



Building on the Fundamentals

Disclaimer

This document contains statements about expected future events and financial and operating results of Tilaknagar Industries Ltd., which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements 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's discussion and analysis of the Tilaknagar Industries Ltd. Annual Report 2016-17.

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Tilaknagar Industries Ltd.'s (TI) roadmap to success has been a very simple and fundamental recipe. It has developed a product, a brand, a taste and eventually an experience that has made it a preferred brand across every occasion.

The strategy fulfils consumers' needs while remaining faithful to the core of its brand identity.

TI has focused on building its rich high-margin premium brand offerings through enhanced marketing initiatives and wide distribution network.

This has allowed TI to gain a strong foothold in the industry and remain competitive, despite challenges.

Nurtured by a strong legacy and experience, TI is committed to continuously build on its business fundamentals and emerge as a winner in the journey of its business transformation.





PROMINENT PLAYER IN INDIA'S IMFL INDUSTRY

TI is engaged in the business of manufacturing and distribution of Indian Made Foreign Liquor (IMFL). The Company manufactures liquor across the major categories i.e. Whisky, Brandy, Rum, Vodka and Gin. Today, TI is amongst the leading Brandy producers globally, and a key player in the IMFL industry with a diverse brand portfolio.

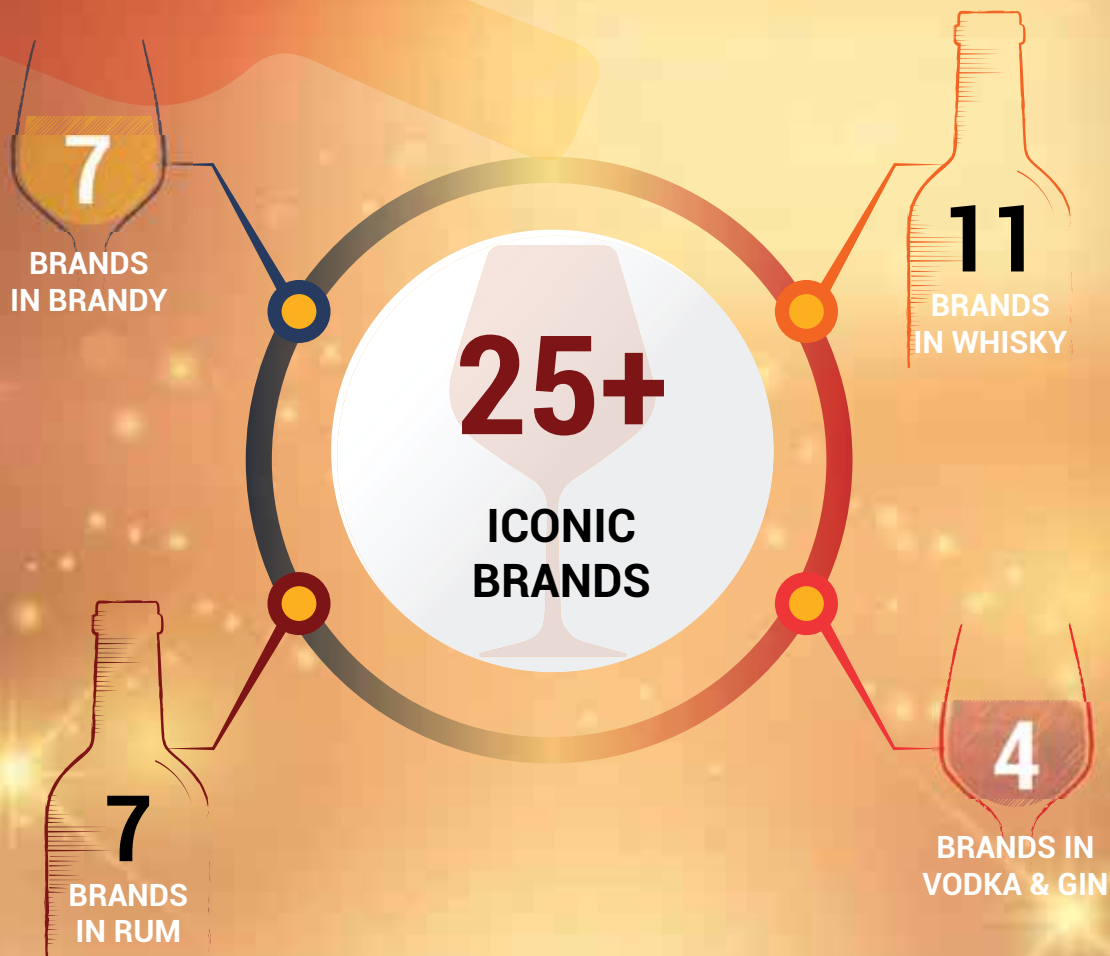
With corporate office in Mumbai, the Company has robust manufacturing facilities comprising of 1 owned facility, 3 operating liquor subsidiaries, 4 leased and 9 tie-up units strategically located across India. Its brands have strong presence in the largest IMFL consuming States in Southern India.

