ONLINE FILING

Ref: TI/BSE/COMP/19-20/37 **August 17, 2019**

To,
The Manager (Listing),
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai – 400 001
Ph: 022 2272 1233/34
Fax: 022 2272 3719

Sub: Submission of Annual Report for the financial year 2018-19
Ref: Scrip Code – 507205

Dear Sir/Madam,

Pursuant to the provisions of Regulation 34 of the SEBI (LODR) Regulations, 2015, please find enclosed herewith the Annual Report of the Company for the financial year 2018-19 alongwith Statement on Impact of Audit Qualifications as stipulated in Regulation 33(3)(d) of the said Regulations and Certificate obtained from Practicing Company Secretaries regarding compliance of conditions of Corporate Governance and Non-Disqualification of Directors.

Kindly acknowledge the receipt and take the same on your record.

Thanking you,

Yours faithfully,

For Tilaknagar Industries Ltd.

Gaurav Thakur
Company Secretary

TILAKNAGAR INDUSTRIES LTD. MUMBAI

Encl: a/a

TILAKNAGAR INDUSTRIES LTD.

ANNUAL REPORT 2018-19

RISING STRONG

ACROSS THE

PAGES

CORPORATE OVERVIEW 1 – 17

STATUTORY REPORTS 18 – 86

FINANCIAL STATEMENTS 87 – 203

Please find our online version at http://www.tilind.com/investors/#shareholder-services or simply scan to download

Disclaimer

This document contains statements about expected future events and financials of Tilaknagar Industries Ltd., which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis Report of the Annual Report.

At

TILAKNAGAR INDUSTRIES

(also mentioned as 'TI' or 'the Company'), growth is not just limited to profitability, it is about the positive mindset and the business strengthening initiatives to keep the organization moving, despite external challenges. The resultant impact has allowed the Company to rise stronger through the following key outcomes:

- Enhanced market position in existing and new markets
- Strengthened presence across broader geographic areas
- Improved processes and resource utilization for achieving cost efficiencies
- Continued caring for employees, communities and the surrounding environment

₹ 66,133.00 lacs
+14%
Consolidated Revenue from Operations for the financial year ended March 31, 2019

₹ 6,134.09 lacs
+68%
*EBITDA for the financial year ended March 31, 2019

₹ 66.43 lacs
+12.27%
Cases sold in 2018-19

*EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization

ABOUT US

Founded in 1933, as The Maharashtra Sugar Mills Limited, a manufacturer of sugar and allied products, today, the Company is amongst the leading alco-bev player in India with rich experience. The Company is present across varied liquor categories comprising Brandy, Whisky, Vodka, Gin and Rum.

Our strong geographic reach coupled with best-in-class marketing strategies has allowed us to build a strong and diverse portfolio of brands across our operating categories.

The Company has been consistently meeting the consumer demands across domestic and international market through its 15 owned/leased/tie up facilities located across India. The Shrirampur facility has the capacity to produce 100 KLPD of molasses based and 100 KLPD of grain-based ENA. The strong distribution network has further allowed the Company to mark its presence across all the major market segments and geographies across Southern India.

OUR VISION

To continue providing superior consumer experience with a robust portfolio of brands across all categories and serve customers in their everyday and extraordinary moments alike.

OUR MISSION

To establish the Company as a premier spirit and liquor Company with the highest levels of quality, product delivery and service to ensure profit maximization and increased shareholder value, while also demonstrating the strength of our brands and our commitment to the community as a good corporate citizen.

OUR VALUES

- We are passionate about what we do. We inculcate an entrepreneurial spirit so that each member takes ownership of the job and delivers results that exceed expectations.
- We are proud of delivering products that create lifelong loyal customers. We work relentlessly to create exciting new experiences.
- We take innovation seriously. We aren't afraid to challenge existing practices in order to create better versions of ourselves.
- Care and trust define our business and our culture. We are a family and look after each other.

MANUFACTURING PRESENCE

1 Owned Facility

3 Operating Subsidiaries

3 Leased Units

8 Tie-up Units

RISING STRONG WITH

PORTFOLIO OF BRANDS

The Company is rising strong with its diverse product range of over 16 iconic brands sold across various geographies, categories and price points. Being one of the leading manufacturers of IMFL in the Southern and Western regions, the Company has successfully evolved its portfolio in the premium segment and is fulfilling customer aspirations.

5 Brands in Brandy | **6** Brands in Whisky | **2** Brands in Rum | **3** Brands in Vodka & Gin

Product Category-Wise Sales Volume in 2018-19

89.04%	6.23%	3.16%	1.57%
BRANDY	RUM	WHISKY	VODKA & GIN

What we offer?	Our USPs	How are we rising strong?
Brandy and Rum	'Mansion House' Brandy, 'Courrier Napoleon' – Red & Green Brandy, 'White House' Rum and 'Madira XXX' Rum	Being preferred in all the occasions providing immaculate growth opportunity for the Company
Whisky, Vodka and Gin	'Senate Royale' and 'Mansion House' Whisky	We have something to offer to all the consumers through our diverse portfolio of white and light brown brands of premium liquor across IMFL categories
	'Volga' Vodka and 'Blue Lagoon' Gin	There is immense growth opportunity in Vodka and Gin category

RISING STRONG BY

UNDERSTANDING THE CONSUMER PREFERENCES

The Company's competitive advantage is reflected through its cutting-edge consumer insights and marketing campaigns leading to capturing the right preferences. Our strong distribution network nurtures customer relationships, enhances reach and builds superior agri-sourcing, among others.

Region-Wise Sales Performance

[Quantity in Lac Cases]

Region/Category	2018-19	2017-18	Change (%)
South	58.01	49.08	18.19
Export & Institutions	5.31	7.54	(29.58)
East	2.28	1.89	20.63
West	0.83	0.66	25.76
Total	**66.43**	**59.17**	**12.27**

Segment-Wise Sales Performance

[Quantity in Lac Cases]

Segment	2018-19	2017-18	Change (%)
Brandy	59.15	49.81	18.75
Rum	4.14	5.91	(29.95)
Whisky	2.10	2.48	(15.32)
Vodka & Gin	1.04	0.97	7.22
Total	**66.43**	**59.17**	**12.27**

Market Presence Across the Globe

Disclaimer: This map is a generalized illustration only for the ease of the reader to understand the locations, and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features / states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.

SOUTH-EAST ASIA

India & Singapore

AFRICA

Guinea, Ghana, Nigeria, Angola, Congo, South Sudan, Uganda, Rwanda and Kenya

MIDDLE-EAST

Bahrain

EUROPE

Italy

TILAKNAGAR INDUSTRIES LTD.

RISING STRONG THROUGH

EFFICIENT MARKETING ACTIVITIES

The Company has adopted smart marketing strategies and programmes focused on augmenting strong brand recall and marking a strong presence in the consumer's mind share.

During the year under review, the Company has undertaken several marketing strategies to enhance the brand visibility which includes:

Logo:

The logo of the Company has been changed to make it more appealing to the millennials which represents the fastest growing segment.

Social Media Marketing:

The Company has done online brand promotions to enhance popularity and reach amongst the consumers/millennials. Mansion House Brandy and Courrier Napoleon Brandy were the leading brands in social media in terms of likes/comments/shares as well as video views on Facebook and Instagram.

Brand building:

As a part of brand building and recall activity, MHB Wall Clocks were distributed to key retail outlets in all operational States of the Company.

Mobile App:

A dedicated Mobile App was introduced for sales automation to get work more organised for the sales team. This will help to track the productivity of the sales force and make them more effective in the marketplace.

CHAIRMAN'S MESSAGE

AMIT DAHANUKAR - *Chairman & Managing Director*

Dear Stakeholders,

We have made considerable progress over the last year in achieving our stated objectives. Our portfolio has been strengthened and realigned, resulting in an enhanced focus on the premium brands allowing us to concentrate on a renewed growth momentum and rising strong from the challenges we have gone through.

Our sales volumes in 2018-19 increased by 12.27% to 66.43 lacs cases as compared to 59.17 lacs cases in 2017-18. The results were bolstered by our strong focus on penetrating further into the existing markets and capturing its full potential. In addition, the price increases last year further added to our topline.

The Indian alcoholic beverage industry ranks third after China and Russia. There has been a growing exposure of the Indians towards new cultures and new destinations because of their travelling preferences, sustainable practices, growth in foreign tourists and a rapidly changing demography. Large part of the demand is attributed to a huge young population, popularly known as the millennials as well as rising disposable incomes. Demographically India is one of the youngest with around 50% of its population below the age of 25 and around 65% below the age of 35. This leads to a promising consumption story. Moreover, there's a large section of the industry moving into 'premiumization', as consumers want to drink better quality alcohol.

At TI, our broad portfolio allows us to serve consumers across various occasions with varying price points. We continue to focus on premiumization across all the categories that give us access to the growing consumer preferences. During the year, we underwent rebranding exercise through our new logo to make it more alluring amongst the millennials. Our Marketing team continued with its efforts to boost our brand visibility through online promotions on Facebook and Instagram as well as by strengthening relationship with our distributors.

In connection with an application filed by the State Bank of India before the NCLT, Mumbai under Section 7 of the Insolvency & Bankruptcy Code, which is yet to be admitted by the Tribunal, we are in advanced stage of negotiating compromise/settlement.

I am especially cognizant of the key role our employees play in sustaining TI's growth and thank them for their dedication particularly during these tenuous times. I would like to extend my sincere thanks to the Board Members for their keen support and willingness to take difficult decisions to strengthen the Company's future prospects. We will continue to rise strong amidst challenges and focus on our journey of building a sustainable organization going ahead.

Best Wishes,

Amit Dahanukar - *Chairman & Managing Director*

Profile of
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

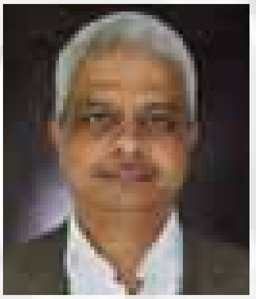
Mrs. Shivani Amit Dahanukar has a Masters in Business Administration from the University of San Francisco. She is also a graduate in Law from the Government Law College, University of Mumbai. She spearheads the community welfare activities of the Group in the fields of nutrition, primary education and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

Dr. Ravindra Bapat

Dr. Ravindra Bapat is an Emeritus Professor, Department of Surgical Gastroenterology at Seth G. S. Medical College and K.E.M Hospital, Parel, Mumbai.

Mr. C.V. Bijlani

A post-graduate in Economics, Mr. C.V. Bijlani started his career as a Lecturer in Economics before joining banking industry. He possesses over five decades of experience in Banking and Finance (Project Finance, Capital Structuring, Merchant Banking, Investment Banking, Forex, Mergers and Acquisitions, Industrial Rehabilitation, Joint Ventures, External Commercial Borrowings among others). He has held senior positions both, with State Bank of India and IndusInd Bank. He was awarded Udyog Gaurav Award in 1992 by All India Organizational Entrepreneurial Confederation for his contribution to the financial sector.



Mr. Kishorekumar G. Mhatre

Mr. Kishorekumar G. Mhatre is a graduate in Law from the Government Law College, University of Mumbai. He is an Advocate having over three decades of experience in the legal profession (matters relating to litigation-commercial & constitution, arbitrations, writ petitions, criminal proceedings & application, copyrights, co-operative banks and co-operative societies, public trusts, IPC – drafting & filing complaints, Consumer Protection Act, Information Technology Act, Essential Commodities Act, National Green Tribunal Act, Anti Corruption Act and Enforcement Directorate matters, among others). He is also affiliated to various social, financial and educational organizations/institutions in the capacity of Trustee/Legal Advisor/Secretary.

Mr. Satish Chand Mathur

Mr. Satish Chand Mathur is a 1981-batch Indian Police Service (IPS) officer. Prior to joining the Company, he was serving as Maharashtra's Director General of Police. He earlier headed the Maharashtra's Anti-corruption Bureau (ACB) as well. He also served as Commissioner of Police, Pune from March 2014 to April 2015. Between October 2002 and October 2012, he served as Director, Air India and was instrumental in restructuring of the airline's finances in respect of the Ground Handling arm and introduction of cost-cutting measures. He also acted as Managing Director of the Maharashtra State Police Housing and Welfare Corporation.

Maj Gen Dilawar Singh (Retd.)

Maj Gen Dilawar Singh (Retd.) is triple post graduate and an alumni of Delhi University, Chennai University, Devi Ahilya University, Osmania University and IIM Indore. He has a unique distinction of having been the Head of the Largest Youth Organisation of the Government of India (NYKS) and has initiated hundreds of new innovations for youth development and empowerment. He has been involved with Capital Procurement, Planning, Execution and financing of major procurements for the Indian Army. Presently, he is advising the industry on Defence, Homeland Security, Youth Affairs, Sports and New Technologies and is a part of numerous Sports Organisations across many countries.

Profile of
Senior Management

Mr. Srijit Mullick, *Chief Financial Officer*

Mr. Srijit Mullick is both, a Chartered Accountant and Cost & Management Accountant and comes with over 40 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 and Company Ltd. and the Essel Group.

Mr. Benedict William,
Senior Vice President - Sales (South)

Mr. Benedict William holds a master degree in Agricultural Economics & Farm Management and a Diploma in Business Management and comes with over 36 years of experience in Sales in the liquor industry.

Col. Bineet Walia (Retd.), *Senior Vice President*

Col. Bineet Walia is a former Colonel of the Indian Army and brings with him vast experience of formulating strategies, managing operations and multifarious activities. He has a Masters in Management Science and Masters in Strategic Studies (International Relations). He specializes in Institutional Sales and Marketing.

Mr. Ashutosh Sharma, *Vice President*

Mr. Ashutosh Sharma is M. Phil. from JNU, New Delhi and holds a degree of Executive Master of Business Administration from AIM, Manila and has over 28 years of experience across various sectors.

Mr. Gaurav Thakur, *Company Secretary*

Mr. Gaurav Thakur is a Company Secretary and Cost & Management Accountant and a post-graduate in Commerce, having over 19 years of experience in secretarial and legal functions across various sectors.

Mr. Ajit Sirsat,

Assistant Vice President – Accounts & Finance

Mr. Ajit Sirsat is a Chartered Accountant and Cost & Management Accountant having 25 years of experience in Finance and Accounts across industries.

Ms. Ranjita Kumari,

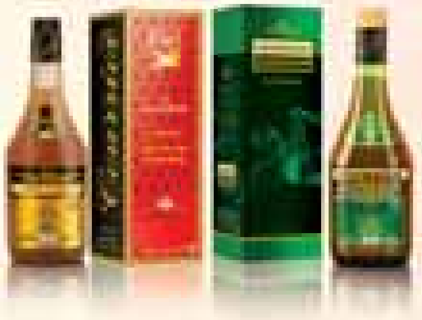
Assistant Vice President – Taxation and Accounts

Ms. Ranjita Kumari is a Chartered Accountant and has 21 years of experience in Taxation and Accounts.

Mr. Ashish Choudhury,

Assistant Vice President – Sales

Mr. Ashish Choudhury is a graduate in Humanities from the Bengaluru University and has 39 years of experience in Sales in different locations with leading IMFL companies.



Mr. C. R. Ramesh,

General Manager – Operations & Quality

Mr. C. R. Ramesh has 37 years of experience in liquor manufacturing operations.

Profile of

Senior Management

Mr. Rajesh Agrawal,

General Manager – Sales (Maharashtra & Daman)

Mr. Rajesh Agrawal is a graduate in Humanities and has over 35 years of experience in IMFL industry. He possesses an in-depth knowledge of Sales and Distribution in the liquor industry.

Mr. Varadarajan Srinivasaraghavan,

General Manager – Manufacturing

Mr. Varadarajan Srinivasaraghavan is B.Tech. (Mechanical) and has over 24 years of experience in the liquor Industry.

Mr. Shankar Pawar,

Deputy General Manager – Accounts & Finance

Mr. Shankar Pawar is a Chartered Accountant and has 15 years of experience in the areas of Accounts, Finance and Taxation across various sectors.

Mr. S. Balakumar,

Deputy General Manager – Production & Operations

Mr. S. Balakumar is a graduate in Commerce and holds a masters degree in Business Finance from Indian Institute of Finance, New Delhi. He has over 25 years of experience in various sectors.

Mr. Damodar Rane,

Deputy General Manager – Quality

Mr. Damodar Rane is M.Sc. (Chemistry) and holds a masters degree in Business Administration. He has 23 years of experience in various industries.

Mr. Dattatray More,

Deputy General Manager – HR & IR

Mr. Dattatray More is a graduate in Commerce and holds masters degree in Business Administration (Human Resource), MSW and has 24 years of experience in HR, IR, Legal and Administration in different reputed MNCs in various sectors.

Ms. Hemangi Joshi Naik,

Deputy General Manager – Legal

Ms. Hemangi Joshi Naik is a graduate in Law from the Siddharth College of Law, University of Mumbai and has over 14 years of experience in corporate laws across various sectors.

Mr. Anand Kadam,

Deputy General Manager – Materials Management

Mr. Anand Kadam is a graduate in Engineering (B.E. Production – Hons.) from University of Mumbai and a post-graduate in Materials Management having more than 27 years of experience in Material Management.

Mr. Vargheese P X,

Deputy General Manager – Sales

Mr. Vargheese P X is a graduate in Sociology and holds a master's degree in CRM and Operational Management. He has 26 years of experience in Sales in the liquor industry.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL ECONOMY OVERVIEW

The global economy recorded a growth of 3.6% in 2018. The economy lost some momentum during the second half of the year, mainly on account of the increased trade frictions between the US and China and the tightening of financial conditions.

Financial Year (FY) 2018-19 began with strong economic activities in the US economy supported by a fiscal stimulus and firm consumption growth. Emerging Asia continued to display a steady growth. Eurozone recorded slow down due to the high deficit concerns in Italy, disruptions in the German Auto sector and political uncertainties around Brexit. At the same time, China faced moderate growth owing to regulatory tightening of the property sector and non-bank financial intermediation.

International Monetary Fund (IMF) expects growth to decelerate to 3.3% in 2019 and its projections suggest that all three major engines of the global economy viz. US, China and Eurozone are likely to decelerate in 2019. On the positive side, however, IMF expects world economic output to recover and grow at 3.6% in 2020. Of late, there have been a few growth-supportive factors such as announcement of the economic stimulus in China and halt to the process of monetary policy tightening in developed countries. However, the business sentiment has become somewhat clouded with challenges arising from the apparent setback to the US-China trade talks, the spread of trade frictions to technology sectors and the increased intermingling of economic policies.

INDIAN ECONOMY OVERVIEW

Indian economy exhibited mixed record in the just concluded fiscal. GDP growth slowed from 7.2% in FY 2017-18 to 6.8% in FY 2018-19. Sub-par rainfall in 2018, tight financial conditions faced by the non-banking financial sector and moderate external demand were the key challenges faced by the economy. Consumption growth declined during the second half of the year, but there were some signs of revival in the investment cycle, as the rate of gross fixed capital formation improved from 31.4% of GDP in FY 2017-18 to 32.3% in FY 2018-19.

Macro economic stability indicators broadly maintained their health. Low inflation has created the space for monetary policy easing, which will also help support growth revival. The fiscal deficit target for FY 2018-19 was adhered to, despite a shortfall in tax revenues. Following the resounding political mandate for the ruling Government, expectations of further economic reforms and impetus to large infrastructure investments have been reinforced.

India's medium-term growth prospects continue to be robust backed by fast urbanisation and demographic dividends. Significant reforms undertaken in the recent years such as the GST and Insolvency and Bankruptcy Code (IBC) will raise India's growth potential in the coming years. The FY 2019-20 started on a positive note with a more stable and growth focused Government. As per IMF projections, India's GDP growth is estimated at 7.3% in 2019 and 7.5% in 2020. In the near-term, however, uncertainty over the forthcoming monsoon season and the heightened global risks present headwinds for FY 2019-20.

GLOBAL SPIRITS MARKET

The global spirit market broadly comprises of Brandy, Gin, Vodka, Rum, flavoured spirits, Tequila, natural spirits and Whisky. Geographically, it has been segmented into North America, Europe, Asia-Pacific and Rest of the World (RoW).

The growth in the alcoholic beverages market is supported by increased demand for spirits and wine in both developed and developing countries, increasing number of alcohol consumers and rising disposable income in emerging countries. The market is mainly driven by increasing consumer demand for premium and super premium products. Efforts by manufacturers for strengthening distribution channels and extension of purchase channels, such as online stores, and convenience stores, are also contributing substantially to the growth. The South American alcoholic beverages market accounts for the largest share in the global alcoholic beverages market.

The global alcoholic beverage market is expected to grow at a CAGR of 3.1% during the time period 2019-2024. Asia-Pacific is expected to dominate the global market in the coming years backed by high demand for premium spirits in India and China.

**CAGR: Compounded Annual Growth Rate*

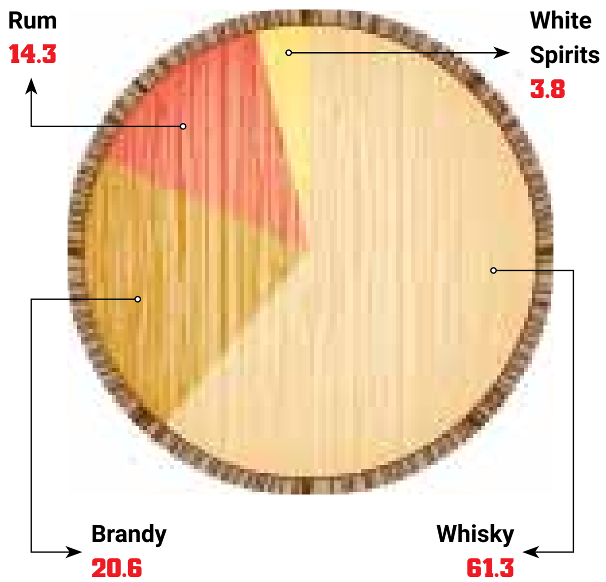
INDIAN LIQUOR INDUSTRY

India's liquor industry is the third largest in the world with a value of US $ 35 billion. The industry is divided into three categories: Spirits [Indian Manufactured Foreign Liquor (IMFL) and Country Liquor], Beer and Wine. IMFL market has been further bifurcated into Whisky, Rum, Brandy, Vodka and Gin. Revenue in the Alcoholic Drinks market amounted to US $ 48.86 billion in 2019. The market is expected to grow annually by 7.0% (CAGR 2019-2023) *(Source: Statista)*.

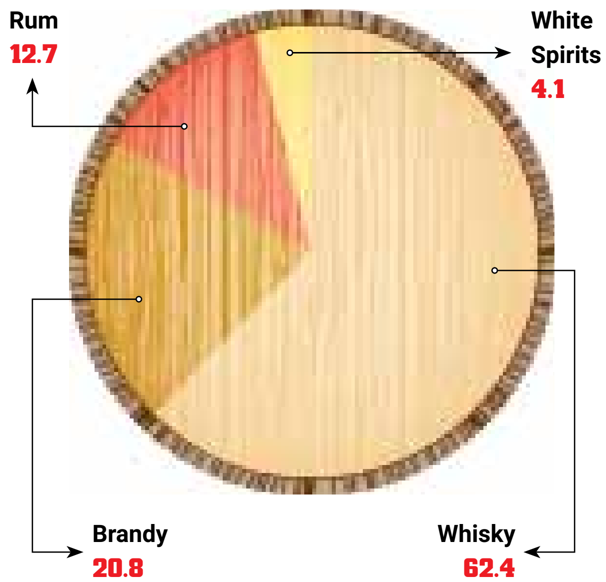
The Indian liquor industry is one of the most vibrant in the World. The array of liquor sold in India is dazzling and demand for the same is growing among affluent Indians. India is one of the top markets for higher consumption and is growing at a healthy rate.

Sale of IMFL by Category (Volume) [%]

2018 (304 million cases)

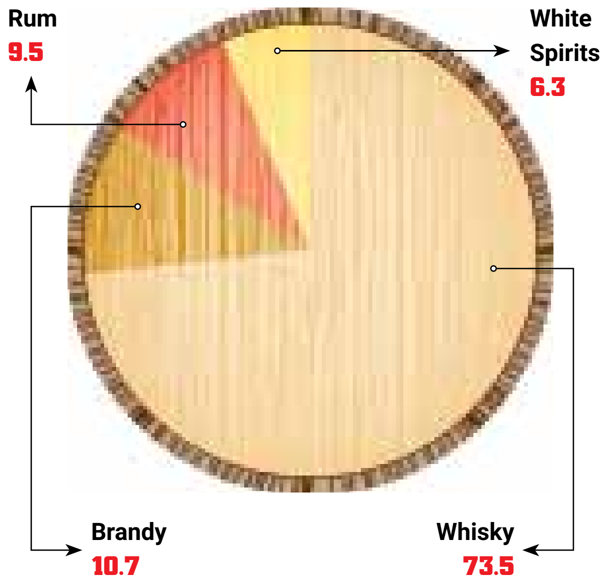


2023 (350 million cases)

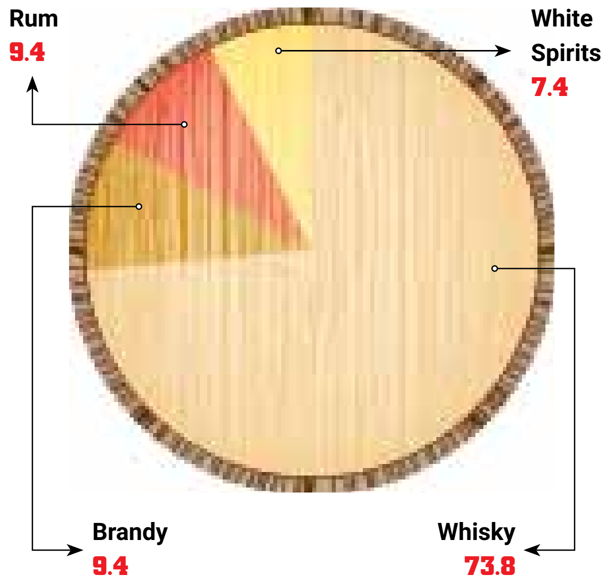


Sale of IMFL by Category (Value) [%]

2018 (₹2,323 billion)



2023 (₹3,503 billion)



During the period 2018-23, IMFL sales value is expected to grow at a CAGR of 5.6% and sales volume at 2.8%.

(Source: Euromonitor International May 2019)

GROWTH DRIVERS

Shift in consumer preferences to premium products: The consumers are becoming more aware and evolved about the quality of alcohol they consume. The demand is growing led by changing habits of the customers.

Attractive packaging of products: The alcohol industry is doing its bit to keep the customers engaged and active by changing its packaging and adding different flavours as per customers' choice. With recyclable and reusable products, it has become easy for the customers to carry the products.

Change in perception towards consumption of alcohol: Now a days, no celebration is complete without raising a toast, whether be it family gathering or professional parties. Also, the millennials are too casual about consuming alcohol.

Increasing disposal income: The rising affluence of middle class will drive growth of as much as 10 % a year in the US $ 33 billion spirits market, according to one of the nation's oldest distillers.

Increasing urban population: The rapid increase in urban population is one of the key factors that is boosting the alcohol market. Traditionally, brown spirits have been targeted at the urban consumer. As such, increasing urban population coupled with factors such as increasing disposable income and growing preference for whiskies is expected to create avenues for growth of the alcohol market in India.

Changing demographics: India is one of the fastest growing economies in the world with a young demographic profile and 67% of population within legal drinking age. This will further help boost the Indian alcohol market.

CHALLENGES

The last few years have been challenging for the consumption sector due to overall sluggishness in demand, rural distress and regulatory surprises such as demonetization and GST. With respect to alcoholic beverage sector that was outperforming until FY12, the above challenges caused a severe damage. Further, these challenges were heightened by complete prohibition in Bihar, Hon'ble Supreme Court's ban on liquor shops on highways and other tax-related changes. However, the sector witnessed somewhat stable trend in FY 2018-19 led by overall increase in consumption.

Despite the stable momentum of the Indian liquor industry, there are a few challenges the industry will have to face which includes:

- **Pricing Control and Taxation:** The manufacturers have received pricing support from most of the States led by their progressive attitude. The taxation is inconsistent since revenue pressures can push up taxes suddenly. The States have recognized the price elasticity of products, especially in the mid and mass segments. Although, premiumization and improved affordability should reduce the price elasticity witnessed after a sharp taxation upsurge in the past.
- **High Raw Material and Packaging Cost:** The Companies that sell to consumers who are highly conscious of price will be burdened by higher costs of raw materials and packaging. Small profit margins of many companies in this space are making it difficult for them to remain viable.

COMPANY OVERVIEW

Tilaknagar Industries Ltd. (TI) is one of the leading alco-bev business companies in the country with a portfolio of brands across the IMFL segment comprising Whisky, Brandy, Rum, Gin and Vodka. It is amongst the leading players in South India and CSD stores. With exclusive brand portfolio, world-class manufacturing facilities and geographical presence, TI delivers high quality products along with great experience to its customers. Unique marketing skills have helped TI to build and sustain strong brands and positive impact on the society. TI has a growing export presence in countries such as South-East Asian, African countries and UAE. The Company continuously strives to improve its product collection with the high-quality premium brands that are preferred by consumers owing to their smooth taste and value addition.

THE TI ADVANTAGE

Product offerings

TI has a robust and established brand portfolio with over 16 brands across the IMFL space (Whisky, Rum, Vodka, Gin and Brandy) including Mansion House Brandy, a Millionaire brand.

Capacity

The Company has state-of-the-art set up with robust manufacturing facilities, comprising of 1 owned facility, 3 operating liquor subsidiaries, 3 leased and 8 tie-up units strategically located across India. It has 100 KLPD molasses based and 100 KLPD grain-based distillation plants and IMFL bottling plant at Shrirampur (Maharashtra).

Premium categories

Over the last few years, TI's emphasis and preference have been to make business stronger by promoting its premium brand portfolio.

IMPORTANT BRAND PORTFOLIO

Mansion House Brandy

Mansion House Brandy is amongst the largest selling brandies in the world. Over the years, Mansion House Brandy has matured and evolved significantly. TI's constant emphasis on premiumization has reinforced the brand's position in the high margin premium category.

Courrier Napoleon Brandy – Green

Courrier Napoleon Brandy – Green continues to create a niche for itself in premium space and remains brand leader in its segment.

Courrier Napoleon Brandy – Red

Courrier Napoleon Brandy – Red is amongst the most profitable brands in TI portfolio.

Madira XXX Rum

Madira XXX Rum is the most popular Rum by an Indian Company.

Whisky

TI has seen a significant journey with its iconic Brandy brands transforming itself from being a Regular Whisky player to Premium one. With the impeccable and exclusive quality blend, TI's Whisky brands viz. Mansion House Whisky and Senate Royale Whisky bring the best-in-class experience for the consumers. It has very distinct aroma with rich and smooth flavor that enables these brands in growing their popularity and high brand recall value.

Vodka and Gin

Vodka and Gin as a segment for TI, constitute a small portion of its overall brand portfolio. TI will gradually spread these brands' presence through its efficient marketing and distribution channels.

BUSINESS PERFORMANCE

Despite an adverse environment in the industry, TI has consistently captured growth opportunities by focusing on its premium segment and discontinuing the cheap brands.

Financial Performance

The sales volume during the financial year ended March 31, 2019 has increased by 12.27% to 66.43 lacs cases, on consolidated basis, as compared to 59.17 lacs cases during the financial year ended March 31, 2018.

Revenue from operations (net of excise duty) during the financial year ended March 31, 2019, on consolidated basis, stood at ₹66,133.00 lacs as compared to ₹57,776.51 lacs during the financial year ended March 31, 2018. Finance Cost has, on consolidated basis, increased from ₹15,193.95 lacs during the financial year ended March 31, 2018 to ₹18,420.68 lacs during the financial year ended March 31, 2019 on account of increased cost of borrowing from distributors and accumulation of interest due to non-payment of some bank dues.

Due to improvement in operational performance of the liquor business in terms of higher sales, market share and margins in the southern states the EBITDA, on consolidated basis, has increased to ₹6,134.09 lacs during the financial year March 31, 2019 as compared to ₹3,640.53 lacs during the financial year March 31, 2018.

The total comprehensive loss, on consolidated basis increased from ₹15,131.12 lacs to ₹15,968.71 lacs during the financial year March 31, 2018 on account of higher finance cost.

KEY FINANCIAL RATIOS

Key Ratios	FY 2018-19	FY 2017-18	Change %	Explanation, if required
Debtors Turnover (Days)	58	51	14	Not Applicable
Inventory Turnover (Times)	3.60	3.41	6	Not Applicable
Interest Coverage Ratio (Times)	0.13	-0.01	-1400	Increased business performance has resulted in increased earning which has enabled better servicing of interest liability
Current Ratio (Times)	1.49	1.55	-4	Not Applicable
Debt Equity Ratio (Times)	-3.83	-7.80	-51	Net Worth is Negative
Operating Profit Margin (%)	8.49	0.50	1606	Increased business performance
Net Profit Margin (%)	-23.93	-24.72	-3	Not Applicable
Return on Net Worth (%)	-55.54	-116.22	-52	Net Profit and Net Worth both are negative

PRODUCT CATEGORY-WISE SALES VOLUME IN FY 2018-19

(in lac cases)

Category	Sales Volume	% Growth
Brandy	59.15	18.75
Rum	4.14	(29.95)
Whisky	2.10	(15.32)
Vodka & Gin	1.04	7.22

MARKETING AND BRANDING

Branding:

TI has changed its logo to make it more appealing to the millennials which represents the fastest growing segment. Also, the logo of two of its subsidiaries was changed to create separate identity as previously they did not have any logo.

Social Media Marketing:

The Company has done online brand promotions to enhance popularity and reach amongst the consumers/ millennials. Mansion House Brandy and Courrier Napoleon Brandy were the leading brands in social media in terms of likes/comments/shares as well as video views on Facebook and Instagram.

Brand Building:

As a part of brand building and recall activity, MHB Wall Clocks were distributed to key retails outlets in all operational states of the Company.

Mobile App:

A dedicated Mobile App was introduced for sales automation to get work more organised for the Sales team. This will help to track the productivity of the sales force and make them more effective in the market place.

DISTRIBUTION NETWORK

TI has a broad distribution footprint in the southern region which covers various market segments. The Company sells through State Corporations across Telangana, Andhra Pradesh, Karnataka, Kerala and Odisha. It also operates through a distributor channel located in Maharashtra, Goa, Silvassa, Assam and Puducherry. TI is also one of the dominant names in the CSD marketplace. The Company has plans to expand its presence into the East in the coming years, which has huge growth potential.

MATERIAL DEVELOPMENTS

- The State Bank of India, a financial creditor of the Company has filed an application before the National Company Law Tribunal, Mumbai under Section 7 of the Insolvency & Bankruptcy code claiming default by the Company in repayment of its financial obligation to the Bank. The said application is pending admission by the Tribunal. The Company is in advanced stage of negotiating compromise/settlement.
- The National Company Law Tribunal('NCLT') ordered for liquidation of Prag Distillery (P) Ltd, wholly owned subsidiary of the Company ('Prag') vide its order

dated July 26, 2018, as a going concern. The Official Liquidator has initiated the process in this regard.

- During the year under review, the Trademark License agreement entered into on April 10, 2017 by the Company with Punjab Expo Breweries Private Limited, wholly owned subsidiary of the Company was amended with effect from April 01, 2018.
- The Company launched its premium Courrier Napoleon Brandy - Green in the State of Andhra Pradesh.

RISK, CONCERNS, OPPORTUNITIES AND THREATS

Being an established and recognized player in the marketplace, TI has a strong and loyal following by millions of consumers who stand by its portfolio of alcoholic beverages. The vast number of young Indians coming of legal drinking age over the next few years is a tremendous advantage and a huge potential consumer base. TI expects that the young India will continue to be a sustained growth driver. However, despite these positives, TI is not impervious to certain risks or concerns that might challenge this industry from time to time. The Company's risk management framework drives better commercial decisions and resilient business operations. The increasing levels of taxation coupled with stringent regulations have pushed taxes and duties to approximately three fifths of the retail prices of most of its products. Further, non-inclusion of liquor in the Goods and Services Tax (GST) regime has also resulted in price escalation. A large percentage of the Company's turnover is derived from Southern India, where any unfavourable regulatory policy can impact business. The judgment of the Supreme Court prohibiting sale of liquor on highways and within a distance of 500 metres from highways have affected the sale of liquor. To avoid the risk of losing market share to its competitors, the Company is taking various initiatives to ensure constant supply of its products to cater to the demand in different markets.

HUMAN RESOURCES

Today, the HR function has become the most critical catalyst for continuous transformation during a phase of rapid growth and transition; shaping not only processes, people and mindsets, but also creating a culture that epitomizes TI and unleashes innovation at every level within the organization. TI's growth story is driven by its biggest asset – its People. The Company is proud of the passion and commitment of its employees. As a closely-knit team of 284 dedicated employees, TI's HR function assumes a strategic and critically catalytic role.

TI'S 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 a culture which recognizes and promotes merit/performance based compensation and rewards
- Building the organization from within, by grooming, mentoring and promoting its 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

Employee Friendly Organization

TI has a 'Family' value system and is an employee-friendly organization. This is based on the basic premise that in order to get the best out of the employees in terms of productivity and creativity, the Company too needs to take a very endearing and compassionate approach to engaging with them. A liberal medical policy; sponsoring employees' children to study domestically and abroad are only a few examples of the Company's extraordinary gestures of employee engagement and welfare. As a result, TI's employees are generally a very happy lot and identify themselves completely with the Company.

Plant Safety Awareness

In TI's Shrirampur plant, safety goes well beyond passive posters and occasional training sessions and the factory management focuses on best way to create effective safety awareness to build a safety culture.

Annual Safety Training Calendar - 2019

Safety training calendar is an integral part of TI's Shrirampur plant. TI's entire workforce's approach towards safety culture is as important as it is towards their work responsibilities. The scheduled safety meetings, awareness events and training sessions build strong safety culture at the plant.

Training & Development

TI, as an ongoing activity, has carried out various in-house and on-the-job training programmes towards skill enhancement and empowerment, employee engagement and cultivating and harnessing an ever-winning culture in the organization.

TI introduced a new web-based initiative called TI's E-School to enhance the skills of its employees and improve their day-to-day job performance wherein every Monday, the employees receive byte sized snippets on different topics to start their week with interesting learning. These weekly learning modules can be accessed anytime and anywhere and are designed to help improve the employees' personal and professional skills.

Flexible working hours

TI places tremendous importance on collaboration within and between teams and therefore, it is on a journey to bring in opportunities for teams to work well together.

With the introduction of flexible working hours at the corporate office in Mumbai, the teams can choose their work timings while keeping their work and personal priorities in perspective.

INFORMATION TECHNOLOGY

Technology is the foundation for process and operational efficiency within the organization. TI's strong data-driven platform derived from renowned and trusted software and hardware platforms is the key towards seamless business operations.

During financial year 2018-19, vulnerability and penetration testing were undertaken by the external security agency to gain deep insights into security deficiencies within the IT environment of the Company and to evaluate system and network vulnerability to specific and evolving threats for taking appropriate measures.

INTERNAL CONTROL SYSTEMS

The Company has effective, efficient and adequate systems of internal controls, which have 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 periodical basis and thus help mitigate/avoid fraud or any other discrepancies in the daily operational activities. The Audit Committee periodically reviews the findings of Internal and Statutory Auditors and advises the Management with corrective policies and controls to be adopted by the Company, consistent with the organizational requirements.

DISCLOSURE OF ACCOUNTING TREATMENT

The Company has prepared the financial statements for the financial year 2018-19 in accordance with Indian Accounting Standards (IND AS) to comply with the Accounting Standards as specified under the Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Act, as applicable.

OUTLOOK

TI is well placed to grab the opportunities presented by growing economy, consumer evolution, lifestyles, continued increase in disposable income, demographic change that allow people to choose premium brands. All these trends help make alcoholic beverages a very alluring sector for growth. In spite of modest growth during the year FY 2018-19, the core fundamentals of the Company remain strong.

Going ahead, the strategic focus will be on completing the debt restructuring along with emphasis on premium products and enhancing the brand visibility. In addition, underpinning strong distribution network, enables the Company to rise strong on the path to recovery and remain an enduring and growing Company in the IMFL space. Also, TI plans to venture into new geographies, packaging and products in the near future.

CAUTIONARY STATEMENT

Statement made in the Management Discussion & Analysis Report describing the Company's objectives, projections, estimates, expectations may be 'Forward looking statements' within the meaning of applicable securities laws & regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic & overseas markets in which the Company operates, changes in the government regulations, tax laws & other statutes & other incidental factors.

Directors' Report

Dear Members,

The Directors hereby present their 84th Annual Report along with the audited financial statements of the Company for the financial year ended March 31, 2019.

1. FINANCIAL HIGHLIGHTS

The summary of the Company's financial results for the financial year ended March 31, 2019 is furnished below:

(₹ in lacs)

Sr. No.	Particulars	Standalone Year ended 31.03.2019	Standalone Year ended 31.03.2018
I	**Revenue from Operations**	**78,161.22**	**39,553.19**
II	**Other Income**	204.39	3,167.53
III	**Total Income (I + II)**	**78,365.61**	**42,720.72**
IV	**Expenses**		
	(a) Cost of materials consumed	23,554.86	12,717.81
	(b) Changes in inventories of finished goods, stock-in-trade and work- in-progress	(2,355.10)	635.38
	(c) Excise duty	29,262.11	8,792.42
	(d) Employee benefits expense	2,359.46	1,770.42
	(e) Finance costs	16,819.13	13,369.52
	(f) Depreciation and amortization expense	3,499.44	3,560.33
	(g) Other expenses	20,113.69	21,938.87
	Total Expenses	**93,253.59**	**62,784.75**
V	**Profit/(Loss) before Exceptional Items and Tax (III-IV)**	**(14,887.98)**	**(20,064.03)**
VI	Exceptional Items	-	-
VII	**Profit/(Loss) before Tax (V-VI)**	**(14,887.98)**	**(20,064.03)**
VIII	**Tax Expense**		
	(a) Current tax (including earlier years)	-	(265.30)
	(b) Deferred tax	-	-
	Total Tax Expense	**-**	**(265.30)**
IX	**Profit/(Loss) for the Period (VII-VIII)**	**(14,887.98)**	**(19,798.73)**
X	**Other Comprehensive Income/(Loss)**		
	(a) Items that will not be reclassified to Profit & Loss		
	(i) Re-measurement gain/(loss) in respect of the defined benefit plans	(7.94)	(22.86)
	(ii) Deferred tax on re-measurement gain/(loss) in respect of defined benefit plans	-	-
	(b) Items that will be reclassified to Profit & Loss	-	-
	Total Other Comprehensive Income/(Loss) for the Period [(a) +(b)]	**(7.94)**	**(22.86)**
XI	**Total Comprehensive Income/(Loss) for the Period (IX+X)**	**(14,895.92)**	**(19,821.59)**

Due to improvement in operational performance of the liquor business in terms of higher sales, market share and margins in the southern states, the total comprehensive loss of the Company has decreased to ₹ 14,895.92 lacs during the financial year ended on March 31, 2019 as compared to ₹ 19,821.59 lacs during the financial year ended on March 31, 2018.

The core fundamentals for the Company remain strong. The Company is actively exploring the possibilities of arriving at compromise/settlement with the existing lenders and also considering the feasibility of raising additional capital from affiliates or other investors for funding its working capital requirements. With the consistent execution of its long-term strategy and greater focus on its premium products, brand development along with strengthening of distribution network, the Company is on a steady path to recovery and remains an enduring and evolving Company in the IMFL space.

In view of the loss incurred by the Company, it has been decided not to transfer any amount to the Reserves for the year under review.

2. OPERATIONAL REVIEW

Operations

The Company is among India's leading alco-bev business companies with a wide range of brands across the IMFL spectrum comprising Whisky, Brandy, Rum, Gin and Vodka, with a predominant presence in South India and CSD stores. It has established its unique identity in the IMFL industry with its core competencies across manufacturing facilities, wide distribution network and efficient marketing strategies.

