	1,502.36	1,133.80
Earnings per share of ₹ 10/- each				
(a) Basic	4.75	5.02	3.96	4.17
(b) Diluted	4.66	4.86	3.89	4.04



The Company believes in delivering growth with profitability. During the financial year 2013-14, the Company continued its drive towards sustainable growth and witnessed a volume growth of 17% translating to 16.13 million cases as compared to 13.80 million cases in the financial year 2012-13, driven by its strong portfolio of brands; its vast distribution network along with its focus on brand development. Despite the lower sales of brands in the State of Tamil Nadu due to lower supply on account of constraints faced by the bottlers, the Company has garnered total revenue of ₹ 8,284.63 million during the financial year 2013-14 as compared to ₹ 7,545.84 million in the last financial year driven by its premiumisation strategy, healthy increase in volumes in other States combined with the efforts to reach a wider consumer base, sustained brand development and marketing effort. The escalated ENA costs coupled with increased sales and distribution

costs and hedging cost on forex loans have impacted profitability resulting in a marginal decrease in profit before tax from ₹ 850.37 million to ₹ 845.38 million. Accordingly, the profit after tax for the financial year 2013-14 stood at ₹ 582.56 million as compared to ₹ 605.96 million in the last financial year.

RISKS & CONCERNS, OPPORTUNITIES & THREATS

TI is already an established and recognised player in the marketplace with a strong and loyal following by millions of consumers who stand by its portfolio of alcoholic beverages. The vast numbers of young Indians coming of legal drinking age over the next few years is a tremendous advantage and a huge potential consumer base. We expect that this 'young' India will continue to be a sustained growth opportunity for TI. However, despite these positives, the Company is not impervious to certain risks or concerns that might challenge this industry from time to time.

To begin with, the increasing levels of taxation coupled with regulation has pushed taxes and duties to approximately three fifths of the retail prices of most of its products. With a new and decisive Government in place, the Company is hopeful that the much-delayed Goods and Services Tax (GST) regime can eventually be introduced. The GST regime may have the ability to correct the current system that imposes taxes-on-tax and thereby reduce the overall tax burden on industry players.

Over the past few years, the Company has also consistently witnessed a sharp rise in the prices of its key ingredient, viz. Extra Neutral Alcohol (ENA) as a result of a step-up in the Ethanol Blending Program and price fixed by the Govt. for this purpose. This has taken the prices of ENA for alcoholic beverage industry to a significantly higher level, thereby putting pressure on margins. TI continues to undertake strategies which makes it less susceptible to such price volatility on its cost base. The primary strategy that allows the Company to achieve this goal is that of premiumisation. With strong EBIDTA margins, the Company has more cushion room and time to withstand and ride out price hikes better than peers who work on much thinner margins.

While TI is single minded in focussing on the vast domestic marketplace, it realises that in the long term, it may be more prudent to be better diversified geographically. Recently, TI also started looking at expanding into emerging markets where there is substantial scope for Indian alcoholic spirit products. It is a pleasure to note that the Company has made a modest inroad into certain countries within the sub Sahara African markets. In the long term, the Company expects its exports to become a considerable contributor to its top and bottom lines.

HUMAN RESOURCES

Our People are the Catalyst for Growth

Today, the HR function has become a critical catalyst for continuous transformation during a phase of rapid growth and transition, shaping not only Processes, People and Mindsets, but creating a culture that epitomises TI and unleashes innovation at every level within the organisation.



Management Discussion and Analysis



At the very heart of TI and our steady growth story is our biggest asset - Our People. We are proud of their passion and commitment to the Company and the alignment of their aspirations and dreams to our shared vision. Our growth and successes are met equally by even greater steps to ensure that we not only comply but lead in areas of processes and human relations to unleash and harness innovation at every level within the organisation. It is the behaviour of our leadership team and our people, their shared wisdom and values, which have gone into creating the business democracy that is TI - a Company where entrepreneurship and innovation thrive. As a closely knit team of over 700 employees, we have outperformed the Industry over the last few years. It is against this backdrop that the Human Resources function assumes a strategic and critical role.

OUR HR PHILOSOPHY:

- To be identified as a preferred employer and an employer of choice by prospective candidates.
- To develop a culture based on open communication, trust, fairness and one that promotes equity.
- To be an equal opportunity employer, promoting diversity across national, cultural and linguistic backgrounds.
- To foster and promote a culture which recognises and promotes merit/performance based compensation and rewards.
- Building the organisation from within, by growing, developing and promoting our people to a large extent and resorting to external hires only to complement the existing skill/competency base or fill positions for which suitable internal resources are not available.

Dr. Keshab Nandy has been conferred the **“HR Leadership Award”** at the **Asia Pacific HRM Congress Awards 2014**. This is a congregation of a global audience of HR professionals, governed by the Global Advisory Council & National Advisory Council and benchmarks talent and HR practices.

EMPLOYEE FRIENDLY ORGANISATION

We have a “family” value system and are an employee friendly organisation. This is based on the basic premise that in order to get the best out of our people in terms of productivity and creativity, we too need to take a very endearing and compassionate approach to engage with them. A liberal medical policy; complimentary refreshments and meals; sponsoring employees’ children to study domestically and internationally are only a few examples of the company’s extraordinary gestures to the employee engagement and welfare. As a result, our employees are generally a very happy lot and identify themselves completely with the company. During FY2013-14, we were able to bring down our attrition significantly to 11%, from almost 20% in the previous year. The current attrition levels continue to improve and we aspire to reach the best benchmarks in the Industry.



To get a better insight into why people leave the company, the HR team conducts Exit Interviews, which are very honest and useful in discerning what the Company could have done better to retain high performers.

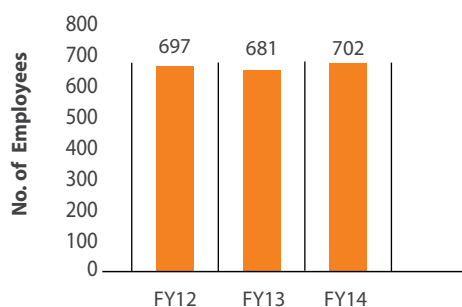
Recruitment

At TI, we focus on attaining the best possible productivity benchmarks of our industry. Despite our consistent revenue growth over the past few years, we have managed to retain our total headcount within the narrow range of 690 - 700 people. A great feature of our recruitment process involves the extensive use of Employee Referral Scheme which is implemented only for multi-sourcing the pool of eligible candidates and final selection out of the pool is done strictly on the basis of merit and without compromising on quality of selection parameters.

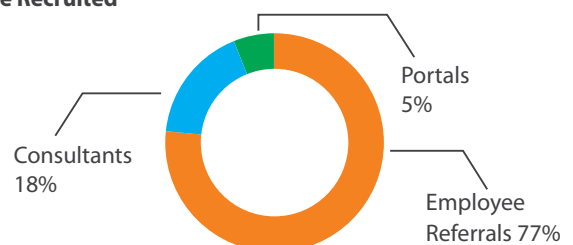
When existing employees refer their relatives or friends, there is a high level of commitment by the new employee to live up to and exceed expectations. The person referring a new employee is also committed to seeing that the person recommended is also meeting expectations. In the few cases where corrective action is required, the HR department also involves the referring employees to engage with their colleagues, yielding faster realignment.

The Employee Referral Scheme continues to gain momentum in the organisation. During FY2013-14, we recruited a total of 60 new employees. Of these people, around 77% were recruited through Employee Referral Scheme, 18% through consultants and the remainder 5% through job portals. This trend has not only improved the quality and commitment of existing and new employees, but also helped the Company minimise its recruitment costs. The total employee strength was 702, as on March 31, 2014.

Employee Headcount



Route Through Which Employees were Recruited



Management Discussion and Analysis



HIGHLIGHTS OF THE YEAR

Transition of IFB Agro Employees to TI:

During the year, the HR Department took necessary steps to ensure the smooth transition of employees inherited from the acquisition of the IMFL Business of IFB Agro, with effect from March 1, 2014.

Established Performance Appraisal Process:

During the year, TI restructured the Performance Appraisal process to more closely align performance with compensation. Based on strong analytics, each person is motivated to exceed their KRAs, setting healthy competitive dynamics in all departments, especially sales. Going forward, TI plans to move towards Balanced Score Card, in which all stakeholders, including customers, are involved in carrying out a comprehensive assessment.

Established New Policies & Processes:

The HR Department periodically reviews policies and processes for its effectiveness and, depending on the requirement, creates or amends its policies and processes. During the period, we have implemented the Code of Conduct; issued the Whistle Blower Policy. We have also formed a Complaints Committee for redressal of sexual harassment issues at the workplace.

Employee Engagement Survey:

The HR team conducted an in-depth Employee Engagement Survey, through which many constructive findings were made. This survey showed that while the majority of the workforce is highly engaged with the company, there are pockets of areas that leave room for improvement. The HR team is using this report to find new and better ways to strengthen engagement levels among its employees.



INFORMATION TECHNOLOGY

At the centre of our business is our SAP based system, which enables full visibility to the management of our operations, marketing and financial achievements. Investment in technology allows TI to raise the standard for customer service and reliability. In addition, innovative technology solutions differentiate TI in the marketplace in terms of both-offerings and operational efficiency. Technology is also the foundation for process improvements within TI that enhance productivity, improve efficiency and reduce costs. This multi-tier effort has engineered our domestic business, based on a data-driven platform derived from renowned and trusted software and hardware platforms.

During FY2013-14, special focus was placed on implementing a Barracuda Content filtering web security solution that helps the Company against known and new internet threats and improves employee productivity. It is a security product that includes solutions for protection against email, web surfing, web hackers and instant messaging threats such as spam, spyware, Trojans, and viruses.

The main goal of Barracuda is enforcing content/application policies, protecting the network against viruses, spyware, phishing and other Internet threats. The key benefit of this system is that it allows the Company to benefit from online applications and tools without exposure to web-borne malware and viruses, lost user productivity, and misused bandwidth.

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.

The Company's internal and statutory auditors review the adequacy of internal controls on a regular basis and thus help 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 corrective policies and controls to be adopted by the Company, consistent with the organisational requirements.



Management Discussion and Analysis

OUTLOOK

Going forward, we expect our overall performance to improve in sync with improving overall economic conditions and more positive consumer behaviour. With a new stable government at the Centre and a strong leadership pushing positive change in economic and commerce reforms, we expect overall sentiments to improve. This in turn is expected to augur well for consumption related industries such as ours.

Within TI, our growth drivers have been our rich product portfolio; market leading brands; a second to none distribution network; our close to consumption manufacturing capabilities and our strong marketing and selling function. While the Company has been focussing on consolidating and accentuating its leading brands, it is continuously looking at expanding its brand portfolio and geographical reach. Given that there are still new segments to grow and less penetrated markets to conquer, the Company enjoys ample scope for growth going forward.

India's overall economic growth and consumption story continues to be on a sound footing which is getting stronger. Footfalls into retail destinations are on a constant rise, driven by a growing prosperous middle class and a young and aspirational populace. Our brands are expected to continue to post stable performance in terms of consumption and trading volumes across the board. We expect our volumes to continue to see steady growth, driven by the taste and quality of our products. As we continue to occupy and expand our position in the premium segment of the business, the Company is confident on growing its business profitably.



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 CEG, Anna University. He has over 21 years of work experience by and large in the FMCG sector. Prior to joining TI, he was with United Spirits. He has worked in Coca-Cola, Illinois Tool Works and TATA Motors prior to that.



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, Management and is a Ph.D in Human Resources. He has expertise in several areas of management with more than 34 years of Industry experience. He is actively associated with management research, a prolific motivational speaker and is recipient of several awards.



Mr. Srijit Mullick

Chief Financial Officer

Mr. Srijit Mullick is both a Chartered Accountant and Cost & Management Accountant and comes with over 35 years of experience spread over different financial management areas with specialization in mergers and acquisitions, fund raising, accounts, treasury, costing, and taxation in different reputed companies including Shaw Wallace & Company Ltd. and the Essel Group.



Dr. Sukhbir Puri

Sr. Vice President – Operations

Dr. Sukhbir Puri is a MSc, Ph. D. in Chemistry and has 41 years of extensive experience of which 5 years is in marketing and more than 36 years in manufacturing /operations/ supply chain. He is associated with Bhartiya Yuva Sakti Trust, an NGO that trains the youth to become entrepreneurs. He was a member of BIS Technical Committee FAD 14 dealing with alcoholic beverages.



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 14 years of experience in secretarial and legal functions across various sectors.

Profile of our Senior Management



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 32 years of experience with nationalized and private sector banks in the area of financial services.



Mr. Ajit Sirsat

General Manager - Finance & Accounts

Mr. Ajit Sirsat is a Chartered Accountant and Cost & Management Accountant having 20 years of experience in finance & accounts.



Mr. C. D. Nageshwar Rao

Sr. Vice President – Sales (Deccan & North)

Mr. C. D. Nageshwar Rao, a high performing marketing professional, is a graduate in Commerce with a diploma in Business Management. He possesses 32 years of experience in sales, of which 30 years is in the liquor industry.



Mr. Pinaki Sengupta

Sr. Vice President – Sales (East & Maharashtra)

Mr. Pinaki Sengupta has a PG Diploma in Marketing & Sales Management with 22 years of hands-on experience in the liquor industry and sales and marketing experience 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 34 years experience in sales in different locations with leading IMFL companies.



Mr. Rajesh Agrawal

General Manager – Sales (Maharashtra & Daman)

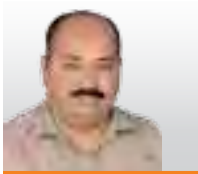
Mr. Rajesh Agrawal is a graduate in Humanities and has over 30 years of experience in IMFL industry. He possesses an in-depth knowledge of sales and distribution in the liquor industry.



Mr. S. S. Balaje

DGM – Sales (Tamil Nadu & Puducherry)

Mr. S. S. Balaje is a graduate in Corporate Secretaryship and has over 30 years of experience in the areas of sales and marketing of liquor, packages and tinned food.



Mr. Siv Sankar Chanda

AGM – Sales (Madhya Pradesh & Chattisgarh)

Mr. Siv Sankar Chanda is a graduate in Humanities from Utkal University, Odisha and has over 22 years experience in sales & marketing of FMCG/alcohol across different locations.



Mr. Biswadeb Chowdhury

AGM – Sales

Mr. Biswadeb Chowdhury is a Commerce graduate and has over 18 years of work experience in sales with leading IMFL companies.



Mr. Maxy George Poovattil

AGM - Sales (Kerala)

Mr. Maxy George Poovattil is a graduate and has over 19 years of experience in sales and FMCG in Kerala and UAE markets.



Mr. K. UdayKumar

Sr. Manager – Tamil Nadu & PMK

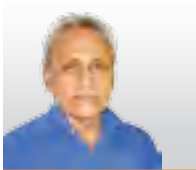
Mr. K. UdayKumar is a graduate in English Literature and has over 15 years of experience in sales with leading IMFL companies.



Mr. Debasis Nayak

Manager – Sales (Odisha)

Mr. Debasis Nayak is a B.Com (Hons.) and MBA with 12 years of experience in sales in FMCG and liquor industry.



Mr. Naresh Agnihotri

Vice President – Works

Mr. Naresh Agnihotri is a graduate in Chemistry and has over 42 years of experience, of which 25 years is in liquor industry.



Mr. M. R. K. Nair

General Manager – HR/IR and Legal

Mr. M. R. K. Nair has extensive experience spread over 45 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 31 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 21 years of cross-functional experience across various sectors.

Profile of our Senior Management



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 22 years of experience in materials management.



Mr. K. Kumarsamy

General Manager – Manufacturing

Mr. K. Kumarsamy is a graduate in Chemistry and has over 24 years experience, of which 21 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)

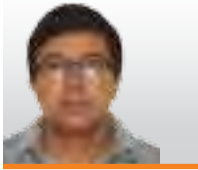
Mr. Bhaskar Ray Chowdhury is a B.Tech in Chemical Engineering from Jadavpur University and has over 18 years of experience with leading liquor companies.



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 31 years of rich experience across various capacities at different locations out of which 16 years is in liquor industry.



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 31 years with leading liquor companies and is fully conversant with all aspects of liquor manufacturing.



Mr. Shankar Pawar

AGM – Finance & Accounts

Mr. Shankar Pawar is a Chartered Accountant and has 10 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 17 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 18 years in the areas of human resource, handling a generalist profile.



Ms. Hemangi Joshi Naik

DGM – Legal

Ms. Hemangi Joshi Naik is a B.A., LL.B. and has over 9 years of experience in corporate laws across various sectors.

Directors' Report

Directors' Report

Dear Members,

Your Directors are pleased to present the 79th Annual Report along with the audited financial statements of the Company for the financial year ended March 31, 2014.

1. FINANCIAL RESULTS AND OPERATIONAL REVIEW

Financial Results

The financial performance of the Company for the financial year ended March 31, 2014 is summarized below:

(₹ in million, except per share data)

Particulars	Consolidated		Standalone	
	Year ended 31.03.2014	Year ended 31.03.2013	Year ended 31.03.2014	Year ended 31.03.2013
Total Revenue	8,284.63	7,545.84	6,198.98	5,713.62
Earnings before interest, depreciation and tax (EBIDTA)	1,741.46	1,727.68	1,456.45	1,494.93
Profit before tax	845.38	850.37	691.77	719.72
Profit after tax	582.56	605.96	485.95	503.43
Surplus brought from last year	1,324.29	832.05	1,133.80	744.09
Profit available for appropriations	1,906.85	1,438.01	1,619.75	1,247.52
Transfer to general reserves	-	-	-	-
Proposed dividend and tax thereon	117.39	113.72	117.39	113.72
Surplus carried to balance sheet	1,789.46	1,324.29	1,502.36	1,133.80
Earnings per share of ₹ 10/- each				
(a) Basic	4.75	5.02	3.96	4.17
(b) Diluted	4.66	4.86	3.89	4.04

The Company has tie-up arrangements in some States and in respect of such arrangements, turnover of ₹ 6,643.08 million during the financial year 2013-14 (₹ 5,401.34 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.

The total revenue for the year ended March 31, 2014 includes ₹ 123.76 million on account of entitlement of MVAT and CST refund for the previous year 2012-13 as compared to ₹ 109.84 million included in the year ended March 31, 2013 for the year 2011-12 pursuant to the grant of Mega Project Status under Package Scheme of Incentives, 2007 by the Government of Maharashtra vide its eligibility certificate dated April 11, 2012.

Operational Review

The Company believes in growing in a balanced manner with a combination of volumes and profitability. As a result, the Company has evolved to become a name to reckon within the Indian alcoholic beverages industry characterized by a robust portfolio of brands including iconic brands such as 'Mansion House' and 'Courrier Napoleon' supported by a loyal and growing customer base.

During the financial year 2013-14, the Company continued its drive towards sustainable growth and witnessed a volume growth of 17% translating to 16.13 million cases as compared to 13.80 million cases in the financial year 2012-13 driven by its concentrated efforts to capitalize the strong portfolio of brands through a well spread distribution network along with focus on brand development.

The Brandy segment of the Company continued to be at forefront contributing 55%, followed by Whisky and Rum segments, which have contributed 22% each to the overall sales volume of the Company. The sales volume in Brandy segment has increased by 24% to 8.80 million cases as compared to 7.08 million cases in the last financial year. The sales volume in Whisky segment has increased by 9% to 3.58 million cases as compared to 3.28 million cases in the last financial year. The sales volume in Rum segment grew by 9% to 3.57 million cases as compared to 3.28 million cases in the last financial year. In other segments, 0.18 million cases were sold as compared to 0.16 million cases sold in the last financial year.

The Company is predominantly present in southern region with sales volume of 12.85 million cases which

has grown by 19% as compared to 10.84 million cases in the last financial year. The sales volume in eastern region increased to 0.66 million cases as compared to 0.53 million cases in the last financial year, an impressive increase of 25%. Sales volume in western region grew by 20% to 0.34 million cases as compared to 0.28 million cases in the last financial year. Export and Institution segment grew by 6% to 2.28 million cases as compared to 2.15 million cases in last financial year.

Despite the lower sales of brands in the State of Tamil Nadu due to lower supply on account of constraints faced by the bottlers, the Company has garnered total revenue of ₹8284.63 million during the financial year 2013-14 as compared to ₹ 7545.84 million in the last financial year driven by its premiumization strategy, healthy increase in volumes in other States combined with the efforts to reach a wider consumer base, sustained brand development and marketing effort. The escalated ENA costs coupled with increased sales and distribution costs and hedging cost on forex loans have impacted profitability resulting in a marginal decrease in profit before tax from ₹ 850.37 million to ₹ 845.38 million. Accordingly, the profit after tax for the financial year 2013-14 stood at ₹ 582.56 million as compared to ₹ 605.96 million in the last financial year.