Vision

- To establish TI as a premier 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 its brands and its commitment to the community as a good corporate citizen.

Mission

- Create modern, state-of-the-art distillation plants and fully automated manufacturing facilities.
- Increase customer base through focused marketing in domestic and international markets.
- Diversify into business activities that would optimise core competencies, resources and synergy.
- Consistently enhance customers' experience with world class products and service delivery.
- Carry out community activities in alignment with the business objectives and encourage community engagement among staff.



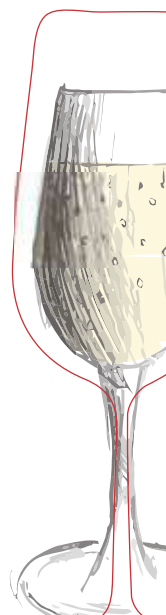
Business Principles
 Passion, Innovation, Care
 and Trust define TI's
 business and culture.
 TI's corporate philosophy
 is to align its business
 structure to reflect
 the highest levels of
 transparency, integrity,
 professionalism and
 accountability.



Building through 

PRODUCT PORTFOLIO & BRANDS

The Company has developed a sound understanding of the taste and preferences of its customers. Its wide product portfolio and superior brands strategically focus on creating a mix of semi-premium and premium line of products to enhance growth and margins.





Brandy and Rum

Business at TI is complemented by its International brands portfolio with premium Brandy and Rum that have a high potential to grow across regions and geographies. Following its strong heritage, TI continues to enjoy a strong position in this segment of the IMFL industry in India and creates value for its consumers. TI is also aspiring to spread its wings in the Rum segment. The Company's flagship 'Mansion House' Brandy (Millionaire Brand), 'Courier Napoleon' – Red and Green Brandy and 'White House' Rum are the most prominent names in this segment.

Whisky, Vodka and Gin

TI has a rich portfolio of white and light brown brands of premium liquor across various IMFL categories, offering enriched consumer experience for all occasions. This segment presents a unique expansion and growth opportunity for the Company. TI's 'Senate Royale' Whisky and 'Mansion House' Whisky lead the pack in the segment. With the existing portfolio of 'Volga' Vodka and 'Blue Lagoon' Gin, TI is well placed to grow in this space.



Product Category-wise Sales Volume in FY2017



Building through



THE premiumization **STRATEGY** – A KEY DIFFERENTIATOR

Rising disposable income with desire for social status and lifestyle, improved taste, experience and value are the contributing factors for the increased consumer demand for premier IMFL products. These factors have led TI to deliver an exclusive and premium experience to its consumers. TI has been leveraging on the premiumization strategy with reduced dependency on low-margin less premium products. The Company extended focus on expanding the portfolio of premium products across categories, regions and markets. The strategy has collectively enabled the Company to explore premiumization opportunity and deliver superior consumer experience.

The premium segment has delivered growth over the past 2-3 years reflecting the strong brand image and heritage of TI.



Increase in sale volume of the premium brand 'Mansion House' Brandy over FY16

Increase in sale of premium brand portfolio over FY16.

Building through



UNIQUE MARKETING INITIATIVES

Great marketing and innovation throughout our diversified brand portfolio is an essential element for business growth. TI is committed to reshape the concept of socializing by ensuring the presence of its products in all consumer spaces.

- ✦ Packaging of the 'Mansion House' Brandy was revamped completely PAN INDIA to provide a better look and vibrancy to the brand.
- ✦ As a part of increasing the visibility and brand promotion initiative, celebration pack of 'Courier Napoleon' Brandy Green was introduced in Puducherry and Karnataka resulting in better demand and sale of the brand in the market.