During the year under review, the Company faced challenges in terms of increase in the price of raw materials, delayed payment from the Corporations and non-availability of bank finance resulting in liquidity crunch due to which, the Company was unable to meet in full the demand of its brands in key profitable States. The Company is making efforts to address these issues and improve its liquidity position.

Manufacturing Facilities

The Company has ultra-modern set up with robust manufacturing facilities, comprising of 1 owned facility, 3 operating liquor subsidiaries, 3 leased and 8 tie-up units strategically located across India. It has 100 KLPD molasses based and 100 KLPD grain based distillation plants and IMFL Bottling Plant at Shrirampur (Maharashtra).

During the financial year 2018-19, the grain based plant of the Company was not operational. The Company had applied to the State government authorities for dual feed permission for manufacture of ENA through molasses as well as grain for the said plant. Permission has been received for operating the fermentation section for one year. The permission for operating the distillation section is awaited.

Sales and Distribution

The Company is an established player in the Brandy space in India and is committed to fortify its presence in the segment with a strong portfolio of brands including Mansion House Brandy and Courrier Napoleon Brandy which continue to be consumer's most preferred brands across southern region.

During the financial year 2018-19, the sales volume increased by 12.27% to 66.43 lacs cases as compared to 59.17 lacs cases in the financial year 2017-18. Region-wise, the Company has registered sales volume of 58.01 lacs cases in southern region, 2.28 lacs cases in eastern region, 0.83 lacs cases in western region and 5.31 lacs cases in exports & institutions segment. Segment-wise, Brandy contributed 89.04%, followed by Rum, Whisky, Vodka & Gin segments, which have contributed 6.23%, 3.16%, 1.43% and 0.14%, respectively to the overall sales volume of the Company.

The Company ensures a seamless co-ordination of all its functions not only in production, but also in its supply chain management. The Company markets its products across the country through three main channels viz. corporations, distributors and direct sales. The distribution strength of the Company is built around its dispersed manufacturing facilities that cover large swathes of the Indian market with a strong network of distributors and points of sales covering numerous market segments and geographies with especially pronounced presence in the South, India's largest IMFL consuming geography.

The Company is presently exporting its products to Singapore in South-East Asia, Guinea, Ghana, Nigeria, Angola, Congo, South Sudan, Uganda, Rwanda and Kenya in Africa, Bahrain in Middle-East and Italy in Europe.

Material Developments

- State Bank of India, a financial creditor of the Company has filed an application before the National Company Law Tribunal, Mumbai under Section 7 of the Insolvency & Bankruptcy code claiming default by the Company in repayment of its financial obligation to the Bank. The said application is pending admission by the Tribunal. The Company is in advanced stage of negotiating compromise/settlement.
- The National Company Law Tribunal("NCLT") ordered for liquidation of Prag Distillery (P) Ltd, wholly owned subsidiary of the Company ("Prag") vide its order dated July 26, 2018, as a going concern. The Official Liquidator has initiated the process of liquidation of Prag as a going concern.
- During the year under review, the Trademark License agreement entered into on April 10, 2017 by the Company with PunjabExpo Breweries Private Limited, wholly owned subsidiary of the Company was amended with effect from April 01, 2018.
- The Company launched its premium Courrier Napoleon Brandy - Green in the State of Andhra Pradesh.

3. DIVIDEND

In view of the loss incurred by the Company during the year, the Directors have not recommended any dividend for the financial year ended March 31, 2019.

4. SHARE CAPITAL

As on March 31, 2019, the Company was having authorized share capital of ₹ 15,000 lacs comprising of 1,500 lacs equity shares of ₹ 10/- each. The issued, subscribed and paid-up share capital of the Company has increased from ₹ 12,475.61 lacs comprising of 1,247.56 lacs equity shares of ₹ 10/- each to ₹ 12,513.38 lacs comprising of 1,251.33 lacs equity shares of ₹ 10/- each consequent upon issue of equity shares upon exercise of Employees Stock Options by the option grantees under ESOP Scheme 2010 and ESOP Scheme 2012 as per details given herein below:

Date of Allotment	No. of Equity Shares allotted	Issue Price per Share (₹)
June 14, 2018	175,100	13/-
August 13, 2018	102,550	13/-
October 31, 2018	100,000	13/-

5. SUBSIDIARY AND ASSOCIATE COMPANIES

The Company is having 8 subsidiary companies falling under the purview of Section 2(87) of the Companies Act, 2013. In accordance with Rule 8(1) of the Companies (Accounts) Rules, 2014, a report on their performance and financial position is presented herein below:

Sr. No.	Name of Subsidiary Companies (Stake)	Performance
(A)	**OPERATING SUBSIDIARIES**	
1	**Prag Distillery (P) Ltd. (100%) (under liquidation)**	The revenue from operations, during the financial year 2018-19, of Prag stood at ₹ 10,601.08 lacs as compared to ₹ 1,664.68 lacs in the previous year. It has incurred total comprehensive loss of ₹ 1,299.50 lacs during the financial year 2018-19 as compared to ₹ 608.81 lacs in the previous year. The National Company Law Tribunal ("NCLT") ordered for liquidation of Prag vide its Order dated July 26, 2018 as a going concern in the Corporate Insolvency Resolution Process under the provisions of the Insolvency and Bankruptcy Code, 2016.
2	**Vahni Distilleries Private Limited (100%)**	During the financial year 2018-19, the revenue from operations of Vahni stood at ₹ 50,395.76 lacs as compared to ₹ 41,466.95 lacs in the previous year. It has incurred total comprehensive loss of ₹ 134.02 lacs during the financial year 2018-19 as compared to ₹ 1,119.66 lacs in the previous year. The production capacity of the Company's plant has been fully utilized in the financial year 2018-19.
3	**PunjabExpo Breweries Private Limited (100%)**	During the financial year 2018-19, the revenue from operations of PunjabExpo stood at ₹ 24,923.54 lacs as compared to ₹ 51,948.94 lacs in the previous year. It has earned total comprehensive income of ₹ 129.99 lacs during the financial year 2018-19 as compared to ₹ 356.71 lacs in the previous year.
(B)	**OTHER SUBSIDIARIES**	
4	**Kesarval Springs Distillers Pvt. Ltd. (100%)**	During the financial year 2018-19, no activities have been carried out by Kesarval and it has incurred total comprehensive loss of ₹ 0.49 lacs during the year as compared to ₹ 5.99 lacs in the previous year.
5	**Mykingdom Ventures Pvt. Ltd. (100%)**	During the financial year 2018-19, no activities have been carried out by Mykingdom and it has incurred total comprehensive loss of ₹ 0.76 lacs during the year as compared to ₹ 22.91 lacs in the previous year.
6	**Studd Projects P. Ltd. (100%)**	During the financial year 2018-19, no activities have been carried out by Studd and it has incurred total comprehensive loss of ₹ 1.21 lacs during the year as compared to ₹ 8.77 lacs in the previous year.
7	**Srirampur Grains Pvt. Ltd. (100%)**	During the financial year 2018-19, no activities have been carried out by Srirampur and it has incurred total comprehensive loss of ₹ 1.92 lacs during the year as compared to ₹ 2.18 lacs in the previous year.
8	**Shivprabha Sugars Ltd. (90%)**	During the financial year 2018-19, no activities have been carried out by Shivprabha and it has incurred total comprehensive loss of ₹ 0.41 lac during the year as compared to ₹ 0.82 lac in the previous year.

Apart from the above mentioned subsidiary companies, the Company is having one associate company falling under the purview of Section 2(6) of the Companies Act, 2013 viz. Mason and Summers Marketing Service Private Limited in which the Company is having 26% stake.

The consolidated financial statements of the Company and its subsidiaries for the financial year ended March 31, 2019, prepared in accordance with the Companies Act, 2013 and Indian Accounting Standards (Ind AS) forms part of this Annual Report and same shall also be laid in the ensuing Annual General Meeting in accordance with the provisions of Section 129(3) of the Companies Act, 2013. Since, the Company doesn't have any obligation to fund the losses of the associate beyond the investments made, the share of loss of the associate company has not been considered in the consolidated financial statements.

In accordance with proviso to Section 129(3) read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company and forms part of this Annual Report.

In accordance with the provisions of Section 136 of the Companies Act, 2013, the standalone and consolidated financial statements of the Company along with the documents required to be attached/ annexed thereto and separate audited financial statements in respect of its subsidiary companies are available on its website i.e. www.tilind.com and are also available for inspection at its Registered Office and Corporate Office.

During the financial year 2018-19, no company has become or ceased to be subsidiary of the Company and no material change in the nature of the business of the existing subsidiary and associate companies has taken place except with respect to the Corporate Insolvency Resolution Process (CIRP) under the provisions of the Insolvency and Bankruptcy Code, 2016 in respect of Prag Distillery (P) Ltd., wholly owned subsidiary of the Company ("Prag"), the National Company Law Tribunal("NCLT") ordered for liquidation of Prag vide its order dated July 26, 2018, as a going concern.

6. DIRECTORS

At the 83rd Annual General Meeting of the Company held on September 22, 2018, Mrs. Shivani Amit Dahanukar, who retired by rotation in the said Annual General Meeting in accordance with the provisions of Section 152(6) of the Companies Act, 2013, was re-appointed as Director, liable to retire by rotation. Dr. Ravindra Bapat and Mr. C.V. Bijlani, who had attained the age of 75 years, were also appointed through Special Resolutions passed by the Members in the said Annual General Meeting as Independent Directors of the Company, not liable to retire by rotation for a second term of 5 (Five) consecutive years commencing from April 01, 2019 and expiring on March 31, 2024.

In accordance with the provisions of Section 152(6) of the Companies Act, 2013, Mr. Amit Dahanukar, Director of the Company is retiring by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. The Board, based on the recommendation of the Nomination and Remuneration Committee, recommends his re-appointment.

Mr. Satish Chand Mathur and Maj Gen Dilawar Singh(Retd.), who were appointed as Additional (Non-Executive and Independent) Directors of the Company by the Board with effect from October 31, 2018, hold office until the ensuing 84th Annual General Meeting and are eligible for appointment. The Company has received notice from a Member proposing their candidature as Independent Directors of the Company at the ensuing Annual General Meeting. Accordingly, proposals to appoint Mr. Satish Chand Mathur and Maj Gen Dilawar Singh(Retd.) as Independent Directors of the Company, not liable to retire by rotation for a period of five consecutive years commencing from October 31, 2018 and expiring on October 30, 2023 (both days inclusive) have been placed in the ensuing Annual General Meeting for approval of the Members.

The Board, based on the recommendation of the Nomination and Remuneration Committee, 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. Information pursuant to Regulation 36(3) of the Listing Regulations with respect to Directors seeking appointment/re-appointment is appended to the Notice convening the ensuing Annual General Meeting.

All the Independent Directors have furnished respective declaration stating that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 read with Regulation 16(1)(b) of the Listing Regulations.

7. NOMINATION, REMUNERATION AND EVALUATION POLICY

The Nomination, Remuneration and Evaluation Policy of the Company, adopted by the Board in accordance with the provisions of Section 178(3) of the Companies Act, 2013 based on the recommendations made by the Nomination and Remuneration Committee, lays down criteria for:

i. determining qualifications, positive attributes required for appointment of Directors, Key Managerial Personnel and Senior Management and also the criteria for determining the independence of a Director;

ii. appointment, tenure, removal/retirement of Directors, Key Managerial Personnel and Senior Management;

iii. determining remuneration (fixed and performance linked) payable to the Directors, Key Managerial Personnel and Senior Management; and

iv. evaluation of the performance of the Board and its constituents.

The contents of the abovementioned Policy have been elaborated in the Corporate Governance Report in accordance with the provisions of Section 134(3)(e) of the Companies Act, 2013. The Company has uploaded the Nomination, Remuneration and Evaluation Policy on its website, accessible at the Weblink: http://www.tilind.com/investors/#code-policies.

The details of the remuneration received by the Directors from the Company and its subsidiaries have been disclosed in the Corporate Governance Report which forms an integral part of this Report.

8. BOARD EVALUATION

In accordance with the provisions of Section 178(2) read with Schedule IV of the Companies Act, 2013, Listing Regulations and Clause 5 of the Nomination, Remuneration and Evaluation Policy of the Company, the annual performance evaluation of the Independent Directors, Non-Independent Directors, Chairman and the Board as a whole (including its Committees) was carried out on February 14, 2019, in the manner given below:

i. Performance evaluation of the Independent Directors was done by the entire Board (excluding the Director being evaluated);

ii. Independent Directors, in their separate meeting, reviewed the performance of the Non-Independent Directors and the Board as a whole (including its Committees); and

iii. Independent Directors, in their separate meeting, also reviewed the performance of the Chairman after taking into account the views of all the Directors.

After taking into consideration the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance and the criteria specified in the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 05, 2017, a structured questionnaire was prepared and circulated among the Directors for the abovementioned evaluation.

The Nomination and Remuneration Committee reviewed the results of the annual performance evaluation carried out in the financial year 2018-19 in its Meeting held on June 14, 2019 and expressed overall satisfaction on the performance of the Independent Directors, Non-Independent Directors, Chairman and the Board as a whole (including its Committees). Accordingly, no corrective action was proposed to be taken pursuant to such evaluation results.

As results of the performance evaluation of the Independent Directors, Non-Independent Directors, Chairman and the Board as a whole (including its Committees) carried out in the financial year 2017-18 were also satisfactory therefore, no corrective action was required to be taken pursuant to such evaluation results.

9. NUMBER OF MEETINGS OF THE BOARD

During the year under review, 6 Meetings of the Board of Directors were held as per details given below:

(i) June 12, 2018 and its adjournment on June 14, 2018;

(ii) August 13, 2018;

(iii) October 31, 2018; and

(iv) February 14, 2019 and its adjournment on February 22, 2019.

The details of Directors attending the bovementioned Meetings have been furnished as a part of the Corporate Governance Report.

10. COMPOSITION OF AUDIT COMMITTEE

In accordance with the provisions of Section 177(8) of the Companies Act, 2013, details of the composition of the Audit Committee have been furnished as a part of the Corporate Governance Report. There have not been any instances during the year when the recommendations of the Committee were not accepted by the Board.

11. KEY MANAGERIAL PERSONNEL

As on March 31, 2019, Mr. Amit Dahanukar, Chairman & Managing Director, Mr. Srijit Mullick, Chief Financial Officer and Mr. Gaurav Thakur, Company Secretary were the Key Managerial Personnel of the Company under the provisions of Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Qualifications of Managerial Personnel) Rules, 2014. There was no change in the Key Managerial Personnel during the financial year 2018-19.

12. AUDITORS

Statutory Auditors and Statutory Audit Report

M/s. M. M. Parikh & Co., Chartered Accountants (Firm Registration No. 107557W), who were appointed as the Statutory Auditors of the Company for a period of five years from the conclusion of the 82nd AGM till the conclusion of the 87th AGM of the Company, have expressed their intention to discontinue from the position of the Statutory Auditors of the Company from the conclusion of the 84th AGM of the Company due to ongoing health issues of Mr. Kishor M. Parikh, partner of the firm on account of his age resulting in a casual vacancy in terms of Section 139(8) of the Companies Act, 2013.

In accordance with the provisions of Section 139 read with the Companies (Audit and Auditors) Rules, 2014, the Board recommends to the Members appointment of M/s. Harshil Shah & Company, Chartered Accountants (ICAI Firm Registration No. 141179W) as Statutory Auditors of the Company at the ensuing 84th AGM to fill the casual vacancy caused due to resignation of M/s. M. M. Parikh & Co., Chartered Accountants (Firm Registration No. 107557W) for a term of 5 years from the conclusion of the 84th AGM till the conclusion of the 89th AGM of the Company.

The Audit Committee and the Board considered various parameters like capability to serve the complex business structure covering tie-up and leased units, audit experience , market standing of the firm, clientele served, technical knowledge etc. and found M/s. Harshil Shah & Company, Chartered Accountants to be best suited to handle the scale, diversity and complexity associated with the Audit of the financial statements of the Company and have considered and recommended their appointment as Statutory Auditors of the Company at a remuneration of Rs. 11,00,000/- (Rupees Eleven Lacs Only) per annum plus tax as applicable and re-imbursement of out of pocket expenses as may be incurred by them for conducting the Statutory Audit.

No frauds have been reported by the Statutory Auditors during the financial year 2018-19 pursuant to the provisions of Section 143(12) of the Companies Act, 2013.

With reference to the Statutory Auditors' qualified opinion, matter of emphasis and observations in the Auditors' Report, the explanation/comments of the Board in accordance with the provisions of Section 134(3)(f) of the Companies Act, 2013 are set out in Annexure 'G' to this Report.

Cost Records, Cost Auditor and Cost Audit Report

The Company is required to maintain cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013 and accordingly, has made and maintained such accounts and records for the financial year 2018-19.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies

(Audit and Auditors) Rules, 2014, the Board has, on the recommendation of the Audit Committee, appointed CMA Dr. Netra Shashikant Apte having Membership No. 11865 and Firm Registration No. 102229 as Cost Auditor for conducting the audit of cost accounting records maintained by the Company relating to manufacturing of the products covered under the Companies (Cost Records and Audit) Rules, 2014 at a remuneration of ₹ 1,50,000/- (Rupees One Lac Fifty Thousand Only) plus tax as applicable and reimbursement of out of pocket expenses as may be incurred by her for conducting the Cost Audit for the financial year 2019-20.

In view of the requirements of Section 148 of the Companies Act, 2013, the Company has obtained from the Cost Auditor written consent along with certificates with respect to compliance with the conditions specified under Rule 6(1A) of the Companies (Cost Records and Audit) Rules, 2014 and certifying her independence and arm's length relationship with the Company.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, a resolution seeking Members' ratification for the remuneration payable to the Cost Auditor forms part of the Notice convening the ensuing Annual General Meeting.

The Company has filed the Cost Audit Report for the financial year ended March 31, 2018 submitted by CMA Dr. Netra Shashikant Apte, Cost Auditor on October 24, 2018. The Cost Audit Report for the financial year ended March 31, 2019 shall be filed in due course.

Secretarial Auditors and Secretarial Audit Report

During the year under review, the Company has complied with the applicable provisions of Secretarial Standards issued by The Institute of Company Secretaries 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 & Co., Practicing Company Secretaries as Secretarial Auditors of the Company for the financial year 2019-20.

The Secretarial Audit Report for the financial year ended March 31, 2019 is set out in Annexure 'A' to this Report.

The Board's responses with respect to the Secretarial Auditors' observations in their Secretarial Audit Report for the financial year ended March 31, 2019 are as under:

1) **Secretarial Auditors' observations under Point (i) :**

   The audited financial results (consolidated and standalone) for the year ended March 31, 2018 pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were filed by the Company on June 14, 2018 as against the due date of May 30, 2018 and the Company had paid the penalties of ₹ 88,500/- each to BSE and NSE in this regard.

   Board's Response:

   The abovementioned results could not be prepared within the stipulated timelines due to delay in preparation of financial statements in accordance with first time adoption of IND-AS.

2) **Secretarial Auditors' observations under Point (ii) :**

   The un-audited financial results (consolidated and standalone) for the quarter ended June 30, 2018 pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were filed by the Company on October 31, 2018 as against the due date of August 14, 2018 and the Company had paid the penalties of ₹ 19,29,699/- and ₹ 19,26,422/- to BSE and NSE respectively in this regard.

   Board's Response:

   The abovementioned results could not be prepared within the stipulated timelines due to following reasons:

   (i) The ERP System of the Company was under configuration to give effect to the relevant changes consequent upon recent statutory/commercial development; and

   (ii) In accordance with Ind-AS, the Company was required to recognize the revenue and related cost of sales of its contract manufacturing units in its books of accounts. The Company was not able to get the information required in terms of Ind-AS for preparation of the financial results for the quarter ended June 30, 2018 from some of its contract manufacturing units spread across India due to technical issues at their end.

3) **Secretarial Auditors' observations under Point (iii) :**

The un-audited financial results (consolidated and standalone) for the quarter and nine months ended December 31, 2018 pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were filed by the Company on February 22, 2019 as against the due date of February 14, 2019 and the Company had paid the penalties of ₹ 47,200/- each to BSE and NSE in this regard.

Board's Response:

The abovementioned results could not be prepared within the stipulated timelines due to delay in receipt of certain financial details from the contract manufacturing units of the Company.

4) **Secretarial Auditors' observations under Point (iv) :**

The audited financial statements for the financial year ended March 31, 2018 in XBRL mode were filed by the Company with the Registrar Of Companies beyond the prescribed timeline on January 22, 2019.

Board's Response:

The delay in filing of the abovementioned financial statements was due to due to non-availability of technical person in the Accounts Department.

Internal Auditors and Internal Audit Report

The Company is having M/s. Devdhar Joglekar & Srinivasan, Chartered Accountants as its Internal Auditors in accordance with the provisions of Section 138(1) of the Companies Act, 2013. The Audit Committee reviews the observations made by the Internal Auditors in their Report on quarterly basis and makes necessary recommendations to the management.

13. DETAILS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Details with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are set out in Annexure 'B' to this Report.

14. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Particulars of employees and related disclosures as required under the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(1) and 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are set out in Annexures 'C' and 'D' to this Report.

15. ANNUAL RETURN

In accordance with the provisions of Section 134(3)(a) of the Companies Act, 2013, the Company has uploaded the Annual Return for the financial year ended March 31, 2019 on its website, accessible at the Weblink : http://www.tilind.com/investors/#shareholder-services.

16. EMPLOYEE STOCK OPTION SCHEMES

The Company has implemented ESOP Scheme 2008, ESOP Scheme 2010 and ESOP Scheme 2012 compliant with the SEBI (Share Based Employee Benefits) Regulations, 2014 to reward and retain the qualified and skilled employees and to give them an opportunity to participate in the growth of the Company. These Schemes are administered by the Compensation Committee of the Company. No changes have taken place in these Schemes during the financial year 2018-19.

A certificate from the Statutory Auditors of the Company as required under Regulation 13 of the SEBI (Share Based Employee Benefits) Regulations, 2014 shall be placed at the ensuing Annual General Meeting for inspection by the Members. The disclosures as required pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 read with Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 are set out in Annexure 'E' to this Report and are also uploaded on Company's website, accessible at Weblink : http://www.tilind.com/investors/#shareholder-services.

17. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company is committed to ensure a healthy environment and empowered community around it and has, accordingly, adopted a triple bottom line approach of people, planet and profit. The Company has embraced the United Nation's (UN) Sustainable Development Goals (SDG) and is mainly directing its efforts towards health & nutrition, education & environment conservation. The details of the CSR programs or activities undertaken by the Company during the financial year 2018-19 are as follows:

i. Health & Nutrition Program

With a vision of having 100% healthy and intelligent children in the villages surrounding the plant of the Company, efforts continue to focus on promoting the first 1000 days program through Maternal Infant and Young Child Nutrition (MIYCN) empowerment of the community by implementing the following activities:

a) Mother and Child Nutrition Centres

Mother and Child nutrition centres (free of cost) are running in Shrirampur, Loni hospital and outreach centres among different villages around Shrirampur. At these centres, the doctors, nutritionists along with local community workers support women in the community in practising the essential nutrition actions needed for the first 1000 days. Anthropometric assessments are conducted for the children to determine their nutritional status and mothers are counselled on correct breastfeeding and complementary feeding techniques. In 2018-19, 17 villages benefited from these outreach centres. In total, 128 pregnant women and 956 young children were benefited from this activity.

Total, 141 beneficiaries are registered over the past one year and on an average 51 children and pregnant women visit the clinic on monthly basis. Cooking demonstrations are also conducted on weekly basis.

Additionally, 20 outreach training workshops have been done with different schools and anganwadis for school teachers, health workers, parents on basics of nutrition and infant and young child nutrition including breastfeeding, where Mumbai team has successfully trained 878 participants.

b) Community nutrition raising activities

In addition to the Mother and Child Nutrition Centres, outreach activities viz. nutritional cooking demonstrations, health videos screening, talks, celebration of National Nutrition Week and World Breastfeeding Week etc. have been conducted during the financial year 2018-19 to raise awareness regarding maternal and child health among different villages and areas in and around the plant of the Company in Shrirampur. 527 beneficiaries benefitted in 18 cooking demos and 947 beneficiaries benefitted though 23 monthly activities.

c) Hospital-based Infant Young Child Feeding (IYCF) Counselling Centre

The Company continues to support an IYCF counselling centre (a weekly outpatient clinic) at Pravara Medical Trust (PMT), Loni. Breastfeeding and complementary feeding counselling on OPD basis is conducted by the health and nutrition team. The team also visits the delivery and paediatric wards to provide lactation counselling to the admitted mothers. Some other activities that were conducted to make the project sustainable were celebration of world breastfeeding week and national nutrition week along with PMT staff and training on IYCF for the nurses working with delivery & paediatrics. At OPD, 375 children were benefited from nutrition counselling and 280 lactating mother benefited though breast feeding counselling.

d) **Training on "First 1000 days – Maternal & Child Nutrition"**

The health and nutrition team successfully completed 8 training programs for 410 government frontline workers and NGO staff at various locations, in partnership with Action Against Hunger – India, Shamlaji Trust, Tata Trust, Gokul Trust and Ashankur.

ii. **Community kitchen**

Nutritious, healthy and wholesome complete meal comprising of rice, dal and vegetable is cooked daily at the annakshetra (community kitchen) and is served to the children.

iii. **Education**

The Company continues to support the Dahanukar Vidyalay, Tilaknagar (DVT) school and the Balvarg Sarv Anandshala, a Multi grade Multi level (MGML) and Activity Base learning (ABL) teaching method initiated for standard 1, under which students of different learning abilities, physical abilities and social classes learns together, was successfully implemented during the year under review.

iv. **Supply of R.O water**

The Company supplies safe drinking (R.O) water to more than 7 wadis.

v. **Sports outreach**

The Company continues to support training of the sports faculty of schools, distribution of sports equipments, maintenance of playgrounds at ZP schools and conducting various inter village matches in order to develop sports talent that lies hidden in the villages. The second activity that is carried out under the sports outreach program is "Kridamandal" aimed at engaging youth and unemployed in sports to keep them away from addiction towards tobacco, alcohol etc.

vi. **Environment Conservation**

The Company believes in organic and sustainable farming and grows soybean, sugarcane, fruits, vegetables, maize, ginny grass, jowar grass and lasun grass in its land grounds besides maintaining a flower nursery. Additionally, with support of the in-house school students and the Company's employees, various tree plantation drives were undertaken during the year under review.

vii. **Arunodaya Sanskruti Pratishthan**

The Arunodaya Sanskruti Pratishthan Institute launched, with an aim of reviving the Indian culture and study of Vedas, organized workshops on the subjects of Chandogya Upnishad and Dyaneshwari Pravchan during the year under review.

viii. **Animal Welfare Centre**

The Company continues to take care of abandoned and rescued animals in its animal shelter as well as maintains a Goshala.

During the financial year 2018-19, the Company was not required to spend any amount on CSR activities as per the provisions of Section 135(5) of the Companies Act, 2013. However, a budget of ₹ 53.00 lacs was earmarked for spending on ongoing CSR Activities during the financial year 2018-19. As against the budgeted amount of ₹ 53.00 lacs, the Company has spent ₹ 70.96 lacs on CSR activities during the financial year 2018-19.

The Annual Report on CSR activities as required under Section 134(3)(o) of the Companies Act, 2013 read with Rule 8 of the Companies (CSR Policy) Rules, 2014 is set out in Annexure 'F' to this Report. The Company has uploaded the CSR Policy and the Annual Report on CSR Activities for the financial year 2018-19 on its website, accessible at Weblinks: http://www.tilind.com/investors/#code-policies and http://www.tilind.com/investors/#shareholder-services respectively.

18. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to Regulation 34(2)(e) of the Listing Regulations, Management Discussion and Analysis Report containing the details as required under Schedule(V)(B) of the said Regulations is annexed hereto and forms an integral part of this Report.

19. CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 34(3) of the Listing Regulations, Corporate Governance Report containing the details as required under Schedule(V)(C) of the said Regulations along with a certificate from the Practicing Company Secretary confirming the compliance of the conditions of corporate governance by the Company as required under Schedule(V)(E) of the said Regulations is annexed hereto and forms an integral part of this Report.

20. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

In accordance with the provisions of Sections 134(3)(g) and 186(4) of the Companies Act, 2013, full particulars of loans given, investments made, guarantees given and securities provided, if any, along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient have been disclosed in the financial statements.

21. DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company is committed to provide a healthy environment to all its employees and has zero tolerance for sexual harassment at workplace. In order to prohibit, prevent and redress complaints of sexual harassment at workplace, it has complied with the provisions relating to the constitution of the Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [14 of 2013].

The Company has not received any complaint of sexual harassment during the financial year 2018-19.

22. FIXED DEPOSITS

As on April 01, 2018, the Company was not having any outstanding deposits falling under the scope of Chapter V of the Companies Act, 2013 and it has not accepted any deposits covered under said Chapter during the financial year 2018-19. As on March 31, 2019, the Company was not having any outstanding deposit falling under the scope of the said Chapter.

23. DETAILS OF UNCLAIMED BONUS SHARES IN THE SUSPENSE ACCOUNT

Pursuant to Regulation 34(3) of the Listing Regulations, details in respect of unclaimed bonus shares lying in dematerialized form in the 'Tilaknagar Industries Ltd. - Unclaimed Suspense Account' as required under Schedule(V)(F) of the said Regulations are as follows:

Particulars	Bonus Issue – 2009		Bonus Issue – 2010	
	No. of Members	No. of Shares	No. of Members	No. of Shares
Aggregate number of Members and the outstanding shares in the suspense account lying at the beginning of the year	778	34,024	1,173	1,95,853
Number of Members who approached the Company for transfer of shares from suspense account during the year	-	-	-	-
Number of Members to whom shares were transferred from suspense account during the year	-	-	-	-
Transferred to IEPF Authority	606	23,980	962	152,241
Aggregate number of Members and the outstanding shares in the suspense account lying at the end of the year*	172	10,044	211	43,612

* The voting rights on the shares outstanding in the suspense account as on March 31, 2019 are frozen till the rightful owner claims such shares.

24. TRANSFER OF DIVIDEND/SHARES TO INVESTOR EDUCATION & PROTECTION FUND

In accordance with the provisions of Section 124(5) of the Companies Act, 2013, dividend lying unclaimed in the unpaid dividend account for a period of 7 (seven) years is required to be transferred by the Company to the IEPF. Accordingly, an amount of ₹ 5,66,396 being dividend for the financial year 2010-11 lying unclaimed for a period of 7 years was transferred by the Company during the financial year 2018-19 to the Investor Education & Protection Fund ("IEPF").

Pursuant to Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules"), the Company is, also, required to transfer all shares in respect of which dividend has not been claimed for 7 (seven) consecutive years or more to the IEPF Authority. Accordingly, 2,96,296 (Two lacs Ninety Six Thousand Two Hundred and Ninety Six) shares relating to financial year 2010-11 have been transferred by the Company during the financial year 2018-19 to the IEPF Authority.

Details of the abovementioned unclaimed dividend/ shares transferred to IEPF have been uploaded on the website of the Company, accessible at the Weblink: http://www.tilind.com/investors/#shareholder-services and also on the website of the IEPF Authority i.e. www.iepf.gov.in.

Details of the unclaimed dividend lying with the Company as on September 22, 2018 (date of last Annual General Meeting) and shares/unclaimed dividend (for the financial year 2011-12) proposed to be transferred to IEPF as required under the provisions of the IEPF Rules have also been uploaded on the website of the Company i.e. www.tilind.com. The Company has sent individual notices to the Members through registered post and also published public notice in the newspapers to enable them to claim the dividend lying unclaimed.

25. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

There are no particulars to be furnished in Form AOC-2 as required under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 with respect to the contracts or arrangements entered into by the Company with related parties falling under the purview of Section 188(1) of the Companies Act, 2013 during the year under review. Further, no transactions have been entered into by the Company with related parties during the financial year 2018-19, qualifying as material transactions under the provisions of the Listing Regulations.

26. RISK MANAGEMENT

In accordance with the provisions of the Companies Act, 2013, the Company has adopted a Risk Management Policy to identify and evaluate elements of business risks. The Policy defines the risk management approach, establishes various levels of accountability for risk management/ mitigation within the Company and reviewing, documentation and reporting mechanism for such risks.

The Risk Management Committee has been voluntarily constituted by the Company and is entrusted with the responsibilities of developing risk mitigation plans, implementing risk reduction/ mitigation strategies and reviewing the effectiveness of the Risk Management Policy.

The key business risks, which in the opinion of the Board may threaten the existence of the Company, along with mitigation strategies adopted by the Company are enumerated herein below:

i. Regulatory Risk

The IMFL industry is a high-risk industry, primarily on account of high taxes and innumerable regulations governing it. As a result, liquor companies suffer from low pricing flexibility and have underutilized capacities, which, in turn, may lead to low margins. To mitigate this risk, the Company complies with all the applicable rules and regulations in all the States where it is present.

ii. Strategic Risk

The Company's strategy and its execution is dependent on uncertainties and untapped opportunities. To mitigate this risk, the Company has adopted resilient policies which not only allow the Company to maximize opportunities under normal conditions but also ensure that acceptable results are achieved under extraordinary adverse conditions.

iii. **Concentration Risk**

A large percentage of the Company's turnover is derived from South India, where any unfavourable regulatory policy may impact its business. Also, the major portion of revenue of the Company is derived from Brandy sales, exposing the Company to category vulnerability. To mitigate this risk, the Company has extended its focus on other geographies viz. Eastern Region, etc. and product categories viz. Whisky, Vodka, etc.

27. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Board has laid down standards, processes and procedures for implementing the internal financial controls across the organization. After considering the framework of existing internal financial controls and compliance systems; work performed by the Internal, Statutory and Secretarial Auditors and external consultants; reviews performed by the Management and relevant Board Committees including the Audit Committee, the Board is of the opinion that the Company's internal financial controls with reference to the financial statements were adequate and effective during the financial year 2018-19.

28. VIGIL MECHANISM

The Whistle Blower Policy of the Company, adopted by the Board, provides mechanism to its directors, employees and other stakeholders to raise concerns about any violation of legal or regulatory requirements, misrepresentation of any financial statement and to report actual or suspected fraud or violation of the Code of Conduct of the Company.

The Policy allows the whistleblowers to have direct access to the Chairman of the Audit Committee in exceptional circumstances and also protects them from any kind of discrimination or harassment. During the financial year 2018-19, no employee was denied access to the Audit Committee. The Whistle Blower Policy of the Company can be accessed at the Weblink: http://www.tilind.com/investors/#code-policies.

29. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirements of Section 134(3)(c) of the Companies Act, 2013 and on the basis of the information furnished to them by the Statutory Auditors and Management, the Directors state that:

a. in the 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 financial year and of the loss 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, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. they have prepared the annual accounts on a going concern basis;

e. they have laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and operating effectively; and

f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

30. RESIDUARY DISCLOSURES

i. During the financial year 2018-19, the Company has not issued equity shares with differential rights as to dividend, voting or otherwise. Hence, disclosure under Rule 4(4) of the Companies (Share Capital and Debentures) Rules, 2014 is not applicable;

ii. During the financial year 2018-19, the Company has not issued sweat equity shares to its employees. Hence, disclosure under Rule 8(13) of the Companies (Share Capital and Debentures) Rules, 2014 is not applicable;

Directors' Report (Contd.)

iii. During the financial year 2018-19, no significant material orders have been passed by any regulators or courts or tribunals which may impact the going concern status of the Company and its future operations. Hence, disclosure under Rule 8(5)(vii) of the Companies (Accounts) Rules, 2014 is not applicable;

iv. There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this Report except that State Bank of India, a financial creditor of the Company has filed an application before the National Company Law Tribunal, Mumbai under Section 7 of the Insolvency & Bankruptcy code claiming default by the Company in repayment of its financial obligation to the Bank. The said application is pending admission by the Tribunal. The Company is in advanced stage of negotiating compromise settlement; and

v. During the financial year 2018-19, there has been no change in the nature of business of the Company. Hence, disclosure under Rule 8(5)(ii) of the Companies (Accounts) Rules, 2014 is not applicable.

31. ACKNOWLEDGEMENTS

The Directors wish to acknowledge and place on record their sincere appreciation for the assistance and co-operation received from all the members, regulatory authorities, customers, financial institutions, bankers, lenders, vendors and other business associates.

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

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 09, 2019

Amit Dahanukar
Chairman & Managing Director

Annexure 'A'

To the Directors' Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Tilaknagar Industries Ltd.,
P.O. Tilaknagar, Tal. Shrirampur,
Dist. Ahmednagar, Maharashtra – 413 720

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Tilaknagar Industries Ltd. (CIN: L15420PN1933PLC133303)** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by **Tilaknagar Industries Ltd.** and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the Audit Period **April 01, 2018 to March 31, 2019** ('the Reporting Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period **April 01, 2018 to March 31, 2019** according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not applicable to the Company during the Audit Period);**

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

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during the Audit Period);**

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period);**

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client. **(Not applicable to the Company during the Audit Period);**

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period); and**

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit Period).**

(vi) We, based on the representation made by the Company and its officers for systems and mechanism framed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company, further report that, the Company has complied with the following laws applicable specifically to the Company:

a) The Trade Marks Act, 1999;
b) Food Safety and Standards Act, 2006;
c) The Indian Boilers Act, 1923;
d) The Bombay Prohibition Act, 1949;
e) The Emblems and Names (Prevention of Improper Use) Act, 1950; and
f) Environments Laws.

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

1. Secretarial Standards i.e. SS-1 and SS-2 issued by The Institute of Company Secretaries of India; and
2. The Listing Agreements entered into by the Company with BSE Limited ('BSE') & National Stock Exchange of India Limited ('NSE'), as specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except that:

(i) the audited financial results (consolidated and standalone) for the year ended March 31, 2018 pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were filed by the Company on June 14, 2018 as against the due date of May 30, 2018 and the Company had paid the penalties of ₹ 88,500/- each to BSE and NSE in this regard;

(ii) the un-audited financial results (consolidated and standalone) for the quarter ended June 30, 2018 pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were filed by the Company on October 31, 2018 as against the due date of August 14, 2018 and the Company had paid the penalties of ₹ 19,29,699/- and ₹ 19,26,422/- to BSE and NSE respectively in this regard;

(iii) the un-audited financial results (consolidated and standalone) for the quarter and nine months ended December 31, 2018 pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were filed by the Company on February 22, 2019 as against the due date of February 14, 2019 and the Company had paid the penalties of ₹ 47,200/- each to BSE and NSE in this regard; and

(iv) the audited financial statements for the financial year ended March 31, 2018 in XBRL mode were filed by the Company with the Registrar of Companies beyond the prescribed timeline on January 22, 2019.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meeting of the Board of Directors duly recorded and signed by the Chairperson, the decisions of the Board were unanimous and no dissenting views have been recorded therein.

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

The compliances by the Company of applicable Financial Laws like Direct & Indirect Tax Laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same is subject to review by the statutory auditors, tax auditors and other designated professionals.

Annexure 'A'

To the Directors' Report (Contd.)

We further report that during the audit period, there were following specific events/actions reported having a major bearing on the Company's operations:

1. the Company has issued and allotted 3,77,650 equity shares of ₹ 10/- to the option grantees at an issue price of ₹ 13/- each under ESOP Scheme 2010 and ESOP Scheme 2012 of the Company; and
2. with respect to the Corporate Insolvency Resolution Process (CIRP) under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code") in respect of Prag Distillery (P) Ltd., wholly owned subsidiary of the Company ('Prag'), National Company Law Tribunal vide its order delivered on August 09, 2018 has, inter-alia, directed for Prag's liquidation as a going concern.

For **Ragini Chokshi & Co.**
(Company Secretaries)

Ragini Chokshi
(Partner)
C.P.No. 1436/
FCS No. 2390

Place : Mumbai
Date : June 04, 2019

Annexure 'B'

To the Directors' Report

[Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

(A) CONSERVATION OF ENERGY

(i) Steps taken or impact on conservation of energy:

The Company acknowledges the importance of conserving energy and accords high priority to the same in its operations. In order to conserve energy, following steps have been taken by the Company:

a) Circuit breakers are installed in each of the major machinery/equipment to reduce the idle run of machinery. Routine maintenance of capacitor bank has been increased to maintain the power factor of 0.99 which results in energy credits in the electrical bills;

b) Gravity Liquor Flow systems are installed in all the process areas for lesser consumption of energy; and

c) Environment friendly Turbo Vents for natural ventilation and transparent Poly Coat sheets for natural lighting are installed on the roof of the new Bottling Hall.

(ii) Steps taken by the Company for utilizing alternate sources of energy:

Rising energy prices and concerns about long term sustainability have once again brought alternate energy sources to the forefront. As a part of its commitment towards the environment and to reduce its dependence on coal, a polluting and non-renewable source of energy, the Company has been utilizing biogas generated by it, mainly, for steam generation in boiler.

A statement of biogas generated, consumed and the resultant saving of coal during the financial year 2018-19 as compared to financial year 2017-18 is given herein below:

Sr. No.	Particulars	Unit	Year ended 31.03.2019	Year ended 31.03.2018
1	Biogas generation	Lac M^3	1.87	11.53
2	Spent-wash treated	Lac M^3	0.06	0.37
3	Ratio of biogas generation to spent-wash treated	M^3/M^3	31.11	32.00
4	Biogas utilization:			
	a. for steam generation in boiler	Lac M^3	0.98	7.71
	b. biogas flared during start-up & interruptions	Lac M^3	0.88	3.81
5	Coal saved:			
	a. quantity	MT	98	771
	b. value	₹ (Lac)	7.00	51.58

Note:

Coal saved during the financial year 2018-19 was lower than the financial year 2017-18 due to Plant shut down and biogas digesters' repairs undertaken by the Company.

(iii) Capital investment on energy conservation equipments:

During the financial year 2018-19, no capital investment was made by the Company on energy conservation equipments.

Annexure 'B'

To the Directors' Report (Contd.)

(B) TECHNOLOGY ABSORPTION

(i) **Efforts made towards technology absorption:** Nil

(ii) **Benefits derived like product improvement, cost reduction, product development or import substitution:** Nil

(iii) **In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):**

a. **details of technology imported:** The Company has not imported any technology during the last three financial years.

b. **year of import:** Not Applicable

c. **whether the technology has been fully absorbed:** Not Applicable

d. **if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:** Not Applicable

(iv) **Expenditure incurred on research and development:**

During the financial year 2018-19, neither capital nor revenue expenditure was incurred by the Company on research and development.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the financial year 2018-19, the foreign exchange earned in terms of actual inflows was ₹ 189.81 lacs (P.Y. ₹ 109.8 lacs) and the foreign exchange outgo during the financial year 2018-19, in terms of actual outflows, was ₹ 2.91 lacs (P.Y. ₹ 21.93 lacs).

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 09, 2019

Amit Dahanukar
Chairman & Managing Director

Annexure 'C'

To the Directors' Report

[Statement of Disclosure of Remuneration pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

(i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018–19 and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2018-19:

Sr. No.	Name	Designation	Ratio of remuneration of each Director to median remuneration of Employees	Percentage increase/ (decrease) in remuneration
1	Mr. Amit Dahanukar*	Chairman & Managing Director	7:1	-
2	Mrs. Shivani Amit Dahanukar#	Non-Executive Director	-	-
3	Dr. Ravindra Bapat#	Independent Director	-	-
4	Mr. C. V. Bijlani#	Independent Director	-	-
5	Mr. Kishorekumar G. Mhatre#	Independent Director	-	-
6	Mr. Satish Chand Mathur#	Independent Director	-	-
7	Maj Gen Dilawar Singh (Retd.)#	Independent Director	-	-
8	Mr. Srijit Mullick	Chief Financial Officer	Not Applicable	-
9	Mr. Gaurav Thakur	Company Secretary	Not Applicable	7.00

* The remuneration for the financial year 2018-19 was paid as per the Central Government's approval

The Non-Executive and Independent Directors were paid only sitting fees during the financial year 2018-19

(ii) The percentage increase in the median remuneration of employees in the financial year 2018-19:

The median remuneration of employees in the financial year 2018-19 has declined by 0.92% as compared to the previous year.

(iii) The number of permanent employees on the rolls of Company:

As on March 31, 2019, 284 permanent employees were on the rolls of the Company.