While the macro economic situation continues to present challenges, the Company, with the support of a strong, resilient business model, is persistent with its efforts to grow at a pace which is sustainable and profitable.

2. SIGNIFICANT DEVELOPMENTS

During the financial year 2013-14:

- The Company has acquired the IMFL business of IFB Agro Industries Ltd. ("IFB"), Kolkata including two of its most popular brands in Eastern Indian Markets of West Bengal, Assam and Odisha i.e. "Volga" Vodka and "Blue Lagoon" Gin. The acquisition is a strategic fit to Company's plans to fortify its presence in East and offer a diversified portfolio of liquor, particularly white spirit products;
- White House XXX Matured Rum, which was launched in the month of March 2012 has become the 3rd home-grown Millionaire Brand of the Company;
- The Company has got new aesthetic and visually appealing packaging of Mansion House French Brandy designed from London based internationally reputed brand design agency for introduction in the markets;

- Senate Royale Whisky has become the leading Whisky in the State of Odisha in the semi-premium segment;
- The expansion of the entire bottling line capacity at Shrirampur is expected to be commissioned in its entirety in the financial year 2014-15; and
- In line with its strategy to concentrate on its core business, the Company has exited from the P. P. Caps manufacturing business by divesting the entire stake held by it in P. P. Caps Pvt. Ltd., wholly owned subsidiary and the same has ceased to be subsidiary of the Company w.e.f. January 16, 2014.

3. DIVIDEND

The Board of Directors has recommended a dividend of ₹ 0.80 (Eighty Paise only) per equity share of ₹ 10/- each (8%) for the financial year ended March 31, 2014 entailing a payout of ₹ 117.39 million (inclusive of tax of ₹ 17.70 million). The payment of the aforesaid dividend is subject to approval of the shareholders at the ensuing Annual General Meeting of the Company and if declared, shall be paid to the shareholders on or before October 04, 2014.

4. SHARE CAPITAL

During the financial year 2013-14, the Company has issued and allotted 1,029,778 equity shares under ESOP Scheme-2008; 574,595 equity shares under ESOP Scheme-2010 and 285,135 equity shares under ESOP Scheme-2012, upon exercise of vested stock options by the option grantees.

The issued, subscribed and paid-up equity share capital of the Company as on March 31, 2014 stood at ₹ 1237.70 million, comprising of 123,769,643 equity shares of ₹ 10/- each.

5. 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 forming part of the Annual Report.

6. SUBSIDIARY COMPANIES

As a part of its strategy to concentrate on its core business of manufacturing branded alcoholic beverages and spending quality management time on the same, the Company has divested the entire stake held by it in

Directors' Report

P.P. Caps Pvt. Ltd., its wholly owned subsidiary on January 16, 2014. Consequently, P.P. Caps Pvt. Ltd. has ceased to be subsidiary of the Company w.e.f. January 16, 2014.

As on March 31, 2014, the Company was having following 8 subsidiaries:

SUBSIDIARIES			
For Operating Activities		For Allied Activities	
Name	Stake	Name	Stake
Prag Distillery(P) Ltd.	100%	Mykingdom Ventures Pvt. Ltd.	100%
Vahni Distilleries Private Limited	100%	Studd Projects P. Ltd.	100%
Kesarval Springs Distillers Pvt. Ltd.	100%	Shrirampur Grains Pvt. Ltd.	100%
Punjab Expo Breweries Private Limited	100%	Shivprabha Sugars Ltd.	90%

7. 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.

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 include the financial results of its subsidiary companies.

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

8. DIRECTORS

Dr. Vishnu Kanhere, Dr. Ravindra Bapat, Mr. C.V. Bijlani, Mr. Madan Goyal, Independent Directors of the Company were appointed at various times pursuant to the erstwhile applicable provisions of the Companies Act, 1956. Mr. Ronil Sujjan was appointed as an Additional Director (Non-Executive and Independent Director) by the Board of Directors on October 31, 2013 and his term is expiring at the ensuing Annual General Meeting.

In terms of Section 149, 150 and other applicable provisions of the Companies Act, 2013 read with Rules made there under, the provisions regarding retirement by rotation shall not apply to Independent Directors. In order to comply with the statutory requirements, the proposals are placed in the ensuing Annual General Meeting for the appointment of Independent Directors under the provisions of Section 149 of the Companies Act, 2013.

The Company has received requisite notices under Section 160 of the Companies Act, 2013 from a Member proposing the candidatures of Dr. Vishnu Kanhere, Dr. Ravindra Bapat, Mr. C.V. Bijlani, Mr. Madan Goyal and Mr. Ronil Sujjan for appointment as Independent Directors at the ensuing Annual General Meeting. The Company has also received their consent to act as Director along with declaration regarding their meeting with the criteria of independence.

The Board recommends their appointment as Independent Directors of the Company, not liable to retire by rotation under the provisions of Section 149 of the Companies Act, 2013 for a term expiring on March 31, 2019.

In accordance with the provisions of Section 152(6) of the Companies Act, 2013, Mrs. Shivani Amit Dahanukar, Executive Director of the Company is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment. The Board also recommends her re-appointment.

A brief profile of the Directors seeking appointment/re-appointment is furnished as a part of the Corporate Governance Report pursuant to the provisions of Clause 49 of the Listing Agreement.

Mr. V. B. Haribhakti, Independent Director of the Company has expressed his unwillingness to seek re-appointment as Director of the Company in the ensuing Annual General Meeting on account of his advancing age. The Board places on record its appreciation for the valuable services rendered by him during his tenure of more than three decades as Director of the Company.

9. AUDITORS

Statutory Auditors

The present tenure of M/s Baltiboi & Purohit, Chartered Accountants, the Statutory Auditors of the Company is expiring at the conclusion of the ensuing Annual General Meeting. They are proposed to be re-appointed as Statutory Auditors of the Company from the conclusion of the ensuing 79th Annual General Meeting till the conclusion of the 82nd Annual General Meeting of the Company, subject to ratification of the appointment by the shareholders at every AGM held after the ensuing AGM in accordance with the provisions of Section 139(2) and rules made there under.

As per the provisions of Section 139 of the Companies Act, 2013, the Company has obtained a written consent from M/s Baltiboi & Purohit, to such appointment and also a certificate to the effect that their appointment, if made, would be in accordance with Section 139(1) of the Companies Act, 2013 and the rules made there under and they satisfy the criteria stipulated under the provisions of Section 141 of the Companies Act, 2013.

The Audit Committee and Board have reviewed their eligibility criteria, as laid down under Section 141 of the Companies Act, 2013 and recommended their appointment as Statutory Auditors for the aforesaid period.

Auditors' Report

The Auditors' Report for the financial year ended March 31, 2014 does not contain any qualification. The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

Cost Auditors

The Company has filed the Cost Audit Report for the financial year ended March 31, 2013 with respect to cost records maintained by it relating to manufacturing of Industrial Alcohol on September 27, 2013. The Company has also filed the Compliance Report for the

financial year ended March 31, 2013 with respect to cost records maintained under Rule 5 of the Companies Cost Accounting Records (Sugar Industry) Rules, 2011 relating to production, processing or manufacturing of products other than "Industrial Alcohol" on September 27, 2013.

The Cost Audit Report for the Financial Year 2013-14 shall be filed in due course.

Secretarial Auditors

As a good corporate governance practice, the Company has got its secretarial records and documents audited from M/s Ragini Chokshi & Associates, Practising Company Secretaries voluntarily and their report for the financial year 2013-14 confirms that the Company has complied with the applicable provisions of the Companies Act, 1956, the Companies Act, 2013, Depositories Act, 1996, Listing Agreement with the Stock Exchanges and all other applicable regulations and guidelines issued by Securities and Exchange Board of India.

In accordance with the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s Ragini Chokshi & Associates, Practising Company Secretaries as Secretarial Auditors of the Company for the financial year 2014-15.

10. CORPORATE GOVERNANCE

The Company has complied with the requirements of corporate governance under Clause 49 of the Listing Agreement with the Stock Exchanges. A separate report on corporate governance together with a certificate from the Statutory Auditors of the Company regarding compliance of conditions of corporate governance as stipulated under Clause 49 of the Listing Agreement is annexed hereto and forms part of this Report.

11. STATUTORY STATEMENTS

Particulars of Employees, Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo

Details with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act, 1956 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.

Directors' 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.

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 to the effect that the Schemes have been implemented in accordance

with the SEBI Guidelines and the respective resolutions passed by the shareholders. The Certificate will be placed at the Annual General Meeting for inspection by the shareholders.

Fixed Deposits

Pursuant to the provisions of Section 205C(2)(c) of the Companies Act, 1956, a fixed deposit of ₹ 4,000/- (Rupees Four Thousand) lying unclaimed with the Company for seven years was transferred to the Investor Education & Protection Fund (IEPF) of the Central Government on March 15, 2014.

The Company has not accepted any fixed deposits during the year. The Company is not having any outstanding deposit falling within the scope of Section 58A of the Companies Act, 1956 as on March 31, 2014.

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, details in respect of unclaimed bonus shares lying in dematerialized form in the 'Tilaknagar Industries Ltd.-Unclaimed Suspense Account', are as under:

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	1,115	62,752	1,179	198,088
Number of shareholders who approached issuer for transfer of shares from suspense account during the year	3	274	2	222
Number of shareholders to whom shares were transferred from suspense account during the year	3	274	2	222
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year*	1,112	62,478	1,177	197,866

*The voting rights on the shares outstanding as on March 31, 2014 in the suspense account shall remain frozen till the rightful owner of such shares claims the shares.

Transfer of Amounts to Investor Education & 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 11, 2013 (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.

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 state that:

- a. in preparation of the annual accounts, the applicable Accounting Standards have been followed and there are no material departures;
- b. 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;
- c. 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
- d. they have prepared annual accounts on a going concern basis.

12. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility (CSR) is a continuous commitment of the Company for overall economic development and well being of the society. CSR plays an important role in sustainable growth of the Company and ensures that the Company discharges its duties towards development of the society.

The Board of Directors of the Company has constituted a CSR Committee during the year and entrusted it the responsibility of formulating and recommending to it, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, ensuring that the activities as are included in CSR Policy are undertaken by the Company, preparing a transparent monitoring mechanism for ensuring implementation of the CSR activities and recommending to the Board, the amount to be spent on CSR activities every year.

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.

13. ACKNOWLEDGEMENTS

The Directors wish to acknowledge and place on record their appreciation to all stakeholders – customers, bankers, lenders, vendors and all other business associates for the continuous co-operation and excellent support given by them to the Company. The Directors also wish to extend their sincere gratitude to all the regulatory authorities like SEBI, Stock Exchanges, Registrar of Companies, NSDL, CDSL and other government and regulatory agencies for their support.

The Directors recognize and appreciate the commitment, commendable efforts, team work and professionalism of all the employees of the Company and their continued contribution to the growth of the Company.

The Directors also thank the investors for their continued faith in the Company.

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 26, 2014

Amit Dahanukar
Chairman & Managing Director

Annexure 'A' to the Directors' Report

A) CONSERVATION OF ENERGY

Measures taken

- Three bio-digesters are working satisfactorily. Biogas so generated was utilized principally for steam generation in boilers. The details of gas generation, consumption and equivalent coal saved during the financial year 2013-14 compared with the financial year 2012-13 are as tabulated below:

Sr. No.	Particulars	Unit	Year 13-14	Year 12-13
1	Biogas generation	Lac M ³	31.67	19.18
2	Spent-wash treated	Lac M ³	0.86	0.57
3	Ratio of Biogas generation to spent wash treated	M ³ /M ³	36.81	33.64
4	Biogas utilization:			
	a. for steam generation in boiler	Lac M ³	23.61	16.54
	b. for power generation in biogas engine	Lac M ³	Nil	Nil
	c. biogas flared during start up & interruptions	Lac M ³	8.06	2.64

Notes:

- Ratio of Biogas generation to spent wash treated has increased by 9.45% due to enhanced continuous plant operation.
 - Coal equivalent to 2361 MT worth ₹ 129.34 lacs was saved due to the usage of Biogas generated.
 - Biogas flaring was high during the year as Cheema Boiler(not having the provision for Biogas burning) was operated for almost two months. Thermax and Cogent Boilers were under Annual Maintenance during this period.
- Since the entire Biogas produced has been used for steam generation, the Biogas engines were not operated.

Sr. No.	Particulars	Unit	Year 13-14	Year 12-13
1	Biogas consumed for power generation	Lac M ³	Nil	Nil
2	Power Generation	KWh	Nil	Nil
3	Ratio of power generation to biogas consumption	KWh/M ³	Nil	Nil

- The details of the power generated and savings achieved on operation of power house during the financial year 2013-14 are as follows :

Sr. No.	Particulars	Unit	Year 13-14	Year 12-13
1	Power Generation	KWh	627,000	3,223,000
2	Savings	₹ Lac	42.82	236.56

Savings on account of power generation is low as compared to financial year 2012-13 as 100 KLPD plant was operated only for 42 days in financial year 2013-14.

B) RESEARCH & DEVELOPMENT INITIATIVES

Progress during the year

In the quest to continuously improve the value proposition of our brands to the consumers, packaging development was taken up to ensure Company is able to get better value from its offering. M/s Claessens International, U.K. a renowned packaging development company has been retained to develop and modify the packaging concepts for the existing brands. The first of brands which have been identified, developed and are in process of launch are:

- Mansion House Brandy; and
- Senate Royale Blue

Work on other brands is likely to be completed in financial year 2014-15 and launches will be ongoing during the same period also. However, major launches will happen during financial year 2015-16 to coincide with the beginning of the excise year.

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

Higher version of CNB was 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 was offered to other discerning consumers and has been placed higher than CNB Green.

Known by its specially 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 flavours 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) Senate Royale Blue Whisky

This brand was specifically being researched and developed for introduction in the regular whisky market, where till today Officer's Choice Blue rules the roost. The spade work has commenced and final decision on the launch of the brand would be taken in financial year 2014-15.

5) Scotch Bottled in India (BII)

To adapt to ever changing market conditions and make our presence felt in the growing Indian Scotch Market, BII initiative has been undertaken and the process is at the drawing board level. The final decision would be taken in financial year 2014-15, for entry into this category.

6) Glass

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

C) TECHNOLOGY ABSORPTION / INNOVATION AND ADOPTION

In place of the old semi-auto line, a new auto line of 300 bpm was installed for 90 ml production. This has augmented the production capacity of 90 ml pack size.

Year	2013-14	2012-13	Increase
No. of 90 ml Cases Produced	307,759	194,911	58 %

Form - A

Total energy consumption and energy consumption per unit of production

Sr. No.	Power and Fuel consumption	Unit	Year 13-14	Year 12-13
1.	Electricity Purchased from MPECOS/ MSEDCL	KWh	6,043,510	5,906,558
	Amount	₹ in Lac	447.22	469.00
	Rate per unit	₹/KWh	7.40	7.94
	Electricity own generation from Biogas Engines	KWh	Nil	Nil
	Amount	₹ in Lac	Nil	Nil
	Rate per unit	₹/KWh	Nil	Nil
	Electricity own generation from Turbine	KWh	627,000	3,223,000
	Amount	₹ in Lac	3.57	19.33
	Rate per unit	₹/KWh	0.57	0.60
	Electricity own generation from D G Sets	KWh	156,664	285,504
	Amount	₹ in Lac	35.48	46.92
	Rate per unit	₹/KWh	22.65	16.43
	Total Electricity used	KWh	6,827,174	94,15,062
	Wtd. Avg. Unit rate	₹/KWh	7.12	5.69
2.	Steam coal for generation of steam	MT	13,864	21,437.00
	Amount	₹ in Lac	759.51	1,239.22
	Average rate per MT	₹/MT	5,478.29	5,781.00
	Baggase for generation of steam	MT	2,619.89	610.96
	Amount	₹ in Lac	101.81	23.59
	Average rate per MT	₹/MT	3,886.12	3,861.78
	Fire wood for generation of steam	MT	Nil	32.32
	Amount	₹ in Lac	Nil	1.00
	Average rate per MT	₹/MT	Nil	3,095

Electricity Consumption per unit of product

Name of product	Unit	Year 13-14	Year 12-13
Molasses ENA	KWh/Ltr.	0.26*	0.34
Grain ENA	KWh/Ltr.	0.00	0.67
IMFL	KWh/Case	0.23**	0.26

* Power consumption in the current year is reduced due to better capacity utilization.

** Power consumption per case of IMFL has decreased due to better capacity utilization and replacement of a semi auto line with a 300 bpm auto line.

D) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year the foreign exchange outgo was ₹ 83.55 million (P.Y. ₹ 71.52 million) and foreign exchange earnings were ₹ 310 million (P.Y. ₹ 151.06 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 financial year ended March 31, 2014.

Sr. No.	Name	Designation	Remuneration paid during the year 2013-14 (₹)	Qualification	Age (Years)	Total Experience (Years)	Date of Commencement of Employment	Last Employment & Designation
1	Mr. Amit Dahanukar	Chairman & Managing Director	3,49,51,920/-	B.E. (ELEC.), M.S. (U.S.A.)	37	13	07.11.2001	First Employment
2	Mrs. Shivani Amit Dahanukar	Executive Director	2,23,35,360/-	M.B.A., LL.B.	36	8	01.06.2006	First Employment
3	Mr. Laxmi Narasimhan	Dy. Managing Director	3,05,14,306/-	B.E. (IND. ENGG.), P.G.D.M. (I.I.M., Calcutta)	44	21	24.10.2011	United Spirits Ltd. - Chief Operating Officer (Deccan Region)
4	Dr. Sukhbir Puri	Sr.V.P – Operations	1,27,48,739/-	M.Sc., Ph.D.	65	41	27.04.2009	Khemani Group – Group President
5	Dr. Keshab Nandy	Director – (Legal, HR, IT, IR, Vigilance & Safety)	78,45,328/-	B.A, M.A, M.H.R.M, P.G.D.P.M. & I.R, LL.B, D.C.M., M.Phil., Ph.D.	58	35	03.09.2007	UTI Technology Services Ltd. - Sr. VP – HR, IR, Legal, Quality, Admin, Facility MGT & CVO
6	Mr. Srijit Mullick *	Chief Financial Officer	33,50,949/-	B. Com., FCA., ACMA.	59	35	05.10.2013	E City Ventures Group of Companies - Chief Financial Officer
7	Mr. Pinaki Sengupta	Sr. Vice President – Sales (East)	62,53,567/-	P.G.D.M. (Marketing & Sales)	48	22	15.02.2012	Radico Khaitan Ltd. – AVP – Sales (East) & Regional Profit Centre Head (East)

* Mr. Srijit Mullick was appointed as Chief Financial Officer of the Company with effect from October 05, 2013.

Annexure 'C' to the Directors' Report

Statement as at March 31, 2014 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		Date of Grant	No. of stock options granted
						May 30, 2013	10,00,000
2	The Pricing Formula	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:		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:		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:	
		Date of Grant	Minimum Exercise Price (₹)	Date of Grant	Minimum Exercise Price (₹)	Date of Grant	Minimum Exercise Price (₹)
		July 02, 2009	13.33	January 15, 2011	60.00	May 28, 2012	42.00
		January 28, 2010	25.00	August 01, 2011	38.00	February 04, 2013	60.00
		June 25, 2010	36.67	October 21, 2011	25.00	May 30, 2013	45.00
		August 07, 2010	50.00	November 11, 2011	25.00		
3	Number of stock options vested during the year	1,300,372		1,318,288		1,196,974	
4	Number of stock options exercised during the year	894,548		557,870		285,135	
5	Total number of shares arising as a result of exercise of stock options [includes 135,230 stock options (ESOP Scheme 2008) and 16,725 stock options (ESOP Scheme 2010) exercised in last financial year and allotted in financial year 2013-14]	1,029,778		574,595		285,135	

Sr. No.	Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
6	Number of stock options lapsed during the year	90,579	263,070	22,778
7	Number of stock options cancelled during the year	27,450	70,410	72,728
8	Variation in the terms of stock options	Nil	Nil	Nil
9	Money realized by exercise of stock options during the year(₹)	22,540,020	14,435,244	11,975,670
10	Total number of stock options in force	1,300,445	2,341,006	4,562,229
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	700,115
	Dr. Keshab Nandy	Nil	Nil	23,703
	Dr. Sukhbir Puri	Nil	Nil	21,200
	Mr. Naresh Agnihotri	Nil	Nil	9,000
	Mr. C.D. Nageshwar Rao	Nil	Nil	7,500
	Mr. K. S. Prasad	Nil	Nil	4,500
	Mr. G. S. Krishnan	Nil	Nil	17,777
	Mr. Santosh Thakur	Nil	Nil	9,000
	Mr. Gaurav Thakur	Nil	Nil	17,777
	(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	700,115
	(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

Annexure 'C' to the Directors' Report

Sr. No.	Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
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 (iv) 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 shareholders at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the 79th Annual General Meeting.