TI is increasingly taking a digital approach and using technology to remain relevant and visible across the multi-screen, multi-platform and multi devices environment.

In order to increase the awareness of its brands amongst the younger generation and to promote the brands digitally, TI has forayed into non e-commerce digital/social media platforms with the generic name "MANSION HOUSE" of its marquee brand "Mansion House French Brandy".



Message from the

Chairman & Managing Director



While our brands are preferred across every occasion, we always advocate for responsible consumption and strive to consistently improve the impact on the planet.

Dear Stakeholders,

The fundamentals of a business are considered strong when you see a consistent market for your products amidst industry adversities. We all acknowledge that these are challenging times for us as a Company. However, these challenges provide an opportunity to move forward in a new way.

The country is evolving with positive long-term macro-economic fundamentals, so are the consumer preferences. The fact remains that we have a highly controlled market and stringent regulatory structure. However, higher purchasing power, affluence, rapid urbanization, increasing social acceptability and changes in drinking behaviour will create opportunities for generating additional demand for IMFL products. At TI, we have operated efficiently over the years, by consolidating our fundamental strengths. We have developed our brands and a customer mindspace, which is a very important aspect for our business sustainability. The widespread distribution footprint across the country further boosts the business efficiencies across the entire business value chain.

The resultant impact was visible in FY17. We sold 5.1 million cases as against 4.03 million cases in the previous year. The volume growth was healthy during the year owing to the strong demand for our brands. Sales have grown every quarter, in the markets where we have strong presence. This is the result of our consistent marketing efforts. Today, all our brands are profitable owing to our higher focus on selling premium brands. We look forward to stabilizing our position and ensure optimum level of scale in our operations, within the available resources and capacities.

As we enter into the fiscal 2017-18, we have set our agenda to reduce working capital constraints and improve cash flows through efficiency improvement and cost rationalization measures. Nearly 47% of our secured debt has been taken over by Edelweiss Asset Reconstruction Company Limited, with whom a long-term debt restructuring schedule to service the principal and interest is being discussed. We will continue to explore further possibilities of re-structuring the remaining debt and bringing it down to sustainable levels.

Outlook

Going ahead, we foresee a steady growth of India's IMFL industry. This is based on the basic strengths of strong consumerism, a growing middle class, young demographics, the growing appetite for luxury spirits and strong economic fundamentals. We believe in the future of our business and to protect our tomorrow, we have taken some tough decisions now, to set the Company on the growth path and deliver sustained performance. We will continue to focus on increasing production volumes of our premium and semi-premium brands, with the support of our skilled people, strong brand recall and our vast distribution point of sale network to deliver on the opportunity. In time, TI is expected to reach a position of strength and once again occupy a prominent space in the premium segments of the IMFL industry.

Acknowledgement

I would like to thank every single employee for his/her dedication and hard work during the year. They have held their heads high, focused on priorities and maintained their strong belief in the future of this Company. In turn, we are committed to continue to build a cohesive environment, and look forward to working as a team to make sure that we deliver a turnaround story that we can all be proud of. I would like to thank all our lenders, who have continued to believe in our story and brands, and who are supporting us in taking a journey towards better financial health in time. Lastly, I would like to thank all our stakeholders for the support and faith that they have posed in us in these testing times. I am confident of the corrective steps we have imbibed and look forward to a stronger future.

Sincerely,

Amit Dahanukar

Chairman & Managing Director



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.

Profile of Senior Management



Dr. Keshab Nandy

Director – Legal, HR, IT, IR, Vigilance & Safety

Dr. Keshab Nandy is a multiple graduate and post-graduate degree holder with distinction in English, HRD, Law, Management and is a Ph.D in Human Resources. He has expertise in several areas of management with more than 37 years of Industry experience. He is actively associated with management research, a prolific motivational speaker, author and is recipient of several awards.



Mr. Srijit Mullick

Chief Financial Officer

Mr. Srijit Mullick is both, a Chartered Accountant and Cost & Management Accountant and comes with over 38 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 Masters Degree in Agricultural Economics & Farm Management and a Diploma in Business Management and comes with over 34 years of experience in sales in liquor industry.