(iv) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

During the financial year 2018-19, there was no increase in the managerial remuneration under Section 197 of the Companies Act, 2013 in view of the losses incurred by the Company.

In order to provide for increased cost of living/inflation, average percentile increase of 6.00% was made in the salaries of employees other than the managerial personnel during the financial year 2018-19, in accordance with the Remuneration Policy of the Company.

(v) Affirmation that the remuneration is as per the remuneration policy of the Company:

It is hereby affirmed that the remuneration paid during the financial year 2018-19 is as per the Remuneration Policy of the Company.

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 09, 2019

Amit Dahanukar
Chairman & Managing Director

Annexure 'D'

To the Directors' Report

Statement pursuant to Rules 5(2)&(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Name	Designation	Remuneration (inclusive of employer's contribution to PF) (₹ in Lacs)	Nature of employment, whether contractual or otherwise	Qualifications	Total experience (Years)	Date of commencement of employment	Age (Years)	Last employment held	No. of shares held as on 31.03.2019	Relative of any Director or Manager
1	Mr. Srijit Mullick	Chief Financial Officer	62.5	Permanent	B.Com., FCA, ACMA	40	05.10.2013	64	E City Ventures Group of Companies	1,05,000	No
2	Mr. Benedict William	Senior Vice President - Sales (South)	56.4	Permanent	M.A., Diploma in Business Management	36	19.08.2015	60	Consultant	30,000	No
3	Mr. Bineet Walia	Senior Vice President	40.2	Permanent	MMS, MSS	36	15.06.2018	58	Consultant	Nil	No
4	Mr. Gaurav Thakur	Company Secretary	36.5	Permanent	M.Com., ACS, ACMA	19	15.01.2011	41	Gini & Jony Ltd.	75,000	No
5	Mr. Ajit Sirsat	Assistant Vice President – Finance & Accounts	36.0	Permanent	B.Com., ACA, Grad. CMA	25	22.06.2012	48	Raymond Apparel Ltd.	Nil	No
6	Mr. Ashutosh Sharma	Vice President	27.6	Permanent	Master's Degree in Philosophy and Business Administration	28	01.06.2018	55	Kool Solutions India	Nil	No
7	Mr. C. R. Ramesh	General Manager – Operations & Quality	25.5	Permanent	B.Sc.	37	15.04.2008	59	Radico Khaitan Ltd.	4,200	No

Annexure 'D'

To the Directors' Report (Contd.)

Sr. No.	Name	Designation	Remuneration (inclusive of employer's contribution to PF) (₹ in Lacs)	Nature of employment, whether contractual or otherwise	Qualifications	Total experience (Years)	Date of commencement of employment	Age (Years)	Last employment held	No. of shares held as on 31.03.2019	Relative of any Director or Manager
8	Mr. Rajesh Agrawal	General Manager – Sales (Maharashtra & Daman)	22.8	Permanent	B.A.	35	12.01.2010	53	Allied Blenders and Distillers Pvt. Ltd.	20,055	No
9	Ms. Ranjita Kumari	Assistant Vice President - Tax & Accounts	20.7	Permanent	B.Com., ACA	21	27.07.2018	41	Cinepolis India Pvt. Ltd.	Nil	No
10	Mr. Amit Dahanukar	Chairman & Managing Director	17.6*	Contractual	B.E. (ELEC.), M.S. (U.S.A)	18	07.11.2001	42	First Employment	2,98,44,552	Yes, Spouse of Mrs. Shivani Amit Dahanukar

*The remuneration for the financial year 2018-19 was paid as per the Central Government's approval

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 09, 2019

Amit Dahanukar
Chairman & Managing Director

Annexure 'E'

To the Directors' Report

Statement pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 read with Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014

<table>
<tr><th>Sr. No.</th><th>Particulars</th><th>ESOP Scheme 2008</th><th>ESOP Scheme 2010</th><th>ESOP Scheme 2012</th></tr>
<tr><td>1</td><td>Date of shareholders' approval</td><td>August 06, 2008</td><td>September 20, 2010</td><td>May 24, 2012</td></tr>
<tr><td>2</td><td>Total number of stock options approved (post adjustment of Bonus)</td><td>51,36,363</td><td>48,46,500</td><td>60,00,088</td></tr>
<tr><td>3</td><td>Vesting requirements</td><td>Out of the total options granted, 10% options vest after 1st year, 20% after 2nd year, 30% after 3rd year and 40% after 4th year from the date of respective grant.</td><td>Out of the total options granted, 30% options vest after 1st year, 30% after 2nd year and 40% after 3rd year from the date of respective grant.</td><td>Out of the total options granted, 30% options vest after 1st year, 30% after 2nd year and 40% after 3rd year from the date of respective grant.</td></tr>
<tr><td>4</td><td>Pricing Formula</td><td>The exercise price shall be calculated at a discount of 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:
<table>
<tr><th>Date of Grant</th><th>Minimum Exercise Price (₹)</th></tr>
<tr><td>July 02, 2009</td><td>13.33</td></tr>
<tr><td>January 28, 2010</td><td>25.00</td></tr>
<tr><td>June 25, 2010</td><td>36.67</td></tr>
<tr><td>August 07, 2010</td><td>50.00</td></tr>
</table></td><td>The exercise price shall be calculated at a discount of 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:
<table>
<tr><th>Date of Grant</th><th>Minimum Exercise Price (₹)</th></tr>
<tr><td>January 15, 2011</td><td>60.00</td></tr>
<tr><td>August 01, 2011</td><td>38.00</td></tr>
<tr><td>October 21, 2011</td><td>25.00</td></tr>
<tr><td>November 11, 2011</td><td>25.00</td></tr>
<tr><td>July 05, 2016</td><td>13.00</td></tr>
<tr><td>June 14, 2018</td><td>15.00</td></tr>
</table></td><td>The exercise price shall be calculated at a discount of 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:
<table>
<tr><th>Date of Grant</th><th>Minimum Exercise Price (₹)</th></tr>
<tr><td>May 28, 2012</td><td>42.00</td></tr>
<tr><td>February 04, 2013</td><td>60.00</td></tr>
<tr><td>May 30, 2013</td><td>45.00</td></tr>
<tr><td>May 26, 2014</td><td>46.00</td></tr>
<tr><td>July 05, 2016</td><td>13.00</td></tr>
<tr><td>June 14, 2018</td><td>15.00</td></tr>
</table></td></tr>
</table>

Annexure 'E'
To the Directors' Report (Contd.)

Sr. No.	Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
5	Maximum term of stock options granted	4 years	3 years	3 years
6	Source of shares (primary, secondary or combination)	Primary	Primary	Primary
7	Variation in terms of stock options	Nil	Nil	Nil
8	Number of stock options outstanding at the beginning of the period	Nil	1,547,700	2,867,070
9	Number of stock options granted during the year	Nil	1,200,000	2,600,000
10	Number of stock options forfeited/ lapsed/cancelled during the year	Nil	79,100	637,470
11	Number of stock options vested during the year	Nil	474,350	920,000
12	Number of stock options exercised during the year	Nil	52,650	325,000
13	Number of shares arising as a result of exercise of stock options	Nil	52,650	325,000
14	Money realized by exercise of stock options during the year	Nil	684,450	4,225,000
15	Loan repaid by the Trust during the year from exercise price received	Not Applicable	Not Applicable	Not Applicable
16	Number of stock options outstanding at the end of the year	Nil	2,615,950	4,504,600
17	Number of stock options exercisable at the end of the year	Nil	841,250	1,144,600

Annexure 'E'

To the Directors' Report (Contd.)

Sr. No.	Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
18	Stock options granted to Senior Managerial Personnel/Key Managerial Personnel			
	Name and Designation	Nil	**No. of Options Granted**	Nil
	(i) Mr. Srijit Mullick, Chief Financial Officer		140,000	
	(ii) Mr. Benedict William, Senior Vice President – Sales(South)		140,000	
	(iii) Mr. C. R. Ramesh, General Manager – Operations & Quality		100,000	
	(iv) Mr. Ashish Choudhury, Assistant Vice President – Sales		100,000	
	(v) Mr. Gaurav Thakur, Company Secretary		85,000	
	(vi) Mr. Ajit Sirsat, Assistant Vice President – Finance & Accounts		85,000	
19	Employees who were granted in the year stock options amounting to 5% or more of the stock options granted during the year			
	Name and Designation	Nil	**No. of Options Granted**	Nil
	(i) Mr. Srijit Mullick, Chief Financial Officer		140,000	
	(ii) Mr. Benedict William, Senior Vice President – Sales(South)		140,000	
	(iii) Mr. C. R. Ramesh, General Manager – Operations & Quality		100,000	
	(iv) Mr. Ashish Choudhury, Assistant Vice President – Sales		100,000	
	(v) Mr. Gaurav Thakur, Company Secretary		85,000	
	(vi) Mr. Ajit Sirsat, Assistant Vice President – Finance & Accounts		85,000	
	(vii) Ms. Hemangi Joshi Naik - Deputy General Manager - Legal		85,000	

Annexure 'E'
To the Directors' Report (Contd.)

Sr. No.	Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
20	Identified employees who were granted stock options, during the 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
21	Disclosure in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant Accounting Standards		Refer Note 33 of the Notes to Accounts	
22	Diluted Earnings Per Share (EPS) on issue of shares pursuant to all the Schemes in accordance with Ind AS		Refer Note 33 of the Notes to Accounts	
23	Method used to account for ESOS – Intrinsic or fair value		Fair Value Method	
24	The difference between the intrinsic value of the stock options and the fair value of the stock options and its impact on profits and on EPS		Not Applicable	
25	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 33 of the Notes to Accounts	

Annexure 'E'

To the Directors' Report (Contd.)

Sr. No.	Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
26	A description of the method and significant assumptions used during the year to estimate the fair value of stock options, including the following information: a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model; b) the method used and the assumptions made to incorporate the effects of expected early exercise; c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as market condition.		Refer Note 33 of the Notes to Accounts	

In accordance with the provisions of Regulation 13 of the SEBI (Share Based Employee Benefits) Regulations, 2014, a certificate from M/s. M. M. Parikh & Co., Statutory Auditors of the Company shall be placed before the Members at the 84th Annual General Meeting.

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 09, 2019

Amit Dahanukar
Chairman & Managing Director

Annexure 'F'
To the Directors' Report

Annual Report on Corporate Social Responsibility (CSR) Activities
[Pursuant to Section 134(3)(o) of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

The Company is committed to ensure a healthy environment and empowered community around it and has, accordingly, adopted a triple bottom line approach of people, planet and profit. The Company has embraced the United Nation's (UN) Millennium Development Goals (MDG) and directs its efforts towards Poverty Reduction, Health, Education and Environment Conservation.

The Company, in fulfillment of its role as a Socially Responsible Corporate Citizen and in line with its philosophy to spread the largest good to the widest number, 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.

CSR projects, programs or activities that may be undertaken by the Company in line with Schedule VII of the Companies Act, 2013 and pursuant to the CSR Policy approved by the Board of Directors are enumerated below:

A) Eradicate Extreme Poverty, Hunger and Malnutrition by:

i. operating annakshetra (Community Kitchen) at various locations;

ii. supplying mid-day meals to schools, orphanages etc.;

iii. providing monthly pensions to poor and needy;

iv. managing clinics for treatment of malnutrition;

v. conducting outreach programs for prevention and eradication of malnutrition; and

vi. providing training to village and government representatives for prevention of malnutrition.

B) Promotion of Education by:

i. supporting the administration of educational institutions directly or through Trusts;

ii. providing services of supplementary teaching staff free of cost to various educational institutions;

iii. undertaking various educational awareness activities;

iv. promoting sports and fitness among school children; and

v. promoting arts and culture among school children.

C) Promotion of Rural Sports by:

i. providing sports training through Zilla Parishad schools or other educational institutes;

ii. undertaking sporting tournaments and training camps; and

iii. undertaking various sports awareness activities.

D) Empowerment of Women, Senior Citizens, Differently Abled and Socially and Economically Backward Section of Society by:

i. forming Self Help Groups to promote financial inclusion;

ii. identifying and training differently abled persons for skill building and improve livelihoods;

iii. conducting vocational training programs for women through NGOs, institutions, government bodies etc.;

iv. promoting savings and increasing financial literacy; and

v. providing marketing support for existing rural micro enterprises.

Annexure 'F'

To the Directors' Report (Contd.)

E) Promoting Preventive Healthcare, Sanitation and Making Available Safe Drinking Water by:

i. creating awareness in villages and conducting training programs for NGOs/ Institutions on improving maternal health;

ii. distributing medicines, supplements and therapeutic foods for improving health and nutrition;

iii. managing dispensaries and mobile clinics;

iv. organizing awareness programs on preventive healthcare in educational institutions and communities;

v. providing medical sponsorships for HIV/ AIDS patients; and

vi. providing financial assistance to NGOs addressing the treatment of above illnesses.

F) Ensuring Environmental Sustainability by:

i. conducting afforestation drives across the country through own or other plant nurseries;

ii. promoting environmental conservation through promotion of sustainable farming;

iii. demonstrating sustainable farming and waste management methods on its lands to communities;

iv. training farmers, government agencies and NGOs on sustainable farming and waste management;

v. undertaking/promoting cultivation of organic foods; and

vi. undertaking water conservation and promoting the need for the same in communities.

G) Animal Welfare by:

i. constructing and managing goshalas, animal shelters and veterinary clinics to address animal care;

ii. conducting veterinary camps in villages for prevention and cure of animals in the villages;

iii. conducting awareness and sensitization camps to improve community outlook towards animal welfare;

iv. undertaking adoption camps for animals under shelter and/or elsewhere;

v. conducting medication and immunization for animals; and

vi. supporting NGOs engaged in animal welfare or those running animal shelters or goshala.

Details of the CSR projects, programs or activities undertaken by the Company during the financial year 2018-19 are provided under the 'Corporate Social Responsibility' Section of the Directors' Report forming part of the Annual Report.

The CSR Policy of the Company can be accessed at the Weblink: http://www.tilind.com/investors/#code-policies.

2. The Composition of the CSR Committee:

As on March 31, 2019, the CSR Committee comprises of Mrs. Shivani Amit Dahanukar, Non-Executive Director and Dr. Ravindra Bapat and Mr. C.V. Bijlani, 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 to the Committee.

Annexure 'F'

To the Directors' Report (Contd.)

(₹ in lacs)

3.	**Average net profit of the Company for last three financial years**	:	(24,679.74)
4.	**Prescribed CSR Expenditure [Rounded off] (two percent of the amount as in item 3 above)**	:	Nil
5.	**Details of CSR spent during the financial year 2018-19**	:	
	a. Total amount to be spent for the financial year	:	53.00
	b. Amount unspent, if any	:	Nil
	c. Manner in which the amount spent during the financial year 2018-19:	:	Refer Annexure

6. **In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reason for not spending the amount in its Board Report:**

   During the financial year 2018-19, the Company was not required to spend any amount on CSR activities as per the provisions of Section 135(5) of the Companies Act, 2013. However, a budget of ₹ 53.00 lacs was earmarked for spending on ongoing CSR Activities during the financial year 2018-19. As against the budgeted amount of ₹ 53.00 lacs, the Company has spent ₹ 70.96 lacs on CSR activities during the financial year 2018-19.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is incompliance with the CSR objectives and Policy of the Company:**

   The CSR Committee confirms that the implementation and monitoring of the CSR Policy of the Company is in compliance with the CSR objectives and CSR Policy of the Company.

For and on behalf of the Board of Directors

Amit Dahanukar
Chairman & Managing Director

For and on behalf of the CSR Committee

Shivani Amit Dahanukar
Chairperson – CSR Committee

Place: Mumbai
Date: July 26, 2019

Annexure 'F'

To the Directors' Report (Contd.)

(5)c. Manner in which the amount spent during the financial year 2018-19 is detailed below:

(₹ in lacs)

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs		Amount outlay (budget) project or program wise	Amount spent on the projects or programs		Cumulative expenditure up to reporting period i.e. March 31, 2019	Amount spent (Direct or through implementing agency)
			Local area or other	Specify the State and District where project or program was undertaken		Direct Expenditure on projects or programs	Overheads		
1	Community kitchen	Eradication hunger and poverty (Clause (i) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra	1.50	19.59	-	19.59	Direct
2	Malnutrition and health assessment camps and malnutrition clinic	Eradication Malnutrition (Clause (i) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra	17.00	17.85	-	17.85	Direct & Shrimati Malati Dahanukar Trust
3	Literacy	Promoting education (Clause (ii) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra	11.00	2.67	-	2.67	Direct & Shrimati Malati Dahanukar Trust
4	Healthcare Treatment/ Sponsorship and Awareness camps	Promoting healthcare including preventive health care (Clause (i) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra	0.70	0.69	-	0.69	Direct
5	Supply of R.O water	Sanitation and making available safe drinking water (Clause (i) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra	0.50	4.86	-	4.86	Direct
6	Sports and fitness to engage the unemployed youth	Promotion of rural sports (Clause (vii) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra	5.00	3.37	-	3.37	Shrimati Malati Dahanukar Trust
7	Waste management, tree plantation and organic production	Ensuring environmental sustainability (Clause (iv) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra	4.50	8.13	-	8.13	Direct & Shrimati Malati Dahanukar Trust
8	Animal welfare centre	Animal welfare (Clause (iv) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra	12.80	13.80	-	13.80	Direct
	Total				**53.00**	**70.96**	**-**	**70.96**	

Annexure 'G'

To the Directors' Report

BOARD OF DIRECTORS' RESPONSES TO THE OBSERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS IN AUDITORS' REPORT ON THE STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019
[Pursuant to Section 134(3)(f) of the Companies Act, 2013]

With reference to the Statutory Auditors' Observations, Qualifications and Adverse Remarks in their Audit Reports on the standalone and consolidated financial statements of the Company for the financial year ended March 31, 2019, the Board of Directors provides its explanations/ comments as under:

i. **Auditors' observations under paragraph 1 of 'Basis for Qualified Opinion' of the Auditors' Report to the standalone and consolidated financial statements:**

The management has not impaired one of the ENA plants as required by Indian Accounting Standard (Ind AS 36) Impairment of Assets, though there is an indication of impairment. Reference is invited to note 45 of the standalone financial statements.

Same observations have been given with respect to note 45 of the consolidated financial statements.

Board's response: The Company had applied to the State government authorities for dual feed permission for manufacture of ENA through molasses as well as grain at one of its ENA Plants. Permission has been received for operating the fermentation section for one year. It is expected that permission for operating the distillation section will be received soon. In view of this, the management believes that there is no impairment in value of its ENA Plant and hence the recoverable amount of the ENA Plant is not required to be estimated.

ii. **Auditors' observations under paragraph 2 of 'Basis for Qualified Opinion' of the Auditors' Report to the standalone and consolidated financial statements:**

The Company has not made impairment of advances given to certain parties amounting to ₹ 6,074.08 Lacs, as required by Indian Accounting Standard (Ind AS 109) Financial Instruments. Reference is invited to note 46 of the standalone financial statements.

Same observations have been given with respect to note 46 of the consolidated financial statements.

Board's response: In lieu of advances given to certain parties amounting to ₹ 6,074.08 lacs, the Company had received land from one of the group concerns of the parties. The land received has been registered in the name of the Company. The advances have not been adjusted pending certain formalities to be completed on the part of the said parties. In view of this, the management believes that no provision is considered necessary in the books of accounts.

iii. **Auditors' observations under paragraph 3 of 'Basis for Qualified Opinion' of the Auditors' Report to the standalone financial statements:**

The Company has not impaired for Equity Investment of ₹ 1,543.35 Lacs in its wholly owned subsidiary Prag Distillery (P) Ltd as required by Indian Accounting Standard (Ind AS 36) 'Impairment of Assets' though the Subsidiary has been referred to National Company Law Tribunal for Corporate Insolvency Resolution Process (CIRP) under the provisions of Insolvency and Bankruptcy Code 2016 (the Code) by its creditors. Reference is invited to Note 50 of the standalone financial statements.

Board's response: The National Company Law Tribunal("NCLT") ordered for liquidation of Prag Distillery (P) Ltd, wholly owned subsidiary of the Company ("Prag") vide its order dated July 26, 2018, as a going concern. The Official Liquidator has initiated the process of liquidation of the company as a going concern. Hence, the accounts have been prepared on a going concern basis.

iv. **Auditors' observations under paragraph 3 of 'Basis for Qualified Opinion' of the Auditors' Report to the consolidated financial statements:**

The management has not impaired Goodwill of ₹1,175.25 Lacs relating to its wholly owned subsidiary Prag Distillery (P) Ltd as required by Indian Accounting Standard (Ind AS 36) 'Impairment of Assets' though there is an indication of impairment as explained in Note 48 of the consolidated financial statements.

Board's response: The National Company Law Tribunal("NCLT") ordered for liquidation of Prag Distillery (P) Ltd, wholly owned subsidiary of the Company ("Prag") vide its order dated July 26, 2018, as a going concern. The Official Liquidator has initiated the process of liquidation of the company as a going concern. Hence, the management has not impaired the Goodwill.

Annexure 'G'

To the Directors' Report (Contd.)

v. **Auditors' observations under paragraph of 'Material Uncertainty related to Going Concern' of the Auditors' Report to the standalone and consolidated financial statements:**

We draw attention to note 53 in the standalone financial statements that the Company has incurred net loss during the year and due to accumulated losses the net worth has been eroded. Further the current liabilities have exceeded the total assets. These events indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Similar observations have been given with respect to note 50 of the consolidated financial statements.

Board's response: The Company's net worth has eroded, however, there is an improvement in operational performance of the liquor business in terms of higher sales, market share and margins in the southern states. The Company is also in active discussion with the lenders on debt restructuring. Hence, the accounts are prepared on going concern basis.

vi. **Auditors' observations under paragraph of 'Emphasis of Matter' of the Auditors' Report to the standalone and consolidated financial statements:**

We draw attention to note 14 in the standalone financial statements that the Company has defaulted in repayment of principal dues and interest payable to banks and financial institutions. The Company has provided interest liability based on last available sanction letter on the principal outstanding and is actively in discussion with the lenders for debt restructuring / compromise settlement. Pending the final outcome of the settlement with the lenders, no further adjustment have been made in the standalone financial statements in respect of the principal amount of loan and interest provided thereon.

Similar observations have been given with respect to note 13 of the consolidated financial statements.

Board's response: The Company has defaulted in repayment of principal dues of loans as well as interest payable to banks and financial institutions except for making certain on account payments to banks and Edelweiss Asset Reconstruction Company Limited. The Company is in active discussion with all the lenders for debt restructuring /Compromise settlement. However, interest has been provided in books of accounts on the principal outstanding at original contracted rates.

vii. **Auditors' observations under paragraph of 'Emphasis of Matter' of the Auditors' Report to the consolidated financial statements:**

One of the Subsidiary of the Group namely Prag Distillery (P) Ltd has been referred to National Company Law Tribunal for Corporate Insolvency Resolution Process (CIRP) under the provisions of Insolvency and Bankruptcy Code 2016 (the Code). Further the Subsidiary has incurred net loss during the year ended March 31, 2019 and as of that date the business has reduced significantly. These events indicate that a material uncertainty exist that may cast significant doubt on the subsidiary Company's ability to continue as a going concern.

Board's response: The National Company Law Tribunal("NCLT") ordered for liquidation of Prag Distillery (P) Ltd, wholly owned subsidiary of the Company ("Prag") vide its order dated July 26, 2018, as a going concern. The Official Liquidator has initiated the process of liquidation of the company as a going concern. Hence, the accounts have been prepared on a going concern basis.

viii. **Auditors' observations under paragraph 1 (viii) of the Annexure-A to the Auditors' Report to the standalone financial statements:**

1. (viii) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has defaulted in repayment of loans to Banks.

Board's response: Liquidity constraints coupled with an inability to achieve breakeven sales volume due to constraints in the supply of Company's brands in key profitable States owing to shortage of working capital are the main reasons for the above observations. The Company is making efforts to address these issues and improve its liquidity position to meet the requirement of funds.

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 09, 2019

Amit Dahanukar
Chairman & Managing Director

Corporate Governance Report

The Report on Corporate Governance for the financial year ended March 31, 2019 containing, inter-alia, the matters as specified in Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is presented hereunder:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate governance is an embodiment of systems, processes and principles which ensures conduct of business with fairness, transparency and accountability in the best interest of all the stakeholders.

The Company believes in good corporate governance and has well established systems, policies and practices to ensure transparency, integrity, professionalism and accountability at the highest level in its operations through application of best management practices, compliance of laws in letter and spirit, adherence to the ethical standards for effective management & distribution of wealth and discharge of its social responsibilities for sustainable development.

In line with the principles set out in Chapter II of the Listing Regulations, the Company ensures equitable treatment to all its shareholders, protects and facilitates exercise of their rights and provides them with adequate and timely information. The Company also endeavors to increase co-operation with all its stakeholders and recognizes their rights established by law or through mutual agreements. The Company acknowledges its accountability towards its stakeholders and ensures dissemination of timely and accurate information on all material matters in such a way that same is accessible to them in equal, timely and cost efficient manner.

The compliance with the applicable corporate governance requirements specified under Regulations 17 to 27 and 46(2)(b) to (i) of the Listing Regulations during the financial year ended March 31, 2019 is elaborated hereunder:

2. BOARD OF DIRECTORS

The Board of Directors ("the Board") represents a fine blend of professionals possessing relevant qualifications and experience in general corporate management, finance, banking, administration and other allied fields which enable the Board to discharge its responsibilities more effectively. The Board, fully acquainted with its functions, duties and responsibilities as stipulated under Regulation 4(2)(f) of the Listing Regulations and the Companies Act, 2013, endeavors its best to discharge the same in the interest of all the stakeholders and provides strategic direction, sets performance goals for the management and monitors their achievement with a view to optimize the performance of the Company and maximize shareholders' wealth.

In line with the provisions of Regulation 17 of the Listing Regulations, the Company had 7 Directors as on March 31, 2019 with an optimum combination of Executive, Non-Executive, Independent and Woman Directors. The Company has disclosed profiles of its Directors on its website, accessible at the Weblink: http://www.tilind.com/about-us/#leadership.

Composition of the Board along with the number of other Directorships/Committee positions held as on March 31, 2019 by the Directors is as follows:

Name of the Director	Director Identification Number	Category	No. of Directorship in other public companies*	No. of Committee positions held in other public companies#		Other listed entities where the Directors of the Company held directorship	
				Member	Chairperson	Name of the listed entity	Category of Directorship
Mr. Amit Dahanukar	00305636	Chairman & Managing Director (E, P)	8	Nil	Nil	Nil	Nil
Mrs. Shivani Amit Dahanukar	00305503	Non-Executive Director (NE, P)	8	Nil	Nil	Nil	Nil
Dr. Ravindra Bapat	00353476	Director (NE, I)	2	2	Nil	Nil	Nil
Mr. C.V. Bijlani	02039345	Director (NE, I)	3	Nil	2	Nil	Nil
Mr. Kishorekumar G. Mhatre	07527683	Director (NE, I)	Nil	Nil	Nil	Nil	Nil
Mr. Satish Chand Mathur**	03641285	Additional Director (NE, I)	2	1	Nil	Indiabulls Housing Finance Limited	Director (NE, I)
Maj Gen Dilawar Singh (Retd.)**	08216047	Additional Director (NE, I)	Nil	Nil	Nil	Nil	Nil

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

** Appointed as an Additional Director of the Company w.e.f. October 31, 2018

* Private limited companies (other than subsidiary of public company), foreign companies and companies under Section 8 of the Companies Act, 2013 are excluded for the above purpose

Only Audit Committee and Stakeholders Relationship Committee have been considered for the above purpose

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. No Director holds directorship in more than 20 companies or in more than 10 public companies or in more than 8 listed companies.

In terms of the provisions of Regulation 26 of the Listing Regulations, the Directors have made necessary disclosures with respect to committee positions held by them across other public companies and none of them is a Member of more than 10 committees or Chairperson of more than 5 committees prescribed in the said Regulation.

All the Independent Directors have furnished declarations stating that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations the Independent Directors have also confirmed that they are not aware of any circumstances or situations, which exist or may be reasonably anticipated, that can impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. In the opinion of the Board, the Independent Directors fulfil the conditions specified in the Listing Regulations and are independent of the management. None of them is a Whole Time Director in any listed company or serves as Independent Director in more than 7 listed companies.

Corporate Governance Report (Contd.)

The maximum tenure of the Independent Directors is in accordance with the provisions of the Companies Act, 2013 and they are not liable to retire by rotation. The Company has issued formal letter of appointment to its Independent Directors and has disclosed the terms & conditions of the same on its website, accessible at the Weblink: http://www.tilind.com/investors/#shareholder-services.

The Board has met 6 times during the financial year 2018-19 as per details given below:

(i) June 12, 2018 and its adjournment on June 14, 2018;

(ii) August 13, 2018;

(iii) October 31, 2018; and

(iv) February 14, 2019 and its adjournment on February 22, 2019.

The attendance of the Directors at the Board Meetings held during the financial year 2018-19 and the last Annual General Meeting held on September 22, 2018 is as follows:

		Attendance at the Meetings held during FY 2018-19	
Name of the Director	**Category**	**Board Meetings**	**Annual General Meeting**
Mr. Amit Dahanukar	Chairman & Managing Director	6	Yes
Mrs. Shivani Amit Dahanukar	Non-Executive Director	3	Yes
Dr. Ravindra Bapat	Independent Director	4	No
Mr. C.V. Bijlani	Independent Director	5	No
Mr. Kishorekumar G. Mhatre	Independent Director	5	Yes
Mr. Satish Chand Mathur*	Additional - Independent Director	1	N.A.
Maj Gen Dilawar Singh (Retd.)*	Additional - Independent Director	1	N.A.

* Appointed as an Additional Director of the Company w.e.f. October 31, 2018

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 in accordance with the applicable Secretarial Standards. The Board periodically reviews the compliance reports in respect of all laws and regulations applicable to the Company along with the minimum information prescribed under Part A of the Schedule (II) of the Listing Regulations placed before it on quarterly basis. The minutes of the Board meetings and all significant transactions and arrangements entered into by the subsidiary companies are also reviewed by the Board.

Performance Evaluation of the Directors

The Nomination, Remuneration and Evaluation Policy of the Company, adopted by the Board based on the recommendations made by the Nomination and Remuneration Committee contains the criteria for performance evaluation of all the Independent and Non-Independent Directors as given hereunder:

a. accomplishment of the Company's mission, objectives and strategic results for which the Executive Director is responsible;

b. adherence by Executive Director to operational policies approved by the Board;

c. ability to contribute to and monitor Company's Corporate Governance practices;

d. ability to contribute by introducing best practices to address top-management issues;

e. active participation in long-term strategic planning; and

f. commitment to the fulfillment of their obligations and fiduciary responsibilities (including participation and attendance at the Board/Committee Meetings).

The mechanism adopted by the Company for the annual performance evaluation of all its Directors, Chairman, Board as a whole (including its Committees) has been explained in detail in the Directors' Report forming part of the Annual Report.

Remuneration of Directors

The Nomination and Remuneration Policy of the Company states that Non-Executive/Independent Directors of the Company may receive remuneration by way of sitting fees for participation in the Meetings of the Board or Committee thereof and profit related commission, as per limits prescribed under the Companies Act, 2013 and approved by the Shareholders. 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.

Mr. Amit Dahanukar, Chairman & Managing Director of the Company, is under contract of employment with the Company for a period of 3 years commencing from November 07, 2017. The service contract of Mr. Amit Dahanukar can be terminated by either party by giving 6 months' notice in writing or 6 months' salary in lieu thereof respectively. No severance fees is payable to him on termination of the service contract. During the financial year 2018-19, Mr. Amit Dahanukar was paid remuneration in accordance with the approval granted by the Central Government vide its letter no. G641290685/4/2017 - CL-VII dated August 03, 2017.

Remuneration paid to the Directors for the financial year 2018-19 is as follows:

(₹ in lacs)

Name of the Director	Category	Salaries, Allowances & Perquisites	Contribution to SA/PF	Sitting Fees
Mr. Amit Dahanukar	Chairman & Managing Director	16.50	1.08	Nil
Mrs. Shivani Amit Dahanukar	Non-Executive Director	Nil	Nil	0.10
Dr. Ravindra Bapat	Independent Director	Nil	Nil	0.70
Mr. C.V. Bijlani	Independent Director	Nil	Nil	0.65
Mr. Kishorekumar G. Mhatre	Independent Director	Nil	Nil	0.65
Mr. Satish Chand Mathur*	Additional - Independent Director	Nil	Nil	0.10
Maj Gen Dilawar Singh (Retd.)*	Additional - Independent Director	Nil	Nil	0.10

* Appointed as an Additional Director of the Company w.e.f. October 31, 2018

Apart from the above remuneration, gratuity and leave encashment are payable to the Chairman & Managing Director as per rules of the Company. During the financial year 2018-19, no performance linked incentives were paid to the Directors of the Company.

Apart from the remuneration drawn by Mr. Amit Dahanukar from the Company, he is also drawing remuneration of ₹ 4,50,00,000/-(Rupees Four Crores Fifty Lacs) per annum from its subsidiary company i.e. PunjabExpo Breweries Private Limited.

Mrs. Shivani Amit Dahanukar, Non-Executive Director of the Company is drawing remuneration of ₹ 3,00,00,000/-(Rupees Three Crores) per annum from its subsidiary company i.e. PunjabExpo Breweries Private Limited.

Equity Shares/Employee Stock Options (ESOPs) of the Company held by the Directors are as follows:

Name of the Director	Category	Number of Equity Shares held		Number of ESOPs held	
		As on March 31, 2019	As on March 31, 2018	As on March 31, 2019	As on March 31, 2018
Mr. Amit Dahanukar	Chairman & Managing Director	29,844,552	29,844,552	Nil	Nil
Mrs. Shivani Amit Dahanukar	Non-Executive Director	32,976,043	32,976,043	Nil	Nil
Dr. Ravindra Bapat	Independent Director	32,250	32,250	Nil	Nil
Mr. C.V. Bijlani	Independent Director	20,000	20,000	Nil	Nil
Mr. Kishorekumar G. Mhatre	Independent Director	Nil	Nil	Nil	Nil
Mr. Satish Chand Mathur*	Additional - Independent Director	Nil	Nil	Nil	Nil
Maj Gen Dilawar Singh (Retd.)*	Additional - Independent Director	Nil	Nil	Nil	Nil

* Appointed as an Additional Director of the Company w.e.f. October 31, 2018

Since the Companies Act, 2013 prohibits grant of ESOPs to the Independent Directors, no ESOPs were granted to them during the financial year 2018-19.

Code of Conduct

The Code of Conduct applicable to all the Board Members and Senior Management Personnel, adopted by the Board in accordance with the provisions of Regulation 17(5) of the Listing Regulations, has been uploaded on the website of the Company, accessible at the Weblink: http://www.tilind.com/investors/#code-policies.

In accordance with the provisions of Regulation 26(3) of the Listing Regulations, all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the said Code of Conduct for the financial year ended March 31, 2019. A declaration to this effect signed by Mr. Amit Dahanukar, Chairman & Managing Director of the Company is annexed hereto and forms an integral part of this Report.

Codes under Prohibition of Insider Trading Regulations

The 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' and 'TI Code of Conduct for Prevention of Insider Trading' formulated in accordance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 have been amended on February 22, 2019 to comply with the provisions of SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018. The abovementioned codes ensures fair disclosure of events and occurrences that could impact price discovery in the market for shares of the Company and prevention of dealing in its shares by the employees and other connected persons, while they are exposed to or expected to be exposed to unpublished price sensitive information.

Separate Meeting of Independent Directors

In accordance with the provisions of Regulation 25(3) of the Listing Regulations, a separate meeting of the Independent Directors, chaired by Mr. C.V. Bijlani, was held on February 14, 2019, without the presence of Non-Independent Directors or members of the management, to review the performance of Non Independent Directors, Chairman and the Board as a whole (including its Committees) and assess the quality, quantity and timeliness of flow of information between the management and the Board. All the Independent Directors except Dr. Ravindra Bapat, who sought leave of absence due to health issues, were present at the Meeting.

Familiarization Programs for Independent Directors

The Independent Directors are familiarized with their roles, rights and responsibilities in the Company, nature of the industry in which it operates, its business model and changes in the regulations applicable to the Company through familiarization programs conducted by the management as well as external consultants. The Company has disclosed details of such programs on its website, accessible at the Weblink: http://www.tilind.com/investors/#shareholder-services.

3. COMMITTEES OF THE BOARD

The following committees have been constituted by the Board in compliance with the applicable provisions of the Listing Regulations and the Companies Act, 2013 with composition, terms of reference and role as mentioned herein below:

A) Audit Committee

The Audit Committee, constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of the Listing Regulations, comprised of 3 Independent Directors as on March 31, 2019 having knowledge/expertise in the areas of accounting/financial management.

The Audit Committee met 5 times during the financial year 2018-19 Meetings of the Audit Committee were held as per details given herein below:

(i) June 12, 2018;

(ii) August 13, 2018;

(iii) October 31, 2018; and

(iv) February 14, 2019 and its adjournment on February 22, 2019.

The composition of the Audit Committee as on March 31, 2019 and attendance of the Committee Members at the Audit Committee Meetings held during the financial year 2018-19 are as follows:

Name of the Member	Designation	Qualification	No. of Meetings Attended
Mr. C.V. Bijlani	Chairman	M.A., C.A.I.I.B.	3
Dr. Ravindra Bapat	Member	M.S., M.B.A., F.I.S.C.	3
Mr. Kishorekumar G. Mhatre	Member	LL.B.	5

The Chairman & Managing Director, Chief Financial Officer, Internal Auditors and Statutory Auditors are permanent invitees to the Audit Committee meetings. The Cost Auditor is also invited to attend the meetings, as and when required. Mr. Gaurav Thakur, Company Secretary, is the Secretary to the Committee. Mr. Kishorekumar G. Mhatre, Member of the Audit Committee, duly authorized in writing by Mr. C.V. Bijlani, Chairman of the Audit Committee (who was not able to attend the Annual General Meeting due to health issues) was available to answer queries of the Members in the Annual General Meeting.

The role of the Audit Committee was revised on February 14, 2019 to comply with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

The revised terms of reference of the Committee are as follows:

i. overseeing the Company's financial reporting process and disclosure of financial information to ensure presentation of correct, sufficient and credible financial statements;

ii. recommending to the Board, the appointment, remuneration and terms of appointment of auditors of the Company and payment for any other services rendered by them;

iii. reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to the following:

- matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (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;
- compliance with listing and other legal requirements relating to financial statements;
- disclosure of any related party transactions; and
- modified opinion(s) in the draft audit report, if any;

iv. reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

v. reviewing, with the management, the statement of use/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1), annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7) and making appropriate recommendations to the Board to take up steps in this regard;

vi. reviewing and monitoring the auditors' independence and performance, and effectiveness of audit process;

vii. approval or any subsequent modification of transactions of the Company with related parties;

viii. scrutinizing inter-corporate loans and investments;

ix. valuation of undertakings or assets of the Company, wherever it is necessary;

x. evaluating the internal financial controls and risk management systems;

xi. reviewing, with the management, performance of Statutory and Internal Auditors and adequacy of the internal control systems;

xii. 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;

xiii. discussing with Internal Auditors of any significant findings and follow up thereon;

xiv. 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;

xv. 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;

xvi. 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;

xvii. reviewing the functioning of the Whistle Blower mechanism;

xviii. 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;

xix. 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; and
- internal audit reports relating to internal control weaknesses;

xx. reviewing the appointment, removal and terms of remuneration of the Chief Internal Auditors, if any;

xxi. reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 Crores or 10% of the asset size of the subsidiary, whichever is lower; and

xxii. carrying out such other functions as may be assigned by the Board from time to time.

The Committee is vested with necessary powers to discharge the abovementioned roles and responsibilities. There have not been any instances during the year when the recommendations of the Committee were not accepted by the Board.

B) Stakeholders Relationship Committee

The Stakeholders Relationship Committee, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 read with Regulation 20 of the Listing Regulations, comprised of 3 Directors as on March 31, 2019.

The Stakeholders Relationship Committee met 4 times during the financial year 2018-19 on June 12, 2018; August 13, 2018; October 31, 2018 and February 14, 2019.

Mr. Gaurav Thakur, Company Secretary, is the Compliance officer of the Company and Secretary to the Committee.

The composition of the Stakeholders Relationship Committee as on March 31, 2019 and attendance of the Committee Members at the Stakeholders Relationship Committee Meetings held during the financial year 2018-19 are as follows:

Name of the Member	Designation	No. of Meetings attended
Mr. C.V. Bijlani	Chairman	3
Mr. Amit Dahanukar	Member	4
Dr. Ravindra Bapat	Member	3

The role of the Stakeholders Relationship Committee was revised on February 14, 2019 to comply with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

The revised terms of reference of the Committee are as follows:

i. overseeing the performance of the Registrar and Share Transfer Agents;

ii. resolving the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;

iii. review of measures taken for effective exercise of voting rights by shareholders;

iv. review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;

v. review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/ statutory notices by the shareholders of the Company; and

vi. resolving any other grievances of the security holders.

Corporate Governance Report (Contd.)

Statement of various complaints received and resolved during the financial year 2018-19 is as follows:

Nature of Complaint	Opening balance as on April 01, 2018	Received during the year	Resolved during the year	Closing balance as on March 31, 2019
Non-receipt of share certificates lodged for transfer	Nil	Nil	Nil	Nil
Non-receipt of dividend warrants	Nil	1	1	Nil
Non-receipt of annual reports	Nil	Nil	Nil	Nil
Non-receipt of demat rejected share certificates	Nil	2	2	Nil
Non-receipt of demat credit of shares	Nil	Nil	Nil	Nil
Non-receipt of bonus shares certificates	Nil	Nil	Nil	Nil
Non receipt of remat share certificates	Nil	Nil	Nil	Nil
SEBI/ROC/Stock Exchanges	Nil	1	1	Nil
Total	**Nil**	**4**	**4**	**Nil**

All the complaints received from the Members were resolved to their satisfaction.

C) Nomination and Remuneration Committee

The Nomination and Remuneration Committee, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of the Listing Regulations, comprised of 3 Independent Directors as on March 31, 2019.

The Nomination and Remuneration Committee met 3 times during the financial year 2018-19 on June 12, 2018; August 13, 2018 and October 31, 2018.

The composition of the Nomination and Remuneration Committee as on March 31, 2019 and attendance of the Committee Members at the Nomination and Remuneration Committee Meeting held during the financial year 2018-19 are as follows:

Name of the Member	Designation	No. of Meetings attended
Mr. C.V. Bijlani	Chairman	2
Dr. Ravindra Bapat	Member	3
Mr. Kishorekumar G. Mhatre	Member	3

Mr. Gaurav Thakur, Company Secretary, is the Secretary to the Committee. Mr. Kishorekumar G. Mhatre, Member of the Nomination and Remuneration Committee, duly authorized in writing by Mr. C.V. Bijlani, Chairman of the Nomination and Remuneration Committee (who was not able to attend the Annual General Meeting due to health issues) was available to answer queries of the Members in the Annual General Meeting.

The role of the Nomination and Remuneration Committee was revised during the year under review.

The revised terms of reference of the Committee are as follows:

i. 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:
   - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate them;
   - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
   - remuneration to Directors, Key Managerial Personnel and Senior Management Personnel 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;

ii. 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 specifying the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;

iii. devising a policy on diversity of Board of Directors;

iv. extension and/or continuance of the terms of appointment of the Independent Directors, on the basis of the report of performance evaluation of Independent Directors; and

v. recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

There have not been any instances during the year when the recommendations of the Committee were not accepted by the Board.

Based on the recommendations of the Nomination and Remuneration Committee, the Board has formulated the following policies:

i. Nomination, Remuneration and Evaluation Policy

The Policy seeks to harmonize the aspirations of human resources consistent with the Company's goals by achieving the following objectives:

- formulation of the criteria for determining qualifications, positive attributes required for appointment of Directors, Key Managerial Personnel and Senior Management and also the criteria for determining the independence of a Director;
- setting up the framework for tenure, removal/retirement of Directors, Key Managerial Personnel and Senior Management;
- setting up the framework for determining remuneration (fixed and performance linked) payable to the Directors, Key Managerial Personnel and Senior Management; and
- setting up the framework for evaluation of the performance of the Board and its constituents.