5

Corporate Governance Report

Corporate Governance Report

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate governance is a set of systems, processes and principles adopted to promote corporate fairness, transparency and accountability and to ensure that the business of the Company is conducted in the best interest of all its stakeholders. Good corporate governance is basically 'good business'. 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 has well established systems, policies and practices to ensure 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, discharge of social responsibilities for sustainable development of all its stakeholders and above all, alignment of its business structure in the lines of transparency, integrity, professionalism and accountability at the highest level.

As a good corporate governance practice, the Company has got its secretarial records and documents audited from M/s. Ragini Chokshi & Associates, Practicing Company Secretaries voluntarily and their report for the financial year 2013-14 confirms that the Company has complied with the applicable provisions of the Companies Act, 1956, the Companies Act, 2013, Depositories Act, 1996, Listing Agreement with the

Stock Exchanges and all other applicable regulations and guidelines issued by Securities and Exchange Board of India.

The Company has complied with the requirements of corporate governance under Clause 49 of the Listing Agreement with the Stock Exchanges as per details given hereunder:

1. BOARD OF DIRECTORS

The Board, comprising of eminent persons with considerable professional expertise and experience, provides strategic direction to the management, sets goals for management and monitors the achievement of those goals with a view to optimizing the performance of the Company and maximizing shareholders' value. The Board, headed by Chairman & Managing Director, is having optimum combination of Executive (2) and Non-Executive Independent Directors (6) meeting the requirements of Clause 49 of the Listing Agreement. The Executive Directors are involved in the day-to-day management of the Company and the Non-Executive Independent Directors bring external perspective and independence to the decision making process.

The details of the Directors on the Board along with the number of other directorship(s)/committee membership(s)/committee chairmanship(s) held by them as on March 31, 2014 are as follows:

Name of the Director	Director Identification Number	Category	Number of other Directorship, Committee Membership/Chairmanship		
			Directorship*	Committee membership**	Committee chairmanship**
Mr. Amit Dahanukar	00305636	Chairman & Managing Director (E, P)	8	Nil	Nil
Mrs. Shivani Amit Dahanukar	00305503	Executive Director (E, P)	8	Nil	Nil
Mr. V. B. Haribhakti	00088062	Director (NE, I)	7	3	3
Dr. Vishnu Kanhere	00999861	Director (NE, I)	2	Nil	2
Dr. Ravindra Bapat	00353476	Director (NE, I)	2	Nil	Nil
Mr. C.V. Bijlani	02039345	Director (NE, I)	Nil	Nil	Nil
Mr. Madan Goyal	00377825	Director (NE, I)	1	Nil	Nil
Mr. Ronil Sujan#	01780094	Additional Director (NE, I)	Nil	Nil	Nil

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

* Private limited companies (other than subsidiary of public company), 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 Stakeholders Relationship Committee (earlier known as Shareholders/Investors Grievance Committee).

Appointed as Additional Director (Non-Executive and Independent) of the Company w.e.f. October 31, 2013.

No Director is, inter-se, related to any other Director on the Board except Mr. Amit Dahanukar and Mrs. Shivani Amit Dahanukar, who are related to each other as spouse. All the Independent Directors on the Board satisfy the criteria of independence prescribed under the Companies Act and the Listing Agreement. 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 prescribed in Clause 49 of the Listing Agreement.

The Board meets at least once in a quarter to consider proposals regarding investment, capital expenditure, borrowings, operational performance and financial results etc. in addition to matters statutorily required to be placed before it. The Board has met six times during the financial year 2013-14 on May 30, 2013; August 07, 2013; September 11, 2013; October 31, 2013; January 14, 2014 and February 08, 2014 and the intervening period between the two meetings did not exceed four months.

The details of the attendance of the Directors at the Board Meetings held during the financial year 2013-14 and the last Annual General Meeting held on September 11, 2013 are as follows:

Name of the Director	Category	Attendance at the Meetings held during 2013-14	
		Board Meetings	Annual General Meeting
Mr. Amit Dahanukar	Chairman & Managing Director	5	Yes
Mrs. Shivani Amit Dahanukar	Executive Director	6	Yes
Mr. V. B. Haribhakti	Independent Director	6	Yes
Dr. Vishnu Kanhere	Independent Director	6	Yes
Dr. Ravindra Bapat	Independent Director	6	Yes
Mr. C.V. Bijlani	Independent Director	6	Yes
Mr. Madan Goyal	Independent Director	6	Yes
Mr. Ronil Sujan*	Independent Director	2	N.A.

*Two meetings were held after his appointment on October 31, 2013.

To enable the Board to discharge its responsibilities effectively and take informed decisions, comprehensive agenda notes along with background materials, wherever required, are circulated well in advance to the Directors. The Board reviews the compliance reports in respect of laws and regulations applicable to the Company and the minimum information prescribed under Clause 49 of the Listing Agreement placed before it on quarterly basis. The minutes of the Board Meetings and the annual financial statements of the subsidiary companies are also reviewed by the Board.

2. COMMITTEES OF THE BOARD

The following committees have been constituted by the Board of Directors in compliance with the applicable provisions of the Listing Agreement and the Companies Act with composition, terms of reference and role as mentioned herein below:

A) Audit Committee

The Audit Committee of the Board, constituted in accordance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, comprises of four Independent Directors having specialization in areas of accounting/financial management. Mr. V. B. Haribhakti, veteran Chartered Accountant is the Chairman of the Audit Committee and he was present at the Annual General Meeting of the Company held on September 11, 2013 to answer members' queries.

The Audit Committee met five times during the financial year 2013-14 on May 30, 2013; August 07, 2013; September 11, 2013; October 31, 2013 and February 08, 2014 and the intervening period between the two meetings did not exceed four months. **The composition of the Audit Committee and the details of the attendance of the Committee Members at the Audit Committee Meetings held during the financial year 2013-14 are as follows:**

Corporate Governance Report

Name of the Member	Designation	Qualification	No. of Meetings attended
Mr. V. B. Haribhakti	Chairman	Chartered Accountant	5
Dr. Vishnu Kanhere	Member	Chartered Accountant and Cost & Management Accountant	5
Mr. C.V. Bijlani	Member	M.A., C.A.I.I.B.	5
Mr. Madan Goyal	Member	M.B.A., C.A.I.I.B., F.C.I.B. (U.K.)	5

The Executive Directors, Chief Financial Officer, 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. Mr. Gaurav Thakur, Company Secretary, acts as the Secretary of the Committee.

The Board at its Meeting held on May 26, 2014, has approved new terms of reference for the Audit Committee in accordance with the Section 177 of the Companies Act, 2013 and SEBI circular dated April 17, 2014 regarding amendment of Clause 49 of the Listing Agreement (effective from October 01, 2014) as given below:

- a. overseeing the Company's financial reporting process and disclosure of financial information to ensure presentation of correct, sufficient and credible financial statements;
- b. recommending to the Board, the appointment, remuneration and terms of appointment of auditors of the Company;
- c. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to the following:
 - matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (c) of Section 134(3) of the Companies Act, 2013;
 - 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, if any;
- d. reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- e. reviewing, with the management, the statement of use/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized 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 regard;
- f. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- g. approval or any subsequent modification of transactions of the Company with related parties;
- h. scrutinizing inter-corporate loans and investments;
- i. valuation of undertakings or assets of the Company, wherever it is necessary;
- j. evaluating the internal financial controls and risk management systems;
- k. reviewing, with the management, performance of Statutory and Internal Auditors and adequacy of the internal control systems;
- l. reviewing the adequacy of internal audit function, including the structure of the internal audit department, if any, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- m. discussing with Internal Auditors of any significant findings and follow up thereon;

- n. reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- o. discussion with Statutory Auditors before the commencement of audit about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- p. looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- q. reviewing the functioning of the Whistle Blower mechanism;
- r. 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;
- s. reviewing the following information:
 - management discussion and analysis of financial conditions and results of operations;
 - statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - management letters/letters of internal control weaknesses issued by the Statutory Auditors;
 - internal audit reports relating to internal control weaknesses;
- t. reviewing the appointment, removal and terms of remuneration of the Chief Internal Auditors, if any; and
- u. carrying out such other functions as may be assigned by the Board from time to time.

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

B) Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of Mr. C.V. Bijlani, Mr. V.B. Haribhakti and Mr. Madan Goyal, Independent Directors and Mr. Amit Dahanukar, Chairman & Managing Director of the Company. Mr. C. V. Bijlani is the Chairman of the Committee. Mr. Gaurav Thakur, Company Secretary, is the Compliance Officer of the Company and acts as the Secretary of the Committee. The Committee met four times during the financial year 2013-14 on May 30, 2013; August 07, 2013; October 31, 2013 and February 08, 2014 and all the Committee Members were present in those meetings.

The Board has in its Meeting held on May 26, 2014 changed the nomenclature of the Shareholders/ Investors Grievance Committee to 'Stakeholders Relationship Committee' in accordance with the Section 178 of the Companies Act, 2013 and SEBI circular dated April 17, 2014 regarding amendment of Clause 49 of the Listing Agreement (effective from October 01, 2014).

The 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, demat/remat, transfer/transmission, split/consolidation of shares, etc. The terms of reference of the Committee were revised by the Board on May 26, 2014 to also include the additional roles and responsibilities of resolving the grievances of all other security holders.

Statement of various complaints received and resolved during the financial year 2013-14 are as under:

Corporate Governance Report

Nature of Complaints	Opening as on April 01, 2013	Received during the year	Resolved during the year	Closing as on March 31, 2014
Non-receipt of share certificates lodged for transfer	Nil	3	3	Nil
Non-receipt of dividend warrants	Nil	15	15	Nil
Non-receipt of annual reports	Nil	6	6	Nil
Non-receipt of demat credit	Nil	4	4	Nil
Non-receipt of bonus shares	Nil	4	4	Nil
SEBI/ROC	Nil	3	3	Nil
Total	Nil	35	35	Nil

C) Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of four Independent Directors viz. Mr. V.B. Haribhakti, Dr. Vishnu Kanhere, Mr. C.V. Bijlani and Mr. Madan Goyal. Mr. V. B. Haribhakti, veteran Chartered Accountant is the Chairman of the Committee. Mr. Gaurav Thakur, Company Secretary, acts as the secretary of the Committee. The Committee met once during the financial year 2013-14 on May 30, 2013 and the Meeting was attended by all the Committee Members.

The Board has in its Meeting held on May 26, 2014 changed the nomenclature of the Remuneration Committee to 'Nomination and Remuneration Committee' in accordance with the Section 178 of the Companies Act, 2013 and SEBI circular dated April 17, 2014 regarding amendment of Clause 49 of the Listing Agreement (effective from October 01, 2014).

The Committee recommends to the Board the remuneration packages of Executive and Non-Executive Directors. The terms of reference of the Committee have been revised by the Board on May 26, 2014 to also include the additional roles and responsibilities as under:

- i. identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal and to carry evaluation of every director's performance; and
- ii. formulation of the criteria for determining qualifications, positive attributes

and independence of a director and recommending a policy to the Board, relating to the remuneration for the directors, key managerial personnel and other employees ensuring that:

- a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The recommendations of the Committee are considered and approved by the Board, subject to approval of Shareholders, wherever necessary.

Remuneration of Directors

The remuneration policy of the Company ensures the effective recognition of performance and encourages a focus on achieving superior operation results by determining remuneration based on the prevailing industry norms, performance of the Company, individual director's track record, potential and performance, and the external competitive environment. Remuneration paid to the Executive Directors during the financial year 2013-14 is in accordance with the approval

granted by the Shareholders and is within the limits prescribed under the provisions of the Companies Act, 1956. The Members at the 77th Annual General Meeting held on September 21, 2012 had authorized the Board of Directors to pay commission to Non-Executive Directors upto a sum not exceeding one percent of the net profits of the Company computed in the manner provided under Sections 198 of the Companies Act, 1956. Non-Executive Directors have been paid sitting fees during the financial year 2013-14, 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 paid to them during the year ended March 31, 2014.

The details of remuneration paid to the Directors for the financial year 2013-14 are as follows:

Name of the Director	Category	Salaries, Allowances & Perquisites (₹)	Contribution to SA/ PF (₹)	Sitting Fees (₹)
Mr. Amit Dahanukar	Chairman & Managing Director	32,679,600	22,72,320	Nil
Mrs. Shivani Amit Dahanukar	Executive Director	20,184,000	21,51,360	Nil
Mr. V. B. Haribhakti	Independent Director	Nil	Nil	80,000
Dr. Vishnu Kanhere	Independent Director	Nil	Nil	65,000
Dr. Ravindra Bapat	Independent Director	Nil	Nil	40,000
Mr. C.V. Bijlani	Independent Director	Nil	Nil	85,000
Mr. Madan Goyal	Independent Director	Nil	Nil	85,000
Mr. Ronil Sujan	Independent Director	Nil	Nil	10,000

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

Mr. Amit Dahanukar and Mrs. Shivani Amit Dahanukar are under contract of employment with the Company for a period of five years. The service contracts of Mr. Amit Dahanukar and Mrs. Shivani Amit Dahanukar can be terminated by either party by giving six and three months' notice in writing or six and three months' salary in lieu thereof respectively. No severance fees is payable to them on termination of the service contracts.

D) Corporate Social Responsibility Committee

The Board in its Meeting held on January 14, 2014 has constituted a Corporate Social Responsibility Committee(CSR Committee) to effectively monitor the CSR activities carried out by the Company. The Committee comprises of Mrs. Shivani Amit Dahanukar, Executive Director and Dr. Ravindra Bapat, Mr. C.V. Bijlani and Mr. Madan Goyal, Independent Directors of the Company. Mrs. Shivani Amit Dahanukar is the Chairperson of the Committee and Mr. Gaurav Thakur, Company Secretary acts as the Secretary of the Committee. The Committee met once during the financial year

2013-14 on February 08, 2014 and the Meeting was attended by all the Committee Members.

The Board at its Meeting held on January 14, 2014, has approved terms of reference for the CSR Committee as given below:

- formulating and recommending to the Board, a Corporate Social Responsibility Policy(CSR Policy) which shall indicate, inter-alia, the CSR activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 as amended from time to time;
- recommending and obtaining approval of the Board for the amount of expenditure that can be incurred on the activities referred to in clause(a);
- ensuring that the activities as are included in CSR Policy of the Company are undertaken by the Company;
- preparing a transparent monitoring mechanism for ensuring implementation of the CSR projects/ programs/activities being undertaken/proposed to be undertaken; and

Corporate Governance Report

- e. discharging such other functions as may be assigned by the Board from time to time after taking into consideration the provisions under Section 135 of the Companies Act, 2013.

The CSR committee has been entrusted with necessary powers to achieve its objectives. Based on the recommendation of the CSR Committee, the Board has in its Meeting held on February 08, 2014 approved the CSR Policy of the Company and CSR Budget for the financial year 2014-15. The CSR Policy is available at the website of the Company i.e. www.tilind.com.

E) Compensation Committee

The Compensation Committee comprises of Mrs. Shivani Amit Dahanukar, Executive Director and Dr. Vishnu Kanhere and Dr. Ravindra Bapat, Independent Directors of the Company. Dr. Vishnu Kanhere, veteran Chartered Accountant is the

Chairman of the Committee. Mr. Gaurav Thakur, Company Secretary acts as the Secretary of the Committee. The Committee met once during the financial year 2013-14 on February 08, 2014 and the Meeting was attended by all the Committee Members.

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.

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

Name of the Director	Category	Number of Equity Shares held		Number of ESOPs held*	
		As on March 31, 2014	As on March 31, 2013	As on March 31, 2014	As on March 31, 2013
Mr. Amit Dahanukar	Chairman & Managing Director	29,844,552	23,344,552	Nil	Nil
Mrs. Shivani Amit Dahanukar	Executive Director	32,976,043#	39,476,043	Nil	Nil
Mr. V. B. Haribhakti	Independent Director	21,000	15,000	7,998	13,998
Dr. Vishnu Kanhere	Independent Director	12,000	6,000	7,998	13,998
Dr. Ravindra Bapat	Independent Director	32,250	26,250	7,998	13,998
Mr. C.V. Bijlani	Independent Director	12,000	6,000	7,998	13,998
Mr. Madan Goyal	Independent Director	12,000	6,000	7,998	13,998
Mr. Ronil Sujan	Independent Director	Nil	Nil	Nil	Nil

* 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.

Includes 10,65,000 equity shares held by Karvy Financial Services Limited under POA as collateral securities.

F) Share Transfer Committee

The Share Transfer Committee was re-constituted on February 08, 2014 and comprises of Mr. Amit Dahanukar, Chairman & Managing Director, Mrs. Shivani Amit Dahanukar, Executive Director and Mr. C.V. Bijlani and Mr. Madan Goyal, Independent Directors of the Company. Mr. Amit Dahanukar is the Chairman of the Committee and Mr. Gaurav Thakur, Company Secretary, acts as the Secretary of the Committee.

The terms of reference of the Share Transfer Committee include, inter-alia, ensuring timely approval and processing of requests received from shareholders with respect to share transfer/transmission, issue of duplicate share certificates, demat/remat, split/consolidation of shares, etc. The requests received from the shareholders are dealt by the Committee on weekly basis.

3. SUBSIDIARY COMPANIES

The Company has eight subsidiary companies and none of them falls under the definition of “material non listed Indian subsidiary”. The Audit Committee reviews the financial statements and in particular the investments made by the subsidiary companies. The minutes of the board meetings of the subsidiary companies are periodically placed before the Board. The Board is periodically informed about all significant transactions and arrangements entered into by these subsidiaries.

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

The Company has formulated and implemented a Code of Conduct for its Directors and Senior Management in compliance with Clause 49(1)(D) of the Listing Agreement and same is available at the website of the Company i.e. www.tilind.com. 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, 2014. A declaration to this effect signed by Mr. Amit Dahanukar, Chairman & Managing Director of the Company is annexed to this Report.

5. DISCLOSURE PRACTICES FOR PREVENTION OF INSIDER TRADING

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company is having policy for “Corporate Disclosure Practices for Prevention of Insider Trading” since 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.

6. CMD/CFO CERTIFICATION

The Chairman & Managing Director and Chief Financial Officer of the Company have certified to the Board of Directors, inter-alia, the accuracy of financial statements and adequacy of internal controls for the financial reporting purpose as required under Clause 49 (V) of the Listing Agreement, for the year ended March 31, 2014. The said certificate is annexed to this Report.

7. REPORT/CERTIFICATE ON CORPORATE GOVERNANCE

The Company has submitted the quarterly compliance governance reports to the Stock Exchanges within the timelines prescribed under Clause 49(VI)(ii) of the Listing Agreement. The same is available at the website of the Company i.e. www.tilind.com. The Company has obtained a Certificate from the Statutory Auditors confirming compliance of the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement and the same is annexed to this Report.

8. DISCLOSURES

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

During the year, the Company has not entered into any transaction of material nature with the Directors, their relatives or management, which is in conflict with the interests of the Company.

The transactions with the related parties, namely its promoters, key managerial personnel, its subsidiaries and associate companies etc., of routine nature have been reported in the notes to accounts, in accordance with the Accounting Standard 18 (AS 18) issued by The Institute of Chartered Accountants of India read with Companies (Accounting Standards) Rules, 2006.

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 Board has formulated a Risk Management Policy, which lays down the procedures for risk assessment and mitigation. The Board has also constituted a Risk Management Committee, comprising of senior management, for reviewing the risk management and mitigation plans. The Committee apprises the Audit Committee periodically about key risks associated with the business of the Company and the measures to mitigate them.

Corporate Governance Report

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 applicable 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) Disclosure by senior management personnel

No material, financial and other transaction was entered with the senior management personnel in which they could have personal interest conflicting with the interest of the Company at large.