Mr. Naresh Agnihotri

Vice President – Manufacturing Operations

Mr. Naresh Agnihotri is a graduate in Chemistry and has over 45 years of experience, of which 28 years is in liquor industry.



Mr. Gaurav Thakur

Company Secretary

Mr. Gaurav Thakur is a Company Secretary and Cost & Management Accountant and a post-graduate in Commerce, having over 17 years of experience in secretarial and legal functions across various sectors.

Profile of Senior Management (contd.)



Mr. Ajit Sirsat

Assistant Vice President – Finance & Accounts

Mr. Ajit Sirsat is a Chartered Accountant and Cost & Management Accountant having 23 years of experience in finance and accounts across industries.



Mr. Shankar Pawar

DGM – Finance & Accounts

Mr. Shankar Pawar is a Chartered Accountant and has 13 years of experience in the areas of accounts, finance and taxation across various sectors.



Mr. Ashish Choudhury

Assistant Vice President – Sales

Mr. Ashish Choudhury is a graduate in Humanities from the Bengaluru University and has 37 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 35 years of experience in liquor manufacturing operations.



Mr. Rajesh Agrawal

General Manager – Sales (Maharashtra & Daman)

Mr. Rajesh Agrawal is a graduate in Humanities and has over 33 years of experience in IMFL industry. He possesses an in-depth knowledge of sales and distribution in the liquor industry.

**Mr. Srinivasarao Garaga***DGM – Production & Operations*

Mr. Srinivasarao Garaga is a graduate in Engineering (B.E. Mechanical) and has extensive experience in liquor industry spanning over 28 years.

**Mr. S. Balakumar***DGM – 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 23 years of experience in various sectors.

**Mr. Dattatray More***DGM – HR & IR*

Mr. Dattatray More is a graduate in Commerce and holds Masters Degree in Social Work and Business Administration (Human Resource) and has 22 years of experience, in various sectors, working with MNCs.

**Ms. Hemangi Joshi Naik***DGM – Legal*

Ms. Hemangi Joshi Naik is a graduate in Law from the Siddharth College of Law, University of Mumbai and has over 12 years of experience in corporate laws across various sectors.

**Mr. Anand Kadam***DGM – Materials Management Department*

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 25 years of experience in material management.

Management Discussion and Analysis



ECONOMIC REVIEW

The first half of the year witnessed weak trade and investment activity, subdued productivity, higher commodity prices, combined with increased political and policy uncertainty with events like Brexit and US Presidential Elections. However, the second half of fiscal, witnessed improvement across the developed nations. The US economy rebounded owing to increased consumer demand aided by a fiscal stimulus. This was further reflected in reduction in the rate of unemployment. Euro area has grown due to strong domestic demand and increased spending. Japan also showed signs of recovery during the first quarter of 2017 due to strong exports.

However, the positive turnaround of the advanced economies got overshadowed by the sluggish growth in the key emerging markets and developing economies (EMDEs). Brazil remained mired in a deep recession. Weak activity was reported in fuel and non-fuel commodities exports in parts of the Middle East and Turkey due to tension created by geo-political factors. It was only India and China that reported strong growth.

The Indian economy emerged as the fastest growing economy amongst the G-20 Nations, with 7.1% growth in FY17. The growth was primarily driven by lower fiscal deficit, moderate inflation, and higher consumption. The growth momentum is expected to continue in the coming fiscal largely driven by well-regulated monetary and fiscal policies and Government's reforms and initiatives towards encouraging domestic productivity and ease of doing business.

The global economic growth is projected by the World Bank to increase to 2.9% in FY18. Business activities are projected to pick up in both advanced economies and EMDEs, supported by a recovery in commodity prices, manufacturing, trade and investment with reduced inflationary pressure.

GLOBAL SPIRITS MARKET

The global spirit market is segmented across Brandy, Gin, Vodka, Rum, flavoured spirits, Tequila, natural spirits, and Whisky and is largely dominated by premium and super premium brands. By geography, it has been segmented into North America, Europe, Asia-Pacific and Rest of the World (RoW). North America and Europe are considered as mature markets and due to this reason, the concentration

of the manufacturers is shifting away from these regions. Asia Pacific is the fastest growing region for alcoholic beverages market. Due to this, the manufacturers are focusing on penetrating developing countries such as India, China among others.