The key principles pertaining to Directors' appointment and remuneration as contained in the Policy are as follows:

- The Nomination and Remuneration Committee shall have regard to integrity, qualification, expertise and experience in general corporate management, finance, banking or other allied fields appropriate to the business of the Company while nominating a candidate for Directorship, so as to have a diverse Board;

- The Committee, while nominating a candidate as Independent Director, shall also satisfy itself that such candidate meets the criteria of independence as prescribed in Regulation 16(1) (b) of the Listing Regulations and Section 149(6) of the Companies Act, 2013;
- The Committee, while recommending remuneration structure for the Directors, shall ensure that the same is based on the prevailing industry norms, performance of the Company, track record, potential and performance of Directors and is suitably rewarding and sufficient to attract, retain and motivate them to achieve superior operational results;
- The Committee shall ensure that the remuneration of the Executive Directors aims at striking a balance between fixed pay and incentive pay (commission) reflecting short and long term performance objectives appropriate to the working of the Company and its goals; and
- The Committee may also recommend payment of commission to Non-Executive Directors (including Independent Directors) based on the Company's performance apart from sitting fees payable to them for attending the Board/Committee meetings.

The Company has uploaded the Nomination, Remuneration and Evaluation Policy on its website, accessible at the Weblink: https://www.tilind.com/investors/#code-policies.

ii. Board Diversity Policy

The Board Diversity Policy casts responsibility on the Nomination and Remuneration Committee to review the structure, size and composition of the Board and the appointment of new Directors for ensuring that the Board has a balanced composition of skills, experience and expertise, appropriate to the requirements of the business of the Company.

The Company has uploaded the Board Diversity Policy on its website, accessible at the Weblink: https://www.tilind.com/investors/#code-policies.

Pursuant to the provisions of Clause (h) of Part C of Schedule V of the Listing Regulations, the list of core skills/expertise/competencies identified by the Board as required in the context of its business and sector for it to function effectively and those actually available with the Board are mentioned herein below:

Sr. No.	Core skills/expertise/competencies	Availability with the Board
1.	Entrepreneurship	Yes
2.	Business Management	Yes
3.	Strategy Planning	Yes
4.	Community Welfare	Yes
5.	Financial Planning and Financial Modeling	Yes
6.	Legal and Compliance Management	Yes
7.	General Administration	Yes
8.	Procurement and Planning	Yes
9.	Accounting and Financial Management	Yes
10.	Operations management	Yes

iii. Succession Policy

The Succession Policy casts responsibility on the Nomination and Remuneration Committee to ensure orderly identification and selection of new Directors or Senior Management Personnel in the event of any vacancy, whether such vacancy exists by reason of an anticipated retirement, an unanticipated departure, expansion of the size of the Company, or otherwise.

The Company has uploaded the Succession Policy on its website, accessible at the Weblink: https://www.tilind.com/investors/#code-policies.

D) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee (CSR Committee), constituted in accordance with the provisions of Section 135 of the Companies Act, 2013, comprised of 3 Directors as on March 31, 2019.

The Committee met once during the financial year 2018-19 on June 12, 2018.

Mr. Gaurav Thakur, Company Secretary, is the Secretary to the Committee.

The composition of the CSR Committee as on March 31, 2019 and attendance of the Committee Members at the CSR Committee Meeting held during the financial year 2018-19 are as follows:

Name of the Member	Designation	No. of Meeting attended
Mrs. Shivani Amit Dahanukar	Chairperson	Nil
Mr. C.V. Bijlani	Member	1
Dr. Ravindra Bapat	Member	1

The terms of reference of the CSR Committee are as follows:

i. to formulate and recommend 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;

ii. to recommend and obtain approval of the Board for the amount of expenditure that can be incurred on the activities referred to in clause(i);

iii. to ensure that the activities as are included in CSR Policy of the Company are undertaken by the Company;

iv. to prepare a transparent monitoring mechanism for ensuring implementation of the CSR projects/programs/activities being undertaken/proposed to be undertaken by the Company; and

v. to discharge such other functions as may be assigned by the Board from time to time.

The Committee has been entrusted with necessary powers to discharge the above mentioned roles and responsibilities.

The Company has uploaded the CSR Policy and the Annual Report on CSR Activities for the financial year 2018-19 on its website, accessible at the Weblinks: https://www.tilind.com/investors/#code-policies and http://www.tilind.com/investors/#shareholder-services.

E) Compensation Committee

The Compensation Committee, constituted in accordance with the provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014, comprised of 3 Directors as on March 31, 2019.

The Committee met twice during the financial year 2018-19 on June 12, 2018 and its adjournment on June 14, 2018.

The composition of the Compensation Committee as on March 31, 2019 and attendance of the Committee Members at the Compensation Committee Meetings held during the financial year 2018-19 are as follows:

Name of the Member	Designation	No. of Meetings Attended
Dr. Ravindra Bapat	Chairman	2
Mrs. Shivani Amit Dahanukar	Member	1
Mr. Kishorekumar G. Mhatre	Member	1

Mr. Gaurav Thakur, Company Secretary, is the Secretary to the Committee.

The terms of reference of the Committee are as follows:

i. granting of Stock Options to the eligible employees;

ii. ascertaining the detailed terms and conditions for such grants;

iii. administering the Employee Stock Option Schemes of the Company; and

iv. exercising the powers and performing the duties as prescribed under SEBI (Share Based Employee Benefits) Regulations, 2014.

The Committee is vested with necessary powers to discharge the abovementioned roles and responsibilities.

F) Risk Management Committee

The Company has voluntarily constituted the Risk Management Committee. The Committee met 4 times during the financial year 2018-19 on June 04, 2018, July 30, 2018, October 18, 2018 and January 21, 2019.

The composition of the Risk Management Committee as on March 31, 2019 and attendance of the Committee Members at the Risk Management Committee Meetings held during the financial year 2018-19 are as follows:

Name of the Member	Designation	No. of Meetings attended
Mr. Amit Dahanukar (Chairman & Managing Director)	Chairman	4
Mr. C.V. Bijlani (Independent Director)	Member	2
Mr. Srijit Mullick (Chief Financial Officer)	Member	4

Mr. Gaurav Thakur, Company Secretary, is the Secretary to the Committee.

The terms of reference of the Committee are as follows:

i. developing risk mitigation plans;

ii. implementing risk reduction/mitigation strategies; and

iii. reviewing the effectiveness of the Risk Management Policy.

The Committee apprises the Audit Committee periodically about key risks associated with the business of the Company and the measures taken to mitigate them. The risk management framework of the Company has been explained in detail in the Directors' Report forming part of the Annual Report.

G) Share Transfer Committee

The Share Transfer Committee, constituted in accordance with the provisions of Regulation 40(2) of the Listing Regulations, comprised of 3 Directors as on March 31, 2019.

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

The composition of the Share Transfer Committee as on March 31, 2019 is as follows:

Name of the Member	Designation
Mr. Amit Dahanukar	Chairman
Mrs. Shivani Amit Dahanukar	Member
Mr. C.V. Bijlani	Member

Mr. Gaurav Thakur, Company Secretary, is the Secretary to the Committee.

The requests, if any, received from the Members are dealt by the Committee on fortnightly basis. The Report on transfer/transmission etc. of share approved by the Committee is placed in the Meeting of the Board of Directors.

4. SUBSIDIARY COMPANIES

The Company has 8 subsidiary companies and 2 of them i.e. Vahni Distilleries Private Limited and PunjabExpo Breweries Private Limited are falling under the definition of "material subsidiary." Mr. C.V. Bijlani, Independent Director of the Company is also the Independent Director of the abovementioned material subsidiaries and Dr. Ravindra Bapat, Independent Director of the Company is also the Independent Director of Vahni Distilleries Private Limited. 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 all the subsidiary Companies.

The Policy for determining 'material subsidiaries', was revised by the Board of Directors during the year to comply with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and the same has been uploaded on the website of the Company, accessible at the Weblink: http://www.tilind.com/investors/#code-policies.

The National Company Law Tribunal ("NCLT") ordered for liquidation of Prag Distillery (P) Ltd., wholly owned subsidiary of the Company ("Prag") vide its order dated July 26, 2018, as a going concern. The Official Liquidator has initiated the process of liquidation of Prag as a going concern.

5. SECRETARIAL AUDIT

In accordance with the Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 204 of the Companies Act, 2013, the Secretarial Audit Report of the Company and its material subsidiaries i.e. Vahni Distilleries Private Limited and PunjabExpo Breweries Private Limited for the financial year ended March 31, 2019 obtained from M/s. Ragini Chokshi & Co., Practicing Company Secretaries are annexed to the respective Directors' Reports.

6. CMD/CFO CERTIFICATION

A certificate given by the Chairman & Managing Director and Chief Financial Officer of the Company to the Board, in accordance with the provisions of Regulation 17(8) of the Listing Regulations, on the accuracy of the financial statements for the financial year ended March 31, 2019 and adequacy of internal controls is annexed hereto and forms an integral part of this Report.

7. COMPLIANCE REPORTS/CERTIFICATES FROM PRACTICING COMPANY SECRETARY

- During the financial year 2018-19, quarterly compliance reports on corporate governance have been submitted by the Company to the stock exchanges within the time limit prescribed under Regulation 27(2) of the Listing Regulations. The same were also placed before the Board for its review and also uploaded on the website of the Company.

- Pursuant to the SEBI Circular No. CIR/CFD/CMD1/ 27/2019 dated February 08, 2019, the Company has obtained an Annual Secretarial Compliance Report from M/s. Ragini Chokshi & Co., Practicing Company Secretaries: confirming compliances with all applicable SEBI Regulations, Circulars and Guidelines for the year ended March 31, 2019.
- A certificate confirming the compliance of the conditions of corporate governance by the Company as required under Schedule V (E) of the Listing Regulations obtained from M/s. Ragini Chokshi & Co., Practicing Company Secretaries is annexed hereto and forms an integral part of this Report.
- A certificate pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continue as directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority obtained from M/s. Ragini Chokshi & Co., Practicing Company Secretaries is annexed hereto and forms an integral part of this Report.

8. DISCLOSURES

A) Disclosure on materially significant related party transactions that may have potential conflict with the interests of the Company at large

The Company has not entered into any materially significant transaction with related parties having potential conflict with its interest at large during the financial year 2018-19. The statements containing the transactions entered into by the Company with related parties at arm's length basis, at the prevalent market prices and in the ordinary course of business are reviewed by the Audit Committee on quarterly basis including transactions entered with related parties pursuant to Omnibus Approval granted by the Committee.

In accordance with the provisions of Regulation 23(1) of the Listing Regulations, the Policy on related party transactions which provides the criteria for determining the materiality of related party transactions and also the manner of dealing with related party transactions was aligned to comply with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018. The same has also been uploaded on the website of the Company, accessible at the Weblink: http://www.tilind.com/investors/#code-policies.

B) Disclosure of Accounting Treatment

The Company has prepared the financial statements for the financial year 2018-19 in accordance with Indian Accounting Standards (IND AS) to comply with the Accounting Standards as specified under the Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Act, as applicable.

C) Details of non-compliance by the Company, penalties, strictures 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

(i) During the financial year 2018-19, the audited financial results (consolidated and standalone) for the year ended March 31, 2018 pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were filed by the Company on June 14, 2018 as against the due date of May 30, 2018 and the Company has paid the fines of ₹ 88,500/- each to BSE and NSE in this regard;

(ii) During the financial year 2018-19, the un-audited financial results (consolidated and standalone) for the quarter ended June 30, 2018 pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were filed by the Company on October 31, 2018 as against the due date of August 14, 2018 and the Company has paid the fines of ₹ 19,29,699/- and ₹ 19,26,422/- to BSE and NSE respectively in this regard;

(iii) During the financial year 2018-19, the un-audited financial results (consolidated and standalone) for the quarter and nine months ended December 31, 2018 pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were filed by the Company on February 22, 2019 as against the due date of February 14, 2019 and the Company has paid the fines of ₹ 47,200/- each to BSE and NSE in this regard.

D) Whistle Blower Policy

The Whistle Blower Policy of the Company, adopted by the Board, provides mechanism to its directors, employees and other stakeholders to raise concerns about any violation of legal or regulatory requirements, misrepresentation of any financial statement and to report actual or suspected fraud or violation of the Code of Conduct of the Company.

The Policy allows the whistleblowers to have direct access to the Chairman of the Audit Committee in exceptional circumstances and also protects them from any kind of discrimination or harassment. During the financial year 2018-19, no employee was denied access to the Audit Committee. The Whistle Blower Policy of the Company can be accessed at the Weblink: http://www.tilind.com/investors/#code-policies.

E) Disclosure by Senior Management Personnel

No material financial and/or commercial transactions were entered into by the Company with the Senior Management Personnel, where they could have had personal interest conflicting with its interest at large.

F) Reconciliation of Share Capital Audit

Reconciliation of Share Capital Audit Report pursuant to Regulation 76 of the SEBI (Depositories and Participants) Regulations, 2018 submitted by M/s. Ragini Chokshi & Associates, Practicing Company Secretaries confirms that as on March 31, 2019, the aggregate number of equity shares of the Company held in demat form with NSDL, CDSL and in physical form were reconciled with the total number of issued/ paid-up shares of the Company.

G) Commodity Price Risks and Commodity Hedging Activities

The Company has adequate risk assessment and minimization system in place including for commodities. The Company does not have material exposure of any commodity and accordingly, no hedging activities for the same are carried out during the financial year 2018-19. Therefore, there is no disclosure to offer in terms of SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018.

H) Utilization of Funds raised through Preferential Allotment or Qualified Institutions Placement.

The Company has not raised funds through preferential allotment or qualified institutions placement during the financial year 2018-19.

I) Confirmation with respect to acceptance of recommendations of Committees

The Board of Directors confirms that during the year, it has accepted all the recommendations received from all its Committees.

J) Fees for all services paid to the Statutory Auditors and all entities in the network firm of the Statutory Auditors

A total fee of ₹ 12,98,000/- (₹ Twelve Lacs and Ninety Eight Thousand Only/-), on a consolidated basis, was paid by the Company to M/s. M. M. Parikh & Co., Statutory Auditors and all entities in the network firm of which they are part.

K) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed to provide a healthy environment to all its employees and has zero tolerance for sexual harassment at workplace. In order to prohibit, prevent and redress complaints of sexual harassment at workplace, it has complied with the provisions relating to the constitution of the Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [14 of 2013].

The Company has not received any complaint of sexual harassment during the financial year 2018-19.

Corporate Governance Report (Contd.)

L) Compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all the applicable mandatory requirements relating to Corporate Governance as prescribed under the Listing Regulations as disclosed in the relevant sections of this Report except that the audited/ un-audited financial results (consolidated and standalone) for the financial year ended March 31, 2018, for the quarter ended June 30, 2018 and for the period ended December 31, 2018 pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were filed beyond the prescribed timeline due to:

a. delay in preparation of financial statements in accordance with first time adoption of IND-AS; and

b. delay in configuration of the ERP system for implementation of the Goods and Service Tax provisions across Company's various units pan India and delay in receipt of certain financial details from some contract manufacturing units of the Company.

The status of adoption of the non-mandatory requirements as prescribed in Schedule II (E) of the Listing Regulations is provided herein below:

i. The Board

This Clause is not applicable to the Company as the Chairman of the Board is an Executive Director.

ii. Shareholder Rights

The Company publishes its quarterly/ half yearly and annual financial results in English and Marathi newspapers having wide circulation. The financial results and significant events, if any, are communicated by the Company to the Stock Exchanges and are also uploaded on its website i.e. www.tilind.com. The same are not sent to the Members individually.

iii. Modified opinion(s) in audit report

There are certain observations, qualifications and adverse remarks in the Audit Reports submitted by the Statutory Auditors for the financial year ended March 31, 2019 which are disclosed in the Directors' Report along with explanation/ comments of the Board thereon.

iv. Separate posts of Chairman and Chief Executive Officer(CEO)

The Company is not having separate post of Chairman and CEO. Mr. Amit Dahanukar is the Chairman & Managing Director of the Company in accordance with proviso to Section 203(1) of the Companies Act, 2013 read with Article No. 96 of the Articles of Association of the Company.

v. Reporting of Internal Auditor

M/s. Devdhar Joglekar & Srinivasan, Internal Auditors of the Company report directly to the Audit Committee of the Company.

9. GENERAL BODY MEETINGS

Details of last 3 Annual General Meetings held along with Special Resolutions passed thereat are as under:

Financial Year	Day, Date & Time	Venue	Particulars of Special Resolutions passed
2017-18	Saturday September 22, 2018 10:30 a.m.	P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413 720	Re-appointment of Dr. Ravindra Bapat (DIN: 00353476) as an Independent Director of the Company; and Re-appointment of Mr. Chanderbhan Verhomal Bijlani (DIN: 02039345) as an Independent Director of the Company.
2016-17	Monday September 25, 2017 10:30 a.m.	P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413 720	Nil
2015-16	Wednesday September 14, 2016 10:30 a.m.	P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413 720	Nil

Passing of Resolution by Postal Ballot

During the financial year 2018-19, no special resolution was passed through postal ballot. 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 and BSE Corporate Compliance & Listing Centre. The same are also published in the newspapers viz. Business Standard, Mumbai Lakshdeep and Kesari.

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, if any, 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 prescribed under Regulation 46 of the Listing Regulations. The Company ensures that the contents of its 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 Members to register their complaints, if any, for expeditious redressal.

Corporate Governance Report (Contd.)

11. GENERAL SHAREHOLDER INFORMATION

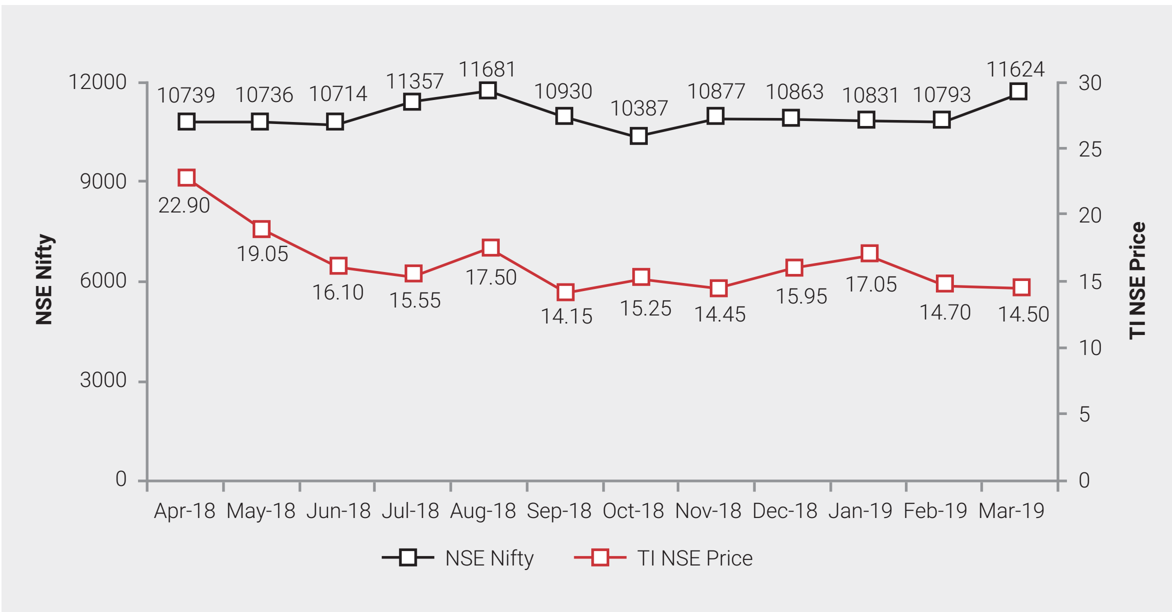
I	**84th Annual General Meeting**		
	Day, Date and Time	:	Wednesday, September 11, 2019 at 10.30 a.m.
	Venue	:	Registered Office of the Company i.e. P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413 720
II	**Financial Calendar**		
	Financial Year	:	1st April to 31st March
	Financial reporting of results		
	• Quarterly unaudited results (other than last quarter)	:	1st quarter – On or before August 14, 2019 2nd quarter – On or before November 14, 2019 3rd quarter – On or before February 14, 2020
	• Annual audited results	:	On or before May 30, 2020
III	**Book Closure Date**	:	No Book Closure. Cut-off date for determining the Members who are entitled to vote at the Meeting (including remote e-voting) is Wednesday, September 04, 2019
IV	**Dividend Payment Date**	:	The Directors have not recommended any Dividend for the financial year 2018-19.
V	**Registrar and Share Transfer Agents**	:	Bigshare Services Pvt. Ltd. Unit: Tilaknagar Industries Ltd. 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (E), Mumbai – 400 059 Ph: (022) 6263 8200 Fax: (022) 6263 8299 Email: investor@bigshareonline.com Website: www.bigshareonline.com
VI	**Share Transfer System**	:	The power to consider and approve share transfers/transmission/ transposition/consolidation Subdivision, etc., has been delegated to the Share Transfer Committee indicated in para 3(G) of this Report. The Committee meets on fortnightly basis to approve the share transfers. All request(s) received for share transfer(s) are processed and share certificate(s) duly endorsed are returned within the period stipulated under Regulation 40(9) of the Listing Regulations, provided the documents are valid and complete in all respects SEBI has mandated the transfer of securities of listed entities to be carried out only in dematerialized form (except in case of transmission or transposition of securities) effective from April 01, 2019. Accordingly, requests for physical transfer of securities of the Company are not being accepted with effect from April 01, 2019.

			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 Regulation 40(9) of the Listing Regulations 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)** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai, Maharashtra - 400 001 National Stock Exchange of India Limited **(Scrip Code: TI)** Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra - 400 051 The Company has paid the annual listing fees for the financial year 2019-20 to the abovementioned stock exchanges in the prescribed timelines.
IX	**Dematerialization of Shares & Liquidity**	:	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 99.02% of the total issued and paid up shares as on March 31, 2019. The promoters hold their entire shareholding in dematerialized form.
X	**Demat ISIN For Equity Shares**	:	INE133E01013 The Company has paid the Annual custodian fees for the financial year 2019-20 to NSDL and CDSL in the prescribed timelines.
XI	**Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, Conversion date and likely impact on equity**	:	The Company does not have any outstanding GDRs/ADRs/ Warrants/Convertible Instruments as on March 31, 2019.
XII	**Plant Locations**	:	(i) Tilaknagar Industries Ltd., P.O. Tilaknagar, Tal. Shrirampur, 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, (Andhra Pradesh) – 533 343 (iii) Vahni Distilleries Private Limited, No. 140, Tavaregera Village, Kushtagi Taluka, Koppal District, Karnataka – 584 131 (iv) PunjabExpo Breweries Private Limited, Plot No. 237, 238, Village Jeoli, Tehsil Derabassi, Dist. Mohali, Punjab – 140 507
XIII	**Commodity price risk or foreign exchange risk & hedging activities**	:	The Company's exposure towards commodity price risk is minimal. The Company manages the foreign exchange risk in accordance with its Foreign Exchange Risk Management Policy. The details of foreign exchange exposures as on March 31, 2019 are disclosed in the Notes to the financial statements.

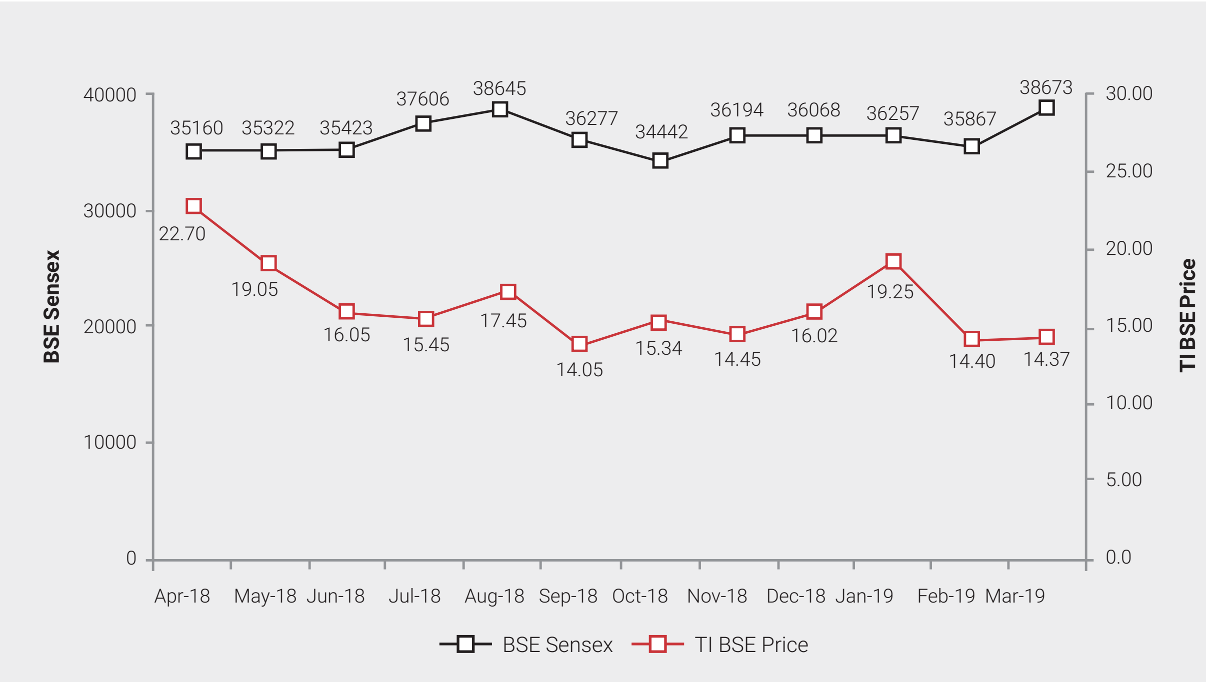
Corporate Governance Report (Contd.)

XIV	**List of all credit ratings obtained by the Company along with any revisions thereto during the relevant financial year**	:	Brickwork Ratings: BWR BB- (pronounced as BWR Double B minus with negative outlook) for Term Loan and Cash Credit. The details of the Credit Ratings obtained by the Company have been uploaded on the website of the Company, accessible at the Weblink: http://www.tilind.com/investors/#shareholder-services. During the financial year 2018-19, there was no revision in the Credit Ratings obtained by the Company.
XV	**Address for Correspondence**	:	Mr. Gaurav Thakur, Company Secretary, Tilaknagar Industries Ltd., Corporate Office: 3rd Floor, Industrial Assurance Building, Churchgate, Mumbai - 400 020. Tel: (022) 2283 1716/18 Fax: (022) 2204 6904 Website: www.tilind.com Email: gthakur@tilind.com

XVI Stock Performance in comparison to NSE Nifty



XVII Stock Performance in comparison to BSE Sensex



XVIII Market Price Data

Monthly High and Low Quotes and Volume of Shares traded at BSE and NSE						
	BSE			NSE		
Period	High Price (₹)	Low Price (₹)	Volume (Nos.)	High Price (₹)	Low Price (₹)	Volume (Nos.)
2018						
April	23.90	18.15	2,133,836	23.90	17.90	5,708,936
May	23.20	17.70	691,064	23.15	17.85	1,777,493
June	21.45	15.50	913,831	21.35	14.60	3,180,320
July	18.10	14.55	538,461	18.15	14.15	2,137,797
August	18.75	14.05	730,190	18.80	14.05	2,920,839
September	18.20	13.50	438,239	18.15	13.35	1,578,208
October	16.60	13.50	260,924	15.95	13.40	1,688,426
November	16.40	14.20	163,058	16.45	14.15	1,010,259
December	16.38	13.25	318,568	16.70	13.35	1,366,131
2019						
January	18.60	15.50	362,369	18.90	15.55	1,971,364
February	17.10	14.25	142,934	17.80	14.15	1,056,510
March	17.18	13.85	285,059	17.20	13.80	1,862,863

Corporate Governance Report (Contd.)

XIX Shareholding Pattern

Category	As on March 31, 2019*			As on March 31, 2018*		
	No. of Shareholders	No. of Shares held	%	No. of Shareholders	No. of Shares held	%
Promoter Holding	**6**	**68,571,668**	**54.80**	**6**	**68,571,668**	**54.96**
Public Holding						
• Mutual Funds/UTI	0	0	0.00	0	0	0.00
• Financial Institutions/Banks	17	33,837	0.03	17	430,756	0.35
• Foreign Portfolio Investors	0	0	0.00	1	282,724	0.23
• Bodies Corporate	327	13,241,229	10.58	410	12,974,250	10.40
• Individuals	27,055	40,855,169	32.65	30,651	39,893,457	31.98
• Clearing Members	48	291,051	0.23	79	488,482	0.39
• NRI	248	1,688,797	1.35	273	1,770,493	1.42
• Overseas Bodies Corporate	0	0	0.00	0	0	0.00
• Trusts	1	50	0.00	1	50	0.00
• TI – Unclaimed Suspense Account	1	53,656	0.04	1	229,877	0.18
• IEPF	1	396,983	0.32	1	100,687	0.08
• NBFCs registered with RBI	3	1,325	0.00	5	13,671	0.01
Total Public Shareholding	**27,701**	**56,562,097**	**45.20**	**31,439**	**56,184,447**	**45.04**
Total Shareholding	**27,707**	**125,133,765**	**100.00**	**31,445**	**124,756,115**	**100.00**

* Shareholding clubbed on the basis of PAN

Shareholding Pattern

	Promoters	MF/FI/UTI/Banks	FPIs	Bodies Corporate	Individuals	Others
31-Mar-18	54.96	0.35	0.23	10.40	31.98	2.08
31-Mar-19	54.80	0.03	0.00	10.58	32.65	1.94

Corporate Governance Report (Contd.)

XX Distribution of Shareholding as on March 31, 2019

Shareholding of nominal value (₹)	Share Holders		Share Amount	
	Number	% of total	₹	% of total
Upto-5,000	19656	69.04	34,773,500	2.78
5,001-10,000	3700	13.00	31,091,410	2.49
10,001-20,000	2219	7.79	34,903,980	2.79
20,001-30,000	871	3.06	22,645,410	1.81
30,001-40,000	417	1.47	14,860,090	1.18
40,001-50,000	435	1.52	20,636,660	1.65
50,001-1,00,000	585	2.05	43,635,860	3.48
1,00,001 and above	590	2.07	1,048,790,740	83.82
Total	**28473**	**100.00**	**1,251,337,650**	**100.00**

* Shareholding not clubbed on the basis of PAN

XXI Top Ten Shareholders (other than Promoters) as on March 31, 2019

Sr. No.	Name of the Shareholders	No. of Shares held	% of Holding
1	Aqua Proof Wall Plast Private Limited	4,058,530	3.24
2	Dhruva Shumsher Rana	1,383,482	1.11
3	Shailendra Shrimal	920,500	0.74
4	Indiabulls Ventures Limited	871,122	0.70
5	Sai Telecom Limited	852,349	0.68
6	Jainam Share Consultants Pvt. Ltd.	731,037	0.58
7	Ravi Chug (HUF)	718,000	0.57
8	Warden Stimulation Services LLP	649,705	0.52
9	Proficient Multitrade Private Limited	611,464	0.49
10	Proficient Multitrade Pvt. Ltd.	500,000	0.40
	Total	**11,296,189**	**9.03**

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 Sir(s),

This is to confirm that the Board has, as per the requirements of Regulation 17(5) of the Listing Regulations, laid down a Code of Conduct applicable to all the Board Members and Senior Management Personnel of the Company. The Code of Conduct has also been posted on the website of the Company.

In accordance with the provisions of Schedule V (D) of the said Regulations, 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, 2019, as envisaged in Regulation 26(3) thereof.

For **Tilaknagar Industries Ltd.**

Place : Mumbai
Date : August 09, 2019

Amit Dahanukar
Chairman & Managing Director

Certificate on Compliance with the Conditions of Corporate Governance

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, 2019 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of corporate governance is the responsibility of the Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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 the above mentioned Listing Regulations for the financial year ended March 31, 2019.

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 **Ragini Chokshi & Co.**
(Company Secretaries)

Ragini Chokshi
(Partner)
C.P.No. 1436/
FCS No. 2390

Place : Mumbai
Date : August 07, 2019

Certificate of Non-Disqualification of Directors

To,
The Members,
Tilaknagar Industries Ltd.,
P.O. Tilaknagar, Tal. Shrirampur,
Dist. Ahmednagar, Maharashtra – 413 720

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Tilaknagar Industries Ltd. (CIN: L15420PN1933PLC133303)** and having Registered Office at P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413 720 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of Appointment (Current Term)
1	Mr. Amit Dahanukar	00305636	September 25, 2017
2	Mrs. Shivani Amit Dahanukar	00305503	September 22, 2018
3	Mr. Chanderbhan Verhomal Bijlani	02039345	April 01, 2019
4	Dr. Ravindra Bapat	00353476	April 01, 2019
5	Mr. Kishorekumar G. Mhatre	07527683	June 09, 2016
6	Mr. Satish Chand Mathur	03641285	October 31, 2018
7	Maj Gen Dilawar Singh (Retd.)	08216047	October 31, 2018

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Ragini Chokshi & Co.**
(Company Secretaries)

Ragini Chokshi
(Partner)
C.P.No. 1436/
FCS No. 2390

Place : Mumbai
Date : June 14, 2019

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 and the cash flow statement of Tilaknagar Industries Ltd. ("the Company") for the financial year ended March 31, 2019 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 ended March 31, 2019 which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee:

  (i) significant changes, if any, in internal control over financial reporting during the financial year ended March 31, 2019;

  (ii) significant changes, if any, in accounting policies during the financial year ended March 31, 2019 and that the same have been disclosed in the notes to the financial statements; and

  (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Tilaknagar Industries Ltd.**

Amit Dahanukar
Chairman & Managing Director

For **Tilaknagar Industries Ltd.**

Srijit Mullick
Chief Financial Officer

Place: Mumbai
Date: July 26, 2019

FINANCIAL STATEMENTS 87 – 203

Independent Auditor's Report

To the Members of Tilaknagar Industries Ltd

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of **Tilaknagar Industries Ltd.** ("the Holding Company") and its subsidiaries, (the Holding Company and its subsidiaries collectively referred as "Group") and associate which comprise the consolidated balance sheet as at March 31, 2019, the consolidated statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matters described in the Basis for Qualified Opinion section of our report. the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

1 The management has not impaired one of the ENA plants as required by Indian Accounting Standard (Ind AS 36) 'Impairment of Assets', though there is an indication of impairment. Reference is invited to Note 45 of the consolidated financial statements.

2 The Company has not made impairment of advances given to certain parties amounting to ₹ 6,074.08 Lacs, as required by Indian Accounting Standard (Ind AS 109) Financial Instruments. Reference is invited to Note 46 of the consolidated financial statements.

3 The management has not impaired Goodwill of ₹ 1,175.25 Lacs relating to its wholly owned subsidiary Prag Distillery (P) Ltd as required by Indian Accounting Standard (Ind AS) 36 'Impairment of Assets' though there is an indication of impairment as explained in Note 48 of the consolidated financial statements.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statement's section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements.

Material Uncertainty related to Going Concern

We draw attention to Note 50 in the consolidated Ind AS financial statements that the Group has incurred net loss during the year and due to accumulated losses, the net worth has been eroded. Further the current liabilities have exceeded the total assets. These events indicate that a material uncertainty exist that may cast significant doubt on the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

1 One of the Subsidiary of the Group namely Prag Distillery (P) Ltd has been referred to National Company Law Tribunal for Corporate Insolvency Resolution Process (CIRP) under the provisions of Insolvency and Bankruptcy Code 2016 (the Code). Further the Subsidiary has incurred net loss during the year ended March 31, 2019 and as of that date the business has reduced significantly. These events indicate that a material uncertainty exist that may cast significant doubt on the subsidiary Company's ability to continue as a going concern. Reference is invited to note 48 of the consolidated financial statements.

Independent Auditor's Report (Contd.)

Our opinion is not modified in respect of this matter.

2 We draw attention to Note 13 in the consolidated financial statements that the Group has defaulted in repayment of principal dues and interest payable to Banks and Financial Institutions. The Group has provided interest liability based on last available sanction letter on the principal outstanding and is actively in discussion with the Lenders for Debt restructuring / one time settlement. Pending the final outcome of the settlement with the lenders no further adjustment have been made in the consolidated financial statements in respect of the principal amount of loan and interest provided thereon.

Our opinion is not qualified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

i. Provisions for Contingencies and Litigations and disclosure of Contingent liabilities

Description of Key Audit Matter:

At March 31, 2019, the Company held provisions of ₹ 731.10 Lacs in respect of legal claims and has disclosed total contingent liabilities of ₹ 6626.71 Lacs. These provisions are based on judgements and accounting estimates made by management in determining the likelihood and magnitude of claims. Accordingly, unexpected adverse outcomes could significantly impact the Company's reported loss and balance sheet position.

Refer Note 1.4(vii), Note.47 and Note.29 of consolidated financial statements for accounting policies for provisions and contingent liabilities and related disclosures.

Our response:

- We evaluated the design and tested the operating effectiveness of controls in respect of the determination of the provisions. We determined that the operation of the controls provided us with evidence over the completeness, accuracy and valuation of the provisions.
- We read the summary of litigation matters provided by management and held discussions with the management and their legal counsels. We requested legal letters from some of the Company's external legal advisors with respect to the matters included in the aforesaid disclosures. Where appropriate, we examined correspondence connected with the cases.
- For litigation provisions, we tested the calculation of the provisions, assessed the assumptions against third party data, where available and assessed the estimates against historical trends.
- We considered management's judgements on the level of provisioning and disclosures in respect of the aforesaid matters, which we considered to be appropriate.

ii. First time adoption of Ind AS 115 "Revenue from Contracts with Customers"

Description of Key Audit Matter:

The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period.

Refer note 1.4 (x) and note 18 of the consolidated financial statements for accounting policies for revenue recognition and revenue recognised during year under various heads.

Our response:

- Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing on test check basis based on selected samples of contracts with customers.
- We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.

Independent Auditor's Report (Contd.)

- We selected a sample of continuing and new contracts and tested the operating effectiveness of the internal control and substantive testing, relating to identification of the distinct performance obligations and determination of transaction price.
- We selected sample documents relating to delivery of goods and documentation of performance of service, including customer acceptances to verify the transfer of control (either 'point in time' or 'over time') for revenue recognition.
- We considered the terms of the contracts to determine the transaction price to verify the transaction price used to compute revenue.
- In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual and estimated efforts from the time recording and budgeting systems.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Company's Board Report but does not include the financial statements and our auditor's report thereon. The Board Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably

Independent Auditor's Report (Contd.)

be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

a) We did not audit the financial statements / information of 8 subsidiaries included in the consolidated financial results whose Ind AS financial statements include total assets of ₹ 38,195.93 Lacs as at March 31, 2019 and total revenue of ₹ 12,496.37 Lacs and total loss of ₹ 1,313.22 Lacs for the year ended March 31, 2019 as considered in the consolidated financial statements. These Financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the Consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of section 143 (3) of the Act insofar as it relates to the aforesaid subsidiaries is based solely on the reports of such auditors.

   Our opinion on the consolidated financial statements is not modified in respect of the above matter with respect to our reliance on the work done and the reports of other auditors.

Independent Auditor's Report (Contd.)

b) We did not audit the financial statements / information of 1 associate included in the consolidated financial statement whose Ind AS financial statements include Groups share of net profit / (loss) of ₹ Nil for the year ended March 31, 2019. This Financial statements / information are unaudited and furnished to us by the management and our conclusion on the Consolidated Financial Statements in so far as it relates to the amount and disclosures included in respect of this associate our report in terms of section 143 (3) of the Act in so far as it relates to the aforesaid associate is based solely on such unaudited financial statements / information. In our conclusion and according to the information and explanation given to us by the management this financial results / information are not material to the Group.

Our opinion on the consolidated financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law have been kept by the Company and its associate and relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Company and reports other auditors.

c) The consolidated balance sheet, the statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account maintained by the Company and its associate including the relevant records relating to the preparation of the aforesaid consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except for non compliance with Ind AS 'Impairment of assets' and Ind AS 109 'Financial Instruments' as mentioned in the basis for Qualified Opinion paragraph.

e) The matter described in the basis for Qualified Opinion paragraph and in the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

f) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors of the Company and the reports of the auditors of the associate, none of the directors of the Company and its associate is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and its associate and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of such controls.

h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us and based on reports of auditors of its associate, the remuneration paid/ provided by the Company and its associate to respective directors during the year is in accordance with the provisions of section 197 of the Act.

i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the

Independent Auditor's Report (Contd.)

best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its consolidated financial statements. Refer Note 47 & Note 29 to the consolidated financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

For M. M. Parikh & Co.
Chartered Accountants
Firm Reg. No.: 107557W
UDIN: 19031110AAAAAE4806

Kishor M. Parikh
Partner
Membership No: 031110

Place : Mumbai
Date : July 26, 2019

Annexure - A

to the Auditor's Report

(Referred to in paragraph 2(g) under 'Report on Other Legal and regulatory requirements' section of our report to the members of the Company of even date)

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

In conjunction with our audit of the consolidated financial statements of the Companies of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of **Tilaknagar Industries Ltd.**("the Company") and it's Associate as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls over Financial Reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an Audit of Internal Financial Controls, both applicable to an Audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain Reasonable Assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls system over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of Internal Control based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls system over Financial Reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Annexure - A

to the Auditor's Report (Contd.)

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company and its associate has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2019 based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the subsidiaries is based on the corresponding reports of the auditor of the said subsidiaries. Our opinion is not modified in respect of this matter.

For M. M. Parikh & Co.
Chartered Accountants
Firm Reg. No.: 107557W
UDIN: 19031110AAAAAE4806

Kishor M. Parikh
Partner
Membership No: 031110

Place : Mumbai
Date : July 26, 2019

TILAKNAGAR INDUSTRIES LTD.

Consolidated Balance Sheet

as at March 31, 2019

(₹ in lacs)

	Note No.	As at March 31, 2019	As at March 31, 2018
I ASSETS			
Non-current assets			
Property, Plant and Equipment	2	52,787.71	55,963.80
Capital Work-in-Progress		11,427.57	11,324.59
Goodwill		2,326.23	2,326.23
Other Intangible Assets	2	44.83	458.27
Financial Assets			
Non-Current Investments	3	3.77	3.77
Loans	4	3.00	4.99
Other Financial Assets	5	5,037.73	5,745.64
Deferred Tax Asset (Net)	6	33.22	-
Income Tax Assets (Net)	27	603.75	179.31
Other Non-Current Assets	7	7,620.99	7,607.04
		79,888.80	**83,613.64**
Current Assets			
Inventories	8	9,779.58	7,997.98
Financial Assets			
Investment	3	344.47	-
Trade Receivables	9	24,098.82	17,314.25
Cash and Cash Equivalents	10a	5,017.01	6,683.63
Other Bank Balances	10b	288.82	149.23
Loans	4	4.66	13.49
Other Financial Assets	5	46.93	5,083.02
Other Current Assets	7	8,636.39	7,554.93
		48,216.68	**44,796.53**
Total		**1,28,105.48**	**1,28,410.17**
II EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	11	12,513.38	12,475.61
Other Equity	12	(41,235.23)	(25,479.53)
Liabilities		**(28,721.85)**	**(13,003.92)**
Non-Current Liabilities			
Financial Liabilities			
Borrowings	13	13.15	11.62
Other Financial Liabilities	14	14,159.83	10,807.08
Provisions	15	386.76	318.54
		14,559.74	**11,137.24**
Current Liabilities			
Financial Liabilities			
Borrowings	13	81,527.39	77,030.34
Trade Payables	16		
Total outstanding dues of micro enterprises and small enterprises		911.29	510.32
Total outstanding dues of creditors other than micro enterprises and small enterprises		18,554.37	15,765.34
Other Financial Liabilities	14	38,450.48	34,332.94
Provisions	15	2,335.89	2,099.89
Current Tax Liabilities (Net)	27	1.39	87.24
Other Current Liabilities	17	486.78	450.78
		1,42,267.59	**1,30,276.85**
Total		**1,28,105.48**	**1,28,410.17**
Significant accounting policies	1		
The accompanying notes are an integral part of the financial statements	2-52		

As per our Report of even date annexed.