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

The Company has complied with all the applicable mandatory requirements of Clause 49 of the Listing Agreement. 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 qualification and expertise to provide value addition to the Company. In compliance with the provisions of the Companies Act, 2013 notified on April 01, 2014 and SEBI circular dated April 17, 2014 regarding amendment of Clause 49 of the Listing Agreement (effective from October 01, 2014), the proposals are placed in the ensuing Annual General Meeting for appointment of all the Independent Directors (except Mr. V.B. Haribhakti, who has expressed his unwillingness to seek re-appointment) for a term expiring on March 31, 2019 and during this period they shall not be liable to retire by rotation. In terms of Clause 49(IV) (G) of the Listing Agreement, the details of the directors proposed to be appointed/re-appointed covering their brief resume, nature

of their expertise in specific functional areas, their other directorships and committee memberships, their shareholdings and their relationships, if any, with other directors are annexed to this Report.

ii) Remuneration Committee

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

iii) Shareholders Rights

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 i.e. www.tilind.com. The results are not sent to the shareholders individually.

iv) Audit Qualifications

The Company continues to adopt best practices to ensure unqualified financial statements. There were no audit qualifications on the financial statements for the financial year ended March 31, 2014.

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 same shall be formulated as per the newly enacted provisions of the Companies Act, 2013.

vii) Whistle Blower Policy

The Company has always encouraged its employees to raise their concerns relating to fraud, malpractices or any other activity or event which is against its interest and the Audit Committee in its Meeting held on May 26, 2014 has adopted a Whistle Blower Policy in accordance with the provisions of the Companies Act, 2013. Anonymous complaints are not entertained under the Policy. The Policy protects the whistle blower from any kind of discrimination and harassment. The Whistle Blower Policy is available at the website of the Company i.e. www.tilind.com.

9. GENERAL BODY MEETINGS

Details of last three Annual General Meetings held along with Special Resolutions passed thereat are as under:

Financial Year	Day, Date & Time	Venue	Particulars of Special Resolutions passed
2012-13	Wednesday September 11, 2013 10.30 a.m.	P. O. Tilaknagar, Tal. Shirampur, Dist. Ahmednagar, Maharashtra – 413 720	Nil
2011-12	Friday September 21, 2012 12.00 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; and 3. Payment of Commission to Non-Executive Directors.
2010-11	Thursday September 08, 2011 11.00 a.m.	P. O. Tilaknagar, Tal. Shirampur, Dist. Ahmednagar, Maharashtra – 413 720	Nil

Passing of Resolution by Postal Ballot

No item of business which required the Shareholders' approval through postal ballot was transacted during the financial year 2013-14. At the ensuing Annual General Meeting, no resolution is proposed to be passed through postal ballot.

10. 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 & Listing Centre (the "Listing Centre"). The same are also published in the newspapers viz. The Free Press Journal, Navshakti, Punyanagari and Gavkari.

ii) Website

The Company 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. This website contains the basic information about the Company, e.g., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances and such other details as may be required under Clause 54 of the Listing Agreement. The Company ensures that the contents of this website are updated at all times.

iii) Designated e-mail id

The Company has designated an e-mail id viz. investor@tilind.com to enable the shareholders to register their complaints, if any, for expeditious redressal.

iv) Management Discussion and Analysis Report

The Management Discussion and Analysis Report pursuant to Clause 49 of the Listing Agreement forms part of the Annual Report.

Corporate Governance Report

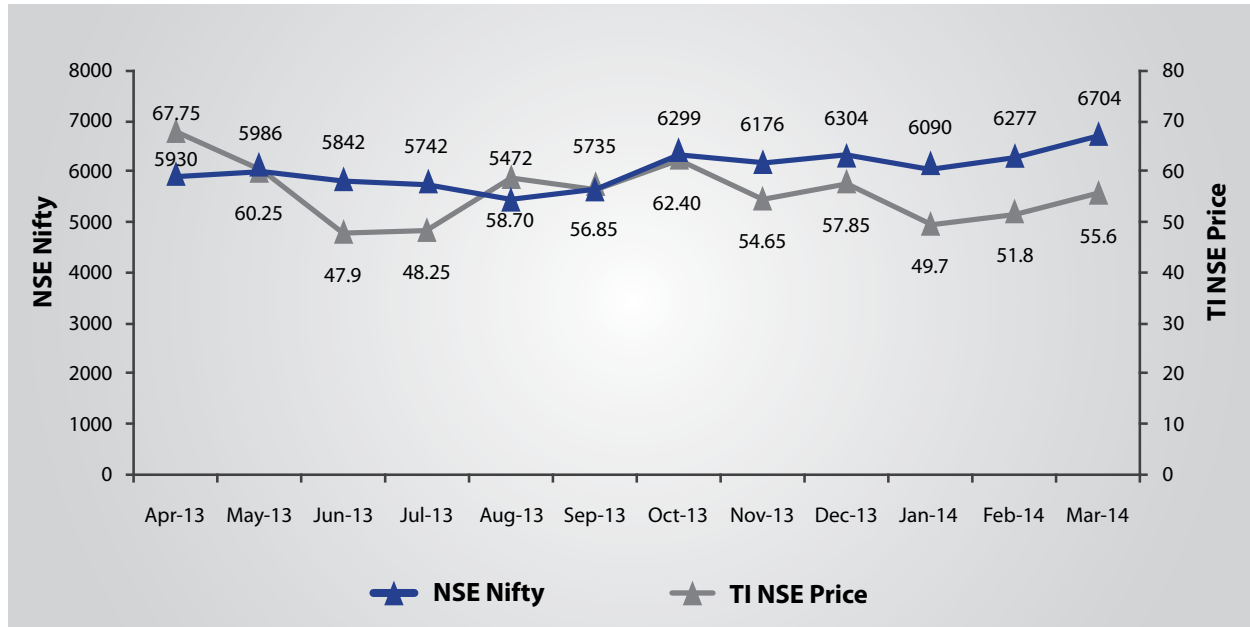
11. GENERAL SHAREHOLDER INFORMATION:

I	79th Annual General Meeting	
	Day, Date and Time	: Saturday, September 27, 2014 at 10.30 a.m.
	Venue	: Registered Office of the Company at P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413 720
II	Financial Calendar	
	Financial Year	: 1 st April to 31 st March
	Financial reporting of results	
	<ul style="list-style-type: none"> Quarterly unaudited results (other than last quarter) 	: Within forty five days from the end of the quarter
	<ul style="list-style-type: none"> Annual audited results 	: Within sixty days from the end of the last quarter
III	Book Closure Date	: Saturday, September 20, 2014 to Saturday, September 27, 2014 (both days inclusive)
IV	Dividend Payment Date	: On or before October 04, 2014
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) 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.

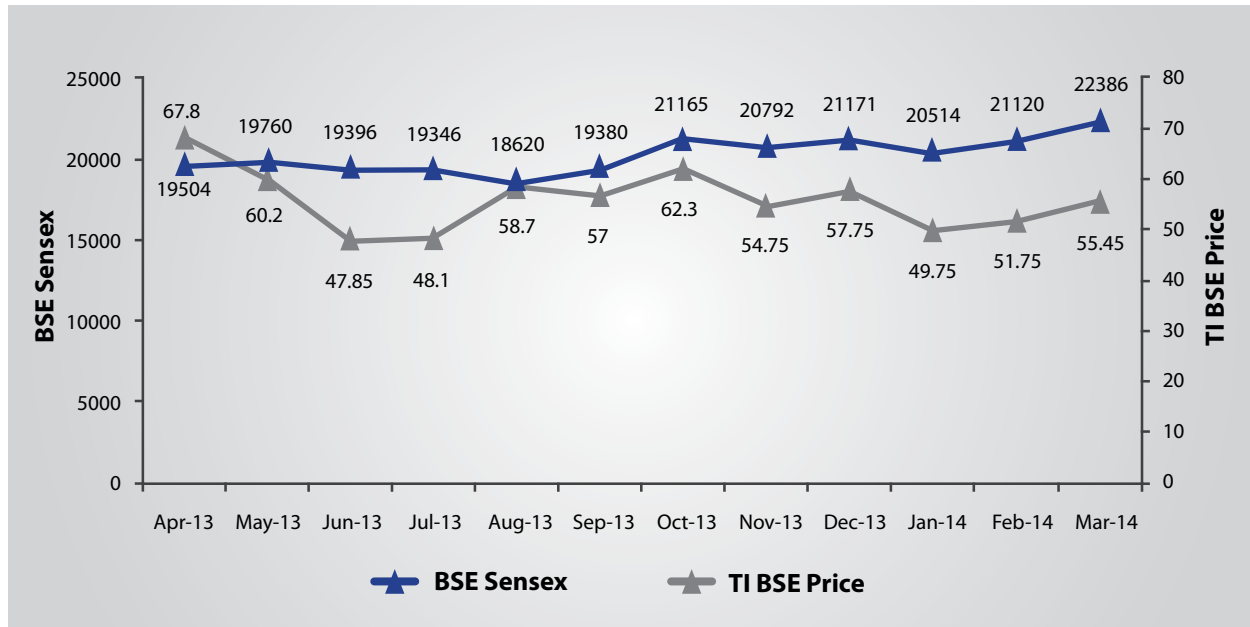
VII	Corporate Identification Number (CIN)	:	L15420PN1933PLC133303
VIII	Listing on Stock Exchanges	:	BSE Limited (Scrip Code: 507205) National Stock Exchange of India Limited(Scrip Code: TI) The Company has paid the annual listing fees for the financial year 2014-15 to BSE and NSE in the prescribed timelines.
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 98.78% of the total issued and paid up shares as on March 31, 2014. The promoters hold their entire shareholding in dematerialized form.
X	Demat ISIN For Equity Shares	:	INE133E01013 The Company has paid annual custodian fees for the financial year 2014-15 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, 2014.
XII	Plant Locations	:	(i) Tilaknagar Industries Ltd., P.O. Tilaknagar, Tal. Shirampur, Dist. Ahmednagar, Maharashtra – 413 720 (ii) Prag Distillery (P) Ltd., R.S. No. 199/1, 200/2, Bicca Bolu, Rajanagaram Road, Nallamilli, Rangampeta Mandal, East Godavari District, (A.P.) – 533 343 (iii) Vahni Distilleries Private Limited, No. 140, Tavaregera Village, Kushtagi Taluka, Koppal District, Karnataka – 584 131 (iv) Kesarval Springs Distillers Pvt. Ltd., L-22, Cuncolim Industrial Estate, Cuncolim, Goa – 403 703 (v) Punjab Expo Breweries Private Limited, Plot No. 237,238, Village Jeoli, Tehsil Derabassi, Dist. Mohali, Punjab – 140 507
XIII	Address for Correspondence	:	Mr. Gaurav Thakur, Company Secretary & Compliance Officer Tilaknagar Industries Ltd., Corporate Office: 3 rd 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

Corporate Governance Report

XIV Stock Performance in comparison to NSE Nifty



XV Stock Performance in comparison to BSE Sensex



XVI Market Price Data:

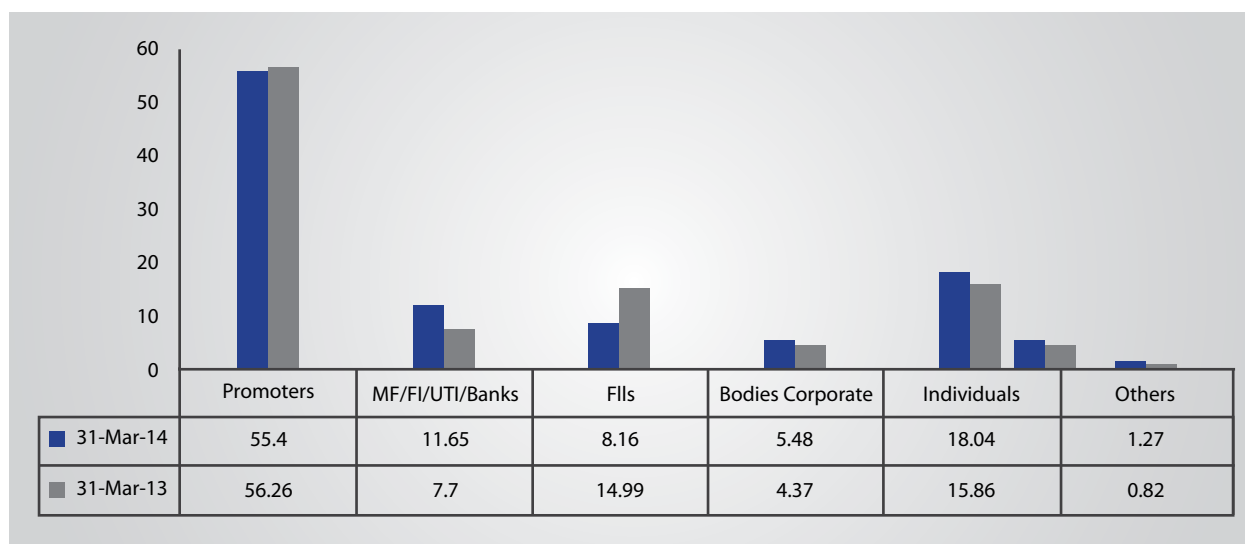
Monthly High and Low Quotes and Volume of Shares traded at BSE and NSE						
Period	BSE			NSE		
	High Price (₹)	Low Price (₹)	Volume (Nos.)	High Price (₹)	Low Price (₹)	Volume (Nos.)
2013						
April	68.90	55.75	31,09,416	69.05	55.65	80,62,630
May	74.60	58.00	19,96,328	74.70	58.55	59,75,534
June	62.00	46.00	22,69,116	61.70	45.60	52,23,144
July	57.90	46.00	15,53,664	56.80	46.20	51,37,619
August	65.25	44.85	22,63,057	65.50	44.80	49,09,108
September	63.60	51.35	15,95,865	63.60	51.45	39,82,885
October	66.95	54.00	23,00,320	66.90	54.25	61,85,224
November	64.80	52.70	20,79,444	64.85	52.85	48,20,437
December	59.95	51.50	40,81,151	59.95	51.70	97,61,877
2014						
January	59.70	49.25	39,78,839	59.70	49.25	10,533,769
February	55.25	48.05	19,55,876	55.20	48.00	53,70,671
March	57.55	51.20	36,55,440	57.60	51.40	86,25,336

XVII Shareholding Pattern :

Category	As on March 31, 2014			As on March 31, 2013		
	No. of Shareholders	No. of Shares held	%	No. of Shareholders	No. of Shares held	%
Promoter Holding:	15	68,571,668	55.40	14	68,571,668	56.26
Public Holding:						
• Mutual Funds/UTI	13	14,341,830	11.59	8	9,303,379	7.63
• Financial Institutions/Banks	21	77,777	0.06	21	85,738	0.07
• Foreign Institutional Investors	11	1,01,02,755	8.16	11	18,266,388	14.99
• Bodies Corporate	617	67,86,953	5.48	536	5,322,249	4.37
• Individuals	26551	22,313,494	18.04	22,369	19,326,619	15.86
• Clearing Members	160	4,70,283	0.38	71	44,954	0.04
• NRI	258	8,44,539	0.68	235	698,300	0.57
• TI – Unclaimed Suspense Account	1	2,60,344	0.21	1	260,840	0.21
Total Public Shareholding	27,632	5,51,97,975	44.60	23,252	53,308,467	43.74
Total Shareholding	27,647	123,769,643	100.00	23,266	121,880,135	100.00

Corporate Governance Report

Shareholding Pattern



XVIII Distribution of Shareholding as on March 31, 2014

Shareholding of nominal value (₹)	Share Holders		Share Amount	
	Number	% of total	₹	% of total
Upto - 5,000	21,386	77.35	31,901,520	2.58
5,001 -10,000	2,659	9.62	21,386,200	1.73
10,001- 20,000	1,571	5.68	23,922,620	1.93
20,001-30,000	632	2.29	16,058,040	1.30
30,001-40,000	307	1.11	10,885,960	0.88
40,001-50,000	275	0.99	12,754,750	1.03
50,001-1,00,000	422	1.53	31,165,140	2.52
1,00,001 and above	395	1.43	1,089,622,200	88.03
Total	27,647	100.00	1,237,696,430	100.00

XIX Top Ten Shareholders (other than Promoters) as on March 31, 2014

Sr. No.	Name of the Shareholder	No. of Shares held	% of Holding
1	Smallcap World Fund, INC	8,890,000	7.18
2	IDFC Premier Equity Fund	7,500,000	6.06
3	UTI- Childrens Career Balanced Plan	1,886,332	1.52
4	Biju P John	1,480,815	1.20
5	IDFC Equity Opportunities Series 2	1,400,000	1.13
6	UTI-Retirement Benefit Pension Fund	9,46,741	0.76
7	Sundaram Mutual Fund A/c Sundaram Smile Fund	9,12,431	0.74
8	Niche Financial Services Pvt. Ltd.	4,28,982	0.35
9	Laxmi Narasimhan	4,21,929	0.34
10	IDFC Tax Advantage (ELSS) Fund	4,08,118	0.33
Total		24,275,348	19.61

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, 2014 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, 2014;
 - (ii) significant changes in accounting policies during financial year ended March 31, 2014; and
 - (iii) instances of significant fraud of which we have become aware.

For **Tilaknagar Industries Ltd.**

Amit Dahanukar
Chairman & Managing Director

For **Tilaknagar Industries Ltd.**

Srijit Mullick
Chief Financial Officer

Place: Mumbai
Date : May 26, 2014

Corporate Governance Report

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, 2014, as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

For **Tilaknagar Industries Ltd.**

Place: Mumbai
Dated: May 26, 2014

Amit Dahanukar
Chairman & Managing Director

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, 2014, 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

Place: Mumbai
Date : May 26, 2014

Kaushal Mehta
Partner
Membership No. 111749

Details of the Directors seeking Appointment/Re-Appointment in the 79th Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	Mrs. Shivani Amit Dahanukar	Dr. Vishnu Kanhere	Dr. Ravindra Bapat
Date of Birth	June 28, 1977	April 14, 1958	June 02, 1942
Date of Appointment	September 28, 2006	October 28, 2004	September 28, 2006
Qualification	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.	Dr. Vishnu Kanhere is a practicing Chartered Accountant and a qualified Cost & Management Accountant.	Dr. Ravindra Bapat is M.S., M.B.A, F.I.S.C.
Expertise in specific Functional Areas	She oversees T's daily operations and spearheads the welfare activities of the Group in the fields of nutrition, primary education and healthcare.	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 LRCA (UK) - accredited auditor for ISO 9001:2008 Quality Management Systems.	He is Emeritus Professor, Department of Surgical Gastroenterology at the Seth G. S. Medical College and KEM Hospital, Parel, Mumbai. He is a member of the Governing Council of Tata Memorial Centre.
Other public companies in which he/she holds Directorship	<ol style="list-style-type: none"> Prag Distillery (P) Ltd.* Vahni Distilleries Private Limited* Kesarani Springs Distillers Pvt. Ltd.* Punjab Expo Breweries Private Limited* Shivprabha Sugars Ltd.* Srirampur Grains Private Limited* Studd Projects P. Ltd.* Mykingdom Ventures Pvt. Ltd.* *Subsidiaries of Tilaknagar Industries Ltd.	<ol style="list-style-type: none"> Pritish Nandy Communications Ltd. PNC Digital Limited 	<ol style="list-style-type: none"> Halfkine Bio - Pharmaceutical Corporation Limited Halfkine Ajintha Pharmaceuticals Limited
Chairman/Member of Committee(s) of Board of Directors of the Company	<ol style="list-style-type: none"> CSR Committee (Chairperson) Compensation Committee (Member) Share Transfer Committee (Member) Issue Committee (Member) Management Committee (Member) 	<ol style="list-style-type: none"> Compensation Committee (Chairman) Audit Committee (Member) Remuneration Committee (Member) Management Committee (Member) 	<ol style="list-style-type: none"> Compensation Committee (Member) CSR Committee (Member) Management Committee (Member)
Chairman/Member of the Committee(s) of Board of Directors of other companies in which he/she is a Director	Nil	Pritish Nandy Communications Ltd. <ol style="list-style-type: none"> Audit Committee (Chairman) Remuneration Committee (Chairman) Shareholders/Investors' Grievance Committee (Chairman) Selection Committee (Member) Compensation Committee (Member) 	Nil
Shareholding in the Company	32,976,043	12,000	32,250
Name of the Director	Mr. C.V. Bijlani	Mr. Madan Goyal	Mr. Ronil Sujjan
Date of Birth	June 25, 1940	August 31, 1943	July 31, 1967
Date of Appointment	July 02, 2009	August 03, 2009	October 31, 2013
Qualification	Mr. C.V. Bijlani is post graduate in Economics from Rajasthan University and C.A.I.I.B.	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.	Mr. Ronil Sujjan is a post graduate in management with a degree from the prestigious Texas A&M University and FMP from Stanford University, U.S.A.
Expertise in specific Functional Areas	He 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 is having experience of more than 48 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.	He is a Co-founder of RCH Pte. Ltd., a Singapore based and India centric boutique advisory, multi-family office and strategic investments firm. He has about 25 years of diverse experience in the financial and investment sector. Prior to Co-founding RCH, he was part of the Rabobank Group. In the last 7 of his 14 years tenure with the group, he served as the Managing Director & Head-M&A and Investment Banking Asia-Pacific for Rabobank International. Prior to that he was an Executive Director at Rabo India Finance for over 7 years. He also had work experience with United Technologies Corporation, Bank of America and ANZ Grindlays Bank.
Other public companies in which he/she holds Directorship	Nil	Nil	Nil
Chairman/Member of Committee(s) of Board of Directors of the Company	<ol style="list-style-type: none"> Shareholders/Investors' Grievance Committee (Chairman) Audit Committee (Member) Remuneration Committee (Member) Share Transfer Committee (Member) Issue Committee (Member) CSR Committee (Member) 	<ol style="list-style-type: none"> Shareholders/Investors' Grievance Committee (Member) Audit Committee (Member) Remuneration Committee (Member) Share Transfer Committee (Member) Issue Committee (Member) CSR Committee (Member) 	Nil
Chairman/Member of the Committee(s) of Board of Directors of other companies in which he/she is a Director	Nil	Nil	Nil
Shareholding in the Company	12,000	12,000	Nil