However, there are a few restraints for the market as well. The major players are constantly competing among themselves to gain the maximum market share. This poses as a threat for the entry and sustenance for any new player trying to operate in the market. Other restraints include the increase in the price of raw materials, availability of substitutes (non-alcoholic beverages) and rules and regulations posed by the Government.

In spite of these restraints, the global spirits volume during the year was bolstered by an uptick in the Gin, Tequila and Whisky categories. According to IWSR Forecast 2016-2021 Global Review Report, the global alcohol market is projected to grow by over 1 billion cases with an annual consumption to 29.3 billion cases by the year 2021.

There are various factors driving this growth such as growing global population, increasing demand for premium products, innovative marketing campaigns by vendors and rising disposable income of middle-class. Consumption of alcoholic beverages has also become a status symbol and hence people are ready to pay for quality premium brands.

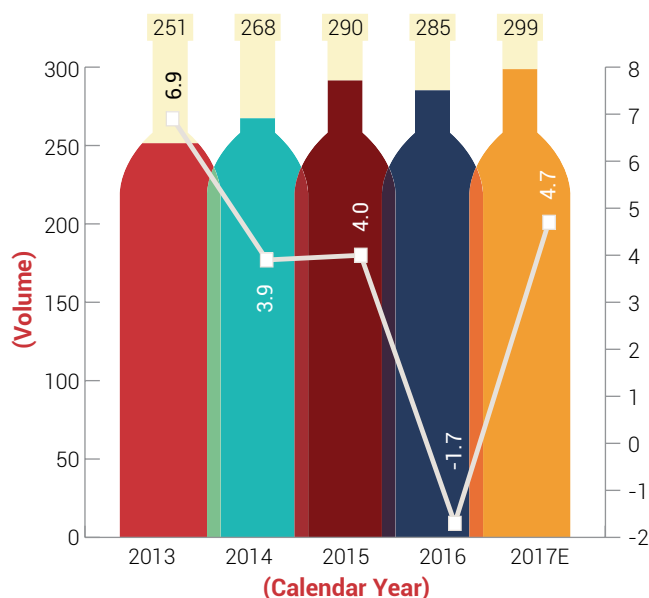
Overall, the increasing consumption of alcoholic beverages in countries such as India, Brazil, China, and Russia is anticipated to fuel the global market and the industry is expected to grow even further in the future.

IMFL MARKET TRENDS IN INDIA

India is the 3rd largest liquor market globally. The Indian alcoholic beverage market is broadly segmented as Spirits (IMFL and Country Liquor), Beer and Wine. IMFL market has been further bifurcated into Whisky, Rum, Brandy, Vodka and Gin. IMFL industry offers immense growth opportunities, triggered by increasing population and disposable income along with increasing social acceptance.

The IMFL market size in India is expected to grow to 299 million cases (mcs) in 2017 and is expected to reach 337 mcs by 2020. In 2017, the industry volume is expected to increase by 4.7%.

Indian IMFL market trend - Volume (mcs), growth (%)

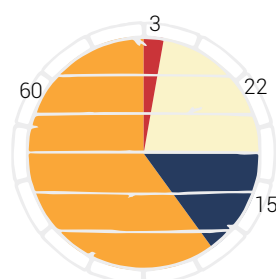


(Source – Euromonitor), E - Estimated

Key facts

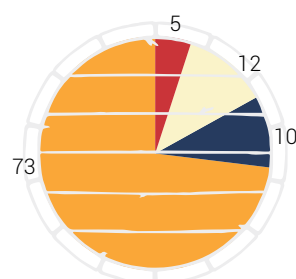
- Whisky constitutes the largest segment in the IMFL market, contributing 60% by volume and 73% by value.
- Blended Scotch and Single Malt Scotch are expected to lead the growth with a CAGR value of 14.7% and 11.6% respectively during FY 16-20.
- Premium & Super Premium Vodka remained one of the fastest growing segment with volume growth of 7% by the end of 2016.
- Of the total Vodka volumes in 2016, 55.4% was in the premium category as compared to 41.4% in 2011.