For M. M. Parikh & Co.
Chartered Accountants
Firm Registration No. 107557W

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : July 26, 2019

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

(₹ in lacs)

	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
INCOME			
Revenue from Operations			
Sale of Products	18	1,52,358.65	1,23,952.10
Other Operating Income	18.1	190.70	5,208.56
Other Income	19	520.65	3,353.07
Total Income		**1,53,070.00**	**1,32,513.73**
EXPENSES			
Cost of Materials Consumed	20	33,741.68	29,021.28
(Increase) / Decrease in Stock	21	(1,774.81)	(588.71)
Excise Duty		86,416.35	71,384.16
Employee Benefit Expense	22	3,328.13	2,201.28
Finance Cost	23	18,420.68	15,193.95
Depreciation and Amortisation	2	3,674.93	3,731.13
Other Expenses	24	25,224.54	26,855.19
Total Expenses		**1,69,031.50**	**1,47,798.28**
Profit / (Loss) Before Tax		(15,961.50)	(15,284.55)
Less : Tax Expense			
1) Current Tax		23.05	93.39
2) Taxes for Earlier Years		-	(264.93)
3) Deferred Tax	6	64.15	-
4) MAT Credit		(97.37)	-
Total Tax Expense		**(10.17)**	**(171.54)**
Profit / (Loss) After Tax		**(15,951.33)**	**(15,113.01)**
Less : Share of Non-Controlling Interest		**-**	**-**
Profit / (Loss) After Tax		**(15,951.33)**	**(15,113.01)**
Other Comprehensive Income			
Items That Will Not Be Reclassified To Statement Of Profit And Loss			
Remeasurement of Defined Benefit Plans		17.62	18.10
Tax On Above		(0.27)	-
Items That Will Be Reclassified To Statement Of Profit And Loss		-	-
Total Other Comprehensive Income		**17.35**	**18.10**
Total Comprehensive Income For The Year		**(15,968.68)**	**(15,131.11)**
Profit / (Loss) After Tax For The Year Attributable To :			
Owners of the Company		(15,951.33)	(15,113.01)
Non-Controlling Interest		-	-
Profit / (Loss) After Tax For The Year		**(15,951.33)**	**(15,113.01)**
Other Comprehensive Income for the Year attributable to :			
Owners of the Company		17.35	18.10
Non-Controlling Interest		-	-
Other Comprehensive Income For The Year		**17.35**	**18.10**
Total Comprehensive Income For The Year attributable to :		-	-
Owners of the Company		(15,968.68)	(15,131.11)
Non-Controlling Interest		-	-
Total Comprehensive Income For The Year		**(15,968.68)**	**(15,131.11)**
Earnings per equity share	41		
1) Basic		(12.76)	(12.11)
2) Diluted		(12.76)	(12.11)
Significant accounting policies	1		
The accompanying notes are an integral part of the financial statements	2-52		

As per our Report of even date annexed.

For M. M. Parikh & Co.
Chartered Accountants
Firm Registration No. 107557W

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : July 26, 2019

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

TILAKNAGAR INDUSTRIES LTD.

Consolidated Statement of Cash Flow

for the year ended March 31, 2019

(₹ in lacs)

		2018-2019		2017-2018	
A)	**Cash flow from Operating activities**				
	Net profit before tax		(15,961.53)		(15,284.56)
	Adjustment for:				
	Depreciation	3,674.94		3,731.13	
	Loss / (Profit) on sale of assets	1.06		7.55	
	Loss / (Profit) on sale of investments	(238.35)		(178.60)	
	Gain on fair valuation of investements	(11.48)		-	
	Remeasurement of defined benefit plans	-		(18.10)	
	Amount written back on loan	-		(2,776.43)	
	Impairment for doubtful advances	5,543.09		5,199.50	
	Advances written off	129.18		1,194.84	
	Sundry balance written back	(62.20)		(1.93)	
	Unrealised foreign currency (gain)/loss	-		(21.02)	
	Expected Credit Loss	701.82		221.18	
	Employee stock option expenses	201.65		83.19	
	Interest expenses	18,420.68		15,193.95	
	Interest income	(190.47)		(338.79)	
	Operating Profit before working capital changes		28,169.92		22,296.47
	Adjustment for:				
	(Decrease)/ Increase in trade payables, current liabilities, provisions and other financial liabilities	7,683.26		823.86	
	(Increase) / Decrease in loans and advances and other assets	(996.00)		10,968.65	
	(Increase) / Decrease in inventory	(1,798.83)		823.80	
	(Increase) / Decrease in trade receivables	(7,486.39)	(2,597.96)	(2,569.63)	10,046.68
	Direct taxes refund / (paid)		(533.07)		416.19
	Net Cash from Operating activities		**9,077.36**		**17,474.78**
B)	**Cash Flow from Investing activities**				
	Purchase of property, plant and equipment	(249.27)		(1,282.50)	
	Sale of property, plant and equipment	0.49		3.58	
	(Increase) / Decrease in other bank balances	(137.21)		(35.39)	
	Purchase of investments	(10,693.46)		(6,000.00)	
	Sale of investments	10,598.82		6,178.60	
	Interest received	167.40		352.93	
	Net Cash from Investing Activities		**(313.23)**		**(782.78)**
C)	**Cash Flow from Financing activities**				
	Share Capital	49.09			
	Proceeds from borrowings including current maturities	14.52		13,018.38	
	Repayment of borrowings including current maturities	(656.22)		(20,599.64)	
	Payment of dividend	-		(5.43)	
	Interest paid	(9,838.14)		(2,908.95)	
	Net Cash from Financing Activities		**(10,430.75)**		**(10,495.64)**
	Net increase in Cash & Cash equivalents		**(1,666.62)**		**6,196.36**
	Opening cash & cash equivalents		6,683.63		487.27
	Closing cash & cash equivalents		**5,017.01**		**6,683.63**

Consolidated Statement of Cash Flow

for the year ended March 31, 2019 (Contd.)

Notes :

(a) Cash and cash equivalents comprises of

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
i) Balances with Banks		
In Current Accounts	5,004.75	6,673.46
ii) Cash on Hand	12.26	10.17
	5,017.01	**6,683.63**

(b) Change in liability arising from financing activities

(₹ in lacs)

	As at April 01, 2018	Cash Flow (Net)	Non cash Transaction	As at March 31, 2019
Borrowings	77,041.95	(641.70)	5,127.14	81,527.39
Other Financial Liabilities	26,107.06	-	3,442.25	29,549.31

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

As per our Report of even date annexed.

For M. M. Parikh & Co.
Chartered Accountants
Firm Registration No. 107557W

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : July 26, 2019

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

TILAKNAGAR INDUSTRIES LTD.

Statement of Changes in Equity

for the year ended March 31, 2019

(₹ in lacs)

		As at March 31, 2019	As at March 31, 2018
A)	**Equity Share Capital**		
	Balance at the beginning of the reporting year	**12,475.61**	**12,475.61**
	Changes in Equity Share Capital during the year	37.77	-
	Balance at the end of the reporting year	**12,513.38**	**12,475.61**

B) Other Equity

(₹ in lacs)

	Reserves and Surplus					
	Securities Premium Account	General Reserve	Capital Reserve	Share Based Payments Reserve	Retained Earnings	Total
Balance as at April 01, 2017	**19,878.68**	**1,120.98**	**18.97**	**527.70**	**(31,977.94)**	**(10,431.61)**
a) Profit / (Loss) for the year	-	-	-	-	(15,113.01)	**(15,113.01)**
b) Remeasurement of defined benefit plans	-	-	-	-	(18.10)	**(18.10)**
c) Transfer from Share Based Payment Reserve	-	257.72	-	(257.72)	-	**-**
d) Share based payment reserve created during the period	-	-	-	83.19	-	**83.19**
Balance as at March 31, 2018	**19,878.68**	**1,378.70**	**18.97**	**353.17**	**(47,109.05)**	**(25,479.53)**
Additions during the year :						
a) Profit / (Loss) for the year	-	-	-	-	(15,951.33)	**(15,951.33)**
b) Remeasurement of defined benefit plans	-	-	-	-	(17.62)	**(17.62)**
c) Tax on above	-	-	-	-	0.27	**0.27**
c) Utilised on allottment of shares under ESOP	-	-	-	(26.57)	-	**(26.57)**
d) Share based payment reserve created during the period	-	-	-	201.65	-	**201.65**
e) Transfer to General Reserve	-	51.31	-	(51.31)	-	**-**
f) Securities Premium	37.90	-	-	-	-	**37.90**
Balance as at March 31, 2019	**19,916.58**	**1,430.01**	**18.97**	**476.94**	**(63,077.73)**	**(41,235.23)**

As per our Report of even date annexed.

For M. M. Parikh & Co.
Chartered Accountants
Firm Registration No. 107557W

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : July 26, 2019

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

1.1 Basis of Consolidation

a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter Company transactions, balances and unrealised gains on transactions between Group Companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Non - controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

c) Associates

Associates are all entities over which the Group has significant influence but not control or joint control over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees until the date on which significant influence ceases.

d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

e) Transactions eliminated on consolidation

Intra Group balances and transactions, and any unrealised income and expenses arising from intra Group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the Investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

f) Subsidiaries and associate companies considered in the consolidated financial statements :

Name of the Company	Country of incorporation	Ownership Interest (in %) March 31, 2018	March 31, 2017	April 01, 2016	Pricipal Business
Prag Distillery (P) Ltd.	India	100%	100%	100%	Manufacturing and sale of Indian Made Foreign Liquor
Vahni Distilleries Private Limited	India	100%	100%	100%	Manufacturing and sale of Indian Made Foreign Liquor
Kesarval Springs Distillers Pvt. Ltd.	India	100%	100%	100%	Manufacturing and sale of Indian Made Foreign Liquor
PunjabExpo Breweries Private Limited	India	100%	100%	100%	Manufacturing and sale of Indian Made Foreign Liquor
Mykingdom Ventures Pvt. Ltd.	India	100%	100%	100%	Manufacturing and sale of Indian Made Foreign Liquor
Studd Projects P. Ltd.	India	100%	100%	100%	Manufacturing and sale of Indian Made Foreign Liquor
Srirampur Grains Private Limited	India	100%	100%	100%	Manufacturing and sale of Indian Made Foreign Liquor
Shivprabha Sugars Ltd.	India	90%	90%	90%	Manufacturing and sale of Indian Made Foreign Liquor
Mason & Summers Marketing Services Pvt. Ltd.	India	26%	26%	26%	Manufacturing and sale of Indian Made Foreign Liquor

g) Principles of consolidation :

These consolidated financial statements have been prepared by consolidation of the financial statements of the Company and its subsidiaries on a line-by-line basis after fully eliminating the inter Company transactions.

1.2 Reporting Entity

Tilaknagar Industries Ltd ('TI' or 'the 'Company') is a Company domiciled in India, with its registered office situated at PO Tilaknagar, Tal Shrirampur, Dist. Ahmednagar, Maharashtra - 413720. The Company has been incorporated under the provisions of Indian Companies Act and its equity is listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. These consolidated financial statements comprise the Company and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in associates. The Group is primarily involved in manufacturing and sale of Indian Made Foreign Liquor (IMFL). The Group has a strong and diverse portfolio of brands in various liquor categories including brandy, whisky, vodka, gin, and rum.

1.3 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Group's financial statements up to and for the year ended March 31, 2019 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Group's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Group is provided in Note 27.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

The financial statements were authorised for issue by the Company's Board of Directors on July 26, 2019.

Details of the Group's accounting policies are included in Note 4.

b) Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is also the Group's functional currency. All amounts have been rounded off to two decimal places to the nearest lakhs, unless otherwise indicated.

c) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities and defined benefit plan assets / liabilities measured at fair value.

d) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

1) Useful life of Property, plant and equipment.
2) Useful life of Intangible Assets
3) Employee benefit plans
4) Provisions and contingent liabilities
5) Lease classification
6) Income tax

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2019 is included in the following notes:

Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

e) Measurement at fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

1.4 Significant Accounting Policies

i) Property, plant and equipment

a) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

b) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

c) Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method and is recognised in the statement of profit and loss.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Management estimate of useful life	Useful Life as per Schedule II of the Companies Act, 2013
Factory Buildings	30	30
Plant and equipment (other than ENA plants)	15	15
ENA Plants	20	15
Furniture and Fixtures	10	10
Motor Vehicles	8	8
Office Equipments	5	5
Computers	3	3
Computer server	6	6
Electrical Installations	10	10

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. Based on internal assessment and consequent advice, the management believes that its estimate of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed off).

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

ii) Intangible assets

a) Acquired intangible assets

Intangible assets comprise purchased technical know-how are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

b) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

c) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method and is included in depreciation and amortisation in Statement of Profit and Loss.

Intangible assets are amortised over a period of 10 years for technical know-how and 3 years for others.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

iii) Inventories

Inventories are measured at the lower of cost and net realisable value after provision for obsolescence where appropriate. The cost of inventories is based on the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable values.

The comparison of cost and net realisable value is made on an item-by-item basis.

Scrap is valued at net realisable value.

iv) Foreign currency transactions

The Group's financial statements are presented in INR, which is also the Group's functional currency.

Transactions and balances

Monetary items are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

v) Impairment of non-financial assets

An asset is deemed impairable when recoverable value is less than its carrying cost and the difference between the two represents provisioning exigency. Recoverable value is the higher of the 'Value in Use' and fair value as reduced by cost of disposal. Test of impairment of PPE, investment in subsidiaries / associates / joint venture and goodwill are undertaken under Cash Generating Unit (CGU) concept. For Intangible Assets and Investment Properties it is undertaken in asset specific context. Test of impairment of assets are generally undertaken based on indication of impairment, if any, from external and internal sources of information. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

vi) Employee Benefits

a) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

b) Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund and Employee State Insurance scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

c) Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in Other Comprehensive Income (OCI). The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

d) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

vii) Provisions and contingent liabilties

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assumptions of the time value of money and the risks specific to the liability. The unwinding of discount is recognized as finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A provision for onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

viii) Leases

Assets held under leases that do not transfer to the Group substantially all the risks and rewards of ownership (i.e. operating leases) are not recognized in the Group's Balance Sheet.

Payments made under operating leases are generally recognized in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessee

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership been classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflation.

ix) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of those property, plant and equipment which necessarily takes

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

a substantial period of time to get ready for their intended use are capitalised. All other borrowing costs are expensed in the period in which they incur in the statement of profit and loss.

x) Revenue

Based on the Educational Material on Ind AS 18 issued by the Institute of Chartered Accountants of India ("ICAI"), the Group has assumed that recovery of excise duty flows to the Group on its own account and hence is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty. However, sales tax/value added tax (VAT) is not received by the Group on its own account and is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of products

The Company has adopted Ind AS 115 - 'Revenue from contracts with customers' with effect from April 01, 2019. Revenue from the sale of goods in the course of ordinary activities is recognised at the 'transaction price' when the goods are 'transferred' to the customer. The 'transaction price' is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties (for example, goods and service tax/VAT). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. The goods are considered as 'transferred' when the customer obtains control of those goods.

Sale of services

Revenue from services are recognised in the accounting period in which service are rendered. For fixed price contracts, revenue is recognised based on actual services provided to the end of the reporting period as a proportion of the total services to be provided.Royalty income is recognized, on an accrual basis, at agreed rate on sale of branded products by the licensee, in accordance with the terms of the agreement.

Income from contract manufacturing units

The Group evaluates its revenue arrangements with Contract Manufacturing Units ("CMUs") to identify agency relationship. The CMU is regarded as a principal when it has exposure to significant risks and rewards associated with the sale of products or rendering of services i.e., it has the primary responsibility for providing goods or services to the customer, has pricing latitude and is also exposed to inventory and credit risks. In all other cases, the CMU is regarded as an agent. Where CMU is regarded as a principal, net surplus from sale of TI brand products by CMU is recognized as income, as per the terms of respective agreement and on the basis of information provided by respective CMU. Such income is included under the head "Revenue from Operations" in the statement of profit and loss. Where CMU is regarded as an agent, revenue is recognized on sale of products by CMU to its customers. The related cost of sales is also recognized by the Group, as and when incurred by the CMU.

Interest

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. Interest income is included under the head "Other income" in the statement of profit and loss.

Dividend

Dividend income is recognized when the Group's right to receive the payment is established, which is generally when the shareholders approve the dividend.

xi) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is recognised in the statement of profit and loss on a systematic basis over the periods to which they relate. When the grant relates to an asset, it is treated as deferred income and recognised in the statement of profit and loss on a systematic basis over the useful life of the asset.

xii) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Group offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

xiii) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjusting for the effects of all potential dilutive ordinary shares.

xiv) Statement of Cash flow

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated. The Group considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

Amendment to Ind AS 7

Effective April 1, 2017, the Group adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

xv) Share based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

xvi) Financial instruments

a) Recognition and initial measurement

The Group initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

b) Classification and subsequent measurement

Financial assets

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

c) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

The Group assesses impairment based on expected credit losses (ECL) model at an amount equal to:-

- 12 months expected credit losses, or
- Lifetime expected credit losses depending upon whether there has been a significant increase in credit risk since initial recognition. However, for trade receivables, the Group does not track the changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the statement of profit and loss.

d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

xvii) Recent Accounting Pronouncements

a) Ind AS 116 Leases

Ministry of Corporate Affairs has notified Ind AS 116, Leases nn March 30, 2019. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The adoption of this Ind AS will not have any material impact on the Financials.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

b) **Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The adoption of Ind AS 12 Appendix C would not have any material impact on the financial statements.

c) **Amendment to Ind AS 12 – Income taxes**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

d) **Amendment to Ind AS 19 – plan amendment, curtailment or settlement**

The Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', on 30 March, 2019 in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity: • to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and • to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any material impact on account of this amendment.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(₹ in Lacs)

	Gross Block				Depreciation and Amortisation				Net Block	
	As on April 01, 2018	Additions	Deductions	As at March 31, 2019	As on April 01, 2018	Deductions	For the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
2 Property, Plant and Equipment										
TANGIBLE ASSETS										
Land	13,698.16	-	-	**13,698.16**	-	-	-	**-**	**13,698.16**	13,698.16
Buildings	10,080.39	-	-	**10,080.39**	2,622.36	-	277.14	**2,899.50**	**7,180.89**	7,457.93
Plant and Equipment	51,198.60	1.87	-	**51,200.47**	17,936.81	-	2,722.27	**20,659.08**	**30,541.39**	33,261.78
Furniture and Fixtures	337.39	-	-	**337.39**	208.70	-	22.43	**231.13**	**106.26**	128.71
Office Equipment	315.03	4.84	0.19	**319.68**	289.31	0.18	5.46	**294.59**	**25.09**	25.91
Computers	898.46	23.76	-	**922.22**	848.44	-	12.90	**861.34**	**60.88**	50.12
Electrical Installation & Fittings	1,841.12	-	-	**1,841.12**	649.91	-	175.46	**825.37**	**1,015.75**	1,191.21
Vehicles	447.14	49.08	30.91	**465.31**	326.54	29.37	34.16	**331.33**	**133.98**	120.60
Roads & Bridges	77.02	-	-	**77.02**	73.17	-	-	**73.17**	**3.85**	3.86
Library Books	0.28	-	-	**0.28**	0.28	-	-	**0.28**	**-**	-
Live Stock	0.25	-	-	**0.25**	-	-	-	**-**	**0.25**	0.25
Tools & Equipments	0.37	-	-	**0.37**	0.14	-	0.02	**0.16**	**0.21**	0.24
Lease Hold Improvement	42.00	-	-	**42.00**	16.97	-	4.03	**21.00**	**21.00**	25.03
Total Tangible Assets	**78,936.21**	**79.55**	**31.10**	**78,984.66**	**22,972.63**	**29.55**	**3,253.87**	**26,196.95**	**52,787.71**	**55,963.80**
INTANGIBLE ASSETS										
Brands	3,345.07	-	-	**3,345.07**	2,928.88	-	416.19	**3,345.07**	**-**	416.19
Software	591.37	7.61	-	**598.98**	549.28	-	4.87	**554.15**	**44.83**	42.08
Product Development	173.94	-	-	**173.94**	173.94	-	-	**173.94**	**-**	-
Total Intangible Assets	**4,110.38**	**7.61**	**-**	**4,117.99**	**3,652.10**	**-**	**421.06**	**4,073.16**	**44.83**	**458.27**
Grand Total	**83,046.59**	**87.16**	**31.10**	**83,102.65**	**26,624.73**	**29.55**	**3,674.93**	**30,270.11**	**52,832.54**	**56,422.07**
Previous Year	**74,750.81**	**8,332.34**	**36.47**	**83,046.68**	**22,918.82**	**25.34**	**3,731.13**	**26,624.61**	**56,422.07**	**-**

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(₹ in Lacs)

	Gross Block				Depreciation and Amortisation				Net Block	
	As on April 01, 2017	Additions	Deductions	As at March 31, 2018	As on April 01, 2017	Deductions	For the year	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
2 Property, Plant and Equipment										
TANGIBLE ASSETS										
Land	5,428.26	8,269.90	-	**13,698.16**	-	-	-	**-**	**13,698.16**	5,428.26
Buildings	10,080.29	-	-	**10,080.29**	2,345.22	-	277.14	**2,622.36**	**7,457.93**	7,735.07
Roads and Bridges	77.02	-	-	**77.02**	73.16	-	-	**73.16**	**3.86**	3.86
Leasehold Improvement	42.00	-	-	**42.00**	12.93	-	4.03	**16.96**	**25.04**	29.07
Plant and Equipment	51,181.20	17.29	-	**51,198.49**	15,211.97	-	2,724.74	**17,936.71**	**33,261.78**	35,969.23
Tools and Equipments	0.37	-	-	**0.37**	0.11	-	0.02	**0.13**	**0.24**	0.26
Furniture and Fixtures	337.39	-	-	**337.39**	176.72	-	31.96	**208.68**	**128.71**	160.67
Motor Vehicles	459.02	24.59	36.47	**447.14**	317.39	25.34	34.50	**326.55**	**120.59**	141.63
Office Equipment	307.66	7.57	-	**315.23**	280.43	-	8.89	**289.32**	**25.91**	27.23
Computers	894.98	3.58	-	**898.56**	834.02	-	14.42	**848.44**	**50.12**	60.96
Electrical Installations	1,841.12	-	-	**1,841.12**	473.33	-	176.58	**649.91**	**1,191.21**	1,367.79
Library Books	0.28	-	-	**0.28**	0.28	-	-	**0.28**	**-**	-
Live Stock	0.25	-	-	**0.25**	-	-	-	**-**	**0.25**	0.25
Total Tangible Assets	70,649.84	8,322.93	36.47	**78,936.30**	19,725.56	25.34	3,272.28	**22,972.50**	**55,963.80**	50,924.28
INTANGIBLE ASSETS										
Brands	3,345.07	-	-	**3,345.07**	2,478.12	-	450.76	**2,928.88**	**416.19**	866.95
Software	581.96	9.41	-	**591.37**	541.20	-	8.09	**549.29**	**42.08**	40.76
Product Development	173.94	-	-	**173.94**	173.94	-	-	**173.94**	**-**	-
Total Intangible Assets	**4,100.97**	**9.41**	**-**	**4,110.38**	**3,193.26**	**-**	**458.85**	**3,652.11**	**458.27**	**907.71**
Grand Total	**74,750.81**	**8,332.34**	**36.47**	**83,046.68**	**22,918.82**	**25.34**	**3,731.13**	**26,624.61**	**56,422.07**	**51,831.99**
Previous Year	**75,095.83**	**286.63**	**614.60**	**74,767.86**	**19,470.46**	**365.82**	**3,814.18**	**22,918.82**	**51,831.99**	

Notes to Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

	As at March 31, 2019		As at March 31, 2018	
	Nos.		Nos.	
3 Non-Current Investments				
I) Investments measured at Cost				
Investment in Associate (Unquoted)				
Investment in Equity Instruments				
Equity shares of ₹ 10/- each				
Mason & Summers Marketing Services Pvt. Ltd.	1,30,000	169.00	1,30,000	169.00
Less: Impairment in value of Investments		(169.00)		(169.00)
		-		-
II) Investments measured at Amortised Cost				
Investment in Government Securities (Unquoted)				
7 Year National Savings Certificates				
(Certificates worth ₹ 44,000/- deposited with Government authorities)		0.51		0.51
6 Year National Savings Certificates (deposited with Government authorities)		0.04		0.04
		0.55		**0.55**
III) Investments measured at Fair Value through other comprehensive income (FVOCI)				
Investment in Equity Instruments (Unquoted)				
Equity shares of ₹ 100/- each				
Mula Pravara Electric Co-operative Society Ltd.	2,462	2.53	2,462	2.53
Shree Suvarna Sahakari Bank Ltd.	20	0.02	20	0.02
Maharashtra State Financial Corporation	115	0.12	115	0.12
Rupee Co-op Bank Ltd.	1,000	0.25	1,000	0.25
Shamrao Vithal Co-operative Bank Ltd.	3,000	0.30	3,000	0.30
		3.22		**3.22**
		3.77		**3.77**
Aggregate of unquoted investments		**3.77**		**3.77**
Category wise Non-Current Investments				
Financial Investments measured at Cost		169.00		169.00
Financial Investments measured at Amortised Cost		0.55		0.55
Financial Investments measured at Fair Value through other comprehensive income (FVOCI)		3.22		3.22
Impairment in value of Investments		(169.00)		(169.00)
		3.77		**3.77**

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
Current Investments		
Investment measured at fair value through Profit & Loss		
a) ICICI Prudential Saving Fund – Growth (Units C.Y. 51839.717 P.Y. NIL)	142.78	-
b) HDFC Low Duration Fund – Retail – Regular Plan – Growth (Units C.Y. 5510.218 P.Y. NIL)	201.69	-
	344.47	**-**

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
4 Loans				
Unsecured, considered good				
Employee Loan	3.00	4.99	4.66	13.49
	3.00	**4.99**	**4.66**	**13.49**

(₹ in lacs)

	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
5 Other Financial Assets				
Fixed Deposits	31.58	10.89	-	-
(Maturity exceeding 12 months)		-		
Advance to Employees	-	25.91	19.96	19.19
Deposits	4,647.32	4,917.23	-	
Others	1,519.03	1,498.75	0.40	-
Interest Receivable	-	-	3.80	-
Advances with Tie-up Units	-	-	6,323.72	7,064.78
	6,197.93	**6,452.78**	**6,347.88**	**7,083.97**
Less : Impairment for Deposit	(10.00)			
Less : Impairment for Other Financial Assets	(1,150.20)	(707.14)	-	-
Less : Impairment for advances with tie up units	-	-	(6,300.95)	(2,000.95)
	5,037.73	**5,745.64**	**46.93**	**5,083.02**

(₹ in lacs)

	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
6 Deferred Tax Asset(Net)				
Deferred Tax Asset(Net)	33.22	-	-	-
	33.22	**-**	**-**	**-**

Deferred Tax Liabilty (Net) :

The deferred tax asset/ liability comprise of the following:

Movement in deferred tax asset/ (liability) during the year	**Opening Balance as on 01-04-2108**	**Recognised in Profit & loss**	**Closing balance as on 31-03-2019**
Deferred Tax liabilties in relation to			
Property Plant & Equipment	(8,363.65)	98.56	(8,265.08)
Unrealized gain On Investment	-	(0.56)	(0.56)
Total A	**(8,363.65)**	**98.00**	**(8,265.65)**
Deferred Tax Assets in relation to			
Employee Benefit obligation	25.20	24.70	49.91
Financial liabilties /Interest Disallowed	-	-	-
Provision for Advances	-	-	-
Business Loss /Unaborbed depreciation	8,338.45	(186.85)	8,151.59
Mat credit	-	97.37	97.37
Total B	**8,363.65**	**(64.78)**	**8,298.87**
Toatl (A+B)	**-**	**33.22**	**33.22**

Notes to Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.)

Deferred tax asset on tax losses and unabsorbed depreciation under Income Tax Act, has been recognised to the extent it is probable that future taxable income will be available against which these can be utiised. Accordingly, deferred tax assets have not been created on balance carried forward business losses and unabsorbed depreciation of ₹ 22241.40 Lakhs as on March 31, 2019 (Previous year: ₹ 19724.25 Lakhs)

(₹ in lacs)

		Non-Current		Current	
		As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
7	**Other Assets**				
	Unsecured, considered good				
	Capital advances	6,544.27	6,565.54	-	-
	Balance with Government Authorities	1,010.30	975.08	853.84	717.16
	Deposits with Court	66.42	66.42	-	-
	Prepaid Expense	-	-	645.41	475.17
	Advances recoverable in cash or in kind or	-	-	-	-
	for value to be received	-	-	8,337.52	6,796.67
		7,620.99	**7,607.04**	**9,836.77**	**7,989.00**
	Less : Impairment for doubtful advances	-	-	(1,200.38)	(434.07)
		7,620.99	**7,607.04**	**8,636.39**	**7,554.93**

(₹ in lacs)

		As at March 31, 2019	As at March 31, 2018
8	**Inventories**		
	(At lower of cost and net realisable value)		
	(Net of provision for non-moving and obsolete stocks)		
	Raw Materials	752.82	747.97
	Stores, Spares and Packing Materials	3,013.44	3,011.50
	Work-In-Progress	1,621.25	1,443.01
	Finished Goods	4,392.07	2,795.50
		9,779.58	**7,997.98**

(₹ in lacs)

		As at March 31, 2019	As at March 31, 2018
9	**Trade Receivables**		
	Unsecured, considered good	24,187.73	17,535.43
	Unsecured, considered doubtful	926.53	92.44
		25,114.26	**17,627.87**
	Less: Expected Credit Loss	1,015.44	313.62
		24,098.82	**17,314.25**

Notes to Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
10 Cash and Bank Balances		
a) Cash and Cash Equivalents		
i) Balances with Banks		
In Current Accounts	5,004.75	6,673.46
ii) Cash on Hand	12.26	10.17
	5,017.01	**6,683.63**
b) Other Bank Balances		
i) Earmarked Balances with Banks	28.66	26.29
ii) Short-Term Bank Deposits	260.16	122.94
	288.82	**149.23**
	5,305.83	**6,832.86**

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
11 Equity Share Capital		
Authorised Shares		
150,000,000 equity shares of ₹ 10/- each	**15,000.00**	**15,000.00**
(P.Y. 150,000,000 equity shares of ₹ 10/- each)		
Issued, subscribed and paid up shares		
125,133,765 equity shares of ₹ 10/- each fully paid up	12,513.38	12,475.61
(P.Y. 124,756,115 Equity Shares of ₹ 10/- each fully paid up)		
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		
	12,513.38	**12,475.61**

a) Reconciliation of the number of shares outstanding

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
Number of Equity Shares at the beginning	1,247.56	1,247.56
Equity shares issued on exercise of employee stock options	3.78	-
Number of Equity Shares at the end	**1,251.34**	**1,247.56**

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, 2019 (Contd.)

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

(₹ in lacs)

Name of the shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of equity shares	As a % of total holding	No. of equity shares	As a % of total holding
Shivani Amit Dahanukar	329.76	26.35%	329.76	26.43%
Amit Dahanukar	298.45	23.85%	298.45	23.92%
Total	**628.21**	**50.20%**	**628.21**	**50.36%**

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
12 Other Equity		
a) Securities Premium Account		
As per last Balance Sheet	**19,878.68**	**19,878.68**
Additions during the year	37.90	-
	19,916.58	**19,878.68**
b) General Reserve		
As per last Balance Sheet	1,378.70	1,120.98
Transfer from Share Based Payment Reserve	51.31	257.72
	1,430.01	**1,378.70**
c) Capital Reserve		
As per last Balance Sheet	**18.97**	**18.97**
d) Share Based Payments Reserve Account		
As per last Balance Sheet	353.17	527.70
Transfer to General Reserve	(51.31)	(257.72)
Utilised on allottment of shares under ESOP	(26.57)	-
Share based payment reserve created during the period	201.65	83.19
	476.94	**353.17**
e) Retained Earnings		
As per last Balance Sheet	(47,109.05)	(31,977.94)
Add: Profit / (Loss) after tax for the year	(15,951.33)	(15,113.01)
Add: Remeasurement of defined benefit plans	(17.62)	(18.10)
Add: Tax on above	0.27	-
	(63,077.73)	**(47,109.05)**
	(41,235.23)	**(25,479.53)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
13 Borrowings				
Secured Loans				
From Banks				
Hire Purchase Car Loans (with banker's lien on cars)	13.15	11.62	-	-
Cash Credit (including Working Capital Demand Loan)	-	-	80,373.22	75,328.34
Unsecured				
From Directors and related parties	-	-	12.45	12.45
From other parties	-	-	1,141.72	1,689.55
	13.15	**11.62**	**81,527.39**	**77,030.34**

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) 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.

c) Foreign Currency term loans from banks carry interest @ Libor plus 3.45% . The loans are repayable in monthly / quarterly instalments each along with interest from the date of the loan.

d) 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.

e) Loan taken from financial insitution is repayable in eighteen quarterly instalments after a moratorium of twenty one months from the commencement of the loan viz March 31, 2015. Interest is payable on monthly basis from the commencement of the loan and carry interest @ 13.05%.

f) 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 situated at Andhra Pradesh.

Punjab National Bank, IFCI and Axis Bank Limited (only working capital) have assigned all the rights and interests in financial assistances granted to the company in favour of Edelweiss Asset Reconstruction Company Limited (the "EARC") acting in its capacity as Trustee of EARC Trust vide assignment agreement executed in favour of EARC of March 30, 2017. Pursuant to the above, EARC has become the secured lender and all the rights, title and interest of above Banks have vested in EARC in respect of the above financial assistances. The Company is in active discussion with EARC for debt restructuring.

g) The Company entered into a One Time Settlement (OTS) with Bank of India at NIL(P.Y ₹ 9,500 lacs) in full and final settlement of its outstanding amount of NIL(P.Y ₹ 21,226 lacs). The Company has paid NIL(P.Y ₹ 3,500 lacs) before March 31, 2018 in compliance with the payment schedule of the OTS. The Company continues to provide interest in books of accounts on the principal outstanding at original contracted rates.

h) The Company has defaulted in repayment of principal dues of loans as well as interest payable to banks and financial institutions except for making certain on account payments to banks and Edelweiss Asset Reconstruction Company Limited. The Company is in active discussion with all the lenders for debt restructuring / one time settlement. However, interest has been provided in books of accounts on the principal outstanding at original contracted rates.

Notes to Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.)

The defaults in repayment of loans to banks and financial institutions included in borrowings and current maturities of term loans are as under:

(₹ in lacs)

Default in Interest Bank	Period of Default	Term Loan Interest	CC Interest
EARC - (Loan take over from Axis Bank Limited)	April 2017 to March 2019	-	1,700.01
EARC - (Loan take over from IFCI)	December 2016 to March 2019	7,148.67	-
EARC - (Loan take over from Punjab National Bank)	June 2016 to March 2019	-	5,178.84
State Bank of India	January 2016 to March 2019	-	10,482.23
Bank Of India	January 2018 to March 2019	-	3,557.21
Industrial Development Bank of India	June 2016 to March 2019	-	1,813.18
Standard Chartered Bank	April 2016 to March 2018	112.23	-
Total		**7,260.90**	**22,731.47**

(₹ in lacs)

Default in Principal Bank	Period of Default	Term Loan Principal	CC Outstanding Amount
EARC - (Loan take over from Axis Bank Limited)	March 2016 to March 2018	-	5,495.55
EARC - (Loan take over from Punjab National Bank)	October 2015 to March 2018	-	11,176.42
State Bank of India	January 2016 to March 2018	-	15,500.00
Bank Of India	October 2015 to March 2018	-	19,975.58
Industrial Development Bank of India	June 2016 to March 2018	-	2,500.00
Standard Chartered Bank	April 2017 to March 2019	1,341.53	-
Total		**1,341.53**	**54,647.55**

(₹ in lacs)

	Non-Current		Current	
	As at March 31, 2019	**As at March 31, 2018**	**As at March 31, 2019**	**As at March 31, 2018**
14 Other Financial Liabilities				
Trade Deposits & Others (Unsecured)	14,159.83	10,807.08	-	-
Current maturities of Hire Purchase Car Loans	-	-	12.10	4.62
Current maturities of Term Loans- Foreign Currency Loan	-	-	1,583.62	1,453.77
Current maturities of Term Loans-Rupee Loans	-	-	27,953.59	24,648.67
Payable for purchase of Fixed Assets	-	-	6,118.80	6,199.19
Employee dues	-	-	548.44	95.88
Unclaimed Dividend*	-	-	28.66	26.29
Other Payables	-	-	2,205.27	1,904.52
	14,159.83	**10,807.08**	**38,450.48**	**34,332.94**

* Increased on account of reversal of stale cheques

Notes to Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
15 Provisions				
Provision for Gratuity (Ref note 32)	311.12	282.49	71.46	60.42
Provision for Leave Encashment	75.64	36.05	20.77	28.93
Provision for Excise Duty on Finished Goods	-	-	2,243.66	2,010.54
Provison for Tax	-	-	-	-
	386.76	**318.54**	**2,335.89**	**2,099.89**

(₹ in lacs)

	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
16 Trade Payables				
Trade Payables [Refer Note 40]				
Total outstanding dues of micro enterprises and small enterprises	-	-	911.29	510.32
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	18,554.37	15,765.34
	-	**-**	**19,465.66**	**16,275.66**

(₹ in lacs)

	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
17 Other Liabilities				
Payable towards Statutory Liabilities	-	-	486.78	450.78
	-	**-**	**486.78**	**450.78**

(₹ in lacs)

	Year ended March 31, 2019	Year ended March 31, 2018
18 Revenue from Operations		
Revenue from contracts with customers		
Sales of products	1,52,358.65	1,23,952.10
	1,52,358.65	**1,23,952.10**
Reconciliation with contract price		
Contract price	1,53,750.96	1,24,292.30
Less:Discount/Demurrage	1,392.30	340.20
Revenue recognised	**1,52,358.65**	**1,23,952.10**

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

18.1 Other Operating Income

(₹ in lacs)

	Year ended March 31, 2019	Year ended March 31, 2018
Sale of by products, scrap and other income	126.44	192.28
Income from contract manufacturing and other income	-	278.81
Government Incentives	-	4,737.47
Royalty Income	64.26	-
	190.70	**5,208.56**

(₹ in lacs)

	Year ended March 31, 2019	Year ended March 31, 2018
19 Other Income		
Duty drawback on exports	1.07	1.72
Miscellaneous receipts	17.05	34.55
Sundry balance written back	62.20	1.93
Interest income on margin money / fixed deposits/Others	190.47	338.79
Profit on Sale of Investments	238.35	178.60
Gain on investment carried at fair value through P & L	11.48	-
Dividend on current investments	0.03	0.03
Amount written back on Loan [Refer Note 44]	-	2,776.43
Gain from Foreign Currency	-	21.02
	520.65	**3,353.07**

(₹ in lacs)

	Year ended March 31, 2019	Year ended March 31, 2018
20 Cost of Materials Consumed		
i) Raw Material Consumption		
Opening Stock	747.97	1,046.42
Add : Purchases	15,929.00	14,488.75
Less : Closing Stock	752.82	747.97
	15,924.15	**14,787.20**
ii) Packing Materials & Consumables	17,817.53	14,234.08
	33,741.68	**29,021.28**

(₹ in lacs)

	Year ended March 31, 2019	Year ended March 31, 2018
21 (Increase) / Decrease in Stock		
Opening Stock		
i) Work-In-Progress	1,443.01	2,412.27
ii) Finished Goods	2,795.50	1,237.53
	4,238.51	**3,649.80**
Less : Closing Stock		
i) Work-In-Progress	1,621.25	1,443.01
ii) Finished Goods	4,392.07	2,795.50
	6,013.32	**4,238.51**
(Increase) / Decrease in Stock	**(1,774.81)**	**(588.71)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

		Year ended March 31, 2019	Year ended March 31, 2018
22	**Employee Benefit Expense**		
	Salary and wages	2,830.04	1,842.02
	Employee Stock Option Expenses	201.65	83.19
	Contribution to provident fund and family pension fund	117.93	117.79
	Staff welfare expenses	90.08	99.28
	Gratuity	88.43	59.00
		3,328.13	**2,201.28**

(₹ in lacs)

		Year ended March 31, 2019	Year ended March 31, 2018
23	**Finance Cost**		
	Interest on Term Loans	4,444.34	2,829.00
	Interest on Cash Credits / Working Capital Demand Loan	11,436.57	10,604.19
	Others	2,539.77	1,760.76
		18,420.68	**15,193.95**

(₹ in lacs)

		Year ended March 31, 2019	Year ended March 31, 2018
24	**Other expenses**		
	Power and fuel	652.63	360.29
	Repairs & maintenance		
	i) Plant & Equipment	48.78	34.10
	ii) Buildings	1.31	0.45
	iii) Others	231.30	215.89
	Insurance	48.86	61.17
	Rent	95.14	112.77
	Contract manufacturing cost	3,778.18	2,536.77
	Legal and professional charges	1,057.35	1,551.43
	Auditor's Remuneration [Refer Note 38]	15.66	18.24
	Rates and taxes	2,592.74	2,724.55
	Freight, transport charges & other expenses	2,396.46	1,908.81
	Selling expenses [Sales Promotion & Advertising etc.]	6,418.58	9,630.72
	Travelling and conveyance expenses	116.64	136.42
	Printing and stationery	29.37	31.48
	Communication expenses	53.72	53.47
	Vehicle running expenses	38.91	36.17
	Director sitting fees	2.28	2.48
	Expected Credit Loss	701.82	221.18
	Loss on Sale of Assets	1.06	7.55
	Donation		
	To Political Parties	100.00	-
	Others	73.66	-
	Corporate Social Responsibility	70.96	63.08
	Foreign Exchange Fluctuation Loss	324.23	-
	Impairment for doubtful advances/Inventory	5,543.09	5,199.50
	Advances written off	129.18	1,194.84
	Miscellaneous expenses	702.63	753.83
		25,224.54	**26,855.19**

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

25 Financial Instruments - Accounting classification and fair value measurements

a) The fair value of the assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

b) The following methods and assumptions were used to estimate the fair value:

1) Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilties, short term loans from banks and other financial instruments approximate their carrying amounts largely due to the short term maturities of these instruments.

2) Financial instruments with fixed and variable interest rates are evaluated by the company based on parameters such as interest rate and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

c) The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the carrying amounts and fair values of financial assets and financials liabilities, including their levels in the fair value hierarchy :

As at March 31, 2019

(₹ in lacs)

	Carrying amount				
	Financial assets - FVTPL	FVOCI - Equity Instruments	Financial assets - cost / amortised cost	Financial liabilities - cost / amortised cost	Total carrying amount
Financial assets					
Investments	344.47	3.22	0.56	-	348.25
Trade Receivables	-	-	24,098.82	-	24,098.82
Cash and Cash Equivalents	-	-	5,017.01	-	5,017.01
Other Bank Balances	-	-	288.82	-	288.82
Loans	-	-	7.66	-	7.66
Other Financial Assets	-	-	5,084.66	-	5,084.66
	344.47	**3.22**	**34,497.53**	**-**	**34,845.22**
Financial liabilities not measured at fair value					
Borrowings	-	-	-	81,540.54	81,540.54
Trade Payables	-	-	-	19,465.66	19,465.66
Other Financial Liabilities	-	-	-	52,610.31	52,610.31
		-	**-**	**1,53,616.51**	**1,53,616.51**

The Company has not disclosed the fair values for financial instruments such as investments, trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, borrowings, trade payables and financial liabilities because their carrying amounts are a reasonable approximation of fair value.

Notes to Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.)