6

Consolidated
Financial Statements

Consolidated Financial Statements

Independent Auditor's 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 (The Company and its subsidiaries constitute "The Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other matters

- a) We did not audit the financial statements of nine subsidiaries whose financial statements reflect total assets of ₹ 2,558.00 million as at March 31, 2014, total revenue of ₹ 5,396.50 million and net cash outflows amounting to ₹ 67.18 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.
- b) We did not audit the financial statements of one associate where in 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

Place : Mumbai
Date : May 26, 2014

Kaushal Mehta
Partner
Membership No.111749

Consolidated Balance Sheet as at March 31, 2014

(₹ in million)

	Note No.	As at March 31, 2014	As at March 31, 2013
I EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	1,237.70	1,218.80
Reserves & Surplus	3	4,591.03	4,090.05
		5,828.73	5,308.85
Share Application Money pending allotment		-	3.98
Minority Interest		0.04	0.08
Non-Current Liabilities			
Long-Term Borrowings	4	2,256.23	2,111.80
Deferred Tax Liabilities (Net)	5	384.24	330.46
Other Long-Term Liabilities	6	678.35	451.94
Long-Term Provisions	7	14.32	8.44
		3,333.14	2,902.64
Current Liabilities			
Short-Term Borrowings	8	5,176.10	4,199.79
Trade Payables	9	732.91	986.20
Other Current Liabilities	10	1,208.17	496.36
Short-Term Provisions	11	367.06	295.40
		7,484.24	5,977.75
Total		16,646.15	14,193.30
II ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12	4,102.15	4,102.78
Intangible Assets		252.26	57.81
Capital Work-in-Progress		2,337.54	1,454.21
Goodwill on consolidation		254.28	254.28
Non-Current Investments	13	17.27	17.27
Long-Term Loans and Advances	14	1,155.64	709.32
Other Non-Current Assets	15	2.75	17.38
		8,121.89	6,613.05
Current Assets			
Inventories	16	1,325.58	1,331.54
Trade Receivables	17	2,224.26	2,019.98
Cash and Bank Balances	18	187.25	235.39
Short-Term Loans and Advances	19	4,786.31	3,993.02
Other Current Assets	20	0.86	0.32
		8,524.26	7,580.25
Total		16,646.15	14,193.30
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
Executive Director

V.B.Haribhakti
Director

Kaushal Mehta
Partner
Membership No. 111749

Dr. Vishnu Kanhere
Director

Dr. Ravindra Bapat
Director

C.V.Bijlani
Director

Madan Goyal
Director

Ronil Sujan
Director

Srijit Mullick
Chief Financial Officer

Place : Mumbai
Date : May 26, 2014

Gaurav Thakur
Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2014

(₹ in million)

	Note No.	Year ended March 31, 2014	Year ended March 31, 2013
INCOME			
Revenue from Operations			
Sale of products (Gross)	21	14,417.74	12,004.43
Less: Excise duty		6,349.09	4,629.47
Sale of products (Net)		8,068.65	7,374.96
Other Operating Income	21.1	173.03	149.25
		8,241.68	7,524.21
Other Income	22	42.95	21.63
		8,284.63	7,545.84
EXPENSES			
Cost of Materials Consumed	23	3,891.98	3,347.22
(Increase) / Decrease in Stock	24	14.73	128.73
Employee Benefit Expense	25	344.50	297.90
Other Expenses	26	2,291.96	2,044.31
Finance Cost	27	641.24	635.47
Depreciation		254.84	241.84
		7,439.25	6,695.47
Profit / (Loss) before taxation		845.38	850.37
Tax expenses			
Current Tax		203.67	195.57
For earlier years		9.02	28.71
MAT Credit entitlements		(3.61)	(29.57)
Deferred Tax		53.78	49.65
		262.86	244.36
Profit / (Loss) after taxation		582.52	606.01
Less : Minority Interest		(0.04)	0.05
Profit / (Loss) after taxation		582.56	605.96
Earnings Per Share (₹) Basic	28 (xii)	4.75	5.02
Diluted		4.66	4.86
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

Madan Goyal
Director

Ronil Sujan
Director

Srijit Mullick
Chief Financial Officer

Place : Mumbai
Date : May 26, 2014

Gaurav Thakur
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2014

(₹ in million)

	2013-2014	2012-2013
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	845.38	850.37
Adjustment for:		
Depreciation	254.84	241.84
(Profit) / Loss on sale of assets	0.49	0.68
Employee stock option expenses	31.86	45.62
Dividend on current investments	-	(0.27)
Sundry balance written back	(0.13)	(0.19)
Bad Debts	-	0.24
Profit on sale of subsidiary	(1.80)	-
Interest paid (net of interest income)	628.23	628.70
Operating Profit before working capital changes	913.49	916.62
Adjustment for:		
(Decrease)/ Increase in trade payables, current liabilities and provisions	682.36	541.71
(Increase) / Decrease in loans and advances	(1,236.00)	(1,307.03)
(Increase) / Decrease in inventory	5.95	(28.61)
(Increase) / Decrease in trade receivables	(204.28)	(728.87)
Proceeds from short term borrowings	(751.97)	(1,522.80)
Direct taxes paid	437.50	625.00
	(125.38)	(262.57)
Net Cash from Operating Activities	1,319.02	606.62
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,371.29)	(739.36)
Sale of fixed assets	8.02	1.09
Decrease / (Increase) in margin money and deposits	(56.88)	15.38
Net Increase (Decrease) in investments	2.50	(14.40)
Dividend on current investments	-	0.27
Interest received	12.48	7.68
Net Cash from Investing Activities	(1,405.17)	(729.34)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Equity shares issued on exercise of employee stock options including premium	48.95	53.93
Proceeds (repayment) from borrowings	683.24	870.20
Interest paid	(648.30)	(617.60)
Dividend and tax thereon	(117.39)	(113.72)
Net Cash from Financing Activities	(33.50)	192.81
Net increase in Cash & Cash equivalents	(119.65)	70.09
Opening cash & cash equivalents	204.32	134.23
Closing cash & cash equivalents	84.67	204.32

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

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Membership No. 111749

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Director

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Director

C.V.Bijlani
Director

Madan Goyal
Director

Ronil Sujan
Director

Srijit Mullick
Chief Financial Officer

Place : Mumbai
Date : May 26, 2014

Gaurav Thakur
Company Secretary

Notes to Consolidated Financial Statements for the year ended March 31, 2014

1 Significant Accounting Policies

A Principles of Consolidation

- i) The consolidated financial statements relate to Tilaknagar Industries Ltd. ("The Company") and its subsidiary companies collectively referred to as "The Group". 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, 2014 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.
 - The list of subsidiary companies which are included in Consolidated Financial Statements and the Parent Company's Holding are as under:

Name of the subsidiary	Parent Company's Interest
Prag Distillery (P) Ltd.	100%
Vahni Distilleries Private Limited	100%
Kesarval Springs Distillers Pvt. Ltd.	100%
Punjab Expo Breweries Private Limited	100%
Mykingdom Ventures Pvt. Ltd.	100%
P. P. Caps Private Limited	100% (upto January 15, 2014)
Studd Projects P. Ltd.	100%
Srirampur Grains Private Limited	100%
Shivprabha Sugars Ltd.	90%

- 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2014

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 at the year end 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
- 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2014

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 recognized 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 state 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2014

xvi) Earnings 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 and 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.

	As at March 31, 2014	As at March 31, 2013
<i>(₹ in million)</i>		
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		
123,769,643 equity shares of ₹ 10/- each fully paid up (P.Y. 121,880,135 equity shares of ₹ 10/- each fully paid up)	1,237.70	1,218.80
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		
	1,237.70	1,218.80

a) Reconciliation of the number of shares outstanding	<i>(Nos. in million)</i>	
Number of equity shares at the beginning	121.88	120.00
Equity shares issued on exercise of employee stock options	1.89	1.88
Number of equity shares at the end	123.77	121.88

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.

Notes to Consolidated Financial Statements for the year ended March 31, 2014

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

Name of the shareholder	As at March 31, 2014		As at March 31, 2013	
	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	32.98	26.64	39.48	32.39
Amit Dahanukar	29.84	24.11	23.34	19.15
Small Cap World Fund, Inc	8.89	7.18	8.89	7.29
IDFC Premier Equity Fund	7.50	6.06	7.13	5.85
Total	79.21	63.99	78.84	64.68

		(₹ in million)	
		As at March 31, 2014	As at March 31, 2013
3	Reserves & Surplus		
a)	Securities Premium Account		
	As per last Balance Sheet	1,910.43	1,860.26
	Add : Additions during the year	51.61	50.17
		1,962.04	1,910.43
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	672.47	702.55
	Less : Utilised against depreciation on revalued assets	30.08	30.08
		642.39	672.47
e)	Employee Stock Option Outstanding (Net)	89.06	74.78
f)	Surplus / (deficit) in the Statement of Profit and Loss		
	As per last Balance Sheet	1,324.29	832.05
	Add: Profit after tax for the year	582.56	605.96
	Less: Proposed Dividend	99.69	97.85
	Less: Dividend Distribution Tax	17.70	15.87
		1,789.46	1,324.29
		4,591.03	4,090.05
4	Long-Term Borrowings		
	Secured Loans		
	From Banks		
	Foreign Currency Term Loans	718.55	866.41
	Rupee Term Loans	1,529.97	1,234.59
	Hire Purchase Car Loans (with banker's lien on cars)	7.71	10.80
		2,256.23	2,111.80

Notes to Consolidated Financial Statements for the year ended March 31, 2014

- 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 Shrirampur, Dist. Ahmednagar and pari passu second charge on all current assets both present and future.
- b) Term loans from banks carry interest @ 11.70% to 13.20% . 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) 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 twenty equal quarterly instalments of USD 583,850 each after a moratorium of fifteen months from the commencement of the loan viz March 28, 2013. Interest is payable on quarterly basis from the commencement 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 commencement of the loan viz April 06, 2011. Interest is payable on quarterly basis from the commencement 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	307.82	136.91	136.91	136.91
Rupee Term Loans	537.76	480.56	421.53	90.12
	845.58	617.47	558.44	227.03

(₹ in million)

	As at March 31, 2014	As at March 31, 2013
5 Deferred Tax Liabilities (Net)		
Deferred Tax Liability	392.59	340.88
Deferred Tax Asset	(8.35)	(10.42)
	384.24	330.46

The break-up of Deferred Tax as at March 31, 2014 is as under:

	Opening as at April 01, 2013	During the year	Closing as at March 31, 2014
Deferred Tax Liability :			
a) On depreciation differences	340.22	52.27	392.49
b) Product Development cost	0.66	(0.56)	0.10
Total Deferred Tax Liability	340.88	51.71	392.59
Deferred Tax Asset :			
Retirement Benefits & Items u/s. 43B (net of reversals)	(10.42)	2.07	(8.35)
Total Deferred Tax Asset	(10.42)	2.07	(8.35)
Deferred Tax Liabilities (Net)	330.46	53.78	384.24

Notes to Consolidated Financial Statements for the year ended March 31, 2014

		(₹ in million)	
		As at March 31, 2014	As at March 31, 2013
6	Other Long-Term Liabilities		
	Trade Deposits & Others (Unsecured, interest free)	678.35	451.94
		678.35	451.94
7	Long-Term Provisions		
	Provision for Gratuity	14.32	8.44
		14.32	8.44
8	Short-Term Borrowings		
	Secured		
	Cash Credit (including Working Capital Demand Loan)	5,131.40	4,095.03
	Unsecured		
	From Directors and related parties	33.30	93.36
	From Others	11.40	11.40
		5,176.10	4,199.79
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 Shrirampur, Dist. Ahmednagar.		
b)	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.		
9	Trade Payables		
	Trade Payables [Refer Note 28 (xi)]	732.91	986.20
		732.91	986.20
10	Other Current Liabilities		
	Current maturities of Term Loans- Foreign Currency Loan	307.82	149.57
	Current maturities of Term Loans-Rupee Loans	568.56	153.60
	Current maturities of Hire Purchase Car Loans	9.71	7.85
	Interest accrued but not due on borrowings	29.76	36.82
	Payable towards Statutory Liabilities	86.18	107.39
	Payable for purchase of Fixed Assets	180.10	3.80
	Employee dues	8.96	7.67
	Unclaimed Dividend	2.67	2.35
	Unclaimed Deposits [₹ Nil (P.Y. ₹ 4,000)]	-	-
	Other Payables	14.41	27.31
		1,208.17	496.36
11	Short-Term Provisions		
	Provision for Gratuity	16.47	14.30
	Proposed Dividend	99.02	97.50
	Dividend Distribution Tax	16.83	15.82
	Provision for Excise Duty on Finished Goods	70.50	87.84
	Provision for Taxation (Net of Advance Tax)	164.24	79.94
		367.06	295.40

Notes to Consolidated Financial Statements for the year ended March 31, 2014

(₹ in million)

	Gross Block						Depreciation / Amortization				Net Block		
	As on April 01, 2013	Additions	Subsidiary Sold During the Year	Deductions	Revaluation	As at March 31, 2014	As on April 01, 2013	Deductions	Subsidiary Sold During the Year	For the year	On Revaluation	As at March 31, 2014	As at March 31, 2013
TANGIBLE ASSETS													
Land	544.37	-	-	-	-	544.37	-	-	-	-	-	544.37	544.37
Buildings	314.50	66.05	-	-	-	380.55	116.27	-	-	11.79	10.48	242.01	198.23
Plant & Equipment	3,863.45	153.61	1.22	6.48	-	4,009.36	601.18	0.97	0.07	180.07	19.60	3,209.55	3,262.27
Furniture and Fixtures	15.96	17.14	-	-	-	33.10	8.87	-	-	2.24	-	21.99	7.09
Office Equipment	28.71	1.50	-	-	-	30.21	12.04	-	-	2.85	-	15.32	16.67
Computers	85.04	4.74	-	-	-	89.78	57.91	-	-	13.56	-	18.31	27.13
Electrical Installation & Fittings	20.64	0.34	-	-	-	20.98	7.52	-	-	1.81	-	11.65	13.12
Motor car and Transport Vehicles	67.83	14.08	-	11.54	-	70.37	38.09	8.53	-	9.51	-	31.30	29.74
Roads & Bridges	7.70	-	-	-	-	7.70	1.88	-	-	0.58	-	5.24	5.82
Library Books	0.03	-	-	-	-	0.03	0.03	-	-	-	-	-	-
Live Stock	0.03	-	-	-	-	0.03	-	-	-	-	-	0.03	0.03
Tools & Equipments	0.04	-	-	-	-	0.04	0.03	-	-	-	-	0.01	0.01
Leasehold Improvement	-	4.20	-	-	-	4.20	-	-	-	0.13	-	4.07	-
Total Tangible Assets	4,948.30	261.66	1.22	18.02	-	5,190.72	843.82	9.50	0.07	222.54	30.08	4,103.85	4,104.48
Less: Impairment of Assets												(1.70)	(1.70)
												4,102.15	4,102.78
INTANGIBLE ASSETS													
Brands	109.13	225.38	-	-	-	334.51	65.49	-	-	25.28	-	243.74	43.64
Software	56.23	1.37	-	-	-	57.60	43.79	-	-	5.29	-	8.52	12.44
Product Development	17.39	-	-	-	-	17.39	15.66	-	-	1.73	-	-	1.73
Total Intangible Assets	182.75	226.75	-	-	-	409.50	124.94	-	-	32.30	-	252.26	57.81
Grand Total	5,131.05	488.41	1.22	18.02	-	5,600.22	968.76	9.50	0.07	254.84	30.08	4,354.41	4,160.59
Previous Year	4,909.91	224.91	-	3.77	-	5,131.05	698.85	2.01	-	241.84	30.08	4,160.59	

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, 2014

(₹ in million)

		As at March 31, 2014		As at March 31, 2013
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	130,000	16.90
		16.90		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	0.25	2,462	0.25
Shree Suvarna Sahakari Bank Ltd. [₹ 2,000 (P.Y. ₹ 2,000)]	20	-	20	-
Maharashtra State Financial Corporation	115	0.01	115	0.01
Rupee Co-op Bank Ltd.	1,000	0.03	1,000	0.03
Shamrao Vithal Co-operative Bank Ltd.	3,000	0.03	3,000	0.03
		0.32		0.32
		17.27		17.27
Aggregate of unquoted investments (at cost)		17.27		17.27

(₹ in million)

	As at March 31, 2014	As at March 31, 2013
14 Long-Term Loans and Advances		
Unsecured, considered good		
Capital advances	1,055.06	611.28
Loans and advance to employees	11.47	9.52
MAT Credit entitlement	32.01	29.57
Advance Tax (Net of Provision for Taxation)	38.02	39.87
Deposits with Court	19.08	19.08
	1,155.64	709.32
15 Other Non-Current Assets		
Cash and Bank Balances		
Short-Term Bank Deposits (Maturity exceeding 12 months)	2.75	17.38
	2.75	17.38

Notes to Consolidated Financial Statements for the year ended March 31, 2014

(₹ in million)

	As at March 31, 2014	As at March 31, 2013
16 Inventories (At Cost)		
Raw Materials	163.20	136.33
Stores and Spares	576.19	594.29
Work-In-Progress	400.55	425.64
Finished Goods	185.64	175.28
	1,325.58	1,331.54
17 Trade Receivables		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	20.01	20.01
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	2,204.25	1,999.97
	2,233.27	2,028.99
Less: Provision for doubtful debts	(9.01)	(9.01)
	2,224.26	2,019.98
18 Cash and Bank Balances		
a) Cash and Cash Equivalents		
i) Balances with Banks		
In Current Accounts	48.05	166.58
ii) Cash on Hand	36.62	37.74
	84.67	204.32
b) Other Bank Balances		
i) Earmarked Balances with Banks	2.67	2.60
ii) Short-Term Bank Deposits (Maturity within 12 months)	99.91	28.47
	102.58	31.07
	187.25	235.39
19 Short-Term Loans and Advances		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	2,021.22	1,565.68
Advance with Tie-up Units	2,426.75	1,980.47
Balance with Excise Authorities	87.11	125.61
Deposits	251.23	321.26
	4,786.31	3,993.02

Notes to Consolidated Financial Statements for the year ended March 31, 2014

	(₹ in million)	
	As at March 31, 2014	As at March 31, 2013
20 Other Current Assets		
Interest accrued on Deposits	0.86	0.32
	0.86	0.32

	(₹ in million)	
	Year ended March 31, 2014	Year ended March 31, 2013
21 Revenue from Operations		
Sales of products	13,432.59	10,827.85
Income from tie-up units	985.15	1,176.58
	14,417.74	12,004.43

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.