Sales in IMFL market - Volume (%): 2016



White Spirits	3
Brandy	22
Rum	15
Whisky	60

Sales in IMFL market - Value (%): 2016



White Spirits	5
Brandy	12
Rum	10
Whisky	73

(Source – Euromonitor)

GROWTH DRIVERS

Indian IMFL market is one of the fastest growing industries globally with sales value and volume expected to witness CAGR value of 8.4% and 4.7% during the period 2017-21.

The growth will be driven by:

Rising social acceptability: There is a fundamental positive change in the pattern of drinking among people in India. As conventional rules for alcohol use weakened, drinking changed from ritualistic and occasional to become a part of routine everyday social meetings and entertainment.

Rising affluence: High per capita income of the consumers is pushing the industry to newer heights. The top two categories i.e. elite and affluent account for 27% of the total consumption, which is anticipated to reach 40% by 2025. Today, Indian middle class is moving to an upper income group with changing lifestyles, luxury preferences and ability to pay more for premium products.

Rapid urbanization: Urbanized metros and tier-2 cities are fuelling the growth of the IMFL industry. By 2025, approximately 40% of India's population is expected to migrate to cities and will account for over 60% of the total consumption expenditure.

Rising young population: Changing demographics is further expected to boost the Indian alcohol market with over 65% population below 35 years. Moreover, estimated median age of the country's population was pegged at 27 years in the year 2014. (Source - Future Markets Insight).

Change in drinking behaviour: Today, more women and youth prefer alcohol, breaking the traditional way of drinking behaviour. This is leading to a rapid rise in alcohol consumption across the country.

Changing Family Structures: Over the past two decades, India is witnessing a gradual shift from joint to nuclear family. The decision makers in nuclear families are young, and their consumption decisions are inclined more towards better lifestyle.

Increasing alcohol availability: Increased and better transportation facilities contribute to wider alcohol availability in India. Moreover, variety of alcohol brands and types are easily available in Government-licensed outlets, Government shops, private licensed retail chains, restaurants and bars.

CHALLENGES

The Indian IMFL industry is highly regulated by the Government with heavy taxes and duties levied on liquor manufacturers. Restrictive consumption in selected States, combined with increased material prices like ENA, glass, molasses etc., water availability and imposition of ban on advertising pose huge challenges for the industry. The Honourable Supreme Court of India has banned all liquor outlets within distance of 500 meters on both sides of the notified highways with effect from April 01, 2017. As a result, many liquor outlets (including country liquor) may be forced to close down affecting the business of the industry.

OPPORTUNITIES

With increasing participation of global players, the industry is projected to become more operationally disciplined, efficient and aligned to best global practices. In addition, Companies are focusing more on premium products because of shifting consumer preference towards premium varieties of IMFL, driving profitability further. With favourable demographics, rising disposable income levels and greater acceptance of alcoholic beverages in social circles, the outlook for the Indian alcoholic beverages continues to remain positive.

COMPANY OVERVIEW

Introduction

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. The Company aims to enrich its product mix with a sharp focus on premium brands that enjoy excellent consumer preference owing to their quality and value addition.



THE TI ADVANTAGE

Product offerings

TI possesses a strong and established brand portfolio with over 25 brands across the IMFL space (Whisky, Rum, Vodka, Gin and Brandy) including Mansion House Brandy, a Millionaire brand.

Capacity

TI has ultra-modern set up with robust manufacturing facilities, comprising of 1 owned facility, 3 operating liquor subsidiaries, 4 leased and 9 tie-up units strategically located across India. It has 100 KLPD molasses based and 100 KLPD grain based distillation plants and IMFL Bottling Plants at Shirampur (Maharashtra).

During the FY17, the grain based plant of the Company was not operational. The Company is awaiting permission from the Government for allowing use of the grain based plant for distillation of molasses along with grain (Dual Feed) to take advantage of the market price of the two feed stocks viz. grain and molasses.

Premium categories

TI's premiumization strategy provides sustainability to the overall business. During the FY17 majority of TI's revenue was recorded in the premium and semi-premium brand categories.

BRAND PORTFOLIO

Mansion House Brandy

Mansion House Brandy is one of the world's largest selling Brandy. TI expects this premium brand to keep growing in its markets. Over the years, Mansion House Brandy has matured and evolved significantly. TI's continuous focus on premiumization has strengthened the brand's position in the high margin premium category.