As at March 31, 2018

(₹ in lacs)

	Carrying amount				
	Financial assets - FVTPL	FVOCI - Equity Instruments	Financial assets - cost / amortised cost	Financial liabilities - cost / amortised cost	Total carrying amount
Financial assets not measured at fair value					
Investments	-	3.22	0.56	-	3.78
Trade Receivables		-	17,314.25	-	17,314.25
Cash and Cash Equivalents		-	6,683.63	-	6,683.63
Other Bank Balances		-	149.23	-	149.23
Loans		-	18.48	-	18.48
Other Financial Assets		-	10,828.66	-	10,828.66
		3.22	**34,994.81**	**-**	**34,998.03**
Financial liabilities not measured at fair value					
Borrowings		-	-	77,041.96	77,041.96
Trade Payables		-	-	16,275.66	16,275.66
Other Financial Liabilities		-	-	45,140.02	45,140.02
		-	**-**	**1,38,457.64**	**1,38,457.64**

The Company has not disclosed the fair values for financial instruments such as investments, trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, borrowings, trade payables and financial liabilities because their carrying amounts are a reasonable approximation of fair value.

Fair Value Measurement Hierarchy :

(₹ in lacs)

	Year ended March 31, 2019			Year ended March 31, 2018		
Particulars	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial Asset	-	-	-	-	-	-
Non current Investments	-	-	3.22	-	-	3.22
Current Investment	-	344.47	-	-	-	-

26 Financial risk management

Objectives and policies

Risk management framework

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company conducts yearly risk assessment activities to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has a system in place to ensure risk identification and ongoing periodic risk assessment is carried out. The Board of directors periodically monitors the risk assessment.

Notes to Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.)

The Company has exposure to the following risks arising from financial instruments :

- Credit risk
- Liquidity risk
- Market risk
- Interest risk

a) Credit risk

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The company generally doesn't have collateral.

The carrying amounts of financial assets represent the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date is as follows :-

(₹ in lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade receivables	24,098.82	17,314.25
Cash and cash equivalents	5,017.01	6,683.63
Other bank balances	288.82	149.23
Loans	7.66	18.48
Other financial assets	5,084.66	10,828.66
Total	**34,496.97**	**34,994.25**

Trade receivables

Customer credit risk is managed as per Company's established policy, procedures and control relating to customer credit risk management. Credit risk has always been managed by the Company through credit approvals, estabilishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

An impairment analysis is performed for all major customers at each reporting date on an individual basis. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several industries and operate in largely independent markets.

(₹ in lacs)

	Contractual cash flows		
	Carrying amount	**Less than one year**	**More than 1 year**
As at March 31, 2019	24,098.82	24,098.82	-
As at March 31, 2018	17,314.25	17,314.25	-

Bank balances and deposits with banks

Credit risk from balances with banks is managed by the company's finance department as per Company's policy. Investment of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Board of directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

As at March 31, 2019

(₹ in lacs)

	Contractual cash flows		
	Carrying amount	**Less than One year**	**More than 1 year**
Borrowings	81,540.54	81,540.54	-
Trade payables	19,465.66	19,465.66	-
Other financial liabilities	52,610.31	52,610.31	-
	1,53,616.51	**1,53,616.51**	**-**

As at March 31, 2018

(₹ in lacs)

	Contractual cash flows		
	Carrying amount	**Less than One year**	**More than 1 year**
Borrowings	77,041.96	11,230.49	65,811.47
Trade payables	16,275.66	6,993.82	9,281.84
Other financial liabilities	45,140.02	19,801.37	25,338.65
	1,38,457.64	**38,025.68**	**1,00,431.96**

c) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows arising out of change in the price of a financial instrument. These include change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowing.

The company manages market risk through a risk management committee engaged in, inter alia, evaluation and identification of risk factors with the object of governing / mitigation them accordingly to company's objectives and declared policies in specific context of impact thereof on various segments of financial instruments.

Currency risk

The Company is exposed to currency risk to the extent that there is mismatch between the currencies in which sales, purchase are denominated and the respective functional currencies of Company. The Company has export sales primarily denominated in US dollars.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

Exposure to currency risk

The Company's exposure to currency risk as reported to the management is as follows:

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
	USD	USD
Export receivables	0.08	0.08
Overseas payables	94.91	94.91
Total	**94.99**	**94.99**

Foreign currency sensitivity

1% increase or decrease in foreign exchange rates will have the following impact on profit before tax:

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
Increase / (decrease) in profit	(65.88)	(61.68)
Total increase / (decrease) in profit	**(65.88)**	**(61.68)**

A 1% increase in foreign exchange rates at the reporting date would have had equal but opposite effect on the amounts shown above, on the basis that all other variable remain constant.

d) Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The entity's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
Fixed rate instruments		
Financial liabilities		
Borrowings	1,060.31	1,705.79
Total	**1,060.31**	**1,705.79**
Variable-rate instruments		
Financial liabilities		
Borrowings	1,10,576.67	1,01,430.77
Total	**1,10,576.67**	**1,01,430.77**

Cash flow sensitivity analysis for variable-rate instruments

An increase of 100 basis points in interest rates at the reporting date would have decreased gain as at year end by the amounts shown below. This analysis assumes that all other variables remain constant.

(₹ in lacs)

Particulars	Profit or loss
March 31, 2019	
Variable-rate instruments	(1,105.77)
Cash flow sensitivity	**(1,105.77)**
March 31, 2018	
Variable-rate instruments	(1,014.31)
Cash flow sensitivity	**(1,014.31)**

A decrease of 100 basis points in the interest rates at the reporting date would have had equal but opposite effect on the amounts shown above, on the basis that all other variable remain constant.

(₹ in lacs)

		As at March 31, 2019	As at March 31, 2018
27	**Income Taxes**		
a)	**Income Tax recognised in the Statement of Profit and Loss**		
	Current Tax		
	In respect of current year	23.05	93.39
	Adjustments in respect of previous years	-	(264.93)
	Deferred Tax		
	In respect of current year	64.15	-
	Adjustments in respect of deferred tax of previous years	-	-
	MAT credit (including earlier year)	(97.37)	
	Total	**(10.17)**	**(171.54)**
b)	**Income tax expense recognised in Other Comprehensive Income**		
	Deferred tax expense on remeasurement of defined benefit plans	-	-
c)	**Current Tax Liabilities**		
	Provision for Taxation (Net of Advance Tax)	1.39	87.24
d)	**Current Tax Assets**		
	Advance Tax (Net of Provision for Taxation)	603.75	179.31

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

28 Capital Management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

The Group monitors capital based on the following ratio :-

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
Total Debt (current maturities under Other Financial Liabilities)	24,256.64	19,285.81
Total Equity	(28,721.88)	(13,003.92)
Debt to Equity Ratio	-	-

(₹ in lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
29 Contingent Liability not provided for:		
a) Bank guarantees issued on behalf of the Company	90.30	90.30
b) Corporate guarantees issued to banks on behalf of Subsidiary Company	1,429.77	-
c) In respect of disputed Income tax matters, pending before the appropriate Income tax authorities, contested by the Company	-	-
A.Y. 2009-2010	562.47	562.47
d) In respect of disputed Sales tax matters, pending before the appropriate tax authorities, contested by the Company	-	-
F.Y. 2014-2015 (MVAT)	57.85	-
F.Y. 2014-2015 (Central Sales Tax)	27.29	-
F.Y. 2013-2014 (MVAT)	1,290.65	-
F.Y. 2013-2014 (Central Sales Tax)	1,201.20	-
F.Y. 2012-2013 (MVAT)	1,322.25	-
F.Y. 2012-2013 (Central Sales Tax)	1,334.96	-
F.Y. 2011-2012 (Central Sales Tax)	295.06	295.06
F.Y. 2011-2012 (VAT-Kerala)	74.79	74.79
F.Y. 2010-2011 (MVAT)	36.94	36.94
F.Y. 2010-2011 (Central Sales Tax)	244.96	244.96
F.Y. 2010-2011 (VAT-Kerala)	87.99	87.99
F.Y. 2009-2010 (Central Sales Tax)	-	272.20

Notes to Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.)

30 Estimated amount of contracts remaining to be executed on capital accounts and not provided for is ₹ Nil (P.Y. ₹ Nil)

31 Operating Lease:

a) The Company has taken bottling units under cancellable operating lease at various locations and during the financial year ₹ 3.26 Lacs (P.Y. ₹ 57.91 Lacs) paid towards lease rentals has been charged to Statement of Profit and Loss.

b) The Company has taken various residential / commercial premises under cancellable operating lease. Lease rental expenses included in the Statement of Profit and Loss for the financial year is ₹ 112.77 Lacs (P.Y. ₹ 216.14 Lacs).

c) Except for escalation clauses contained in certain lease arrangements providing for increase in the lease payment by a specified percentage / amounts after completion of specified period, the lease terms do not contain any exceptional / restrictive covenants other than the prior approval of the lessee before the renewal of lease.

d) There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lessor is required for further leasing. There is no contingent rent payment.

32 The disclosure of Ind AS 19 “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 ₹ 117.79 Lacs (P.Y. ₹ 156.57 Lacs) 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.

The net value of the defined commitment is detailed below:

(₹ in lacs)

	As at March 31, 2019		As at March 31, 2018	
	Funded Gratuity	**Unfunded Gratuity**	**Funded Gratuity**	**Unfunded Gratuity**
Present Value of obligation	354.35	79.50	353.87	46.73
Fair Value of Plans	51.28	-	44.52	-
Net Liability in the balance sheet	303.07	79.50	309.34	46.73
Defined Benefit Obligations	-	-		
Opening balance	344.10	46.73	353.87	42.23
Interest expenses	26.91	3.64	26.58	3.04
Current service cost	18.48	8.55	20.52	6.98
Past service cost	-	-	5.23	-
(Liability Transferred Out/ Divestments)	-	12.20	(0.82)	0.82
Benefit paid directly by the employer	(42.68)	(1.29)	(84.19)	(0.82)
Benefit paid directly from the fund	-	-	-	(0.77)
Actuarial (gain) / loss-Due to change in Financial assumptions	5.47	0.18	(5.85)	(3.06)
Actuarial (gain) / loss- Due to Experience	2.08	9.50	28.76	(1.69)
Closing balance	**354.35**	**79.50**	**344.10**	**46.73**

Notes to Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

	As at March 31, 2019		As at March 31, 2018	
	Funded Gratuity	Unfunded Gratuity	Funded Gratuity	Unfunded Gratuity
Plan Assets	-	-		
Opening balance	47.93	-	44.52	-
Interest Income	3.75	-	3.34	-
Expected return on plan assets	(0.39)	-	0.06	-
Paid Funds	-	-	-	-
Actuarial (gain) / loss	-	-	-	-
Closing balance	**51.28**	**-**	**47.93**	**-**

(₹ in lacs)

	As at March 31, 2019		As at March 31, 2018	
	Funded Gratuity	Unfunded Gratuity	Funded Gratuity	Unfunded Gratuity
Return on Plan Assets	-	-		
Expected return on plan assets	(0.39)	-	0.06	-
Actuarial (gain) / loss	-	-	-	-
Actual Return on Plan Assets	(0.39)	-	0.06	-
	-	-		
Expenses Recognised in the Statement of Profit or Loss on defined benefit plan	-	-		
Current service costs	18.48	8.55	20.52	2.71
Past service cost	-	-	-	-
Interest expense	26.91	3.64	28.94	3.04
Interest Income	(3.75)	-	-	-
Expected return on plan assets	-	-	(3.29)	-
Expenses Recognised	41.64	12.19	46.17	5.75
Expenses Recognised in the Other Comprehensive Income (OCI) on defined benefit plan	-	-		
Actuarial (gain) / loss	7.55	9.68	22.92	(4.75)
Expected return on plan assets	0.39	-	(0.06)	-
Net (Income)/ Expense for the period Recognised in OCI	7.94	9.68	22.86	(4.75)
Maturity Analysis of the Benefit Payments: From the Fund	-	-		
Projected Benefits Payable in Future Years From the Date of Reporting	-	-		
1st Following Year	77.88	8.48	80.76	1.43
2nd Following Year	22.47	1.99	28.98	1.48
3rd Following Year	33.13	2.33	32.22	1.54
4th Following Year	42.39	2.25	32.03	1.60
5th Following Year	39.38	4.20	39.04	1.72
Sum of Years 6 to 10	111.18	31.02	113.94	18.69
Sum of Years 11 and above	288.10	157.62	277.02	110.02

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

	As at March 31, 2019		As at March 31, 2018	
	Funded Gratuity	Unfunded Gratuity	Funded Gratuity	Unfunded Gratuity
Sensitivity Analysis	-	-		
Projected Benefits Obligations on Current Assumptions	354.35	67.93	344.10	46.73
Delta Effect +1% Change in Rate of Discounting	(18.72)	(6.09)	(17.42)	(4.96)
Delta Effect -1% Change in Rate of Discounting	21.15	7.12	19.70	5.83
Delta Effect +1% Change in Rate of Salary Increase	21.47	7.25	20.06	5.94
Delta Effect -1% Change in Rate of Salary Increase	(19.32)	(6.30)	(18.02)	(5.13)
Delta Effect +1% Change in Rate of Employee Turnover	3.59	1.68	3.87	1.43
Delta Effect -1% Change in Rate of Employee Turnover	(3.96)	(1.90)	(4.27)	(1.61)

(₹ in lacs)

	As at March 31, 2019		As at March 31, 2018	
Investments Details	% Invested	% Invested	% Invested	% Invested
Funds Managed by Life Insurance Corporation	100	-	0.00	-
Public Sector Unit Bonds	-	-	-	-
State / Central Guaranteed securities	-	-	-	-
Special deposit schemes	-	-	-	-
Other (excluding bank balances)	-	-	-	-
	100	**-**	**0.00**	**-**

(₹ in lacs)

	As at March 31, 2019		As at March 31, 2018	
Actuarial assumptions	Funded Gratuity	Unfunded Gratuity	Funded Gratuity	Unfunded Gratuity
Mortality (LIC)	2006-08 Ultimate	2006-08 Ultimate	2006-08 Ultimate	2006-08 Ultimate
Discount rate (per annum)	0.0782	0.0782	7.51%	7.83%
Expected rate of return on plan assets (per annum)	0	0	-	-
Rate of escalation in salary (per annum)	0.05	0.05	5.00%	5.00%
Attrition rate (per annum)	0.16	0.16	16.00%	2.00%

Defined Contribution Plan

Present value of DBO, Fair Value of Plan Assets, Deficit/ (Surplus), Experience Adjustments for current and earlier periods:

(₹ in lacs)

Funded Gratuity for the year ended	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Present value of DBO	368.20	346.37	353.87	362.20	409.77
Fair value of plan assets	51.28	47.93	44.52	41.13	37.96
Deficit/(Surplus)	316.92	298.45	309.34	321.08	371.81
Experience adjustments on plan liabilities	-	-	46.89	(15.17)	43.38
Experience adjustments on plan assets	-	-	0.11	0.16	(1.76)

Notes to Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

Unfunded Gratuity for the year ended	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2016
Present value of DBO	55.98	44.46	42.23	24.93	22.41
Fair value of plan assets	-	-	-	-	-
Deficit/(Surplus)	55.98	44.46	42.23	24.93	22.41
Experience adjustments on plan liabilities	4.46	(1.69)	9.02	(1.67)	(1.54)
Experience adjustments on plan assets	-	-	-	-	-

33 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, 2019 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, 2019	7,30,400	37,30,521	1,54,200	8,43,663
Number of options cancelled till March 31, 2019	2,41,700	8,46,381	33,870	2,02,818
Number of options lapsed till March 31, 2019	17,100	7,34,120	73,260	4,93,352
Number of options exercised till March 31, 2019	4,71,600	21,50,020	47,070	1,47,493
Net options outstanding as on March 31, 2019	-	-	-	-
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	Grant 5	Grant 6
Date of Grant	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011	July 5, 2016	June 14, 2018
Date of the Board Approval	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011	July 5, 2016	June 14, 2018
Date of the Shareholders Approval	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010
Number of options granted till March 31, 2019	16,15,500	5,12,000	33,79,600	9,69,000	21,50,000	12,00,000
Number of options cancelled till March 31, 2019	7,56,240	1,73,840	16,84,724	-	5,60,050	-
Number of options lapsed till March 31, 2019	7,61,670	2,37,482	3,91,794	4,28,300	1,21,350	-

Notes to Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.)

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5	Grant 6
Number of options exercised till March 31, 2019	97,590	1,00,678	13,03,082	5,40,700	52,650	-
Net options outstanding as on March 31, 2019	-	-	-	-	14,15,950	12,00,000
Vesting period from the date of grant	3 years	3 years	3 years	3 years	3 years	3 years
Exercise period from the date of vesting	2 years	2 years	2 years	2 years	2 years	2 years

C) Employee Stock Option Scheme 2012

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5	Grant 6
Date of Grant	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014	July 5, 2016	June 14, 2018
Date of the Board Approval	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014	July 5, 2016	June 14, 2018
Date of the Shareholders Approval	May 24, 2012	May 24, 2012	May 24, 2012	May 24, 2012	May 24, 2012	May 24, 2012
Number of options granted till March 31, 2019	30,00,000	10,00,000	10,00,000	10,00,000	30,00,000	26,00,000
Number of options cancelled till March 31, 2019	2,40,442	1,56,390	3,34,630	1,21,200	6,00,000	-
Number of options lapsed till March 31, 2019	23,29,591	8,43,610	6,56,655	6,49,200	400000	-
Number of options exercised till March 31, 2019	4,29,967	-	8,715	-	325000	-
Net options outstanding as on March 31, 2019	0	0	0	2,29,600	16,75,000	26,00,000
Vesting period from the date of grant	3 years	3 years	3 years	3 years	3 years	3 years
Exercise period from the date of vesting	2 years	2 years	2 years	2 years	2 years	2 years

c) The details of the options as on March 31, 2019 are as under:

(₹ in lacs)

Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
Financial Year 2017-18			
Options outstanding as on April 01, 2017	**17.34**	**41.32**	**-**
Options granted from April 01, 2017 to March 31, 2018	-	-	-
Options cancelled till March 31, 2018	1.29	4.08	-
Options lapsed till March 31, 2018	0.57	8.57	-
Options exercised April 01, 2017 to March 31, 2018	-	-	-
Options outstanding as on March 31, 2018	**15.48**	**28.67**	**-**
Financial Year 2018-19			
Options outstanding as on April 01, 2018	**15.48**	**28.67**	**-**
Options granted from April 01, 2018 to March 31, 2019	12.00	26.00	-
Options cancelled till March 31, 2019	0.24	-	-
Options lapsed till March 31, 2019	0.55	6.37	-
Options exercised April 01, 2018 to March 31, 2019	0.53	3.25	-
Options outstanding as on March 31, 2019	**26.16**	**45.05**	**-**

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

d) 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	Grant 5
Dates of Grant	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011	Jul 05, 2016
Market Price (₹ per share) on the dates of grant	83.00	51.20	33.95	32.60	15.80
Volatility	66.25%	63.86%	63.63%	63.67%	51.21%
Risk free rate	7.97%	8.36%	8.58%	8.99%	6.57%
Exercise price	60	38	25	25	13
Time to maturity (years)	3	3	3	3	3
Dividend yield	2.24%	2.10%	2.10%	2.10%	0.91%
Option fair value (₹ per share)	41.89	26.23	17.50	16.55	7.04

C) Employee Stock Option Scheme 2012

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5
Dates of Grant	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014	Jul 05, 2016
Market Price (₹ per share) on the dates of grant	56.30	77.20	60.40	61.35	15.80
Volatility	61.31%	57.71%	55.67%	49.33%	51.21%
Risk free rate	8.24%	7.95%	7.24%	8.52%	6.57%
Exercise price	42	60	45	46	13
Time to maturity (years)	3	3	3	3	3
Dividend yield	1.84%	1.84%	1.83%	1.67%	0.91%
Option fair value (₹ per share)	28.56	36.86	28.71	28.54	7.04

34 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 Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

35 Related Party Disclosures:

The disclosures pertaining to the related parties as required by Ind AS 24 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India, as applicable, are as under:

a) Key Managerial Personnel	: Mr. Amit Dahanukar	- Chairman & Managing Director
	: Mr. Srijit Mullick	- Chief Financial Officer
	: Mr. Gaurav Thakur	- Company Secretary
	: Mr. C V Bijlani	- Independent Director
	: Mr. Kishorekumar Mhatre	- Independent Director
	: Dr. Ravindra Bapat	- Independent Director
	: Maj Gen. Dilawar singh(Retd.)	- Independent Director - (appointed as an Independent Director w.e.f. Oct 31, 2018)
	: Mr. Satish Chand Mathur	- Independent Director - (appointed as an Independent Director w.e.f. Oct 31, 2018)
	: Mrs. Shivani Amit Dahanukar	- Non-Executive Director
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	

(₹ in lacs)

Nature of Transaction	Parties refered in (a) above		Parties refered in (b) above		Parties refered in (c) above	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Donations						
Smt. Malati Dahanukar Trust	-	-	24.11	26.24	-	-
Total	**-**	**-**	**24.11**	**26.24**	**-**	**-**
Remuneration to Key Managerial Personnel						
Mr. Amit Dahanukar	278.21	120.11	-	-	-	-
Mrs. Shivani Amit Dahanukar	196.29	22.25	-	-	-	-
Mr. Srijit Mullick	59.27	72.36	-	-	-	-
Mr. Gaurav Thakur	34.35	38.03	-	-	-	-
Total	**568.12**	**252.75**	**-**	**-**	**-**	**-**
Director sitting fees						
Mr. C V Bijlani	0.25	0.50	-	-	-	-
Mr. Kishorekumar Mhatre	0.25	0.60	-	-	-	-
Mr. R D Bapat	0.40	0.85	-	-	-	-
Mrs. Shivani Amit Dahanukar	0.15	0.20	-	-	-	-
Total	**1.05**	**2.15**	**-**	**-**	**-**	**-**
Loan Taken						
Mr. Amit Dahanukar	-	220.00	-	-	-	-
Total	**-**	**220.00**	**-**	**-**	**-**	**-**

Notes to Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

	Parties refered in (a) above		Parties refered in (b) above		Parties refered in (c) above	
Nature of Transaction	**2018-19**	**2017-18**	**2018-19**	**2017-18**	**2018-19**	**2017-18**
Repayment of Loan						
Mr. Amit Dahanukar	-	220.00	-	-	-	-
Total	**-**	**220.00**	**-**	**-**	**-**	**-**
Rent Deposit						
Mr. Amit Dahanukar	-	622.39	-	-	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	-	194.72
Total	**-**	**622.39**	**-**	**-**	**-**	**194.72**
Rent Expense						
Mr. Amit Dahanukar	8.42	22.56	-	-	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	15.91	17.43
Total	**8.42**	**22.56**	**-**	**-**	**15.91**	**17.43**
Outstanding Payable						
Maharashtra Sugar Mills Pvt. Ltd.	-	-	12.45	12.45	-	-
Total	**-**	**-**	**12.45**	**12.45**	**-**	**-**
Deposit						
Mr. Amit Dahanukar	800.00	800.00	-	-	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	203.66	203.66
M.L.Dahanukar & Co. Pvt. Ltd.	-	-	13.38	13.38	-	-
Total	**800.00**	**800.00**	**13.38**	**13.38**	**203.66**	**203.66**

(₹ in lacs)

**Compensation of key management personnel of the Company ** **	**2018-19**	**2017-18**
Short-term employee benefits	568.12	252.75
Post-employment benefits	-	-
Termination benefits	-	-
Sitting fees	1.05	2.15
Share-based payments	-	-
Total compensation of key management personnel of the Company	**569.17**	**254.90**

**Key Managerial Personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

36 In accordance with proviso to Section 129(3) read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

37 Provision of excise duty on finished goods manufactured but yet to be cleared from the factory as at March 31, 2019 estimated at ₹ 2,243.66 Lacs (P.Y. ₹ 2010.54 Lacs) has been provided in the books and also been considered in valuation of closing stock of finished goods. Provision for excise duty on finished goods charged in the Statement of Profit and Loss for the financial year is as follows:

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
Provision for excise duty on finished goods at the beginning of the year	2,010.54	695.12
Provision for excise duty on finished goods at the end of the year	2,243.66	2,010.54
Provision for excise duty on finished goods charged in the Statement of Profit and Loss	**233.12**	**1,315.42**

(₹ in lacs)

	Year ended March 31, 2019	Year ended March 31, 2018
38 Auditor's remuneration charged to accounts:		
a) Audit fees	15.13	15.13
b) Auditors remuneration in other capacity	0.74	2.85
c) Reimbursement of expenses	-	0.25
	15.87	**18.23**

39 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.

40 Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below :

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
Dues remaining unpaid		
- The principal amount at the end of the year;	911.29	510.32
- The amount of interest accrued and remaining unpaid at the end of the year	59.11	126.71

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
41 Earnings Per Share:		
Profit After Tax	(15,951.33)	(15,113.01)
Weighted average number of shares	1,250.02	1,247.56
Basic Earnings Per Share	(12.76)	(12.11)
Weighted average number of shares (adjusted for the effects of dilutive potential equity shares)	1,250.02	1,247.56
Diluted Earnings Per Share	(12.76)	(12.11)
Face Value per Equity Share	10.00	10.00

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

42 The Group has entered into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Group does not enter into any derivative instruments for trading or speculative purposes. The foreign currency exposure not hedged as at March 31, 2019 are as under:

(₹ in lacs)

			As At March 31, 2019		As At March 31, 2018
	Currency	**FC Amount**	**(₹ in Lacs)**	**FC Amount**	**(₹ in Lacs)**
Receivable - Debtors	USD	0.08	5.37	0.08	5.13
Payable - Creditors	USD	74.28	5,158.44	74.28	4,831.67

43 The Group has entered into arrangements with certain distilleries and bottling units (tie up units) for manufacture and marketing of its own brands. The tie up units have necessary license and regulatory permits to manufacture alcohol. As per Ind AS 115, the Group has aggregated the below mentioned amounts in its Statement of Profit and Loss and Balance Sheet with respect to these tie up units. Consequent to these changes, there is no impact on the total profit and total equity.

(₹ in lacs)

	Year ended 2018-2019	**Year ended 2017-2018**
Particulars	**Audited**	**Audited**
Revenue from operations	67,658.15	57,838.73
Other Income	1.74	2.99
Total Income	**67,659.89**	**57,841.72**
Cost of materials consumed /Changes in inventories of finished goods, stock-in-trade and work-in-progress	15,295.56	13,811.53
Excise Duty	37,823.23	33,350.03
Finance costs	0.38	0.14
Other expenses	1,485.28	1,469.21
Total expenses	**54,604.45**	**48,630.91**
Profit/(Loss)	**13,055.44**	**9,210.81**

(₹ in lacs)

	March 31, 2019	**March 31, 2018**
In Balance Sheet	**Audited**	**Audited**
Assets		
Inventory	3,400.78	2,577.91
Trade Receivables	11,448.91	9,120.37
Cash and Bank Balances	734.76	257.91
Other Financial Assets	50.90	(9,339.69)
Other Assets	1,569.60	1,047.57
Liabilities		
Trade Payables	4,329.52	2,809.85
Provisions	587.71	797.54
Other Liabilities	166.87	56.68

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

44 The Company entered into a One Time Settlement (OTS) with Bank of India at Nil (P.Y ₹ 9,500 Lacs) in full and final settlement of its outstanding amount of NIl (P.Y ₹ 21,226 Lacs). The Company has paid Nil (P.Y. ₹ 3,500 Lacs) before March 31, 2019 in compliance with the payment schedule of the OTS. The Company continues to provide interest in books of accounts on the principal outstanding at original contracted rates.

45 The Company had applied to the State government authorities for dual feed permission for manufacture of ENA through molasses as well as grain at one of its ENA Plants. Permission had been received for operating the fermentation section till 26th June 2019. Application for renewal of the said approval has been filled on 2nd April 2019 and the Company is awaiting the permission. It is expected that permission for operating the distillation section also will be received soon. In view of this the management believes that there is no impairment in value of its ENA Plant and hence the recoverable amount of the ENA Plant is not required to be estimated.

46 In lieu of advances given to certain parties amounting to ₹ 6,074.08 lacs, the Company had received land from one of the group concerns of the parties. The land received has been registered in the name of the Company. The advances have not been adjusted pending certain formalities to be completed on the part of the said parties. In view of this, the management believes that no provision is considered necessary in the books of accounts.

47 Other significant notes

a) Anupama Wine Distributors has filed a suit before the City Civil Court, Bangalore claiming ₹ 731.10 Lacs 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 ₹ 1,193.00 Lacs 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. The Company has filed a transfer petition to club both the matters related to Anupama Wine Distributors and Anupama Distributors as the evidences are the same.

b) A body corporate has filed a legal suit on the company to obtain restraining order on the use of certain trademarks owned by the Company. An interim order was passed by the Bombay High Court upholding the ownership of the Company in the aforesaid trade marks and allowing the Company continuous and uninterrupted use of the said trademarks without any restraint.

48 Prag Distillery, wholly owned subsidiary of Tilaknagar Industries Ltd had been referred to National Company Law Tribunal ("NCLT") for Corporate Insolvency Resolution Process (CIRP) under the provisions of the Insolvency and Bankruptcy Code, 2016("the Code") and accordingly a Resolution Professional (RP) was appointed. As no resolution plan was received within the stipulated period of 180 days and the extended period of further 90,The National Company Law Tribunal ("NCLT") ordered for liquidation of Prag Distillery (P) Ltd, wholly owned subsidiary of the Company ("Prag") vide its order No. MA 309/2018 in CP 1067/2017 dated July 26, 2018, as a going concern. The Official Liquidator has initiated the process of liquidation of the company as a going concern. Hence, the accounts have been prepared on a going concern basis.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

49 State Bank of India, a financial creditor of the Company has filed an application before the National Company Law Tribunal, Mumbai under Section 7 of the Insolvency & Bankruptcy code claiming default by the Company in repayment of its financial obligation to the Bank. The said application is pending admission by the Tribunal.The Company is in advanced stage of negotiating compromise settlement.

50 The Group's net worth has eroded. However, there is an improvement in operational performance of the liquor business in terms of higher sales, market share and margins in the southern states. The Company is also in active discussion with the lenders on debt restructuring. Hence, the accounts are prepared on going concern basis.

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

As per our Report of even date annexed.

For M. M. Parikh & Co.
Chartered Accountants
Firm Registration No. 107557W

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : July 26, 2019

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

Independent Auditor's Report

To the Members of Tilaknagar Industries Ltd

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of **Tilaknagar Industries Ltd** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matters described in the Basis for qualified opinion section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

1. The management has not impaired one of the ENA plants as required by Indian Accounting Standard (Ind AS 36) Impairment of Assets, though there is an indication of impairment. Reference is invited to Note 45 of the standalone financial statements.
2. The Company has not made impairment of advances given to certain parties amounting to 6074.08 Lakhs, as required by Indian Accounting Standard (Ind AS 109) Financial Instruments. Reference is invited to Note 46 of the standalone financial statements.
3. The Company has not impaired for Equity Investment of 1543.35 Lakhs in its wholly owned subsidiary Prag Distillery (P) Ltd as required by Indian Accounting Standard (Ind AS (36) 'Impairment of Assets' though the Subsidiary has been referred to National Company Law Tribunal for Corporate Insolvency Resolution Process (CIRP) under the provisions of Insolvency and Bankruptcy Code 2016 (the Code) by its creditors. Reference is invited to Note 50 of the standalone financial statements.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the financial statements

Material Uncertainty related to Going Concern

We draw attention to Note 53 in the standalone financial statements that the Company has incurred net loss during the year and due to accumulated losses, the net worth has been eroded. Further the current liabilities have exceeded the total assets. These events indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 14 in the standalone Ind AS financial statements that the Company has defaulted in repayment of principal dues and interest payable to banks and financial institutions. The Company has provided interest liability based on last available sanction letter on the principal outstanding and is actively in discussion with the lenders for debt restructuring / one time settlement. Pending the final outcome of the settlement with the lenders, no further adjustment have been made in the standalone Ind AS financial statements in respect of the principal amount of loan and interest provided thereon.

Our opinion is not qualified in respect of this matter.

Independent Auditor's Report (Contd.)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

i. Provisions for Contingencies and Litigations and disclosure of Contingent liabilities

Description of Key Audit Matter:

At March 31, 2019, the Company held provisions of ₹ 731.10 lakhs in respect of legal claims and has disclosed total contingent liabilities of ₹ 7844.49 lakhs. These provisions are based on judgements and accounting estimates made by management in determining the likelihood and magnitude of claims. Accordingly, unexpected adverse outcomes could significantly impact the Company's reported loss and balance sheet position.

Refer Note 1.3(vii), Note.48 and Note.29 of standalone financial statements for accounting policies for provisions and contingent liabilities and related disclosures.

Our response:

- We evaluated the design and tested the operating effectiveness of controls in respect of the determination of the provisions. We determined that the operation of the controls provided us with evidence over the completeness, accuracy and valuation of the provisions.
- We read the summary of litigation matters provided by management and held discussions with the management and their legal counsels. We requested legal letters from some of the Company's external legal advisors with respect to the matters included in the aforesaid disclosures. Where appropriate, we examined correspondence connected with the cases.
- For litigation provisions, we tested the calculation of the provisions, assessed the assumptions against third party data, where available and assessed the estimates against historical trends.
- We considered management's judgements on the level of provisioning and disclosures in respect of the aforesaid matters, which we considered to be appropriate.

ii. First time adoption of Ind AS 115 "Revenue from Contracts with Customers"

Description of Key Audit Matter:

The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period.

Refer note 1.3 (x) and note 17 of the standalone financial statements for accounting policies for revenue recognition and revenue recognised during year under various heads.

Our response:

- Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing on test check basis based on selected samples of contracts with customers.
- We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.
- We selected a sample of continuing and new contracts and tested the operating effectiveness of the internal control and substantive testing, relating to identification of the distinct performance obligations and determination of transaction price.
- We selected sample documents relating to delivery of goods and documentation of performance of service, including customer acceptances to verify the transfer of controls (either 'point in time' or 'over time') for revenue recognition.
- We considered the terms of the contracts to determine the transaction price to verify the transaction price used to compute revenue.
- In respect of samples relating to fixed price contracts, progress towards satisfaction of

Independent Auditor's Report (Contd.)

performance obligation used to compute recorded revenue was verified with actual and estimated efforts from the time recording and budgeting systems.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Company's Board Report but does not include the financial statements and our auditor's report thereon. The Board Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Board Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act,

Independent Auditor's Report (Contd.)

we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
    a) We have sought and obtained all the information and explanations which to the best of ourc knowledge and belief were necessary for the purposes of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, except for non compliance with Ind AS 36 'Impairment of Assets' and Ind AS 109 'Financial Instruments' as mentioned in basis for Qualified Opinion paragraph.
    e) The matter described in the basis for Qualified Opinion paragraph and in the Emphasis of Matter paragraph above, in our opinion, may

Independent Auditor's Report (Contd.)

have an adverse effect on the functioning of the Company.

f) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer note 48 & note 29 to the standalone financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

For M. M. Parikh & Co.
Chartered Accountants
Firm Reg. No.: 107557W
UDIN: 19031110AAAAAD3194

Kishor M. Parikh
Partner
Membership No: 031110

Place : Mumbai
Date : July 26, 2019

Annexure - A

to the Auditors' Report

(referred to in paragraph 1 under 'Report on Other Legal and regulatory requirements' section of our report to the members of the Company of even date)

i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.

b) As informed to us, the Company has a regular program for physical verification of fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. However, the Company has not verified all the fixed assets during the last three years, hence we are unable to comment on the discrepancies if any.

c) In our opinion and according to the information and explanations given to us and on the basis of examination of the records of the Company the title deeds of immovable properties are held in the name of the Company.

ii. The management has conducted physical verification of inventory at the year end. In our opinion the frequency of such verification is reasonable. Discrepancies noticed on physical verification of inventories were not material and have been properly dealt with in the books of account.

iii. The Company has not granted loans, secured or unsecured to bodies corporate, Firms, Limited Liability Partnerships covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act') Accordingly paragraph 3(iii) of the order is not applicable to the company.

iv. In our opinion and according to the information and explanation given to us and the records examined by us, the Company has complied with the provision of section 185 and 186 of the Act with respect to loan given and investments made.

v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the Rules framed are not applicable.

vi. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. a) According to the information and explanations given to us and on the basis of our examination of the records, the Company, is generally regular in depositing undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, employees' state insurance, duty of excise, service tax, Goods and service tax, cess and other material statutory dues to the appropriate authorities.

There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, goods and service tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues in arrears as at year end for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us by the Company and on the basis of our examination of the books of account and the record, there are no dues of , Service Tax, Goods and service tax, Duty of excise and Duty of Customs, outstanding on account of any dispute. According to the records of the Company, the dues of Income Tax, Sales Tax and Value added tax outstanding on account of dispute are as follows.

Annexure - A
to the Auditors' Report (Contd.)

(₹ in lacs)

Nature of Statute	Nature of dues	Period to which the amount relates	Amount of Rs. (in Lakhs)	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	A.Y. 2009-10	562.47	CIT (Appeals)
Sales Tax Laws	Central Sales Tax	F.Y. 2011-2012	295.06	Joint Commissioner (Appeals)
Sales Tax Laws	MVAT	F.Y. 2010-2011	36.94	Deputy Commissioner (Appeals)
Sales Tax Laws	Central Sales Tax	F.Y. 2010-2011	244.96	Deputy Commissioner (Appeals)
Sales Tax Laws	Central Sales Tax	F.Y. 2012-2013	1334.96	Deputy Commissioner (Appeals)
Sales Tax Laws	MVAT	F.Y. 2012-2013	1322.25	Deputy Commissioner (Appeals)
Sales Tax Laws	Central Sales Tax	F.Y. 2013-2014	1201.20	Deputy Commissioner (Appeals)
Sales Tax Laws	MVAT	F.Y. 2013-2014	1290.65	Deputy Commissioner (Appeals)
Sales Tax Laws	Central Sales Tax	F.Y. 2014-2015	27.29	Deputy Commissioner (Appeals)
Sales Tax Laws	MVAT	F.Y. 2014-2015	57.85	Deputy Commissioner (Appeals)

viii. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has defaulted in repayment of loans to Banks. There are no outstanding loans or borrowings from any financial institutions, Government and debenture holders. The details of default are given below

(₹ in lacs)

Name of lenders	Nature of dues	Particulars	Amount of default as at Balance Sheet date	Period of default
EARC - (Loan take over from Axis Bank Limited)	Cash Credit	Interest	1913.25	April 2017 to March 2019
EARC - (Loan take over from IFCI)	Term Loan	Interest	7,953.59	December 2016 to March 2019
EARC - (Loan take over from Punjab National Bank)	Cash Credit	Interest	5793.54	June 2016 to March 2019
State Bank of India	Cash Credit	Interest	10482.23	January 2016 to March 2019
Bank of India	Cash Credit	Interest	3557.21	January 2018 to March 2019
Industrial Development Bank of India	Cash Credit	Interest	1813.18	June 2016 to March 2019
EARC - (Loan take over from Axis Bank Limited)	Cash Credit	Outstanding amount	5,495.55	April 2017 to March 2019
EARC - (Loan take over from Punjab National Bank)	Cash Credit	Outstanding amount	11,176.42	June 2016 to March 2019
EARC - (Loan take over from IFCI)	Term Loan	Outstanding amount	6,000.00	January 2017 to March 2019
State Bank of India	Cash Credit	Outstanding amount	15,500.00	January 2016 to March 2019
Bank of India	Cash Credit	Outstanding amount	19975.58	January 2018 to March 2019
Industrial Development Bank of India	Cash Credit	Outstanding amount	2500.00	June 2016 to March 2019

Annexure - A
to the Auditors' Report (Contd.)

ix. The Company has not raised money through initial public offer or further public offer (including debt instruments) during the year. The Company has not taken any term loan from Banks during the year. According to the information and explanations given to us the term loans taken in past have been defaulted as referred in point (viii) above.

x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

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

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

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the Related Parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Financial Statements as required by the applicable Indian Accounting Standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Hence, the provisions of section 192 of the Act are not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934

For M. M. Parikh & Co.
Chartered Accountants
Firm Reg. No.: 107557W
UDIN: 19031110AAAAAD3194

Kishor M. Parikh
Partner
Membership No: 031110

Place : Mumbai
Date : July 26, 2019

Annexure - B

to the Auditors' Report

(Referred to in paragraph 2(g) under 'Report on Other Legal and regulatory requirements' section of our report to the members of the Company of even date)

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

We have audited the Internal Financial Controls over financial reporting of Tilaknagar Industries Ltd. ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls over Financial Reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an Audit of Internal Financial Controls, both applicable to an Audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain Reasonable Assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls system over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of Internal Control based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Annexure - B
to the Auditors' Report

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M. M. Parikh & Co.
Chartered Accountants
Firm Reg. No.: 107557W
UDIN: 19031110AAAAAD3194

Kishor M. Parikh
Partner
Membership No: 031110

Place : Mumbai
Date : July 26, 2019

Balance Sheet

as at March 31, 2019

(₹ in lacs)

		Note No.	As at March 31, 2019	As at March 31, 2018
I	**ASSETS**			
	Non-current assets			
	Property, Plant and Equipment	2	50,591.23	53,642.37
	Capital Work-in-Progress		1,510.77	1,496.07
	Other Intangible Assets	2	44.29	457.73
	Financial Assets		-	-
	Non-Current Investments	3	4,763.85	4,763.85
	Loans	4	2.88	4.99
	Other Financial Assets	5	4,724.74	5,017.24
	Other Non-Current Assets	6	7,444.70	7,426.97
	Deferred Tax Asset	26	-	-
	Income Tax Assets (Net)	27	379.87	133.62
			69,462.33	**72,942.84**
	Current Assets			
	Inventories	7	7,550.58	5,032.31
	Financial Assets			
	Trade Receivables	8	17,694.77	6,772.09
	Cash and Cash Equivalents	9	1,097.85	178.78
	Other Bank Balances	9	139.66	96.89
	Loans	4	4.06	13.49
	Other Financial Assets	5	12,586.00	9,272.16
	Other Current Assets	6	6,854.97	5,988.00
			45,927.89	**27,353.72**
Total			**1,15,390.22**	**1,00,296.56**
II	**EQUITY AND LIABILITIES**			
	Equity			
	Equity Share Capital	10	12,513.38	12,475.61
	Other Equity	11	(45,691.60)	(31,008.66)
			(33,178.22)	**(18,533.05)**
	Liabilities			
	Non-Current Liabilities			
	Financial Liabilities			
	Other Financial Liabilities	12	9,854.49	1,574.38
	Provisions	13	283.89	265.83
	Deferred Tax Liabilty	26	-	-
			10,138.38	**1,840.21**
	Current Liabilities			
	Financial Liabilities			
	Borrowings	14	79,247.16	74,243.65
	Trade Payables	15		
	Total outstanding dues of creditors other than micro enterprises and small enterprises		698.94	299.82
	Total outstanding dues of micro enterprises and small enterprises		14,361.13	10,047.10
	Other Financial Liabilities	12	42,872.72	31,668.22
	Provisions	13	908.04	486.48
	Other Current Liabilities	16	342.07	244.13
	Current Tax Liabilities (Net)	27	-	-
			1,38,430.06	**1,16,989.40**
Total			**1,15,390.22**	**1,00,296.56**
Significant accounting policies		1		
The accompanying notes are an integral part of the financial statements		2-54		

As per our Report of even date annexed.

For M. M. Parikh & Co.
Chartered Accountants
Firm Registration No. 107557W

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : July 26, 2019

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

Statement of Profit and Loss

for the year ended March 31, 2019

(₹ in lacs)

	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
INCOME			
Revenue from Operations			
Sale of Products	17	71,351.28	30,884.57
Other Operating Income	17.1	6,809.94	8,668.62
Other Income	18	204.39	3,167.53
Total Income		**78,365.61**	**42,720.72**
EXPENSES			
Cost of Materials Consumed	19	23,554.86	12,717.81
(Increase) / Decrease in Stock	20	(2,355.10)	635.38
Excise Duty		29,262.11	8,792.42
Employee Benefit Expense	21	2,359.46	1,770.42
Finance Cost	22	16,819.13	13,369.52
Depreciation and Amortisation	2	3,499.44	3,560.33
Other Expenses	23	20,113.69	21,938.87
Total Expenses		**93,253.59**	**62,784.75**
Profit / (Loss) Before tax		**(14,887.98)**	**(20,064.03)**
Less : Tax Expense			
1) Current Tax		-	-
2) Taxes for Earlier Years		-	(265.30)
3) Deferred Tax		-	-
Total Tax Expense		**-**	**(265.30)**
Profit / (Loss) After tax		**(14,887.98)**	**(19,798.73)**
Other Comprehensive Income			
Items That Will Not be Reclassified to Statement of Profit and Loss			
Remeasurement of Defined Benefit Plans		7.94	22.86
Items That Will be Reclassified to Statement of Profit and Loss		**-**	**-**
Total Other Comprehensive Income		**7.94**	**22.86**
Total Comprehensive Income For the Year		**(14,895.92)**	**(19,821.59)**
Earnings per equity share	41		
1) Basic		(11.91)	(15.87)
2) Diluted		(11.91)	(15.87)
Significant accounting policies	1		
The accompanying notes are an integral part of the financial statements	2-54		

As per our Report of even date annexed.