	2013-14	2012-13
Gross Sales of Companys' brands and other sales including sales made by tie-up arrangements	20,066.68	16,212.67
Less : Excise Duty / sales under other various arrangements	9,788.16	7,276.20
Net Sales of Companys' brands and other sales	10,278.52	8,936.47
Less : Net Sales made by tie-up units	3,195.02	2,738.09
Add : Net income from tie-up arrangement	985.15	1,176.58
Total Income	8,068.65	7,374.96

21.1 Other Operating Income

	2013-14	2012-13
Sale of by products and scrap	19.48	20.44
Income from contract manufacturing and other income	29.79	18.97
Government Incentives [Refer Note 28 (xxi)]	123.76	109.84
	173.03	149.25

22 Other Income

	2013-14	2012-13
Duty drawback on exports	17.50	8.95
Miscellaneous receipts	3.85	3.39
Sundry balance written back	0.13	0.19
Interest income on margin money / fixed deposits	13.01	6.75
Gain on exchange fluctuation	6.66	2.08
Dividend on current investments	-	0.27
Profit on sale of subsidiary	1.80	-
	42.95	21.63

Notes to Consolidated Financial Statements

for the year ended March 31, 2014

	(₹ in million)	
	Year ended March 31, 2014	Year ended March 31, 2013
23 Cost of Materials Consumed		
i) Raw Material Consumption		
Opening Stock	136.33	153.06
Add: Purchases	1,844.66	1,435.83
Less: Closing Stock	163.20	136.33
	1,817.79	1,452.56
ii) Packing Materials & Consumables	2,074.19	1,894.66
	3,891.98	3,347.22
24 (Increase) / Decrease in Stock		
Opening Stock		
i) Work-In-Progress	425.64	465.17
ii) Finished Goods	175.28	264.48
	600.92	729.65
Less : Closing Stock		
i) Work-In-Progress	400.55	425.64
ii) Finished Goods	185.64	175.28
	586.19	600.92
(Increase) / Decrease in Stock	14.73	128.73
25 Employee Benefit Expense		
Salary and wages	253.01	213.51
Employee Stock Option Expenses	31.86	45.62
Contribution to provident fund and family pension fund	25.58	23.24
Staff welfare expenses	26.00	13.77
Gratuity	8.05	1.76
	344.50	297.90

Notes to Consolidated Financial Statements for the year ended March 31, 2014

	(₹ in million)	
	Year ended March 31, 2014	Year ended March 31, 2013
26 Other Expenses		
Power and fuel	48.68	46.00
Provision for Excise Duty on Finished Goods [Refer Note No. 28 (ix)]	(17.34)	(28.44)
Repairs & maintenance		
i) Plant & Equipment	5.09	13.17
ii) Buildings	0.18	0.24
iii) Others	13.46	15.77
Insurance	11.84	9.80
Rent	25.05	26.31
Contract manufacturing cost	428.43	336.13
Legal and professional charges	62.77	51.15
Auditors Remuneration [Refer Note No. 28 (viii)]	1.48	1.09
Rates and taxes	323.39	271.45
Freight, transport charges & other expenses	222.69	171.12
Selling expenses [Discounts, Sales Promotion & Advertising etc.]	841.97	681.63
Surplus to Brandowner [Refer Note No. 28 (xix)]	-	62.71
Travelling and conveyance expenses	21.88	28.14
Printing and stationery	6.47	9.03
Communication expenses	14.06	16.34
Vehicle running expenses	10.03	10.28
Director sitting fees	0.44	0.32
Bad Debts	-	0.24
Loss on Sale of Assets	0.49	0.68
Loss on exchange fluctuation	-	2.86
Commission to Independent Directors	-	5.96
Establishment expenses	149.14	189.00
Corporate Social Responsibility	24.11	32.68
Miscellaneous expenses	97.65	90.65
	2,291.96	2,044.31
27 Finance Cost		
Interest on Term Loans	59.51	118.62
Interest on Cash Credits / Working Capital Demand Loan	429.27	405.00
Others	152.46	111.85
	641.24	635.47

Notes to Consolidated Financial Statements for the year ended March 31, 2014

28 Notes on Accounts

i) Contingent Liability not provided for:

Particulars	(₹ in million)	
	As at March 31, 2014	As at March 31, 2013
a) Bank guarantees issued on behalf of the Company	152.37	164.46
b) In respect of disputed Income tax matters, pending before the appropriate Income tax authorities, contested by the Company		
A.Y. 2011-2012	253.83	-
A.Y. 2010-2011	1.90	1.90
A.Y. 2009-2010	6.13	6.13
A.Y. 2007-2008	86.07	86.07
c) In respect of disputed Sales tax matters, pending before the appropriate tax authorities, contested by the Company		
F.Y. 2011-2012 (VAT-Kerala)	7.48	-
F.Y. 2010-2011 (VAT-Kerala)	8.80	-
F.Y. 2009-2010 (VAT-Kerala)	6.64	-
F.Y. 2008-2009 (TOT- Kerala)	0.11	0.11
F.Y. 2008-2009 (VAT- Kerala)	0.22	0.22
F.Y. 2007-2008 (TOT- Kerala)	0.11	0.11
F.Y. 2007-2008 (VAT- Kerala)	0.55	0.55
F.Y. 2006-2007 (Central Sales Tax)	79.94	-
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 ₹ 200 million (net of advances) (P.Y. ₹ 250 million).

iii) Operating Lease:

- The Company has taken Bottling units under cancellable operating lease at various locations and during the financial year ₹ 38.74 million (P.Y. ₹ 38.80 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 ₹ 25.05 million (P.Y. ₹ 26.31 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 ₹ 25.58 million (P.Y. ₹ 23.24 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, 2014

The net value of the defined commitment is detailed below:

	As at March 31, 2014		As at March 31, 2013	
	Funded Gratuity	Unfunded Gratuity	Funded Gratuity	Unfunded Gratuity
Present Value of obligation	34.88	1.66	32.95	-
Fair Value of Plans	5.75	-	10.21	-
Net Liability in the balance sheet	29.13	1.66	22.74	-
Defined Benefit Obligations				
Opening balance	32.95	-	30.42	-
Interest expenses	2.64	-	2.66	-
Current service cost	3.92	1.66	3.88	-
Benefit paid from the fund	(4.98)	-	-	-
Actuarial (gain) / loss	0.35	-	(4.01)	-
Closing balance	34.88	1.66	32.95	-
Plan Assets				
Opening balance	10.21	-	9.44	-
Expected return on plan assets	0.89	-	0.81	-
Paid Funds	(4.98)	-	-	-
Actuarial (gain) / loss	(0.37)	-	(0.04)	-
Closing balance	5.75	-	10.21	-
Return on Plan Assets				
Expected return on plan assets	0.89	-	0.81	-
Actuarial (gain) / loss	(0.37)	-	(0.04)	-
Actual Return on Plan Assets	0.52	-	0.77	-
Expenses on defined benefit plan				
Current service costs	3.92	1.66	3.88	-
Interest expense	2.64	-	2.66	-
Expected return on plan assets	(0.89)	-	(0.81)	-
Net actuarial (gain) / loss	0.72	-	(3.97)	-
Expenses charged to the Statement of Profit and Loss	6.39	1.66	1.76	-
Investments Details				
	% Invested March 31, 2014	% Invested March 31, 2014	% Invested March 31, 2013	% Invested March 31, 2013
Funds Managed by Life Insurance Corporation	100	-	100	-
Public Sector Unit Bonds	-	-	-	-
State / Central Guaranteed securities	-	-	-	-
Special deposit schemes	-	-	-	-
Other (excluding bank balances)	-	-	-	-
	100	-	100	-
Actuarial assumptions				
	Funded Gratuity	Unfunded Gratuity	Funded Gratuity	Unfunded Gratuity
Mortality (LIC)	2006-08 Ultimate	2006-08 Ultimate	2006-08 Ultimate	
Discount rate (per annum)	9.32%	9.31%	8.00%	-
Expected rate of return on plan assets (per annum)	8.70%	8.70%	8.70%	-
Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%	-
Attrition rate (per annum)	2.00%	2.00%	2.00%	-

Notes to Consolidated Financial Statements for the year ended March 31, 2014

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, 2014, 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, 2014	730,400	3,730,521	154,200	843,663
Number of options cancelled till March 31, 2014	241,700	846,381	33,870	197,298
Number of options lapsed till March 31, 2014	10,800	407,860	2,250	41,349
Number of options exercised till March 31, 2014	392,400	1,803,638	37,260	143,533
Net options outstanding as on March 31, 2014	85,500	672,642	80,820	461,483
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

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, 2014	1,615,500	512,000	3,379,600	969,000
Number of options cancelled till March 31, 2014	756,240	172,400	1,198,727	Nil
Number of options lapsed till March 31, 2014	284,990	35,010	39,250	Nil
Number of options exercised till March 31, 2014	95,430	84,638	1,057,709	410,700
Net options outstanding as on March 31, 2014	478,840	219,952	1,083,914	558,300
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

C) Employee Stock Option Scheme 2012

Particulars	Grant 1	Grant 2	Grant 3
Date of Grant	May 28, 2012	Feb 04, 2013	May 30, 2013
Date of the Board Approval	May 28, 2012	Feb 04, 2013	May 30, 2013
Date of the Shareholders Approval	May 24, 2012	May 24, 2012	May 24, 2012
Number of options granted till March 31, 2014	3,000,000	1,000,000	1,000,000
Number of options cancelled till March 31, 2014	127,674	Nil	Nil
Number of options lapsed till March 31, 2014	24,962	Nil	Nil
Number of options exercised till March 31, 2014	285,135	Nil	Nil
Net options outstanding as on March 31, 2014	2,562,229	1,000,000	1,000,000
Vesting period from the date of grant	3 years	3 years	3 years
Exercise period from the date of vesting	2 years	2 years	2 years

Notes to Consolidated Financial Statements for the year ended March 31, 2014

c) The details of the options as on March 31, 2014 are as under: (Nos. in million)

Particulars	ESOP		
	Scheme 2008	Scheme 2010	Scheme 2012
Financial Year 2012-13			
Options outstanding as on April 01, 2012	3.62	4.69	Nil
Options granted from April 01, 2012 to March 31, 2013	Nil	Nil	4.00
Options cancelled till March 31, 2013	0.23	0.28	0.05
Options lapsed till March 31, 2013	0.13	0.10	0.01
Options exercised April 01, 2012 to March 31, 2013 *	0.95	1.08	Nil
Options outstanding as on March 31, 2013	2.31	3.23	3.94

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

Financial Year 2013-14

Options outstanding as on April 01, 2013	2.31	3.23	3.94
Options granted from April 01, 2013 to March 31, 2014	Nil	Nil	1.00
Options cancelled till March 31, 2014	0.03	0.07	0.07
Options lapsed till March 31, 2014	0.09	0.26	0.02
Options exercised April 01, 2013 to March 31, 2014	0.89	0.56	0.29
Options outstanding as on March 31, 2014	1.30	2.34	4.56

d) The weighted average fair value of stock options granted during the financial year was ₹ 50.74 million (P.Y. ₹ 101.83 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, 2014

C) Employee Stock Option Scheme 2012

Particulars	Grant 1	Grant 2	Grant 3
Dates of Grant	May 28, 2012	Feb 04, 2013	May 30, 2013
Market Price (₹ per share) on the dates of grant	56.30	77.20	60.40
Volatility	61.31%	57.71%	55.67%
Risk free rate	8.24%	7.95%	7.24%
Exercise price	42	60	45
Time to maturity (years)	3	3	3
Dividend yield	1.84%	1.84%	1.83%
Option fair value (₹ per share)	28.56	36.86	28.71

- 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, 2014	As at March 31, 2013
Net Profit as Reported available to Equity Shareholders	582.56	605.96
Add: Employee stock compensation under intrinsic value	31.86	45.62
Less: Employee stock compensation under fair value method	50.74	101.83
Adjusted Net Profit	563.68	549.75
Earnings Per Share		
Basic: (₹)		
-As reported	4.75	5.02
-Adjusted	4.59	4.56
Diluted: (₹)		
-As reported	4.66	4.86
-Adjusted	4.51	4.41

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 & Co. Pvt. Ltd. |
| | : | Arunoday Investments Pvt. Ltd. |
| | : | Maharashtra Sugar Mills Pvt. Ltd. |
| | : | Smt. Malati Dahanukar Trust |
| c) Relative of Key Managerial Personnel | : | Dr. Priyadarshini A. Dahanukar |

Notes to Consolidated Financial Statements for the year ended March 31, 2014

(₹ in million)

Nature of Transaction	Parties referred in (a) above		Parties referred in (b) above		Parties referred in (c) above	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Donations						
Smt. Malati Dahanukar Trust	-	-	1.49	-	-	-
Total	-	-	1.49	-	-	-
Payment to Key Managerial Personnel						
Mr. Amit Dahanukar	34.95	35.99	-	-	-	-
Mrs. Shivani Amit Dahanukar	22.34	23.58	-	-	-	-
Total	57.29	59.57	-	-	-	-
Loan Taken						
Mr. Amit Dahanukar	20.00	70.00	-	-	-	-
Mrs. Shivani Amit Dahanukar	-	0.30	-	-	-	-
M. L. Dahanukar & Co. Pvt. Ltd.	-	-	-	2.50	-	-
Arunoday Investments Pvt. Ltd.	-	-	-	10.80	-	-
Maharashtra Sugar Mills Pvt. Ltd.	-	-	-	20.00	-	-
Total	20.00	70.30	-	33.30	-	-
Repayment of Loan						
Mr. Amit Dahanukar	80.00	10.00	-	-	-	-
Mrs. Shivani Amit Dahanukar	-	0.30	-	-	-	-
Total	80.00	10.30	-	-	-	-
Rent Payment						
Mr. Amit Dahanukar	6.72	8.86	-	-	-	-
M. L. Dahanukar & Co. Pvt. Ltd.	-	-	0.72	0.72	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	2.18	2.71
Total	6.72	8.86	0.72	0.72	2.18	2.71
Outstanding Receivable (Payable)						
Mr. Amit Dahanukar	2.76	(57.24)	-	-	-	-
M. L. Dahanukar & Co. Pvt. Ltd.	-	-	(1.00)	(1.00)	-	-
Arunoday Investments Pvt. Ltd.	-	-	(10.80)	(10.80)	-	-
Maharashtra Sugar Mills Pvt. Ltd.	-	-	(20.00)	(20.00)	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	0.89	0.89
Total	2.76	(57.24)	(31.80)	(31.80)	0.89	0.89

Notes to Consolidated Financial Statements for the year ended March 31, 2014

	(₹ in million)	
	2013-14	2012-13
viii) Auditor's remuneration charged to accounts:		
a) Audit fees	1.21	0.92
b) Auditors remuneration in other capacity	0.23	0.15
c) Reimbursement of expenses	0.04	0.02
	1.48	1.09
ix) Provision of excise duty on finished goods manufactured but yet to be cleared from the factory as at March 31, 2014 estimated at ₹ 70.50 million (P.Y. ₹ 87.84 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:		
Provision for excise duty on finished goods at the beginning of the year	87.84	116.28
Provision for excise duty on finished goods at the end of the year	70.50	87.84
Provision for excise duty on finished goods charged in the Statement of Profit and Loss	(17.34)	(28.44)
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:		
Profit After Tax	582.56	605.96
Weighted average number of shares	122.75	120.69
Basic Earnings Per Share	4.75	5.02
Weighted average number of shares (adjusted for the effects of dilutive potential equity shares)	125.01	124.73
Diluted Earnings Per Share	4.66	4.86
Face Value per Equity Share	10.00	10.00

Notes to Consolidated Financial Statements for the year ended March 31, 2014

- xiii) The Company has entered into 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, 2014 are as under:

	Currency	March 31, 2014		March 31, 2013	
		FC in million	(₹ in million)	FC in million	(₹ in million)
a) Receivable - Debtors	USD	0.14	8.37	0.35	19.36
b) Payable - Term Loans	USD	-	-	18.74	1,015.98

		(₹ in million)	
		2013-14	2012-13
xiv) CIF Value of Imports			
Raw materials		22.08	92.77
xv) Earnings in Foreign Exchange			
FOB value of exports		310.00	151.06
xvi) Expenditure in Foreign Exchange			
Professional Fees		27.24	16.83
Travelling Expenses		1.23	3.75
Interest		44.71	19.79
Purchase of material		28.52	50.94
		101.70	91.31

xvii) Managerial Remuneration:

Details of the Managerial Remuneration paid or provided during the financial year ended on March 31, 2014:

Remuneration to Managing Director and Whole-time Directors		
- Salaries and contribution to funds	57.29	51.49
- Commission	-	8.08
	57.29	59.57
Remuneration to Non-executive and Independent Directors		
- Commission	-	5.96

Notes to Consolidated Financial Statements for the year ended March 31, 2014

- xviii)** During February 2014, the Company has acquired the Indian Made Foreign Liquor (IMFL) brands of IFB Agro Industries Ltd., Kolkata vide assignment in perpetuity.
- xix)** A subsidiary has entered into a contract bottling agreement with Pernod Ricard India Private Ltd. (PRIPL) to manufacture IMFL products for PRIPL at its manufacturing facility at Andhra Pradesh.
- xx)** Subsequent to the survey proceedings u/s 133 of the Income Tax Act initiated by the Department in the month of March 2013, the Company has filed an application before the Income Tax Settlement Commission for Assessment Years 2012-2013 and 2013-2014 and for a subsidiary for the Assessment Years 2011-2012, 2012-2013 and 2013-2014 which has been admitted for further hearings. The Income Tax liability arising thereof has been provided for in the accounts for the year ended March 31, 2014.
- xxi)** Other operating income for the year ended March 31, 2014 includes ₹ 123.76 million on account of entitlement of MVAT and CST refund for the previous year 2012-2013 as compared to ₹ 109.84 million included in year ended March 31, 2013 for the year 2011-12 pursuant to the grant of Mega Project Status under Package Scheme of Incentives 2007 by the Government of Maharashtra vide its eligibility certificate dated April 11, 2012.
- xxii)** The group's share of profit / loss in the associate Company Mason & Summers Marketing Services Pvt. Ltd. (MSMSPL), has not been considered in the consolidated financial statements, since it is not material.

xxiii) 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 suit pursuant to the Division Bench order of Bombay High Court for recovery of ₹ 41.20 million after their termination. They have filed Notice of Motion for interim relief in the suit for withdrawing and / or transferring Security Deposit. The Hon'ble Bombay High Court has agreed with the Company's contention of the issue of limitation and has accordingly framed limitation as the main issue. The matter is posted for hearing for leading evidence of plaintiff on the limitation issue.

The Company has filed a suit for recovery of ₹ 39.00 million for the sales proceeds not remitted by Ding Dong Liquors and also towards amount charges wrongly claimed by them. Defendants did not file written statement and the suit was directed as undefended. Thereafter, the Defendants file a Notice of Motion for condoning the delay in filing written statement.

Notes to Consolidated Financial Statements for the year ended March 31, 2014

- 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. The matter is posted for filing evidence by Anupama Wine Distributors.
- d) 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.

xxiv) 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.

xxv) During the year the Company has sold the entire stake in its wholly owned subsidiary P. P. Caps Private Limited.

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

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

Madan Goyal
Director

Ronil Sujan
Director

Srijit Mullick
Chief Financial Officer

Place : Mumbai
Date : May 26, 2014

Gaurav Thakur
Company Secretary



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, 2014 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 notified under the Companies Act, 1956 ("The Act") read with General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and 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 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014;
- 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, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Kaushal Mehta
Partner

Place : Mumbai
Date : May 26, 2014

Membership No.111749

Annexure to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on other legal and Regulatory requirements' section of our report of even date)

- 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 ₹ 1,077.67 million and the year-end balance of loans granted to such parties was ₹ 1,007.90 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 other two subsidiaries the payment of interest is regular.
- d) There is no overdue amount 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 :

Annexure to the Independent Auditor's Report

(₹ in million)

Name of the statute and the period to which the amount relates	Nature of dues	Amount	Forum where the Dispute is pending
Income Tax Act :			
A.Y. 2011-12			
A.Y. 2010-11	Income Tax	341.80	Commissioner of Income Tax (Appeals)
A.Y. 2007-08			
A.Y. 2009-10	Tax deducted at source on salary	6.13	Commissioner of Income Tax (Appeals)
Sales Tax Laws:			
F.Y. 2004-05 and F.Y. 2003-04	Sales Tax	10.95	Joint Commissioner of Sales Tax (Appeals), Mumbai
F.Y. 2004-05 and F.Y. 2003-04	Central Sales Tax	6.86	Joint Commissioner of Sales Tax (Appeals), Mumbai
F.Y. 2006-07	Central Sales Tax	79.94	Deputy Commissioner of Sales Tax (Appeals), Mumbai
F.Y. 2008-09 and F.Y. 2007-08	Sales Tax	0.77	Deputy Commissioner (Appeals), Kerala
F.Y. 2008-09 and F.Y. 2007-08	Turnover Tax	0.22	Deputy Commissioner (Appeals), Kerala

- 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 26, 2014

Balance Sheet

as at March 31, 2014

(₹ in million)

	Note No.	As at March 31, 2014	As at March 31, 2013
I EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	1,237.70	1,218.80
Reserves & Surplus	3	4,182.86	3,778.49
		5,420.56	4,997.29
Share Application Money pending allotment		-	3.98
Non-Current Liabilities			
Long-Term Borrowings	4	2,084.84	1,775.26
Deferred Tax Liabilities (Net)	5	357.65	305.42
Other Long-Term Liabilities	6	678.35	451.94
Long-Term Provisions	7	12.72	8.44
		3,133.56	2,541.06
Current Liabilities			
Short-Term Borrowings	8	4,971.45	4,095.33
Trade Payables	9	437.60	455.66
Other Current Liabilities	10	1,016.41	318.90
Short-Term Provisions	11	300.19	247.55
		6,725.65	5,117.44
Total		15,279.77	12,659.77
II ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12	3,811.92	3,862.98
Intangible Assets		251.80	57.22
Capital Work-in-Progress		1,270.17	407.59
Non-Current Investments	13	455.25	457.75
Long-Term Loans and Advances	14	1,098.66	638.06
Other Non-Current Assets	15	2.75	17.38
		6,890.55	5,440.98
Current Assets			
Inventories	16	1,048.73	1,066.19
Trade Receivables	17	1,811.73	1,348.18
Cash and Bank Balances	18	107.63	88.52
Short-Term Loans and Advances	19	5,420.94	4,715.77
Other Current Assets	20	0.19	0.13
		8,389.22	7,218.79
Total		15,279.77	12,659.77
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

Madan Goyal
Director

Ronil Sujan
Director

Srijit Mullick
Chief Financial Officer

Place : Mumbai
Date : May 26, 2014

Gaurav Thakur
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2014

		(₹ in million)	
	Note No.	Year ended March 31, 2014	Year ended March 31, 2013
INCOME			
Revenue from Operations			
Sale of products (Gross)	21	9,198.40	7,554.22
Less: Excise duty		3,178.44	1,990.62
Sale of products (Net)		6,019.96	5,563.60
Other Operating Income	21.1	140.16	127.01
		6,160.12	5,690.61
Other Income	22	38.86	23.01
		6,198.98	5,713.62
EXPENSES			
Cost of Materials Consumed	23	2,785.78	2,355.25
(Increase) / Decrease in Stock	24	11.27	145.65
Employee Benefit Expense	25	322.06	276.35
Other Expenses	26	1,623.42	1,441.44
Finance Cost	27	530.46	551.29
Depreciation		234.22	223.92
		5,507.21	4,993.90
Profit / (Loss) before taxation		691.77	719.72
Tax expenses			
Current Tax		155.20	157.25
For earlier years		2.00	28.57
MAT Credit entitlements		(3.61)	(15.82)
Deferred Tax		52.23	46.29
		205.82	216.29
Profit / (Loss) after taxation		485.95	503.43
Earnings Per Share (₹) Basic	28 (xii)	3.96	4.17
Diluted		3.89	4.04
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**
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Srijit Mullick
Chief Financial Officer

Place : Mumbai
Date : May 26, 2014

Gaurav Thakur
Company Secretary

Cash Flow Statement

for the year ended March 31, 2014

(₹ in million)

	2013-2014		2012-2013	
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax		691.77		719.72
Adjustment for:				
Depreciation	234.22		223.92	
(Profit) / Loss on sale of assets	0.49		0.07	
Employee stock option expenses	31.86		45.62	
Dividend on current investments	-		(0.27)	
Sundry balance written back	-		(0.14)	
Bad Debts	-		0.24	
Interest paid (net of interest income)	520.00		546.13	
Operating Profit before working capital changes		786.57		815.57
Adjustment for:				
(Decrease)/ Increase in trade payables, current liabilities and provisions	909.77		89.75	
(Increase) / Decrease in loans and advances	(1,162.14)		(1,453.30)	
(Increase) / Decrease in inventory	17.47		15.20	
(Increase) / Decrease in trade receivables	(463.55)		(453.55)	
		(698.45)		(1,801.90)
Proceeds from short term borrowings		437.50		625.00
Direct taxes paid		(100.66)		(209.88)
Net Cash from Operating Activities		1,116.73		148.51
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(1,278.91)		(542.61)	
Sale of fixed assets	8.02		1.09	
Decrease / (Increase) in margin money and deposits	(15.02)		1.09	
Net Increase (Decrease) in investments	2.50		(14.40)	
Dividend on Current Investments	-		0.27	
Interest received	10.39		5.55	
Net Cash from Investing Activities		(1,273.02)		(549.01)
C) CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Equity shares issued on exercise of employee stock options including premium	48.95		53.93	
Proceeds (repayment) from borrowings	748.20		1,018.31	
Dividend and tax thereon	(117.39)		(113.72)	
Interest paid	(534.00)		(531.95)	
Net Cash from Financing Activities		145.76		426.57
Net increase in Cash & Cash equivalents		(10.53)		26.07
Opening cash & cash equivalents		63.02		36.95
Closing cash & cash equivalents		52.49		63.02

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 &
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Srijit Mullick
Chief Financial Officer

Place : Mumbai
Date : May 26, 2014

Gaurav Thakur
Company Secretary

Notes to Financial Statements for the year ended March 31, 2014

1 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 at the year end 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 benefits.

Notes to Financial Statements for the year ended March 31, 2014

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 recognized 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 state 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 Financial Statements for the year ended March 31, 2014

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:

- 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.
- 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) Earnings 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 and 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, 2014	As at March 31, 2013
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		
123,769,643 equity shares of ₹ 10/- each fully paid up (P.Y. 121,880,135 equity shares of ₹ 10/- each fully paid up)	1,237.70	1,218.80
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		
	1,237.70	1,218.80
a) Reconciliation of the number of shares outstanding		(Nos. in million)
Number of equity shares at the beginning	121.88	120.00
Equity shares issued on exercise of employee stock options	1.89	1.88
Number of equity shares at the end	123.77	121.88

Notes to Financial Statements for the year ended March 31, 2014

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, 2014		As at March 31, 2013	
	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	32.98	26.64	39.48	32.39
Amit Dahanukar	29.84	24.11	23.34	19.15
Small Cap World Fund, Inc	8.89	7.18	8.89	7.29
IDFC Premier Equity Fund	7.50	6.06	7.13	5.85
Total	79.21	63.99	78.84	64.68

(₹ in million)

	As at March 31, 2014	As at March 31, 2013
3 Reserves & Surplus		
a) Securities Premium Account		
As per last Balance Sheet	1,791.26	1,741.09
Add : Additions during the year	51.61	50.17
	1,842.87	1,791.26
b) General Reserve		
As per last Balance Sheet	106.18	106.18
c) Revaluation Reserve		
	672.47	702.55
Less : Utilised against depreciation on revalued assets	30.08	30.08
	642.39	672.47
d) Employee Stock Option Outstanding (Net)	89.06	74.78
e) Surplus / (deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	1,133.80	744.09
Add: Profit after tax for the year	485.95	503.43
Less: Proposed Dividend	99.69	97.85
Less: Dividend Distribution Tax	17.70	15.87
	1,502.36	1,133.80
	4,182.86	3,778.49

Notes to Financial Statements for the year ended March 31, 2014

(₹ in million)

	As at March 31, 2014	As at March 31, 2013
4 Long-Term Borrowings		
Secured Loans		
From Banks		
Foreign Currency Term Loan	547.64	529.87
Rupee Term Loans	1,529.97	1,234.59
Hire Purchase Car Loans (with banker's lien on cars)	7.23	10.80
	2,084.84	1,775.26

- 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 @ 11.70% to 13.20% . The loans are repayable in monthly / quarterly instalments each along with interest from the date of the loan.
- c) 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 twenty equal quarterly instalments of USD 583,850 each after a moratorium of fifteen months from the commencement of the loan viz March 28, 2013. Interest is payable on quarterly basis from the commencement 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	136.91	136.91	136.91	136.91
Rupee Term Loans	537.76	480.56	421.53	90.12
	674.67	617.47	558.44	227.03

(₹ in million)

	As at March 31, 2014	As at March 31, 2013
5 Deferred Tax Liabilities (Net)		
Deferred Tax Liability	366.00	315.84
Deferred Tax Asset	(8.35)	(10.42)
	357.65	305.42

The break-up of Deferred Tax as at March 31, 2014 is as under:

	Opening as at April 01, 2013	During the year	Closing as at March 31, 2014
Deferred Tax Liability :			
a) On depreciation differences	315.18	50.72	365.90
b) Product Development cost	0.66	(0.56)	0.10
Total Deferred Tax Liability	315.84	50.16	366.00
Deferred Tax Asset :			
Retirement Benefits & Items u/s. 43B (net of reversals)	(10.42)	2.07	(8.35)
Total Deferred Tax Asset	(10.42)	2.07	(8.35)
Deferred Tax Liabilities (Net)	305.42	52.23	357.65

Notes to Financial Statements for the year ended March 31, 2014

(₹ in million)

	As at March 31, 2014	As at March 31, 2013
6 Other Long-Term Liabilities		
Trade Deposits & Others (Unsecured, interest free)	678.35	451.94
	678.35	451.94
7 Long-Term Provisions		
Provision for Gratuity	12.72	8.44
	12.72	8.44
8 Short-Term Borrowings		
Secured		
Cash Credit (including Working Capital Demand Loan)	4,938.15	4,002.03
Unsecured		
From Directors and related parties	33.30	93.30
	4,971.45	4,095.33
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 Shrirampur, Dist. Ahmednagar.		
b) 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.		
9 Trade Payables		
Trade Payables [Refer Note 28 (xi)]	437.60	455.66
	437.60	455.66
10 Other Current Liabilities		
Current maturities of Term Loans-Foreign Currency Loans	136.91	-
Current maturities of Term Loans-Rupee Loans	568.56	153.60
Current maturities of Hire Purchase Car Loan	9.51	7.85
Interest accrued but not due on borrowings	29.39	32.93
Payable towards Statutory Liabilities	67.74	86.02
Payable for purchase of Fixed Assets	180.10	3.80
Employee dues	8.20	6.93
Unclaimed Dividend	2.67	2.35
Unclaimed Deposits [₹ Nil (P.Y. ₹ 4,000)]	-	-
Other Payables	13.33	25.42
	1,016.41	318.90
11 Short-Term Provisions		
Provision for Gratuity	16.41	14.30
Proposed Dividend	99.02	97.50
Dividend Distribution Tax	16.83	15.82
Provision for Excise Duty on Finished Goods	38.67	47.20
Provision for Taxation (Net of Advance Tax)	129.26	72.73
	300.19	247.55

Notes to Financial Statements for the year ended March 31, 2014

(₹ in million)

12 Fixed Assets

	Gross Block			Depreciation / Amortization				Net Block			
	As on April 01, 2013	Additions	Deductions	Revaluation	As at March 31, 2014	As on April 01, 2013	Deductions	For the year	On Revaluation	As at March 31, 2014	As at March 31, 2013
TANGIBLE ASSETS											
Land	522.89	-	-	-	522.89	-	-	-	-	522.89	522.89
Buildings	228.05	-	-	91.97	228.05	91.97	-	5.96	10.48	119.64	136.08
Plant & Equipment	3,683.64	150.39	6.48	-	3,827.55	565.82	0.97	167.52	19.60	3,075.58	3,117.82
Furniture and Fixtures	15.37	17.10	-	-	32.47	8.63	-	2.20	-	21.64	6.74
Office Equipment	27.70	1.21	-	-	28.91	11.56	-	2.76	-	14.59	16.14
Computers	79.90	4.53	-	-	84.43	55.24	-	12.77	-	16.42	24.66
Electrical Installation & Fittings	16.29	0.34	-	-	16.63	6.86	-	1.33	-	8.44	9.43
Motor Car and Transport Vehicles	67.25	11.86	11.54	-	67.57	37.68	8.53	9.29	-	29.13	29.57
Roads & Bridges	2.70	-	-	-	2.70	1.38	-	0.13	-	1.19	1.32
Library Books	0.03	-	-	-	0.03	0.03	-	-	-	-	-
Live Stock	0.03	-	-	-	0.03	-	-	-	-	0.03	0.03
Lease Hold Improvement	-	4.20	-	-	4.20	-	-	0.13	-	4.07	-
Total Tangible Assets	4,643.85	189.63	18.02	-	4,815.46	779.17	9.50	202.09	30.08	3,813.62	3,864.68
Less: Impairment of Assets										(1.70)	(1.70)
										3,811.92	3,862.98
INTANGIBLE ASSETS											
Brands	109.13	225.38	-	-	334.51	65.49	-	25.28	-	243.74	43.64
Software	55.19	1.33	-	-	56.52	43.34	-	5.12	-	8.06	11.85
Product Development	17.39	-	-	-	17.39	15.66	-	1.73	-	-	1.73
Total Intangible Assets	181.71	226.71	-	-	408.42	124.49	-	32.13	-	156.62	57.22
Grand Total	4,825.56	416.34	18.02	-	5,223.88	903.66	9.50	234.22	30.08	4,063.72	3,920.20
Previous Year	4,624.93	203.67	3.04	-	4,825.56	651.54	1.88	223.92	30.08	3,920.20	

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, 2014

(₹ in million)

		As at		As at	
		March 31, 2014		March 31, 2013	
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	186.49	1,498,050	186.49
	Kesarval Springs Distillers Pvt. Ltd.	30,000	15.00	30,000	15.00
	Equity shares of ₹ 10/- each				
	Prag Distillery (P) Ltd.	3,681,000	154.34	3,681,000	154.34
	Punjab Expo Breweries Private Limited	296,002	55.00	296,002	55.00
	Mykingdom Ventures Pvt. Ltd.	10,000	2.00	10,000	2.00
	P. P. Caps Private Limited	-	-	250,000	2.50
	Studd Projects P. Ltd.	10,000	0.10	10,000	0.10
	Srirampur Grains Private Limited	10,000	0.10	10,000	0.10
	Shivprabha Sugars Ltd.	45,000	24.98	45,000	24.98
			438.01		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	130,000	16.90
			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	0.25	2,462	0.25
	Shree Suvarna Sahakari Bank Ltd. [₹ 2,000 (P.Y. ₹ 2,000)]	20	-	20	-
	Maharashtra State Financial Corporation	115	0.01	115	0.01
	Rupee Co-op Bank Ltd.	1,000	0.03	1,000	0.03
			0.29		0.29
			455.25		457.75
	Aggregate of unquoted investments (at cost)		455.25		457.75

Notes to Financial Statements for the year ended March 31, 2014

	(₹ in million)	
	As at March 31, 2014	As at March 31, 2013
14 Long-Term Loans and Advances		
Unsecured, considered good		
Capital advances	1,021.37	566.33
Loans and advance to employees	11.47	9.52
MAT Credit entitlement	19.43	15.82
Advance Tax (net of Provision for Taxation)	27.31	27.31
Deposits with Court	19.08	19.08
	1,098.66	638.06
15 Other Non-Current Assets		
Cash and Bank Balances		
Short-Term Bank Deposits (Maturity exceeding 12 months)	2.75	17.38
	2.75	17.38
16 Inventories (At Cost)		
Raw Materials	150.58	134.88
Stores and Spares	440.36	462.25
Work-In-Progress	318.27	348.72
Finished Goods	139.52	120.34
	1,048.73	1,066.19
17 Trade Receivables		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	20.01	20.01
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	1,791.72	1,328.17
	1,820.74	1,357.19
Less: Provision for doubtful debts	(9.01)	(9.01)
	1,811.73	1,348.18
18 Cash and Bank Balances		
a) Cash and Cash Equivalents		
i) Balances with Banks In Current Accounts	35.57	45.61
ii) Cash on Hand	16.92	17.41
	52.49	63.02
b) Other Bank Balances		
i) Earmarked Balances with Banks	2.67	2.60
ii) Short-Term Bank Deposits (Maturity within 12 months)	52.47	22.90
	55.14	25.50
	107.63	88.52

Notes to Financial Statements for the year ended March 31, 2014

	(₹ in million)	
	As at March 31, 2014	As at March 31, 2013
19 Short-Term Loans and Advances		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	1,693.41	1,350.53
Advances to subsidiary companies *	1,007.90	967.01
Advance with Tie-up Units	2,426.75	1,980.47
Balance with Excise Authorities	77.50	123.08
Deposits	215.38	294.68
	5,420.94	4,715.77

* Represents advances given to Private companies where the Director of the Company is a Director.

20 Other Current Assets		
Interest accrued on Deposits	0.19	0.13
	0.19	0.13

	(₹ in million)	
	Year ended March 31, 2014	Year ended March 31, 2013
21 Revenue from Operations		
Sales of products	8,213.25	6,377.64
Income from tie-up units	985.15	1,176.58
	9,198.40	7,554.22

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.

	2013-14	2012-13
Gross Sales of Companys' brands and other sales including sales made by tie-up arrangements	14,847.33	11,762.46
Less : Excise Duty / sales under other various arrangements	6,617.50	4,637.35
Net Sales of Companys' brands and other sales	8,229.83	7,125.11
Less : Net Sales made by tie-up units	3,195.02	2,738.09
Add : Net income from tie-up arrangement	985.15	1,176.58
Total Income	6,019.96	5,563.60
Details of sale of products		
Indian Made Foreign Liquor	7,896.32	5,879.20
Industrial Alcohol, Spirits & Others	316.93	498.44
	8,213.25	6,377.64

21.1 Other Operating Income

Sale of by products and scrap	16.40	17.17
Government Incentives [Refer Note No. 28 (xx)]	123.76	109.84
	140.16	127.01

Notes to Financial Statements for the year ended March 31, 2014

	(₹ in million)	
	Year ended March 31, 2014	Year ended March 31, 2013
22 Other Income		
Duty drawback on exports	17.50	8.95
Miscellaneous receipts	4.24	6.42
Sundry balance written back	-	0.14
Interest income on margin money / fixed deposits	10.46	5.15
Gain on exchange fluctuation	6.66	2.08
Dividend on current investments	-	0.27
	38.86	23.01

23 Cost of Materials Consumed

i) Raw Material Consumption		
Opening Stock	134.88	151.55
Add: Purchases	1,288.11	921.46
Less: Closing Stock	150.58	134.88
	1,272.41	938.13
ii) Packing Materials & Consumables	1,513.37	1,417.12
	2,785.78	2,355.25

Details of Raw Materials Consumed

a) Molasses, Grain etc.	482.26	441.91
b) Industrial Alcohol & Other Spirits	697.09	356.15
c) Other Raw Materials	93.07	140.07
	1,272.41	938.13

Value of Imported & Indigenous Raw Materials Consumed	% to Total Consumption	2013-14	% to Total Consumption	2012-13
i) Imported	2.98	37.87	5.74	53.85
ii) Indigenous	97.02	1,234.54	94.26	884.28
	100.00	1,272.41	100.00	938.13

	(₹ in million)	
	Year ended March 31, 2014	Year ended March 31, 2013
24 (Increase) / Decrease in Stock		
Opening Stock		
i) Work-In-Progress	348.72	402.55
ii) Finished Goods	120.34	212.16
	469.06	614.71
Less : Closing Stock		
i) Work-In-Progress	318.27	348.72
ii) Finished Goods	139.52	120.34
	457.79	469.06
(Increase) / Decrease in Stock	11.27	145.65

Notes to Financial Statements

for the year ended March 31, 2014

	(₹ in million)	
	Year ended March 31, 2014	Year ended March 31, 2013
25 Employee Benefit Expense		
Salary and wages	235.70	195.65
Employee Stock Option Expenses	31.86	45.62
Contribution to provident fund and family pension fund	24.38	22.07
Staff welfare expenses	23.73	11.25
Gratuity	6.39	1.76
	322.06	276.35
26 Other Expenses		
Power and fuel	43.34	40.90
Provision for Excise Duty on Finished Goods [Refer Note No. 28 (ix)]	(8.53)	(44.85)
Repairs & maintenance		
i) Plant & Equipment	3.95	11.24
ii) Buildings	0.15	0.20
iii) Others	11.74	13.69
Insurance	10.98	9.10
Rent	15.29	14.90
Contract manufacturing cost	355.88	321.46
Legal and professional charges	57.28	49.89
Auditors Remuneration [Refer Note No. 28 (viii)]	1.09	0.73
Rates and taxes	262.93	227.41
Freight, transport charges & other expenses	152.59	123.68
Selling expenses [Discounts, Sales Promotion & Advertising etc.]	594.08	522.85
Travelling and conveyance expenses	15.12	20.87
Printing and stationery	4.94	8.12
Communication expenses	13.29	15.66
Vehicle running expenses	9.42	9.95
Director sitting fees	0.41	0.32
Bad Debts	-	0.24
Loss on Sale of Assets	0.49	0.07
Loss on exchange fluctuation	-	2.86
Commission to Independent Directors	-	5.96
Corporate Social Responsibility	23.00	31.22
Miscellaneous Expenses	55.98	54.97
	1,623.42	1,441.44
27 Finance Cost		
Interest on Term Loans	59.51	118.62
Interest on Cash Credits / Working Capital Demand Loan	412.06	389.84
Others	58.89	42.83
	530.46	551.29