For M. M. Parikh & Co.
Chartered Accountants
Firm Registration No. 107557W

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : July 26, 2019

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

TILAKNAGAR INDUSTRIES LTD.

Statement of Cash Flow
for the year ended March 31, 2019

(₹ in lacs)

		2018-2019		2017-2018	
A)	**Cash flow from Operating activities**				
	Net profit before tax		(14,887.98)		(20,064.03)
	Adjustment for:				
	Depreciation	3,499.45		3,560.33	
	Loss / (Profit) on sale of assets	1.06		7.55	
	Remeasurement of defined benefit plans			(22.86)	
	Amount written back on loan	-		(2,776.43)	
	Impairment for doubtful advances	5,335.49		11,302.37	
	Advances written off	128.81		154.00	
	Sundry balance written back	(1.48)		(1.93)	
	Sundry bal w/off	-		-	
	Gain from Foreign Currency			(21.02)	
	Expected Credit Loss	257.51		221.18	
	Employee stock option expenses	201.65		83.19	
	Interest expenses	16,819.13		13,369.52	
	Interest income	(184.80)		(331.88)	
	Operating Profit before working capital changes		26,056.83		25,544.02
	Adjustment for:				
	(Decrease)/ Increase in trade payables, current liabilities, provisions and other financial liabilities	21,463.19		(2,619.73)	
	(Increase) / Decrease in other financial assets and other assets	(9,377.01)		13,247.96	
	(Increase) / Decrease in inventories	(2,518.26)		2,005.82	
	(Increase) / Decrease in trade receivables	(11,180.19)	(1,612.27)	1,619.16	14,253.21
	Direct taxes refund / (paid)		(246.24)		436.82
	Net Cash from Operating activities		**9,310.34**		**20,170.02**
B)	**Cash Flow from Investing activities**				
	Purchase of property, plant and equipment	(100.68)		(2,339.68)	
	Sale of property, plant and equipment	0.49		3.58	
	(Increase) / Decrease in other bank balances	(2.37)		(14.80)	
	Purchase of investments	-		(530.40)	
	Interest received	151.70		339.59	
	Net Cash from Investing Activities		**49.14**		**(2,541.71)**
C)	**Cash Flow from Financing activities**				
	Share Capital	49.10			
	Proceeds from borrowings including current maturities	-		1,415.07	
	Repayment of borrowings including current maturities	(3.39)		(17,947.47)	
	Payment of dividend	-		(5.43)	
	Interest paid	(8,486.12)		(1,266.30)	
	Net Cash from Financing Activities		**(8,440.41)**		**(17,804.13)**
	Net increase in Cash & Cash equivalents		**919.07**		**(175.82)**
	Opening cash & cash equivalents		178.78		354.60
	Closing cash & cash equivalents		**1,097.85**		**178.78**

Statement of Cash Flow

for the year ended March 31, 2019 (Contd.)

Notes :

(a) Cash and cash equivalents comprises of

(₹ in lacs)

		As at March 31, 2019	As at March 31, 2018
i)	Balances with Banks		
	In Current Accounts	1,087.65	175.04
ii)	Cash on Hand	10.20	3.74
		1,097.85	**178.78**

(b) Change in liability arising from financing activities

(₹ in lacs)

	As at April 01, 2018	Cash Flow (net)	Non-cash changes (net)	As at March 31, 2019
Borrowings	74,243.65	(3.39)	5,006.89	79,247.16
Other Financial Liabilities	24,648.67	-	3,304.92	27,953.59

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

As per our Report of even date annexed.

For M. M. Parikh & Co.
Chartered Accountants
Firm Registration No. 107557W

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : July 26, 2019

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

TILAKNAGAR INDUSTRIES LTD.

Statement of Changes in Equity

for the year ended March 31, 2019

(₹ in lacs)

		As at March 31, 2019	As at March 31, 2018
A)	**Equity Share Capital**		
	Balance at the beginning of the reporting year	**12,475.61**	**12,475.61**
	Changes in Equity Share Capital during the year	37.77	-
	Balance at the end of the reporting year	**12,513.38**	**12,475.61**

B) Other Equity

(₹ in lacs)

	Reserves and Surplus				
	Securities Premium Account	General Reserve	Share Based Payments Reserve	Retained Earnings	Total
Balance as at April 01, 2017	**18,687.43**	**1,120.98**	**527.70**	**(31,606.37)**	**(11,270.26)**
a) Profit / (Loss) for the year	-	-	-	(19,798.73)	**(19,798.73)**
b) Remeasurement of defined benefit plans	-	-	-	(22.86)	**(22.86)**
c) Transfer to Genreal Reserve	-	257.72	(257.72)	-	**-**
d) Share based payment reserve created during the period	-	-	83.19	-	**83.19**
Balance as at March 31, 2018	**18,687.43**	**1,378.70**	**353.17**	**(51,427.96)**	**(31,008.66)**
Additions during the year :					
a) Profit / (Loss) for the year	-	-	-	(14,887.98)	**(14,887.98)**
b) Remeasurement of defined benefit plans	-	-	-	(7.94)	**(7.94)**
c) Utilised on allottment of shares under ESOP	-	-	(26.57)	-	**(26.57)**
d) Share based payment reserve created during the period	-	-	201.65	-	**201.65**
e) Transfer to General Reserve	-	51.31	(51.31)	-	**-**
f) Securities Premium	37.90				**37.90**
Balance as at March 31, 2019	**18,725.33**	**1,430.01**	**476.94**	**(66,323.88)**	**(45,691.60)**

As per our Report of even date annexed.

For M. M. Parikh & Co.
Chartered Accountants
Firm Registration No. 107557W

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : July 26, 2019

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

Notes to Financial Statements

for the year ended March 31, 2019

1.1 General Information

Tilaknagar Industries Ltd ('TI' or 'the 'Company') is a Company domiciled in India, with its registered office situated at PO Tilaknagar, Tal Shrirampur, Dist. Ahmednagar, Maharashtra - 413720. The Company has been incorporated under the provisions of Indian Companies Act and its equity is listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Company is primarily involved in manufacturing and sale of Indian Made Foreign Liquor (IMFL). The Company has a strong and diverse portfolio of brands in various liquor categories including brandy, whisky, vodka, gin, and rum.

1.2 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on July 26, 2019.

Details of the Company's accounting policies are included in Note 1.3

b) Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded off to two decimal places to the nearest lakhs, unless otherwise indicated.

c) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities and defined benefit plan assets / liabilities measured at fair value.

d) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

1) Useful life of Property, plant and equipment.
2) Useful life of Intangible Assets
3) Employee benefit plans
4) Provisions and contingent liabilities
5) Lease classification
6) Income tax

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2019 is included in the following notes:

Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

e) Measurement at fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Valuation techniques for which all inputs which have a significant effect on the

Notes to Financial Statements

for the year ended March 31, 2019 (Contd.)

recorded fair value are observable, either directly or indirectly.

Level 3 : Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

1.3 Significant Accounting Policies

i) Property, plant and equipment

a) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

b) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

c) Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method and is recognised in the statement of profit and loss.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Management estimate of useful life	Useful Life as per Schedule II of the Companies Act, 2013
Factory Buildings	30	30
Plant and equipment (other than ENA plants)	15	15
ENA Plants	20	15
Furniture and Fixtures	10	10
Motor Vehicles	8	8
Office Equipments	5	5
Computers	3	3
Computer server	6	6
Electrical Installations	10	10

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. Based on internal assessment and consequent advice, the management believes that its estimate of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed off).

ii) Intangible assets

a) Acquired intangible assets

Intangible assets comprise purchased technical know-how are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

b) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

c) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method and is included in depreciation and amortisation in Statement of Profit and Loss.

Intangible assets are amortised over a period of 10 years for technical know-how and 3 years for others.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

iii) Inventories

Inventories are measured at the lower of cost and net realisable value after provision for obsolescence where appropriate. The cost of inventories is based on the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable values.

The comparison of cost and net realisable value is made on an item-by-item basis.

Scrap is valued at net realisable value.

iv) Foreign currency transactions

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Transactions and balances

Monetary items are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

v) Impairment of non-financial assets

An asset is deemed impairable when recoverable value is less than its carrying cost and the difference between the two represents provisioning exigency. Recoverable value is the higher of the 'Value in Use' and fair value as reduced by cost of disposal. Test of impairment of PPE, investment in subsidiaries / associates / joint venture and goodwill are undertaken under Cash Generating Unit (CGU) concept. For Intangible Assets and Investment Properties it is undertaken in asset specific context. Test of impairment of assets are generally undertaken based on indication of impairment, if any, from external and internal sources of information. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

vi) Employee Benefits

a) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

b) Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund and Employee State Insurance scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

c) Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in Other Comprehensive Income (OCI). The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or

Notes to Financial Statements

for the year ended March 31, 2019 (Contd.)

loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

d) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

vii) Provisions and contingent liabilties

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assumptions of the time value of money and the risks specific to the liability. The unwinding of discount is recognized as finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A provision for onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

viii) Leases

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognized in the Company's Balance Sheet.

Payments made under operating leases are generally recognized in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership been classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflation.

ix) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of those property, plant and equipment which necessarily takes a substantial period of time to get ready for their intended use are capitalised. All other borrowing costs are expensed in the period in which they incur in the statement of profit and loss.

x) Revenue

Based on the Educational Material on Ind AS 18 issued by the Institute of Chartered Accountants of India ("ICAI"), the Group has assumed that recovery of excise duty flows to the Group on its own account and hence is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty. However, goods and service tax/value added tax (VAT) is not received by the Company on its own account and is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of products

The Company has adopted Ind AS 115 - 'Revenue from contracts with customers' with effect from April 01, 2019. Revenue from the sale of goods in the course of ordinary activities is recognised at the 'transaction price' when the goods are 'transferred' to the customer. The 'transaction price' is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties (for example, goods and service tax/VAT). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. The goods are considered as 'transferred' when the customer obtains control of those goods.

There is no impact on account of applying the Ind AS 115 Revenue from contract with customers instead of erstwhile Ind AS 18 Revenue on the financials Statements of the Company for the year ended and as at March 31, 2019.

Sale of services

Revenue from services are recognised in the accounting period in which service are rendered. For fixed price contracts, revenue is recognised based on actual services provided to the end of the reporting period as a proportion of the total services to be provided.

Income from contract manufacturing units

The Company evaluates its revenue arrangements with Contract Manufacturing Units ("CMUs") to identify agency relationship. The CMU is regarded as a principal when it has exposure to significant risks and rewards associated with the sale of products or rendering of services i.e., it has the primary responsibility for providing goods or services to the customer, has pricing latitude and is also exposed to inventory and credit risks. In all other cases, the CMU is regarded as an agent. Where CMU is regarded as a principal, net surplus from sale of TI brand products by CMU is recognized as income, as per the terms of respective agreement and on the basis of information provided by respective CMU. Such income is included under the head "Revenue from Operations" in the statement of profit and loss. Where CMU is regarded as an agent, revenue is recognized on sale of products by

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

CMU to its customers. The related cost of sales is also recognized by the Company, as and when incurred by the CMU.

Interest

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. Interest income is included under the head "Other income" in the statement of profit and loss.

Dividend

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when the shareholders approve the dividend.

xi) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is recognised in the statement of profit and loss on a systematic basis over the periods to which they relate. When the grant relates to an asset, it is treated as deferred income and recognised in the statement of profit and loss on a systematic basis over the useful life of the asset.

xii) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

xiii) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjusting for the effects of all potential dilutive ordinary shares.

xiv) Statement of Cash flow

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

xv) Share based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

xvi) Financial instruments

a) Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

b) Classification and subsequent measurement

Financial assets

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

c) **Derecognition**

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

The Company assesses impairment based on expected credit losses (ECL) model at an amount equal to:-

- 12 months expected credit losses, or
- Lifetime expected credit losses depending upon whether there has been a significant increase in credit risk since initial recognition. However, for trade receivables, the company does not track the changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the statement of profit and loss.

d) **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

xvii) Recent Accounting Pronouncements

a) **Ind AS 116 Leases**

Ministry of Corporate Affairs has notified Ind AS 116, Leases nn March 30, 2019. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The adoption of this Ind AS will not have any material impact on the Financials.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

b) **Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

The adoption of Ind AS 12 Appendix C would not have any material impact on the financial statements.

c) **Amendment to Ind AS 12 – Income taxes**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

d) **Amendment to Ind AS 19 – plan amendment, curtailment or settlement**

The Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', on 30 March, 2019 in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity: • to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any material impact on account of this amendment.

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

(₹ in Lacs)

	Gross Block				Depreciation and Amortisation				Net Block	
	As on April 01, 2018	Additions	Deductions	As at March 31, 2019	As on April 01, 2018	Deductions	For the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
2 Property, Plant and Equipment										
TANGIBLE ASSETS										
Land	13,498.80	-	-	**13,498.80**	-	-	-	**-**	**13,498.80**	13,498.80
Buildings	8,617.41	-	-	**8,617.41**	2,193.28	-	232.64	**2,425.92**	**6,191.49**	6,424.13
Plant and Equipment	49,372.23	0.48	-	**49,372.71**	17,131.28	-	2,605.88	**19,737.16**	**29,635.55**	32,240.95
Furniture and Fixtures	331.38	-	-	**331.38**	203.55	-	22.28	**225.83**	**105.55**	127.83
Office Equipment	302.26	4.84	0.19	**306.91**	281.10	0.18	4.42	**285.34**	**21.57**	21.16
Computers	854.89	23.48	-	**878.37**	810.93	-	11.55	**822.48**	**55.89**	43.96
Electrical Installation & Fittings	1,797.55	-	-	**1,797.55**	624.39	-	171.56	**795.95**	**1,001.60**	1,173.16
Vehicles	398.87	-	30.91	**367.96**	313.23	29.37	26.03	**309.89**	**58.07**	85.64
Roads & Bridges	27.02	-	-	**27.02**	25.67	-	-	**25.67**	**1.35**	1.35
Library Books	0.28	-	-	**0.28**	0.28	-	-	**0.28**	**-**	-
Live Stock	0.25	-	-	**0.25**	-	-	-	**-**	**0.25**	0.25
Lease Hold Improvement	42.00	-	-	**42.00**	16.86	-	4.03	**20.89**	**21.11**	25.14
Total Tangible Assets	**75,242.94**	**28.80**	**31.10**	**75,240.64**	**21,600.57**	**29.55**	**3,078.39**	**24,649.41**	**50,591.23**	**53,642.37**
INTANGIBLE ASSETS										
Brands	3,345.07	-	-	**3,345.07**	2,928.97	-	416.18	**3,345.15**	**(0.08)**	416.10
Software	580.58	7.61	-	**588.19**	538.95	-	4.87	**543.82**	**44.37**	41.63
Product Development	173.94	-	-	**173.94**	173.94	-	-	**173.94**	**-**	-
Total Intangible Assets	**4,099.59**	**7.61**	**-**	**4,107.20**	**3,641.86**	**-**	**421.05**	**4,062.91**	**44.29**	**457.73**
Grand Total	**79,342.53**	**36.41**	**31.10**	**79,347.84**	**25,242.43**	**29.55**	**3,499.44**	**28,712.32**	**50,635.52**	**54,100.10**
Previous Year	**71,087.60**	**8,291.40**	**36.47**	**79,342.53**	**21,707.44**	**25.34**	**3,560.33**	**25,242.43**	**54,100.10**	

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

(₹ in Lacs)

	Gross Block				Depreciation and Amortisation				Net Block	
	As on April 01, 2017	Additions	Deductions	As at March 31, 2018	As on April 01, 2017	Deductions	For the year	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
2 **Property, Plant and Equipment**										
TANGIBLE ASSETS										
Land	5,228.90	8,269.90	-	**13,498.80**	-	-	-	**-**	**13,498.80**	5,228.90
Buildings	8,617.41	-	-	**8,617.41**	1,960.64	-	232.64	**2,193.28**	**6,424.13**	6,656.77
Roads and Bridges	27.02	-	-	**27.02**	25.67	-	-	**25.67**	**1.35**	1.35
Leasehold Improvement	42.00	-	-	**42.00**	12.83	-	4.03	**16.86**	**25.14**	29.17
Plant and Equipment	49,367.58	4.65	-	**49,372.23**	14,522.17	-	2,609.11	**17,131.28**	**32,240.95**	34,845.41
Furniture and Fixtures	331.38	-	-	**331.38**	171.79	-	31.76	**203.55**	**127.83**	159.59
Motor Vehicles	435.34	-	36.47	**398.87**	306.92	25.34	31.65	**313.23**	**85.64**	128.42
Office Equipment	298.40	3.86	-	**302.26**	272.84	-	8.26	**281.10**	**21.16**	25.56
Computers	851.31	3.58	-	**854.89**	798.80	-	12.13	**810.93**	**43.96**	52.51
Electrical Installations	1,797.55	-	-	**1,797.55**	452.49	-	171.90	**624.39**	**1,173.16**	1,345.06
Library Books	0.28	-	-	**0.28**	0.28	-	-	**0.28**	**-**	-
Live Stock	0.25	-	-	**0.25**	-	-	-	**-**	**0.25**	0.25
Total Tangible Assets	**66,997.42**	**8,281.99**	**36.47**	**75,242.94**	**18,524.43**	**25.34**	**3,101.48**	**21,600.57**	**53,642.37**	**48,472.99**
INTANGIBLE ASSETS										
Brands	3,345.07	-	-	**3,345.07**	2,478.21	-	450.76	**2,928.97**	416.10	866.86
Software	571.17	9.41	-	**580.58**	530.86	-	8.09	**538.95**	41.63	40.31
Product Development	173.94	-	-	**173.94**	173.94	-	-	**173.94**	-	-
Total Intangible Assets	**4,090.18**	**9.41**	**-**	**4,099.59**	**3,183.01**	**-**	**458.85**	**3,641.86**	**457.73**	**907.17**
Grand Total	**71,087.60**	**8,291.40**	**36.47**	**79,342.53**	**21,707.44**	**25.34**	**3,560.33**	**25,242.43**	**54,100.10**	**49,380.16**
Previous Year	**71,467.66**	**234.34**	**614.60**	**71,087.40**	**18,448.39**	**365.83**	**3,624.71**	**21,707.27**	**49,380.13**	**53,019.27**

Notes to Financial Statements

for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

	As at March 31, 2019		As at March 31, 2018	
	Nos.		Nos.	
3 Non-Current Investments				
I) Investments measured at Cost				
a) Investment in Subsidiaries (Unquoted)				
Investment in Equity Instruments				
Equity shares of ₹ 100/- each				
Vahni Distilleries Private Limited	14,98,050	1,864.88	14,98,050	1,864.88
Kesarval Springs Distillers Pvt. Ltd.	30,000	150.00	30,000	150.00
Equity shares of ₹ 10/- each				
Prag Distillery (P) Ltd.	36,81,000	1,543.35	36,81,000	1,543.35
Punjab Expo Breweries Private Limited	56,00,000	1,080.40	2,96,002	1,080.40
Mykingdom Ventures Pvt. Ltd.	10,000	20.00	10,000	20.00
Studd Projects P. Ltd.	10,000	1.00	10,000	1.00
Srirampur Grains Private Limited	10,000	1.00	10,000	1.00
Shivprabha Sugars Ltd.	45,000	249.75	45,000	249.75
		4,910.38		**4,910.38**
Less: Impairment in value of Investments		(150.00)		(150.00)
		4,760.38		**4,760.38**
b) Investment in Associate (Unquoted)				
Investment in Equity Instruments				
Equity shares of ₹ 10/- each				
Mason & Summers Marketing Services Pvt. Ltd.	1,30,000	169.00	1,30,000	169.00
Less: Impairment in value of Investments	(169.00)		(169.00)	
		-		-
II) Investments measured at Amortised Cost				
Investment in Government Securities (Unquoted)				
7 Year National Savings Certificates (Certificates worth ₹ 44,000/- deposited with Government authorities)		0.51		0.51
6 Year National Savings Certificates (deposited with Government authorities)		0.04		0.04
		0.55		**0.55**
III) Investments measured at Fair Value through other comprehensive income (FVOCI)				
Investment in Equity Instruments				
Equity shares of ₹ 100/- each				
Mula Pravara Electric Co-operative Society Ltd.	2,462	2.53	2,462	2.53
Shree Suvarna Sahakari Bank Ltd.	20	0.02	20	0.02
Maharashtra State Financial Corporation	115	0.12	115	0.12
Rupee Co-op Bank Ltd.	1,000	0.25	1,000	0.25
		2.92		**2.92**
		4,763.85		**4,763.85**
Aggregate of unquoted investments		**4,763.85**		**4,763.85**
Category wise Non-Current Investments				
Financial Investments measured at Cost		**5,079.38**		**5,079.38**
Financial Investments measured at Amortised Cost		**0.55**		**0.55**
Financial Investments measured at Fair Value through other comprehensive income (FVOCI)		**2.92**		**2.92**
Impairment in value of Investments		**(319.00)**		**(319.00)**
		4,763.85		**4,763.85**

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
4 Loans				
Unsecured, considered good				
Employee Loans	2.88	4.99	4.06	13.49
	2.88	**4.99**	**4.06**	**13.49**

(₹ in lacs)

	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
5 Other Financial Assets				
Short-Term Bank Deposits	2.96	10.26	-	-
(Maturity exceeding 12 months)	-	-	-	-
Advance to Employees	-	22.31	19.66	12.98
Deposits	4,375.80	4,635.91	-	-
Others	818.18	797.90	4.08	
Advance with Tie-up Units	-	-	6,323.72	7,064.78
Advances to Subsidiary Companies *	-	-	18,888.48	10,298.22
			25,235.94	**17,375.98**
Less : Impairment for Other Financial Assets	(472.20)	(449.14)	-	-
Less : Impairment for doubtful advances			-	-
Less : Impairment for advances with tie up units	-	-	(6,300.95)	(2,000.95)
Less : Impairment for advances with Subsidiaries	-	-	(6,348.99)	(6,102.87)
	4,724.74	**5,017.24**	**12,586.00**	**9,272.16**

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

(₹ in lacs)

	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
6 Other Assets				
Unsecured, considered good				
Capital advances	6,544.27	6,555.22	-	-
Balance with Government Authorities	834.01	805.33	773.72	627.78
Deposits with Court	66.42	66.42	-	-
Advances recoverable in cash or in kind or	-	-	-	-
for value to be received	-	-	1.92	34.14
Advance to Vendors	-	-	7,042.33	5,688.13
Prepaid Expense	-	-	237.38	72.02
	7,444.70	**7,426.97**	**8,055.35**	**6,422.07**
Less : Impairment for doubtful advances	-	-	(1,200.38)	(434.07)
	7,444.70	**7,426.97**	**6,854.97**	**5,988.00**

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

		As at March 31, 2019	As at March 31, 2018
7	**Inventories**		
	(At lower of cost and net realisable value)		
	(Net of provision for non-moving and obsolete stocks)		
	Raw Materials	702.28	741.34
	Stores, Spares and Packing Materials	2,637.61	2,435.38
	Work-In-Progress	1,469.00	1,155.43
	Finished Goods	2,741.69	700.16
		7,550.58	**5,032.31**

(₹ in lacs)

		As at March 31, 2019	As at March 31, 2018
8	**Trade Receivables**		
	Unsecured, considered good	17,783.69	6,993.27
	Unsecured, considered doubtful	482.21	92.44
	High Credit Risk	-	-
	Credit Impaired	-	-
		18,265.90	**7,085.71**
	Less: Expected Credit Loss	571.13	313.62
		17,694.77	**6,772.09**

(₹ in lacs)

		As at March 31, 2019	As at March 31, 2018
9	**Cash and Bank Balances**		
	a) Cash and Cash Equivalents		
	i) Balances with Banks		
	In Current Accounts	1,087.65	175.04
	ii) Cash on Hand	10.20	3.74
		1,097.85	**178.78**
	b) Other Bank Balances		
	i) Earmarked Balances with Banks	28.66	26.29
	ii) Short-Term Bank Deposits	111.00	70.60
	(Maturity within 12 months)		
		139.66	**96.89**
		1,237.51	**275.67**

Notes to Financial Statements

for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
10 Equity Share Capital		
Authorised Shares		
150,000,000 equity shares of ₹ 10/- each	**15,000.00**	**15,000.00**
(P.Y. 150,000,000 equity shares of ₹ 10/- each)		
Issued, subscribed and paid up shares		
125,133,765 equity shares of ₹ 10/- each fully paid up	12,513.38	12,475.61
(P.Y. 12,47,56,115 equity shares of ₹ 10/- each fully paid up)		
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		
	12,513.38	**12,475.61**

a) Reconciliation of the number of shares outstanding

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
Number of equity shares at the beginning	1,247.56	1,247.56
Equity shares issued during the period	3.78	-
Number of equity shares at the end	**1,251.34**	**1,247.56**

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

(₹ in lacs)

	As at March 31, 2019		As at March 31, 2018	
Name of the shareholder	**No. of equity shares**	**As a % of total holding**	**No. of equity shares**	**As a % of total holding**
Shivani Amit Dahanukar	329.76	26.35%	329.76	26.43%
Amit Dahanukar	298.45	23.85%	298.45	23.92%
Total	**628.21**	**50.20%**	**628.21**	**50.36%**

Notes to Financial Statements

for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

		As at March 31, 2019	As at March 31, 2018
11	**Other Equity**		
a)	**Securities Premium Account**		
	As per last Balance Sheet	18,687.43	18,687.43
	Additions during the year	37.90	-
		18,725.33	**18,687.43**
b)	**General Reserve**		
	As per last Balance Sheet	1,378.70	1,120.98
	Transfer from Share Based Payment Reserve	51.31	257.72
		1,430.01	**1,378.70**
c)	**Capital Reserve**		
	As per last Balance Sheet		
d)	**Share Based Payments Reserve Account**		
	As per last Balance Sheet	353.17	527.70
	Transfer to General Reserve	(51.31)	(257.72)
	Utilised on allottment of shares under ESOP	(26.57)	
	Share based payment reserve created during the period	201.65	83.19
		476.94	**353.17**
e)	**Retained Earnings**		
	As per last Balance Sheet	(51,427.96)	(31,606.37)
	Add: Profit / (Loss) after tax for the year	(14,887.98)	(19,798.73)
	Add: Remeasurement of defined benefit plans	(7.94)	(22.86)
		(66,323.88)	**(51,427.96)**
		(45,691.60)	**(31,008.66)**

(₹ in lacs)

	Non-Current		Current	
	As at March 31, 2019	**As at March 31, 2018**	**As at March 31, 2019**	**As at March 31, 2018**
12 Other Financial Liabilities				
Trade Deposits & Others (Unsecured)	9,854.49	1,574.38	-	-
Current maturities of Term Loans-Rupee Loans	-	-	27,953.59	24,648.67
Payable for purchase of Fixed Assets	-	-	6,118.80	6,179.27
Employee dues	-	-	486.69	69.39
Unclaimed Dividend	-	-	28.66	26.29
Other Payables	-	-	8,284.98	744.60
	9,854.49	**1,574.38**	**42,872.72**	**31,668.22**

(₹ in lacs)

	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
13 Provisions				
Provision for Gratuity - (Refer Note 32)	240.10	237.18	62.98	58.99
Provision for Leave Encashment	43.79	28.65	16.46	25.31
Provision for Excise Duty on Finished Goods	-	-	828.60	402.18
	283.89	**265.83**	**908.04**	**486.48**

(₹ in lacs)

	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
14 Borrowings				
Secured Loans				
From Banks				
Cash Credit (including Working Capital Demand Loan)	-	-	78,206.99	73,200.09
Unsecured				
From Directors and related parties	-	-	12.45	12.45
From other parties	-	-	1,027.72	1,031.11
	-	**-**	**79,247.16**	**74,243.65**

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) 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.

c) Loan taken from financial insitution is repayable in eighteen quarterly instalments after a moratorium of twenty one months from the commencement of the loan viz March 31, 2015. Interest is payable on monthly basis from the commencement of the loan and carry interest @ 13.05%.

d) Punjab National Bank, IFCI and Axis Bank Limited (only working capital) have assigned all the rights and interests in financial assistances granted to the company in favour of Edelweiss Asset Reconstruction Company Limited (the "EARC") acting in its capacity as Trustee of EARC Trust vide assignment agreement executed in favour of EARC of March 30, 2017. Pursuant to the above, EARC has become the secured lender and all the rights, title and interest of above Banks have vested in EARC in respect of the above financial assistances. The Company is in active discussion with EARC for debt restructuring.

e) The Company entered into a One Time Settlement (OTS) with Bank of India at ₹ 9,500 lacs in full and final settlement of its outstanding amount of ₹ 21,226 lacs. The Company has paid 6,500 lacs before March 31, 2019 in compliance with the payment schedule of the OTS. The Company continues to provide interest in books of accounts on the principal outstanding at original contracted rates.

f) The Company has defaulted in repayment of principal dues of loans as well as interest payable to banks and financial institutions except for making certain on account payments to banks and Edelweiss Asset Reconstruction Company Limited. The Company is in active discussion with all the lenders for debt restructuring / one time settlement. However, interest has been provided in books of accounts on the principal outstanding at original contracted rates.

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

g) The defaults in repayment of loans to banks and financial institutions included in borrowings and current maturities of term loans are as under:

(₹ in lacs)

Default in Interest Bank	Period of Default	Term Loan Interest	CC Interest
EARC - (Loan take over from Axis Bank Limited)	April 2017 to March 2019	-	1,913.25
EARC - (Loan take over from IFCI)	Dec 2016 to March 2019	7,953.59	-
EARC - (Loan take over from Punjab National Bank)	June 2016 to March 2019	-	5,793.54
State Bank of India	Jan 2016 to March 2019	-	10,482.23
Bank Of India	Jan 2018 to March 2019	-	3,557.21
Industrial Development Bank of India	June 2016 to March 2019	-	1,813.18
Total		**7,953.59**	**23,559.4**

(₹ in lacs)

Default in Principal Bank	Period of Default	Term Loan Principal	CC Outstanding Amount
EARC - (Loan take over from Axis Bank Limited)	April 2017 to March 2019	-	5,495.55
EARC - (Loan take over from Punjab National Bank)	June 2016 to March 2019	-	11,176.42
EARC - (Loan take over from IFCI)	Jan 2017 to March 2019	-	-
State Bank of India	Jan 2016 to March 2019	-	15,500.00
Bank Of India	Jan 2018 to March 2019	-	19,975.58
Industrial Development Bank of India	June 2016 to March 2019	-	2,500.00
Total		**-**	**54,647.55**

(₹ in lacs)

	Non-Current		Current	
	As at March 31, 2019	**As at March 31, 2018**	**As at March 31, 2019**	**As at March 31, 2018**
15 Trade Payables				
Trade Payables [Refer Note39]	-	-		
Total outstanding dues of micro & small enterprises			698.94	299.82
Total outstanding dues of creditors other than micro & small enterprises			14,361.13	10,047.10
	-	**-**	**15,060.07**	**10,346.92**

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
16 Other Liabilities				
Payable towards Statutory Liabilities	-	-	342.07	244.13
	-	**-**	**342.07**	**244.13**

(₹ in lacs)

	Year ended March 31, 2019	Year ended March 31, 2018
17 Revenue from Operations		
Revenue from contracts with customers		
Sales of products	71,351.28	30,884.57
	71,351.28	**30,884.57**
Reconciliation with contract price		
Contract price	72,364.26	30,980.75
Less:Discount/Demurrage	1,012.98	96.18
Revenue recognised	**71,351.28**	**30,884.57**

17.1 Other Operating Income

(₹ in lacs)

	Year ended March 31, 2019	Year ended March 31, 2018
Sale of by products, scrap and other income	81.92	61.42
Income from tie-up units	6,599.75	3,657.92
Royalty	128.27	211.81
Government Incentives	-	4,737.47
	6,809.94	**8,668.62**

(₹ in lacs)

	Year ended March 31, 2019	Year ended March 31, 2018
18 Other Income		
Duty drawback on exports	1.07	1.72
Miscellaneous receipts	17.04	34.55
Sundry balance written back	1.48	1.93
Interest income on margin money / fixed deposits	184.80	331.88
Amount written back on Loan [Refer Note 48]	-	2,776.43
Gain from Foreign Currency	-	21.02
	204.39	**3,167.53**

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

		Year ended March 31, 2019	Year ended March 31, 2018
19	**Cost of Materials Consumed**		
	i) Raw Material Consumption		
	Opening Stock	741.34	1,041.70
	Add: Purchases	12,424.98	7,155.18
	Less: Closing Stock	702.28	741.34
		12,464.04	**7,455.54**
	ii) Packing Materials & Consumables	11,090.82	5,262.27
		23,554.86	**12,717.81**

(₹ in lacs)

		Year ended March 31, 2019	Year ended March 31, 2018
20	**(Increase) / Decrease in Stock**		
	Opening Stock		
	i) Work-In-Progress	1,155.43	2,082.23
	ii) Finished Goods	700.16	408.74
		1,855.59	**2,490.97**
	Less : Closing Stock		
	i) Work-In-Progress	1,469.00	1,155.43
	ii) Finished Goods	2,741.69	700.16
		4,210.69	**1,855.59**
	(Increase) / Decrease in Stock	**(2,355.10)**	**635.38**

(₹ in lacs)

		Year ended March 31, 2019	Year ended March 31, 2018
21	**Employee Benefit Expense**		
	Salary and wages	1,930.50	1,457.92
	Employee Stock Option Expenses	201.65	83.19
	Contribution to provident fund and family pension fund	90.52	94.57
	Staff welfare expenses	73.39	85.76
	Gratuity	63.40	48.98
		2,359.46	**1,770.42**

(₹ in lacs)

		Year ended March 31, 2019	Year ended March 31, 2018
22	**Finance Cost**		
	Interest on Term Loans	4,402.72	2,716.77
	Interest on Cash Credits / Working Capital Demand Loan	11,171.00	10,366.76
	Others	1,245.41	285.99
		16,819.13	**13,369.52**

Notes to Financial Statements

for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

	Year ended March 31, 2019	Year ended March 31, 2018
23 Other expenses		
Power and fuel	607.85	321.01
Repairs & maintenance		
i) Plant & Equipment	27.84	24.83
ii) Buildings	0.50	-
iii) Others	204.02	184.76
Insurance	45.47	58.02
Rent	76.81	105.57
Contract manufacturing cost	4,048.89	1,388.66
Legal and professional charges	622.46	1,113.48
Auditor's Remuneration [Refer Note 38]	11.00	14.01
Rates and taxes	2,108.92	1,835.31
Freight, transport charges & other expenses	1,537.24	866.20
Selling expenses [Sales Promotion & Advertising etc.]	4,031.92	3,621.39
Travelling and conveyance expenses	74.26	85.08
Printing and stationery	25.64	25.86
Communication expenses	41.09	48.71
Vehicle running expenses	33.94	31.25
Director sitting fees	2.28	2.37
Donation	11.11	-
Expected Credit Loss on trade receivable	257.51	221.18
Loss on Sale of Assets	1.06	7.55
Corporate Social Responsibility	62.95	55.91
Foreign Exchange Fluctuation Loss	324.23	-
Impairment for doubtful advances/Inventory	5,335.49	11,302.37
Advances written off	128.81	154.00
Miscellaneous Expenses	492.39	471.35
	20,113.69	**21,938.87**

24 Financial Instruments - Accounting classification and fair value measurements

a) The fair value of the assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

b) The following methods and assumptions were used to estimate the fair value:

1) Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilties, short term loans from banks and other financial instruments approximate their carrying amounts largely due to the short term maturities of these instruments.

2) Financial instruments with fixed and variable interest rates are evaluated by the company based on parameters such as interest rate and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

c) The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

The following table shows the carrying amounts and fair values of financial assets and financials liabilities, including their levels in the fair value hierarchy :

As at March 31, 2019

(₹ in lacs)

	Carrying amount			
	FVOCI - Equity Instruments	Financial assets - cost / amortised cost	Financial liabilities - cost / amortised cost	Total carrying amount
Financial assets not measured at fair value				
Investments-Non Current	2.92	4,760.93	-	4,763.85
Trade Receivables	-	17,694.77	-	17,694.77
Cash and Cash Equivalents	-	1,097.85	-	1,097.85
Other Bank Balances	-	139.66	-	139.66
Loans	-	6.94	-	6.94
Other Financial Assets	-	17,310.74	-	17,310.74
	2.92	**41,010.89**	**-**	**41,013.81**
Financial liabilities not measured at fair value				
Borrowings	-	-	79,247.16	79,247.16
Trade Payables	-	-	15,060.07	15,060.07
Other Financial Liabilities	-	-	52,727.21	52,727.21
	-	**-**	**1,47,034.44**	**1,47,034.44**

As at March 31, 2018

(₹ in lacs)

	Carrying amount			
	FVOCI - Equity Instruments	Financial assets - cost / amortised cost	Financial liabilities - cost / amortised cost	Total carrying amount
Financial assets not measured at fair value				
Investments-Non Current	2.92	4,760.93	-	4,763.85
Trade Receivables	-	6,772.09	-	6,772.09
Cash and Cash Equivalents	-	178.78	-	178.78
Other Bank Balances	-	96.89	-	96.89
Loans	-	18.48	-	18.48
Other Financial Assets	-	14,289.40	-	14,289.40
	2.92	**26,116.57**	**-**	**26,119.49**
Financial liabilities not measured at fair value				
Borrowings	-	-	74,243.65	74,243.65
Trade Payables	-	-	10,346.92	10,346.92
Other Financial Liabilities	-	-	33,242.60	33,242.60
	-	**-**	**1,17,833.17**	**1,17,833.17**

The Company has not disclosed the fair values for financial instruments such as investments, trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, borrowings, trade payables and financial liabilities because their carrying amounts are a reasonable approximation of fair value.

Fair Value Measurement Hierarchy :

(₹ in lacs)

Particulars	Year ended March 31, 2019			Year ended March 31, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Asset	-	-		-	-	-
Non current Investments	-	-	2.92	-	-	2.92
Current Investment	-	-	-	-	-	-

25 Financial risk management

Objectives and policies

Risk management framework

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company conducts yearly risk assessment activities to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has a system in place to ensure risk identification and ongoing periodic risk assessment is carried out. The Board of directors periodically monitors the risk assessment.

The Company has exposure to the following risks arising from financial instruments :

- Credit risk
- Liquidity risk
- Market risk
- Interest risk

a) Credit risk

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The company generally doesn't have collateral.

The carrying amounts of financial assets represent the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date is as follows :-

(₹ in lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade receivables	17,694.77	6,772.09
Cash and cash equivalents	1,097.85	178.78
Other bank balances	139.66	96.89
Loans	6.94	18.48
Other financial assets	17,310.74	14,289.40
Total	**36,249.96**	**21,355.64**

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

Trade receivables

Customer credit risk is managed as per Company's established policy, procedures and control relating to customer credit risk management. Credit risk has always been managed by the Company through credit approvals, estabilishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

An impairment analysis is performed for all major customers at each reporting date on an individual basis. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several industries and operate in largely independent markets.

(₹ in lacs)

	Contractual cash flows		
	Carrying amount	**Less than one year**	**More than 1 year**
As at March 31, 2019	17,694.77	17,694.77	-
As at March 31, 2018	6,772.09	6,772.09	-

Bank balances and deposits with banks

Credit risk from balances with banks is managed by the company's finance department as per Company's policy. Investment of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Board of directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

As at March 31, 2019

(₹ in lacs)

	Contractual cash flows		
	Carrying amount	**Less than One year**	**More than 1 year**
Borrowings	79,247.16	79,247.16	-
Trade payables	15,060.07	15,060.07	-
Other financial liabilities	52,727.21	52,727.21	-
	1,47,034.44	**1,47,034.44**	**-**

As at March 31, 2018

(₹ in lacs)

	Contractual cash flows		
	Carrying amount	Less than One year	More than 1 year
Borrowings	74,243.65	11,108.26	63,135.39
Trade payables	10,346.92	2,732.35	7,614.57
Other financial liabilities	33,242.60	9,333.25	23,909.35
	1,17,833.17	**23,173.86**	**94,659.31**

c) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows arising out of change in the price of a financial instrument. These include change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowing.

The company manages market risk through a risk management committee engaged in, inter alia, evaluation and identification of risk factors with the object of governing / mitigation them accordingly to company's objectives and declared policies in specific context of impact thereof on various segments of financial instruments.

Currency risk

The Company is exposed to currency risk to the extent that there is mismatch between the currencies in which sales, purchase are denominated and the respective functional currencies of Company. The Company has export sales primarily denominated in US dollars.

Exposure to currency risk

The Company's exposure to currency risk as reported to the management is as follows:

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
	USD	USD
Export receivables	0.08	0.08
Overseas payables	74.28	74.28
Total	**74.36**	**74.36**

Foreign currency sensitivity

1% increase or decrease in foreign exchange rates will have the following impact on profit before tax:

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
Increase / (decrease) in profit	(51.58)	(48.27)
Total increase / (decrease) in profit	**(51.58)**	**(48.27)**

A 1% increase in foreign exchange rates at the reporting date would have had equal but opposite effect on the amounts shown above, on the basis that all other variable remain constant.

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

d) Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The entity's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
Fixed rate instruments		
Financial liabilities		
Borrowings	1,035.06	1,031.11
Total	**1,035.06**	**1,031.11**
Variable-rate instruments		
Financial liabilities		
Borrowings	1,06,826.81	97,848.77
Total	**1,06,826.81**	**97,848.77**

Cash flow sensitivity analysis for variable-rate instruments

An increase of 100 basis points in interest rates at the reporting date would have decreased gain as at year end by the amounts shown below. This analysis assumes that all other variables remain constant.

(₹ in lacs)

Particulars	Profit or loss
March 31, 2019	
Variable-rate instruments	(1,068.27)
Cash flow sensitivity	**(1,068.27)**
March 31, 2018	
Variable-rate instruments	(978.49)
Cash flow sensitivity	**(978.49)**

A decrease of 100 basis points in the interest rates at the reporting date would have had equal but opposite effect on the amounts shown above, on the basis that all other variable remain constant.