Notes to Financial Statements for the year ended March 31, 2014

28 Notes on Accounts

i) Contingent Liability not provided for:

Particulars	(₹ in million)	
	As at March 31, 2014	As at March 31, 2013
a) Corporate guarantees issued to banks on behalf of subsidiary Company	330.55	686.10
b) Bank guarantees issued on behalf of the Company	150.75	159.40
c) In respect of disputed Income tax matters, pending before the appropriate Income tax authorities, contested by the Company		
A.Y. 2011-2012	253.83	-
A.Y. 2010-2011	1.90	1.90
A.Y. 2009-2010	6.13	6.13
A.Y. 2007-2008	86.07	86.07
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	0.11
F.Y. 2008-2009 (VAT- Kerala)	0.22	0.22
F.Y. 2007-2008 (TOT- Kerala)	0.11	0.11
F.Y. 2007-2008 (VAT- Kerala)	0.55	0.55
F.Y. 2006-2007 (Central Sales Tax)	79.94	-
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 ₹ 200 million (net of advances) (P.Y. ₹ 250 million).

iii) Operating Lease:

- The Company has taken Bottling units under cancellable operating lease at various locations and during the financial year ₹ 14.08 million (P.Y. ₹ 28.51 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 ₹ 15.29 million (P.Y. ₹ 14.90 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 ₹ 24.38 million (P.Y. ₹ 22.07 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, 2014

The net value of the defined commitment is detailed below:

	(₹ in million)	
	As at March 31, 2014	As at March 31, 2013
	Funded Gratuity	Funded Gratuity
Present Value of obligation	34.88	32.95
Fair Value of Plans	5.75	10.21
Net Liability in the balance sheet	29.13	22.74
Defined Benefit Obligations		
Opening balance	32.95	30.42
Interest expenses	2.64	2.66
Current service cost	3.92	3.88
Benefit paid from the fund	(4.98)	-
Actuarial (gain) / loss	0.35	(4.01)
Closing balance	34.88	32.95
Plan Assets		
Opening balance	10.21	9.44
Expected return on plan assets	0.89	0.81
Paid Funds	(4.98)	-
Actuarial (gain) / loss	(0.37)	(0.04)
Closing balance	5.75	10.21
Return on Plan Assets		
Expected return on plan assets	0.89	0.81
Actuarial (gain) / loss	(0.37)	(0.04)
Actual Return on Plan Assets	0.52	0.77
Expenses on defined benefit plan		
Current service costs	3.92	3.88
Interest expense	2.64	2.66
Expected return on plan assets	(0.89)	(0.81)
Net actuarial (gain) / loss	0.72	(3.97)
Expenses charged to the Statement of Profit and Loss	6.39	1.76
Investments Details	% Invested	% Invested
	March 31, 2014	March 31, 2013
Funds Managed by Life Insurance Corporation	100	100
Public Sector Unit Bonds	-	-
State / Central Guaranteed securities	-	-
Special deposit schemes	-	-
Other (excluding bank balances)	-	-
	100	100
Actuarial assumptions	Funded Gratuity	Funded Gratuity
Mortality (LIC)	2006-08	2006-08
	Ultimate	Ultimate
Discount rate (per annum)	9.32%	8.00%
Expected rate of return on plan assets (per annum)	8.70%	8.70%
Rate of escalation in salary (per annum)	5.00%	5.00%
Attrition rate (per annum)	2.00%	2.00%

Notes to Financial Statements for the year ended March 31, 2014

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, 2014, 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, 2014	730,400	3,730,521	154,200	843,663
Number of options cancelled till March 31, 2014	241,700	846,381	33,870	197,298
Number of options lapsed till March 31, 2014	10,800	407,860	2,250	41,349
Number of options exercised till March 31, 2014	392,400	1,803,638	37,260	143,533
Net options outstanding as on March 31, 2014	85,500	672,642	80,820	461,483
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

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, 2014	1,615,500	512,000	3,379,600	969,000
Number of options cancelled till March 31, 2014	756,240	172,400	1,198,727	Nil
Number of options lapsed till March 31, 2014	284,990	35,010	39,250	Nil
Number of options exercised till March 31, 2014	95,430	84,638	1,057,709	410,700
Net options outstanding as on March 31, 2014	478,840	219,952	1,083,914	558,300
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

C) Employee Stock Option Scheme 2012

Particulars	Grant 1	Grant 2	Grant 3
Date of Grant	May 28, 2012	Feb 04, 2013	May 30, 2013
Date of the Board Approval	May 28, 2012	Feb 04, 2013	May 30, 2013
Date of the Shareholders Approval	May 24, 2012	May 24, 2012	May 24, 2012
Number of options granted till March 31, 2014	3,000,000	1,000,000	1,000,000
Number of options cancelled till March 31, 2014	127,674	Nil	Nil
Number of options lapsed till March 31, 2014	24,962	Nil	Nil
Number of options exercised till March 31, 2014	285,135	Nil	Nil
Net options outstanding as on March 31, 2014	2,562,229	1,000,000	1,000,000
Vesting period from the date of grant	3 years	3 years	3 years
Exercise period from the date of vesting	2 years	2 years	2 years

Notes to Financial Statements

for the year ended March 31, 2014

c) The details of the options as on March 31, 2014 are as under: (Nos. in million)

Particulars	ESOP	ESOP	ESOP
	Scheme 2008	Scheme 2010	Scheme 2012
Financial Year 2012-13			
Options outstanding as on April 01, 2012	3.62	4.69	Nil
Options granted from April 01, 2012 to March 31, 2013	Nil	Nil	4.00
Options cancelled till March 31, 2013	0.23	0.28	0.05
Options lapsed till March 31, 2013	0.13	0.10	0.01
Options exercised April 01, 2012 to March 31, 2013	0.95	1.08	Nil
Options outstanding as on March 31, 2013	2.31	3.23	3.94

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

Financial Year 2013-14

Options outstanding as on April 01, 2013	2.31	3.23	3.94
Options granted from April 01, 2013 to March 31, 2014	Nil	Nil	1.00
Options cancelled till March 31, 2014	0.03	0.07	0.07
Options lapsed till March 31, 2014	0.09	0.26	0.02
Options exercised April 01, 2013 to March 31, 2014	0.89	0.56	0.29
Options outstanding as on March 31, 2014	1.30	2.34	4.56

d) The weighted average fair value of stock options granted during the financial year was ₹ 50.74 million (P.Y. ₹ 101.83 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

Notes to Financial Statements for the year ended March 31, 2014

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

C) Employee Stock Option Scheme 2012

Particulars	Grant 1	Grant 2	Grant 3
Dates of Grant	May 28, 2012	Feb 04, 2013	May 30, 2013
Market Price (₹ per share) on the dates of grant	56.30	77.20	60.40
Volatility	61.31%	57.71%	55.67%
Risk free rate	8.24%	7.95%	7.24%
Exercise price	42	60	45
Time to maturity (years)	3	3	3
Dividend yield	1.84%	1.84%	1.83%
Option fair value (₹ per share)	28.56	36.86	28.71

- 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, 2014	As at March 31, 2013
Net Profit as Reported available to Equity Shareholders	485.95	503.43
Add: Employee stock compensation under intrinsic value	31.86	45.62
Less: Employee stock compensation under fair value method	50.74	101.83
Adjusted Net Profit	467.07	447.22
Earnings Per Share		
Basic: (₹)		
-As reported	3.96	4.17
-Adjusted	3.81	3.71
Diluted: (₹)		
-As reported	3.89	4.04
-Adjusted	3.74	3.59

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.

Notes to Financial Statements

for the year ended March 31, 2014

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 & Co. Pvt. Ltd. |
| | : | Arunoday Investments Pvt. Ltd. |
| | : | Maharashtra Sugar Mills Pvt. Ltd. |
| | : | Smt. Malati Dahanukar Trust |
| d) Relative of Key Managerial Personnel | : | Dr. Priyadarshini A. Dahanukar |

(₹ 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	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Sales								
Prag Distillery (P) Ltd.	96.56	68.45	-	-	-	-	-	-
Vahni Distilleries Private Limited	28.86	63.53	-	-	-	-	-	-
Kesarval Springs Distillers Pvt. Ltd.	0.08	1.04	-	-	-	-	-	-
Punjab Expo Breweries Private Limited	7.92	7.41	-	-	-	-	-	-
Total	133.42	140.43	-	-	-	-	-	-
Purchase								
Prag Distillery (P) Ltd.	2.52	5.44	-	-	-	-	-	-
Vahni Distilleries Private Limited	0.95	-	-	-	-	-	-	-
Punjab Expo Breweries Private Limited	4.30	1.71	-	-	-	-	-	-
Total	7.77	7.15	-	-	-	-	-	-
Donations								
Smt. Malati Dahanukar Trust	-	-	-	-	1.49	-	-	-
Total	-	-	-	-	1.49	-	-	-
Interest Income								
Prag Distillery (P) Ltd.	57.30	52.88	-	-	-	-	-	-
Punjab Expo Breweries Private Limited	22.53	20.37	-	-	-	-	-	-
Total	79.83	73.25	-	-	-	-	-	-
Payment to Key Managerial Personnel								
Mr. Amit Dahanukar	-	-	34.95	35.99	-	-	-	-
Mrs. Shivani Amit Dahanukar	-	-	22.34	23.58	-	-	-	-
Total	-	-	57.29	59.57	-	-	-	-

Notes to Financial Statements for the year ended March 31, 2014

(₹ 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	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Net Loans & Advances given								
Prag Distillery (P) Ltd.	(0.47)	201.60	-	-	-	-	-	-
Vahni Distilleries Private Limited	40.08	1.20	-	-	-	-	-	-
Kesarval Springs Distillers Pvt. Ltd.	3.55	11.29	-	-	-	-	-	-
Punjab Expo Breweries Private Limited	(1.49)	0.43	-	-	-	-	-	-
Mykingdom Ventures Pvt. Ltd.	(0.44)	0.70	-	-	-	-	-	-
P. P. Caps Private Limited	(0.55)	0.55	-	-	-	-	-	-
Studd Projects P. Ltd.	0.04	(22.82)	-	-	-	-	-	-
Srirampur Grains Private Limited	0.02	1.39	-	-	-	-	-	-
Shivprabha Sugars Ltd.	0.15	2.43	-	-	-	-	-	-
Total	40.89	196.77	-	-	-	-	-	-
Loan Taken								
Mr. Amit Dahanukar	-	-	20.00	70.00	-	-	-	-
Mrs. Shivani Amit Dahanukar	-	-	-	0.30	-	-	-	-
M. L. Dahanukar & Co. Pvt. Ltd.	-	-	-	-	-	2.50	-	-
Arunoday Investments Pvt. Ltd.	-	-	-	-	-	10.80	-	-
Maharashtra Sugar Mills Pvt. Ltd.	-	-	-	-	-	20.00	-	-
Total	-	-	20.00	70.30	-	33.30	-	-
Repayment of Loan								
Mr. Amit Dahanukar	-	-	80.00	10.00	-	-	-	-
Mrs. Shivani Amit Dahanukar	-	-	-	0.30	-	-	-	-
Total	-	-	80.00	10.30	-	-	-	-
Rent Payment								
Mr. Amit Dahanukar	-	-	6.72	8.86	-	-	-	-
M. L. Dahanukar & Co. Pvt. Ltd.	-	-	-	-	0.72	0.72	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	-	-	2.18	2.71
Total	-	-	6.72	8.86	0.72	0.72	2.18	2.71
Outstanding Receivable (Payable)								
Prag Distillery (P) Ltd.	603.32	603.79	-	-	-	-	-	-
Vahni Distilleries Private Limited	137.97	97.89	-	-	-	-	-	-
Kesarval Springs Distillers Pvt. Ltd.	78.03	74.48	-	-	-	-	-	-
Punjab Expo Breweries Private Limited	182.75	184.24	-	-	-	-	-	-
Mykingdom Ventures Pvt. Ltd.	0.26	0.70	-	-	-	-	-	-
P. P. Caps Private Limited	-	0.55	-	-	-	-	-	-
Studd Projects P. Ltd.	0.22	0.18	-	-	-	-	-	-
Srirampur Grains Private Limited	1.41	1.39	-	-	-	-	-	-
Shivprabha Sugars Ltd.	3.94	3.79	-	-	-	-	-	-
Mr. Amit Dahanukar	-	-	2.76	(57.24)	-	-	-	-
M. L. Dahanukar & Co. Pvt. Ltd.	-	-	-	-	(1.00)	(1.00)	-	-
Arunoday Investments Pvt. Ltd.	-	-	-	-	(10.80)	(10.80)	-	-
Maharashtra Sugar Mills Pvt. Ltd.	-	-	-	-	(20.00)	(20.00)	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	-	-	0.89	0.89
Total	1,007.90	967.01	2.76	(57.24)	(31.80)	(31.80)	0.89	0.89

Notes to Financial Statements

for the year ended March 31, 2014

	(₹ in million)	
	2013-14	2012-13
viii) Auditor's remuneration charged to accounts:		
a) Audit fees	0.84	0.58
b) Auditors remuneration in other capacity	0.23	0.13
c) Reimbursement of expenses	0.02	0.02
	1.09	0.73

- ix)** Provision of excise duty on finished goods manufactured but yet to be cleared from the factory as at March 31, 2014 estimated at ₹ 38.67 million (P.Y. ₹ 47.20 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:

Provision for excise duty on finished goods at the beginning of the year	47.20	92.05
Provision for excise duty on finished goods at the end of the year	38.67	47.20
Provision for excise duty on finished goods charged in the Statement of Profit and Loss	(8.53)	(44.85)

- 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:		
Profit After Tax	485.95	503.43
Weighted average number of shares	122.75	120.69
Basic Earnings Per Share	3.96	4.17
Weighted average number of shares (adjusted for the effects of dilutive potential equity shares)	125.01	124.73
Diluted Earnings Per Share	3.89	4.04
Face Value per Equity Share	10.00	10.00

- xiii)** The Company has entered into 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, 2014 are as under:

	Currency	March 31, 2014		March 31, 2013	
		FC in million	(₹ in million)	FC in million	(₹ in million)
a) Receivable - Debtors	USD	0.14	8.37	0.35	19.36
b) Payable - Term Loans	USD	-	-	9.80	529.87

Notes to Financial Statements for the year ended March 31, 2014

	(₹ in million)	
	2013-14	2012-13
xiv) CIF Value of Imports		
Raw materials	22.08	92.77
xv) Earnings in Foreign Exchange		
FOB value of exports	310.00	151.06
xvi) Expenditure in Foreign Exchange		
Professional Fees	27.24	16.83
Travelling Expenses	1.23	3.75
Interest	26.56	-
Purchase of material	28.52	50.94
	83.55	71.52

xvii) Managerial Remuneration:

Details of the Managerial Remuneration paid or provided during the financial year ended on March 31, 2014:

Remuneration to Managing Director and Whole-time Directors		
- Salaries and contribution to funds	57.29	51.49
- Commission	-	8.08
	57.29	59.57
Remuneration to Non-executive and Independent Directors		
- Commission	-	5.96

xviii) During February 2014, the Company has acquired the Indian Made Foreign Liquor (IMFL) brands of IFB Agro Industries Ltd., Kolkata vide assignment in perpetuity.

xix) Subsequent to the survey proceedings u/s 133 of the Income Tax Act initiated by the Department in the month of March 2013, the Company has filed an application before the Income Tax Settlement Commission for Assessment Years 2012-2013 and 2013-2014 which has been admitted for further hearings. The Income Tax liability arising thereof has been provided for in the accounts for the year ended March 31, 2014.

xx) Other operating income for the year ended March 31, 2014 includes ₹ 123.76 million on account of entitlement of MVAT and CST refund for the previous year 2012-2013 as compared to ₹ 109.84 million included in year ended March 31, 2013 for the year 2011-12 pursuant to the grant of Mega Project Status under Package Scheme of Incentives 2007 by the Government of Maharashtra vide its eligibility certificate dated April 11, 2012.

xxi) 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.

Notes to Financial Statements for the year ended March 31, 2014

- b) The Company's distributor Ding Dong Liquors has filed a suit pursuant to the Division Bench order of Bombay High Court for recovery of ₹ 41.20 million after their termination. They have filed Notice of Motion for interim relief in the suit for withdrawing and / or transferring Security Deposit. The Hon'ble Bombay High Court has agreed with the Company's contention of the issue of limitation and has accordingly framed limitation as the main issue. The matter is posted for hearing for leading evidence of plaintiff on the limitation issue.

The Company has filed a suit for recovery of ₹ 39.00 million for the sales proceeds not remitted by Ding Dong Liquors and also towards amount charges wrongly claimed by them. Defendants did not file written statement and the suit was directed as undefended. Thereafter, the Defendants file a Notice of Motion for condoning the delay in filing written statement.

- 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. The matter is posted for filing evidence by Anupama Wine Distributors.
- d) 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) During the year the Company has sold the entire stake in its wholly owned subsidiary P. P. Caps Private Limited.

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

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

Madan Goyal
Director

Ronil Sujan
Director

Srijit Mullick
Chief Financial Officer

Place : Mumbai
Date : May 26, 2014

Gaurav Thakur
Company Secretary

Statement Pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies

(₹ in million)

Name of the subsidiary	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	Shivrabha Sugars Ltd.
Financial year/ period of subsidiary ended on	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014
1. Holding Company's Interest Equity Share Capital	100% 3,681,000 equity shares of ₹ 10/- each fully paid up	100% 1,498,050 equity shares of ₹ 100/- each fully paid up	100% 30,000 equity shares of ₹ 100/- each fully paid up	100% 296,002 equity shares of ₹ 10/- each fully paid up	100% 10,000 equity shares of ₹ 10/- each fully paid up	Refer note below Refer note below	100% 10,000 equity shares of ₹ 10/- each fully paid up	100% 10,000 equity shares of ₹ 10/- each fully paid up	90% 50,000 equity shares of ₹ 10/- each fully paid up
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									
- For the financial year of the subsidiary	58.31	37.04	(4.64)	4.57	(0.02)	(0.05)	(0.01)	(0.03)	(0.42)
- For the previous financial year of the subsidiary since it became its subsidiary	209.47	(15.92)	(8.25)	11.52	0.23	(1.73)	(0.10)	(0.13)	0.31
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									
- For the financial year of the subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
- For the previous financial year of the subsidiary since it became its subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4. Capital	36.81	149.81	3.00	2.96	0.10	Refer note below	0.10	0.10	0.50
5. Reserves	355.77	49.24	(16.62)	9.76	2.27	Refer note below	(0.23)	(1.52)	(0.12)
6. Total Assets	1,654.28	583.61	65.75	235.82	2.68	Refer note below	0.10	0.01	15.75
7. Total Liabilities	1,261.70	384.56	79.37	223.10	0.31	Refer note below	0.23	1.43	15.37
8. Details of Investments (Except Investment in subsidiary)	0.03	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
9. Gross Turnover (including other operating income and other income)	2,072.69	3,010.80	2.33	310.68	Nil	Nil	Nil	Nil	Nil
10. Profit / (Loss) Before Taxation	99.86	49.07	(4.64)	7.70	(0.02)	(0.05)	(0.01)	(0.02)	(0.09)
11. Provision for Taxation	41.55	12.03	Nil	3.13	Nil	Nil	Nil	0.01	0.33
12. Profit / (Loss) After Taxation	58.31	37.04	(4.64)	4.57	(0.02)	(0.05)	(0.01)	(0.03)	(0.42)
13. Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note : During the year the Company has sold the entire stake in its wholly owned subsidiary P. P. Caps Private Limited.

For and on behalf of the Board

Amit Dahanukar
Chairman &
Managing Director

Dr. Vishnu Kanhere
Director

Madan Goyal
Director

Gaurav Thakur
Company Secretary

Shivani Amit Dahanukar
Executive Director

Dr. Ravindra Bapat
Director

Ronil Sujan
Director

V.B.Haribhakti
Director

C.V.Bijlani
Director

Srijit Mullick
Chief Financial Officer

Place : Mumbai
Date : May 26, 2014



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CIN: L15420PN1933PLC133303

3rd Floor, Industrial Assurance Building,
Churchgate, Mumbai 400 020.

Tel.: +91 22 22831716/18, Fax: +91 22 22046904

Email : investor@tilind.com, Website: www.tilind.com

BATLIBOI & PUROHIT

Chartered Accountants

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, 2014, 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
Dated: May 26, 2014