26 Deferred Tax Liabilty (Net) :

The deferred tax asset/ liability comprise of the following:

(₹ in lacs)

Movement in deferred tax asset/ (liability) during the year	Opening Balance as on 01-04-2108	Recognised in Profit & loss	Closing balance as on 31-03-2019
Deferred Tax liabilties in relation to			
Property Plant & Equipment	(8,174.22)	172.61	(8,001.62)
Total A	**(8,174.22)**	**172.61**	**(8,001.62)**
Deferred Tax Assets in relation to	-	-	-
Employee Benefit obligation	12.23	3.54	15.77
Business Loss /Unaborbed depreciation	8,161.99	(176.14)	7,985.85
Total B	**8,174.22**	**(172.61)**	**8,001.62**
Toatl (A+B)	**-**	**-**	**-**

Deferred tax asset on tax losses and unabsorbed depreciation under Income Tax Act, has been recognised to the extent it is probable that future taxable income will be available against which these can be utiised. Accordingly, deferred tax assets have not been created on balance carried forward business losses and unabsorbed depreciation of ₹ 20,343.37 Lakhs as on March 31, 2019 (Previous year: ₹ 18,249.70 Lakhs)

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
27 Income Taxes		
a) Income Tax recognised in the Statement of Profit and Loss		
Current Tax		
In respect of current year	-	-
Adjustments in respect of previous years	-	(265.30)
Deferred Tax		
In respect of current year	-	-
Adjustments in respect of deferred tax of previous years	-	-
b) Income tax expense recognised in Other Comprehensive Income		
Deferred tax expense on remeasurement of defined benefit plans	-	-
c) Applicable corporate tax rate	33.384%	34.608%
d) Current Tax Liabilities		
Provision for Taxation (Net of Advance Tax)	-	-
e) Current Tax Assets		
Advance Tax (Net of Provision for Taxation)	379.87	133.62

28 Capital Management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans..

The Group monitors capital based on the following ratio :-

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
Total Debt (current maturities under other financial liabilities)	27,953.59	24,924.34
Total Equity	(33,178.23)	(18,533.05)
Debt to Equity Ratio	-	-

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
29 Contingent Liability not provided for:		
a) Corporate guarantees issued to banks on behalf of Subsidiary Company	1,429.77	1,341.53
b) Bank guarantees issued on behalf of the Company	41.10	41.10
c) In respect of disputed Income tax matters, pending before the appropriate Income tax authorities, contested by the Company		
A.Y. 2009-2010	562.47	562.47
d) In respect of disputed Sales tax matters, pending before the appropriate tax authorities, contested by the Company		
F.Y. 2014-2015 (MVAT)	57.85	-
F.Y. 2014-2015 (Central Sales Tax)	27.29	-
F.Y. 2013-2014 (MVAT)	1,290.65	-
F.Y. 2013-2014 (Central Sales Tax)	1,201.20	-
F.Y. 2012-2013 (MVAT)	1,322.25	-
F.Y. 2012-2013 (Central Sales Tax)	1,334.96	-
F.Y. 2011-2012 (Central Sales Tax)	295.06	295.06
F.Y. 2010-2011 (MVAT)	36.94	36.94
F.Y. 2010-2011 (Central Sales Tax)	244.96	244.96

30 Estimated amount of contracts remaining to be executed on capital accounts and not provided for is ₹ Nil (P.Y. ₹ Nil)

31 Operating Lease:

a) The Company has taken bottling units under cancellable operating lease at various locations and during the financial year ₹ NIL (P.Y. ₹ NIL) paid towards lease rentals has been charged to Statement of Profit and Loss.

b) The Company has taken various residential / commercial premises under cancellable operating lease. Lease rental expenses included in the Statement of Profit and Loss for the financial year is ₹ 76.8 lacs (P.Y. ₹ 105.57 lacs).

c) Except for escalation clauses contained in certain lease arrangements providing for increase in the lease payment by a specified percentage / amounts after completion of specified period, the lease terms do not contain any exceptional / restrictive covenants other than the prior approval of the lessee before the renewal of lease.

d) There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lessor is required for further leasing. There is no contingent rent payment.

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

32 The disclosure of Ind AS 19 "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 ₹ 90.51 lacs (P.Y. ₹ 94.57 lacs) 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 net value of the defined commitment is detailed below:

(₹ in lacs)

	As at March 31, 2019 Funded Gratuity	As at March 31, 2018 Funded Gratuity
Present Value of obligation	354.35	344.10
Fair Value of Plans	51.28	47.93
Net Liability in the balance sheet	**303.07**	**296.17**
Defined Benefit Obligations		
Opening balance	344.10	353.87
Interest expenses	26.91	26.58
Current service cost	18.48	20.52
Past service cost	-	5.23
(Liability Transferred Out/ Divestments)	-	(0.82)
Benefit paid directly by the employer	(42.68)	(84.19)
Actuarial (gain) / loss-Due to change in Financial assumptions	5.47	(5.85)
Actuarial (gain) / loss- Due to Experience	2.08	28.76
Closing balance	**354.36**	**344.10**
Plan Assets		
Opening balance	47.93	44.52
Interest Income	3.75	3.34
Expected return on plan assets	(0.39)	0.06
Paid Funds	-	-
Actuarial (gain) / loss	-	-
Closing balance	**51.29**	**47.92**

(₹ in lacs)

	As at March 31, 2019 Funded Gratuity	As at March 31, 2018 Funded Gratuity
Return on Plan Assets		
Expected return on plan assets	(0.39)	0.06
Actuarial (gain) / loss	**-**	**-**
Actual Return on Plan Assets	**(0.39)**	**0.06**
Expenses Recognised in the Statement of Profit or Loss on defined benefit plan		
Current service costs	18.48	20.52
Past service cost	-	5.23

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
	Funded Gratuity	**Funded Gratuity**
Interest expense	26.91	26.58
Interest Income	(3.75)	(3.34)
Expected return on plan assets	-	-
Expenses Recognised	41.65	48.99
Expenses Recognised in the Other Comprehensive Income (OCI) on defined benefit plan		
Actuarial (gain) / loss	7.55	22.92
Expected return on plan assets	0.39	(0.06)
Net (Income)/ Expense for the period Recognised in OCI	**7.94**	**22.86**
Maturity Analysis of the Benefit Payments: From the Fund		
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	77.88	80.76
2nd Following Year	22.47	28.98
3rd Following Year	33.13	32.22
4th Following Year	42.39	32.03
5th Following Year	39.38	39.04
Sum of Years 6 to 10	111.18	113.94
Sum of Years 11 and above	288.10	277.02
Sensitivity Analysis		
Projected Benefits Obligations on Current Assumptions	354.35	344.10
Delta Effect +1% Change in Rate of Discounting	(18.72)	(17.42)
Delta Effect -1% Change in Rate of Discounting	21.15	19.70
Delta Effect +1% Change in Rate of Salary Increase	21.47	20.06
Delta Effect -1% Change in Rate of Salary Increase	(19.32)	(18.02)
Delta Effect +1% Change in Rate of Employee Turnover	3.59	3.87
Delta Effect -1% Change in Rate of Employee Turnover	(3.96)	(4.27)

	As at March 31, 2019	As at March 31, 2018
Investments Details	**% Invested**	**% Invested**
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**

Notes to Financial Statements

for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

Actuarial assumptions	As at March 31, 2019 Funded Gratuity	As at March 31, 2018 Funded Gratuity
Mortality (LIC)	2006-08 Ultimate	2006-08 Ultimate
Discount rate (per annum)	7.82%	7.51%
Expected rate of return on plan assets (per annum)	-	7.51%
Rate of escalation in salary (per annum)	5.00%	5.00%
Attrition rate (per annum)	16.00%	16.00%

Defined Contribution Plan

Present value of DBO, Fair Value of Plan Assets, Deficit/ (Surplus), Experience Adjustments for current and earlier periods:

(₹ in lacs)

Funded Gratuity for the year ended	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Present value of DBO	354.35	344.10	353.87	362.20	409.77
Fair value of plan assets	51.28	47.93	44.52	41.13	37.96
Deficit/(Surplus)	303.07	296.17	309.34	321.08	371.81
Experience adjustments on plan liabilities	-	-	46.89	(15.17)	43.38
Experience adjustments on plan assets	-	-	0.11	0.16	(1.76)

33 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, 2019 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, 2019	7,30,400	37,30,521	1,54,200	8,43,663
Number of options cancelled till March 31, 2019	2,41,700	8,46,381	33,870	2,02,818
Number of options lapsed till March 31, 2019	17,100	7,34,120	73,260	4,93,352
Number of options exercised till March 31, 2019	4,71,600	21,50,020	47,070	1,47,493
Net options outstanding as on March 31, 2019	-	-	-	-
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

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

B) Employee Stock Option Scheme 2010

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5	Grant 6
Date of Grant	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011	July 5, 2016	June 14, 2018
Date of the Board Approval	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011	July 5, 2016	June 14, 2018
Date of the Shareholders Approval	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010
Number of options granted till March 31, 2019	16,15,500	5,12,000	33,79,600	9,69,000	21,50,000	12,00,000
Number of options cancelled till March 31, 2019	7,56,240	1,73,840	16,84,724	-	5,60,050	-
Number of options lapsed till March 31, 2019	7,61,670	2,37,482	3,91,794	4,28,300	1,21,350	-
Number of options exercised till March 31, 2019	97,590	1,00,678	13,03,082	5,40,700	52,650	-
Net options outstanding as on March 31, 2019	-	-	-	-	14,15,950	12,00,000
Vesting period from the date of grant	3 years	3 years	3 years	3 years	3 years	3 years
Exercise period from the date of vesting	2 years	2 years	2 years	2 years	2 years	2 years

C) Employee Stock Option Scheme 2012

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5	Grant 6
Date of Grant	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014	July 5, 2016	June 14, 2018
Date of the Board Approval	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014	July 5, 2016	June 14, 2018
Date of the Shareholders Approval	May 24, 2012	May 24, 2012	May 24, 2012	May 24, 2012	May 24, 2012	May 24, 2012
Number of options granted till March 31, 2019	30,00,000	10,00,000	10,00,000	10,00,000	30,00,000	26,00,000
Number of options cancelled till March 31, 2019	2,40,442	1,56,390	3,34,630	1,21,200	6,00,000	-
Number of options lapsed till March 31, 2019	23,29,591	8,43,610	6,56,655	6,49,200	400000	-
Number of options exercised till March 31, 2019	4,29,967	-	8,715	-	325000	-
Net options outstanding as on March 31, 2019	0	0	0	2,29,600	16,75,000	26,00,000
Vesting period from the date of grant	3 years	3 years	3 years	3 years	3 years	3 years
Exercise period from the date of vesting	2 years	2 years	2 years	2 years	2 years	2 years

Notes to Financial Statements

for the year ended March 31, 2019 (Contd.)

c) The details of the options as on March 31, 2019 are as under:

(₹ in lacs)

Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
Financial Year 2017-18			
Options outstanding as on April 01, 2017	**-**	**17.34**	**41.32**
Options granted from April 01, 2017 to March 31, 2018	-	-	-
Options cancelled till March 31, 2018	-	1.29	4.08
Options lapsed till March 31, 2018	-	0.57	8.57
Options exercised April 01, 2017 to March 31, 2018	-	-	-
Options outstanding as on March 31, 2018	**-**	**15.48**	**28.67**
Financial Year 2018-19			
Options outstanding as on April 01, 2018	**-**	**15.48**	**28.67**
Options granted from April 01, 2018 to March 31, 2019	-	12.00	26.00
Options cancelled till March 31, 2019	-	0.24	-
Options lapsed till March 31, 2019	-	0.55	6.37
Options exercised April 01, 2018 to March 31, 2019	-	0.53	3.25
Options outstanding as on March 31, 2019	**-**	**26.16**	**45.05**

d) 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	Grant 5
Dates of Grant	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011	Jul 05, 2016
Market Price (₹ per share) on the dates of grant	83.00	51.20	33.95	32.60	15.80
Volatility	66.25%	63.86%	63.63%	63.67%	51.21%
Risk free rate	7.97%	8.36%	8.58%	8.99%	6.57%
Exercise price	60	38	25	25	13
Time to maturity (years)	3	3	3	3	3
Dividend yield	2.24%	2.10%	2.10%	2.10%	0.91%
Option fair value (₹ per share)	41.89	26.23	17.50	16.55	7.04

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

C) **Employee Stock Option Scheme 2012**

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5
Dates of Grant	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014	Jul 05, 2016
Market Price (₹ per share) on the dates of grant	56.30	77.20	60.40	61.35	15.80
Volatility	61.31%	57.71%	55.67%	49.33%	51.21%
Risk free rate	8.24%	7.95%	7.24%	8.52%	6.57%
Exercise price	42	60	45	46	13
Time to maturity (years)	3	3	3	3	3
Dividend yield	1.84%	1.84%	1.83%	1.67%	0.91%
Option fair value (₹ per share)	28.56	36.86	28.71	28.54	7.04

34 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.

35 Related Party Disclosures:

The disclosures pertaining to the related parties as required by Ind AS 24 "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.
: PunjabExpo Breweries Private Limited
: Mykingdom Ventures Pvt. Ltd.
: Studd Projects P. Ltd.
: Srirampur Grains Private Limited
: Shivprabha Sugars Ltd.

b) Key Managerial Personnel

: Mr. Amit Dahanukar	- Chairman & Managing Director
: Mr. Srijit Mullick	- Chief Financial Officer
: Mr. Gaurav Thakur	- Company Secretary
: Mr. C V Bijlani	- Independent Director
: Mr. Kishorekumar Mhatre	- Independent Director
: Dr. Ravindra Bapat	- Independent Director
: Maj Gen. Dilawar Singh (Retd)	- Independent Director - (appointed as an Independent Director w.e.f. Oct 31, 2018)
: Mr. Satish Chand Mathur	- Independent Director - (appointed as an Independent Director w.e.f. Oct 31, 2018)
: Mrs. Shivani Amit Dahanukar	- Non-Executive Director

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

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 lacs)

Nature of Transaction (excluding reimbursements)	Parties refered in (a) above		Parties refered in (b) above		Parties refered in (c) above		Parties refered in (d) above	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Sales								
Prag Distillery (P) Ltd.	166.07	11.96	-	-	-	-	-	-
Vahni Distilleries Private Limited	7.61	77.90	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	224.75	541.72	-	-	-	-	-	-
Total	**398.43**	**631.58**	**-**	**-**	**-**	**-**	**-**	**-**
Purchase								
Prag Distillery (P) Ltd.	101.55	15.79	-	-	-	-	-	-
Vahni Distilleries Private Limited	7.32	8.05	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	31.31	57.03	-	-	-	-	-	-
Total	**140.18**	**80.87**	**-**	**-**	**-**	**-**	**-**	**-**
Donations								
Smt. Malati Dahanukar Trust	-	-	-	-	24.11	26.24	-	-
Expenses -Bottling Charges								
Vahni Distilleries Private Limited	289.98	292.58	-	-	-	-	-	-
Prag Distillery (P) Ltd.	9.56	14.63	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	655.73	314.12	-	-	-	-	-	-
Total	**955.27**	**621.33**						
Brand Owners' Surplus (Income)								
Prag Distillery (P) Ltd.	44.91	90.49	-	-	-	-	-	-
Vahni Distilleries Private Limited	2,832.39	1,865.06	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	3,722.45	1,702.37	-	-	-	-	-	-
Total	**6,599.75**	**3,657.92**	**-**	**-**	**-**	**-**	**-**	**-**

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

Nature of Transaction (excluding reimbursements)	Parties refered in (a) above		Parties refered in (b) above		Parties refered in (c) above		Parties refered in (d) above	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Royalty Income								
PunjabExpo Breweries Private Limited	**64.01**	**237.23**						
Interest Income								
Mykingdom Ventures Pvt Ltd	0.44	19.16	-	-	-	-	-	-
Studd Projects P. Limited	0.93	11.51	-	-	-	-	-	-
Srirampur Grain Pvt Ltd	1.55	1.36	-	-	-	-	-	-
Total	**2.92**	**32.03**	**-**	**-**	**-**	**-**	**-**	**-**
Remuneration to Key Managerial Personnel								
Mr. Amit Dahanukar			16.49	82.35	-	-	-	-
Mr. Srijit Mullick			68.26	72.36	-	-	-	-
Mr. Gaurav Thakur			34.35	38.03	-	-	-	-
Total			**119.10**	**192.74**	**-**	**-**	**-**	**-**
Payment to Independent Directors	-	-						
Director sitting fees	-	-			-	-	-	-
Mr. C.V.Bijlani	-	-	0.65	0.50	-	-	-	-
Mr. Kishorekumar Mhatre	-	-	0.60	0.60	-	-	-	-
Dr. Ravindra Bapat	-	-	0.65	0.85	-	-	-	-
Mrs. Shivani Amit Dahanukar			0.20	0.20	-	-	-	-
Mr. Satish Chand Mathur			0.10	-				
Mr. Dilawar Singh			0.10	-				
Total			**2.30**	**2.15**	**-**	**-**	**-**	**-**
Net Loans & Advances given / (taken)								
Prag Distillery (P) Ltd.	246.13		-	-	-	-	-	-
		(3,328.02)						
Vahni Distilleries Private		3,787.26	-	-	-	-	-	-
Limited	(1,325.59)							
PunjabExpo Breweries	9,662.92		-	-	-	-	-	-
Private Limited		(1,052.54)						
Mykingdom Ventures Pvt Ltd	2.48	1.80	-	-	-	-	-	-
Studd Projects P. Limited	2.24	6.33	-	-	-	-	-	-
Srirampur Grain Pvt Ltd	1.79	3.27	-	-	-	-	-	-
Shivprabha Sugars Ltd.	0.30	0.81	-	-	-	-	-	-
Total	**8,590.26**	**(581.09)**	**-**	**-**	**-**	**-**	**-**	**-**
Loan Taken								
Mr. Amit Dahanukar	-	-	-	220.00	-	-	-	-
Repayment of Loan								
Mr. Amit Dahanukar	-	-	-	220.00	-	-	-	-
Maharashtra Sugar Mills Pvt. Ltd.	-	-	-	-	-	307.45	-	-

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

Nature of Transaction (excluding reimbursements)	Parties refered in (a) above		Parties refered in (b) above		Parties refered in (c) above		Parties refered in (d) above	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Rent Payment								
Mr. Amit Dahanukar	-	-	8.42	22.56	-	-	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	-	-	15.91	17.43
Outstanding Receivable/ (Payable)								
Prag Distillery (P) Ltd. *	6,348.99	6,102.87	-	-	-	-	-	-
Vahni Distilleries Private Limited	2,358.30	3,683.89	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	10,098.56	435.64	-	-	-	-	-	-
Mykingdom Ventures Pvt Ltd	6.27	3.80	-	-	-	-	-	-
Studd Projects P. Limited	12.22	9.98	-	-	-	-	-	-
Srirampur Grain Pvt Ltd	19.88	18.09	-	-	-	-	-	-
Shivprabha Sugars Ltd.	44.26	43.95	-	-	-	-	-	-
Maharashtra Sugar Mills Pvt. Ltd.					(12.45)	(12.45)		
Rent Deposit	-	-	-	-	-	-	-	-
Mr. Amit Dahanukar	-	-	800.00	800.00	-	-	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	-	-	203.66	203.66
M.L. Dahanukar & Co. Pvt. Ltd.	-	-	-	-	13.38	13.38	-	-

* The Company has impaired advances with Prag Distillery (P) Ltd for (₹) 6348.99 (P.Y.6102.87 lacs) for the year ended March 31, 2019.

(₹ in lacs)

Compensation of key management personnel of the Company **	2018-19	2017-18
Short-term employee benefits	119.10	192.74
Post-employment benefits	-	-
Termination benefits	-	-
Sitting fees	2.30	2.15
Share-based payments	-	-
Total compensation of key management personnel of the Company	**121.40**	**194.89**

**Key Managerial Personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

Notes to Financial Statements

for the year ended March 31, 2019 (Contd.)

36 In accordance with proviso to Section 129(3) read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company.

37 Provision of excise duty on finished goods manufactured but yet to be cleared from the factory as at March 31, 2019 estimated at ₹ 828.60 (P.Y. ₹ 402.18) has been provided in the books and also been considered in valuation of closing stock of finished goods. Provision for excise duty on finished goods charged in the Statement of Profit and Loss for the financial year is as follows:

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
Provision for excise duty on finished goods at the beginning of the year	402.18	205.48
Provision for excise duty on finished goods at the end of the year	828.60	402.18
Provision for excise duty on finished goods charged in the Statement of Profit and Loss	**426.42**	**196.70**

(₹ in lacs)

	Year ended March 31, 2019	Year ended March 31, 2018
38 Auditor's remuneration charged to accounts:		
a) Audit fees	11.00	11.00
b) Auditors remuneration in other capacity	-	2.85
c) Reimbursement of expenses	-	0.16
	11.00	**14.01**

39 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.

40 Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below :

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
Dues remaining unpaid		
-The principal amount at the end of the year;	698.94	299.82
-The amount of interest accrued and remaining unpaid at the end of the year	21.19	59.86

TILAKNAGAR INDUSTRIES LTD.

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

		As at March 31, 2019	As at March 31, 2018
41	**Earnings Per Share:**		
	Profit After Tax	(14,887.98)	(19,798.73)
	Weighted average number of shares	1,250.02	1,247.56
	Basic Earnings Per Share	(11.91)	(15.87)
	Weighted average number of shares (adjusted for the effects of dilutive potential equity shares)	1,250.02	1,247.56
	Diluted Earnings Per Share	(11.91)	(15.87)
	Face Value per Equity Share	10.00	10.00

42 The Company does not enter into any derivative instruments for trading or speculative purposes.The foreign currency exposure not hedged as at March 31, 2019 are as under:

(₹ in lacs)

			As At March 31, 2019		As At March 31, 2018
	Currency	**FC Amount**	**(₹ in Lacs)**	**FC Amount**	**(₹ in Lacs)**
Receivable - Debtors	USD	0.08	5.37	0.08	5.13
Payable - Creditors	USD	74.28	5,158.44	74.28	4,831.67

43 The Company has entered into arrangements with certain distilleries and bottling units (tie up units) for manufacture and marketing of its own brands.The tie up units have necessary license and regulatory permits to manufacture alcohol.However,under Ind AS 18, the Company has aggregated the below mentioned amounts in its Statement of Profit and Loss and Balance Sheet with respect to these tie up units.Consequent to these changes, there is no impact on the total profit and total equity.

(₹ in lacs)

	Year ended 2018-2019	Year ended 2017-2018
Particulars	**Audited**	**Audited**
Revenue from operations	47,109.16	12,101.89
Other Income	2.16	1.93
Total Income	**47,111.32**	**12,103.82**
Cost of materials consumed /Changes in inventories of finished goods, stock-in-trade and work-in-progress	10,669.04	3,174.26
Excise Duty	27,068.66	7,997.18
Finance costs	0.24	0.01
Other expenses	1,067.10	446.16
Total expenses	**38,805.04**	**11,617.61**
Profit/(Loss)	**8,306.28**	**486.21**

Notes to Financial Statements
for the year ended March 31, 2019 (Contd.)

(₹ in lacs)

In Balance Sheet	As at March 31, 2019 Audited	As at March 31, 2018 Audited
Assets		
Inventory	3,400.78	1,365.88
Trade Receivables	11,448.91	2,845.16
Cash and Bank Balances	734.76	0.18
Other Financial Assets	50.90	(3,456.57)
Other Assets	1,569.60	306.82
Liabilities		
Trade Payables	4,329.52	766.80
Provisions	587.71	288.75
Other Liabilities	166.87	5.92

44 The Company entered into a One Time Settlement (OTS) with Bank of India at NIL (PY ₹ 9,500 Lacs) in full and final settlement of its outstanding amount of Nil (PY ₹ 21,226 Lacs). The Company has paid NIL (PY ₹ 3,500 Lacs) before March 31, 2018 in compliance with the payment schedule of the OTS. The Company continues to provide interest in books of accounts on the principal outstanding at original contracted rates.

45 The Company had applied to the State government authorities for dual feed permission for manufacture of ENA through molasses as well as grain at one of its ENA Plants.Permission had been received for operating the fermentation section till 26th June 2019. Application for renewal of the said approval has been filled on 2nd April 2019 and the Company is awaiting the permission. It is expected that permission for operating the distillation section also will be received soon.In view of this the management believes that there is no impairment in value of its ENA Plant and hence the recoverable amount of the ENA Plant is not required to be estimated.

46 In lieu of advances given to certain parties amounting to ₹ 6,074.08 lacs, the Company had received land from one of the group concerns of the parties.The land received has been registered in the name of the Company.The advances have not been adjusted pending certain formalities to be completed on the part of the said parties.In view of this, the management believes that no provision is considered necessary in the books of accounts.

47 During the financial year 2018-19, the Trademark License agreement entered into on April10,2017 by the Company with PunjabExpo Breweries Private Limited, wholly owned subsidiary of the Company was amended with effect from April 01, 2018.Consequent to the said amendment, impact of increase in brand fees by ₹ 2,771.29 lacs has been accounted in the last quarter of the financial year.

Notes to Financial Statements

for the year ended March 31, 2019 (Contd.)

48 Other significant notes

a) Anupama Wine Distributors has filed a suit before the City Civil Court, Bangalore claiming ₹ 731.10 lacs 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 ₹ 1,193.00 lacs 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.The Company has filed a transfer petition to club both the matters related to Anupama Wine Distributors and Anupama Distributors as the evidences are the same.

b) A body corporate has filed a legal suit on the Company to obtain restraining order on the use of certain trademarks owned by the Company. An interim order was passed by the Bombay High Court upholding the ownership of the Company in the aforesaid trade marks and allowing the Company continuous and uninterrupted use of the said trademarks without any restraint.

49 Prag Distillery, wholly owned subsidiary of Tilaknagar Industries Ltd had been referred to National Company Law Tribunal("NCLT") for Corporate Insolvency Resolution Process(CIRP) under the provisions of the Insolvency and Bankruptcy Code, 2016("the Code") and accordingly a Resolution Professional (RP) was appointed. As no resolution plan was received within the stipulated period of 180 days and the extended period of further 90,The National Company Law Tribunal("NCLT") ordered for liquidation of Prag Distillery (P) Ltd, wholly owned subsidiary of the Company ("Prag") vide its order No. MA 309/2018 in CP 1067/2017 dated July 26, 2018, as a going concern.The Official Liquidator has initiated the process of liquidation of the company as a going concern. Hence, the accounts have been prepared on a going concern basis.

50 One of the wholly owned subsidiaries of the Company, Vahni Distilleries Private Limited ("Vahni") has incurred net loss during the year and due to accumulated losses, the net worth of Vahni has become negative. However, the Company has not made impairment provision for equity investment of ₹ 111.92 lakhs in Vahini as required by Indian Accounting Standard (Ind AS 36) 'Impairment of assets' as there has been significant improvement in terms of higher sales and market share of brands owned by TI in the state of Karnataka, where the brands continue to be bottled solely by Vahni. The management believes that with the growth in sales Vahni will be making profits in the years to come and hence no impairment provision is considered necessary.

51 State Bank of India, a financial creditor of the Company has filed an application before the National Company Law Tribunal, Mumbai under Section 7 of the Insolvency & Bankruptcy code claiming default by the Company in repayment of its financial obligation to the Bank. The said application is pending admission by the Tribunal.The Company is in advanced stage of negotiating compromise settlemment.

Notes to Financial Statements

for the year ended March 31, 2019 (Contd.)

52 Disclosure required under Section 186 (4) of the Company's Act, 2013 for advances and guarantees :

(₹ in lacs)

	As at March 31, 2019		As at March 31, 2018	
a) Advances to subsidiaries	**Maximum amount outstanding**	**Balance as at the year end**	**Maximum amount outstanding**	**Balance as at the year end**
Prag Distillery (P) Ltd. *	6,368.98	6,348.99	9,430.89	6,102.87
Vahni Distilleries Private Limited	4,951.46	2,358.30	3,930.98	3,683.89
PunjabExpo Breweries Private Limited	10,098.56	10,098.56	3,442.21	435.64
Mykingdom Ventures Pvt. Ltd.	6.27	6.27	(17.83)	3.80
Studd Projects P. Limited	50.13	12.22	503.90	9.98
Srirampur Grain Pvt. Ltd.	19.88	19.88	18.09	18.09
Shivprabha Sugars Ltd.	44.26	44.26	43.95	43.95
Total	**21,539.54**	**18,888.48**	**17,352.19**	**10,298.22**

* The Company has impaired advances with Prag Distillery (P) Ltd for (₹) 6,348.99 lacs for the year ended March 31, 2019

(₹ in lacs)

	As at March 31, 2019	As at March 31, 2018
b) Guarantees		
Corporate guarantees issued to banks on behalf of Subsidiary Company	1,429.77	1,341.53
The above loans and advances have been given for general business purposes.		

53 The Company's net worth has eroded.However, there is an improvement in operational performance of the liquor business in terms of higher sales, market share and margins in the southern states.The Company is also in active discussion with the lenders on debt restructuring.Hence, the accounts are prepared on going concern basis.

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

As per our Report of even date annexed.

For M. M. Parikh & Co.
Chartered Accountants
Firm Registration No. 107557W

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : July 26, 2019

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

FORM AOC-1

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

Part "A": Subsidiaries

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES FOR THE YEAR ENDED MARCH 31, 2019

FOR THE YEAR ENDED MARCH 31, 2019

(₹ in lacs)

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Invest-ments	Gross Total Income	Profit / (Loss) Before Taxation	Provision for Taxation	Profit / (Loss) After Taxation	Other Compre-hensive Income	Total Compre-hensive Income	Proposed Dividend	% of Share-holding
1	Prag Distillery (P) Ltd.	INR	368.10	405.35	16,784.87	16,011.42	0.30	10,665.31	(1,294.98)	-	(1,294.98)	4.52	(1,299.50)	Nil	100%
2	Vahni Distilleries Private Limited	INR	1,498.05	(2,265.04)	7,191.82	7,958.81	142.78	50,592.69	(134.02)	-	(134.02)	3.76	(137.78)	Nil	100%
3	Kesarval Springs Distillers Pvt. Ltd.	INR	30.00	(405.00)	23.57	398.58	-	-	(0.49)	-	(0.49)	-	(0.49)	Nil	100%
4	PunjabExpo Breweries Private Limited	INR	560.00	140.96	14,175.27	13,474.31	201.69	24,978.64	119.82	10.44	130.26	1.40	128.86	Nil	100%
5	Mykingdom Ventures Pvt. Ltd.	INR	1.00	(6.60)	1.40	7.00	-	-	(0.75)	-	(0.75)	-	(0.75)	Nil	100%
6	Studd Projects P. Ltd.	INR	1.00	(12.95)	1.97	13.93	-	-	(1.21)	-	(1.21)	-	(1.21)	Nil	100%
7	Srirampur Grains Private Limited	INR	1.00	(20.32)	1.06	20.38	-	-	(1.92)	-	(1.92)	-	(1.92)	Nil	100%
8	Shivprabha Sugars Ltd.	INR	5.00	(147.76)	15.90	158.66	-	-	(0.41)	-	(0.41)	-	(0.41)	Nil	90%

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

Place : Mumbai
Date : July 26, 2019

FORM AOC-1 (Contd.)
Part "B": Associates and Joint Ventures

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

(₹ in lacs)

Sr. No.	Name of Associate		Mason & Summers Marketing Services Pvt. Ltd.
1	Latest audited Balance Sheet Date		March 31, 2019
2	Shares of Associate held by the Company on the year end		
	i.	Number of Equity Shares	1,30,000
	ii.	Amount of Investment in Associate	169.00
	iii.	Extend of Holding %	26%
3	Description of how there is significant influence		Due to shareholding
4	Reason why the associate/joint venture is not consolidated		-
5	Networth attributable to Shareholding as per latest audited Balance Sheet (Limited to amount of investment in Associate)		-
6	Profit / (Loss) for the year		
	i	Considered in Consolidation	-
	ii	Not Considered in Consolidation	-

* The group has made an impairment in value of investments in the associate company Mason & Summers Marketing Services Pvt. Ltd. (MSMSPL) of ₹169.00 Lacs, in its books of accounts during the financial year 2015-2016 due to losses made by the associate. The group does not have any obligation to fund the losses of the associate beyond the investments made and hence the group's share of profit / loss in the associate company has not been considered in the consolidated financial statements.

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

Place : Mumbai
Date : July 26, 2019

Notes

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director
Mr. Amit Dahanukar
Chairman & Managing Director

Non-Executive Director
Mrs. Shivani Amit Dahanukar

INDEPENDENT DIRECTORS
Dr. Ravindra Bapat
Mr. C. V. Bijlani
Mr. Kishorekumar G. Mhatre
Mr. Satish Chand Mathur (w.e.f. October 31, 2018)
Maj Gen Dilawar Singh(Retd.) (w.e.f. October 31, 2018)

CHIEF FINANCIAL OFFICER
Mr. Srijit Mullick

COMPANY SECRETARY
Mr. Gaurav Thakur

STATUTORY AUDITORS
M. M. Parikh & Co.
Chartered Accountants

INTERNAL AUDITORS
Devdhar Joglekar & Srinivasan
Chartered Accountants

COST AUDITOR
Dr. Netra Shashikant Apte
Cost & Management Accountant

SECRETARIAL AUDITORS
Ragini Chokshi & Co.
Company Secretaries

SOLICITORS
W. S. Kane & Co.
Advocate Umamaheshwar Rao
Economic Laws Practice (ELP)
Holla & Holla
Inttl. Advocare
Kunal Bhanage

BANKERS/FINANCIAL INSTITUTIONS
State Bank of India
Bank of India
IDBI Bank Ltd.
Edelweiss Asset Reconstruction Company Limited

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

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

REGISTRAR & SHARE TRANSFER AGENTS
Bigshare Services Pvt. Ltd.
1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis, Makwana Road,
Marol, Andheri (E), Mumbai - 400 059
Tel.: (022) 62638200, Fax.: (022) 62638299
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

84th Annual General Meeting is scheduled to be held on Wednesday, September 11, 2019 at 10.30 a.m., at the Registered Office of the Company i.e. P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra - 413 720

TILAKNAGAR INDUSTRIES LTD.
CIN: L15420PN1933PLC133303
3rd Floor, Industrial Assurance Building,
Churchgate, Mumbai - 400 020.
Tel.: (022) 22831716/18
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Email: investor@tilind.com
Website: www.tilind.com

TILAKNAGAR INDUSTRIES LTD.

ESTD. 1933

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted alongwith Annual Audited Financial Results (Consolidated)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019 [See Regulation 33 / ~~52~~ of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	**Sl. No.**	**Particulars**	**Audited Figures (as reported before adjusting for qualifications)Rs.in lakhs**	**Adjusted Figures (audited figures after adjusting for qualifications)Rs.in lakhs**
	1	Turnover/Total income	153,070.00	153,070.00
	2	Total Expenditure	169,031.50	176,648.93
	3	Net Profit/(Loss)	(15,951.33)	(23,568.76)
	4	Earnings Per Share (In Rs.)	(12.79)	(18.85)
	5	Total Assets	128,105.48	120,488.05
	6	Total Liabilities	128,105.48	120,488.05
	7	Net Worth	(28,721.85)	(36,339.28)
	8	Any other financial item(s) (as felt appropriate by the management)	Nil	Nil
II.	**Audit Qualification (each audit qualification separately):**			
	a.	**Details of Audit Qualification:**	(i) The Company has not impaired one of the ENA plants as required by Indian Accounting Standard (Ind AS 36) 'Impairment of Assets' though there is an indication of impairment. Reference is invited to note 6 of the consolidated financial results. (ii) The Company has not made Impairment of advances given to certain parties amounting to Rs.6,074.08 Lakhs as required by Indian Accounting Standard (Ind AS 109) 'Financial Instruments'. Reference is invited to note 7 of the consolidated financial results. (iii) The Company has not impaired Goodwill of Rs. 1,175.25Lakhs relating to its wholly owned subsidiary Prag distillery Pvt Ltd as required by Indian Accounting Standard (Ind AS 36) 'Impairment of Assets' though there is an indication of impairment as explained in note 9 of the financial results.	
	b.	**Type of Audit Qualification:**	Qualified Opinion	

	c.	**Frequency of qualification:**	Point (i) - Appearing fourth time Point (ii) - Appearing third time Point (iii) - Appearing second time
	d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**	<u>Response to Point (II)(a)(ii)</u> In lieu of advances given to certain parties amounting to Rs. 6,074.08Lakhs, the Company had received land from one of the group concerns of the parties. The land received has been registered in the name of the Company. The advances have not been adjusted pending certain formalities to be completed on the part of the said parties. In view of this, the management believes that no provision is considered necessary in the books of accounts. <u>Response to Point (II)(a)(iii)</u> An application for liquidation under Section 33 of the Insolvency & Bankruptcy Code, 2016 has been filed by the Resolution Professional(RP) before The National Company Law Tribunal, Mumbai Bench seeking order requiring Prag Distillery (P) Ltd., wholly owned subsidiary of the Company to be liquidated "on going concern basis" in the manner laid down under Section 33 of the Code on 06.04.2018. As no resolution plan was received within the stipulated period of 180 days and the extended period of further 90,The National Company Law Tribunal("NCLT") ordered for liquidation of Prag Distillery (P) Ltd, wholly owned subsidiary of the Company ("Prag") vide its order No. MA 309/2018 in CP 1067/2017 dated July 26, 2018, as a going concern.The Official Liquidator has initiated the process of liquidation of the company as a going concern. Hence, the accounts have been prepared on a going concern basis

	e.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**	
		(i) Management's estimation on the impact of audit qualification:	Nil for the reasons given at para 2(e)(ii) below
		(ii) If management is unable to estimate the impact, reasons for the same:	Response to Point (II)(a) The Company had applied to the State government authorities for dual feed permission for manufacture of ENA through molasses as well as grain at one of its ENA Plants. Permission had been received for operating the fermentation section till 26th June 2019. Application for renewal of the said approval has been filled on 2nd April 2019 and the Company is awaiting the permission. It is expected that permission for operating the distillation section also will be received soon. In view of this the management believes that there is no impairment in value of its ENA Plant and hence the recoverable amount of the ENA Plant is not required to be estimated.
		(iii) Auditors' Comments on (i) or (ii) or(iii) above:	Refer II (a) above

TILAKNAGAR INDUSTRIES LTD.

III.	Signatories:	
	• **CEO/Managing Director**	
	• **CFO**	
	• **Audit Committee Chairman**	
	• **Statutory Auditor**	For M.M. Parikh & Co. Partner
	Place: Mumbai	
	Date :July 26, 2019	

TILAKNAGAR INDUSTRIES LTD.

ESTD. 1933

Statement on Impact of Audit Qu`alifications (for audit report with modified opinion) submitted alongwith Annual Audited Financial Results (Standalone)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019 [*See* Regulation 33 / ~~52~~ of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	SI. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)Rs.in lakhs	Adjusted Figures (audited figures after adjusting for qualifications)Rs.in lakhs
	1	Turnover/Total income	78,365.61	78,365.61
	2	Total Expenditure	93,253.59	1,00,871.02
	3	Net Profit/(Loss)	(14,887.98)	(22,505.41)
	4	Earnings Per Share (In Rs.)	(11.91)	(18.00)
	5	Total Assets	115,390.22	1,07,772.79
	6	Total Liabilities	115,390.22	1,07,772.79
	7	Net Worth	(33,178.22)	(40,795.65)
	8	Any other financial item(s) (as felt appropriate by the management)	Nil	Nil
II.	Audit Qualification (each audit qualification separately):			
	a.	Details of Audit Qualification:	(i) The Company has not impaired one of the ENA plants as required by Indian Accounting Standard (Ind AS 36) 'Impairment of Assets' though there is an indication of impairment. Reference is invited to note 5 of the standalone financial results. (ii) The Company has not made Impairment of advances given to certain parties amounting to Rs.6,074.08 Lacs as required by Indian Accounting Standard (Ind AS 109) 'Financial Instruments'. Reference is invited to note 6 of the standalone financial results. (iii) The Company has not impaired for equity investment of Rs 1,543.45 lacs in its wholly owned subsidiary Prag Distillery (P) Ltd as required by Indian Accounting Standard (Ind AS 36) 'Impairment of Assets' though the subsidiary has been referred to National Company Law Tribunal ("NCLT") for Corporate Insolvency Resolution Process (CIRP) under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code") by its creditors. Reference is invited to note 8 of the standalone financial results.	

TILAKNAGAR INDUSTRIES LTD.

b.	**Type of Audit Qualification:**	Qualified Opinion
c.	**Frequency of qualification:**	Point (i) - Appearing fourth time Point (ii) - Appearing third time Point (iii) - Appearing second time Point (iv) – Appearing for thr time
d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**	Response to Point (II)(a)(ii) In lieu of advances given to certain parties amounting to Rs. 6,074.08 lacs, the Company had received land from one of the group concerns of the parties. The land received has been registered in the name of the Company. The advances have not been adjusted pending certain formalities to be completed on the part of the said parties. In view of this, the management believes that no provision is considered necessary in the books of accounts. Response to Point (II)(a)(iii) An application for liquidation under Section 33 of the Insolvency & Bankruptcy Code, 2016 has been filed by the Resolution Professional(RP) before The National Company Law Tribunal, Mumbai Bench seeking order requiring Prag Distillery (P) Ltd., wholly owned subsidiary of the Company to be liquidated "on going concern basis" in the manner laid down under Section 33 of the Code on 06.04.2018.

Corp. Office: Industrial Assurance Building, 3rd Floor, Churchgate, Mumbai, Maharashtra - 400 020, India
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E tiliquor@tilind.com

Regd. Office: P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra - 413 720, India
P +91 (2422) 265 123 / 265 032 F +91 (2422) 265 135
E regoff@tilind.com

CIN: L15420PN1933PLC133303 Web: www.tilind.com

			As no resolution plan was received within the stipulated period of 180 days and the extended period of further 90,The National Company Law Tribunal("NCLT") ordered for liquidation of Prag Distillery (P) Ltd, wholly owned subsidiary of the Company ("Prag") vide its order No. MA 309/2018 in CP 1067/2017 dated July 26, 2018, as a going concern.The Official Liquidator has initiated the process of liquidation of the company as a going concern. Hence, the accounts have been prepared on a going concern basis.
	e.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**	
		(i) Management's estimation on the impact of audit qualification:	Nil for the reasons given at para 2(e)(ii) below
		(ii) If management is unable to estimate the impact, reasons for the same:	Response to Point (II)(a) The Company had applied to the State government authorities for dual feed permission for manufacture of ENA through molasses as well as grain at one of its ENA Plants. Permission had been received for operating the fermentation section till 26th June 2019. Application for renewal of the said approval has been filled on 2nd April 2019 and the Company is awaiting the permission. It is expected that permission for operating the distillation section also will be received soon. In view of this the management believes that there is no impairment in value of its ENA Plant and hence the recoverable amount of the ENA Plant is not required to be estimated.

TILAKNAGAR INDUSTRIES LTD.

	(iii) **Auditors' Comments on (i) or (ii) or (iii) above:**	Refer II (a) above
III.	**Signatories:**	
	• **CEO/Managing Director**	
	• **CFO**	
	• **Audit Committee Chairman**	
	• **Statutory Auditor**	For M.M. Parikh & Co. Partner
	Place: Mumbai	
	Date : July 26, 2019	

Ragini Chokshi & Co.
Company Secretaries
34, Kamer Building, 5th Floor, 38 Cawasji Patel Street, Fort, Mumbai - 400 001.
E-mail : ragini.c@rediffmail.com / mail@csraginichokshi.com
web: csraginichokshi.com
Tel. : 022-2283 1120
022-2283 1134

Date :

CERTIFICATE ON CORPORATE GOVERNANCE

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, 2019 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of corporate governance is the responsibility of the Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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 the above mentioned Listing Regulations for the financial year ended March 31, 2019.

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 **Ragini Chokshi & Co.**
(Company Secretaries)

RAGINI CHOKSHI & CO. Company Secretaries C.P. 1436 MUMBAI

R. K. Chokshi

Ragini Chokshi
(Partner)
C.P.No. 1436/
FCS No. 2390

Place : Mumbai
Date : 07/08/2019

CS

Ragini Chokshi & Co.

Tel. : 022-2283 1120
022-2283 1134

Company Secretaries

34, Kamer Building, 5th Floor, 38 Cawasji Patel Street, Fort, Mumbai - 400 001.
E-mail : ragini.c@rediffmail.com / mail@csraginichokshi.com
web: csraginichokshi.com

Date : ____________

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members,
Tilaknagar Industries Ltd.,
P.O. Tilaknagar, Tal. Shrirampur,
Dist. Ahmednagar, Maharashtra – 413 720

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Tilaknagar Industries Ltd. (CIN: L15420PN1933PLC133303)** and having Registered Office at P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413 720 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of Appointment (Current Term)
1	Mr. Amit Dahanukar	00305636	September 25, 2017
2	Mrs. Shivani Amit Dahanukar	00305503	September 22, 2018
3	Mr. Chanderbhan Verhomal Bijlani	02039345	April 01, 2019
4	Dr. Ravindra Bapat	00353476	April 01, 2019
5	Mr. Kishorekumar G. Mhatre	07527683	June 09, 2016
6	Mr. Satish Chand Mathur	03641285	October 31, 2018
7	Maj Gen Dilawar Singh (Retd.)	08216047	October 31, 2018

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Ragini Chokshi & Co.**
(Company Secretaries)

RAGINI CHOKSHI & CO. Company Secretaries C.P. 1436 MUMBAI

R. K. Chokshi.

Ragini Chokshi
(Partner)
C.P.No. 1436
FCS No. 2390

Place : Mumbai
Date : 14/06/2019