Courrier Napoleon Brandy – Green

The brand continues to create a niche for itself in premium plus space.

Courrier Napoleon Brandy – Red

This is amongst the most profitable brands in TI portfolio.

Madiraa Gold Dark XXX Rum

Madiraa Gold Dark XXX Rum is the most premium Rum amongst TI's Rum portfolio.

Whisky

TI's journey in the Whisky space has transformed the Company from being a regular Whisky player to a Premium Whisky contender. The Whisky portfolio comprises of emerging brands such as Mansion House Whisky and Senate Royale Whisky.

Vodka and Gin

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

BUSINESS PERFORMANCE

Despite a constrained environment in the industry, TI is committed to explore growth opportunities by focusing on its premium segment.

Operations Review

During FY17, the sales volume increased by 27.30% to 5.13 million cases as compared to 4.03 million cases in FY16. Region-wise, TI has registered sales volume of 4.06 million cases in southern region, 0.19 million cases in eastern region, 0.08 million cases in western region and 0.80 million cases in exports & institutions segment. Segment-wise, Brandy contributed 82%, followed by Rum, Whisky, Vodka & Gin segments, which have contributed 11%, 5%, and 2%, respectively to the overall sales volume of the Company. TI registered 37.45% increase in sales volume of its premium brand Mansion House Brandy, reporting 3.56 million cases during this year against 2.59 million cases in the previous year. The Company faced challenges in the supply of TI's brands in key profitable States owing to shortage of working capital.

Region-wise Sales Volume in FY2017



Financial Performance

Revenue from operations (net of excise duty) of TI during FY17, on consolidated basis, stood at ₹ 4,866.76 million (inclusive of MVAT and CST refund of ₹ Nil) as compared to ₹ 4,577.83 million (inclusive of MVAT and CST refund of ₹ 258.92 million) during the FY16. Despite the increase in the sales volume, the Company has incurred a net loss of ₹ 2,768.68 million during the FY17 as compared to net loss of ₹ 2,817.44 million during the FY16.

The losses incurred in the recent years are mainly due to high debt resulting in high interest costs and loss in sales volume emanating from lack of adequate working capital to fund the cost of goods. The Company has already taken various measures to increase the sales volume and to reduce costs, wherever possible, and is actively exploring the possibilities of restructuring the existing debts, selling of non-performing assets and considering the feasibility of raising additional capital from affiliates or other investors.

Nearly 47% of the secured debt of the Company has been taken over by Edelweiss Asset Reconstruction Company Limited with whom a long-term debt restructuring schedule to service the principal and interest is being discussed. The Company is confident that persistent efforts and strategies will gradually result in improved productivity and efficiency in the coming years.

Marketing and Branding

TI has further strengthened its brand portfolio by initiating new marketing activities and deriving maximum value from the portfolio of its legacy brands that includes Mansion House Brandy and Courier Napoleon Brandy – Red and Green. Some of these initiatives include:

- ✦ Revamping the packaging of the Mansion House Brandy to provide a better look and vibrancy to the brand;
- ✦ Conducting brand promotion initiatives and introducing celebration pack of Courier Napoleon Brandy - Green in Puducherry and Karnataka, resulting in better demand and sale of the brand in the market; and



- ✦ Foraying into digital promotions to increase the awareness of TI's brands amongst the younger generation through non e-commerce digital/social media platforms with the generic name "Mansion House" of its marquee brand "Mansion House French Brandy".

Distribution Networks

TI has a strong market presence in the Southern region covering various market segments. The Company sells through State Corporations across Telangana, Andhra Pradesh, Karnataka, Kerala and Odisha. It also operates through distributor channel located in Maharashtra, Goa, Silvassa, Assam and West Bengal. TI also has a good presence in the CSD marketplace. Going ahead, the Company has plans to expand its presence into the East, which is brimming with growth potential.

Material Developments

The Company has granted license for use of its certain brands in the territory of Karnataka to Vahni Distilleries Private Limited, wholly owned subsidiary for a period of 15 years commencing from April 01, 2017.

The Company has also granted license for use of its certain brands in the territories of Andhra Pradesh, Telangana, Puducherry, Mahe & Karikal to PunjabExpo Breweries Private Limited, wholly owned subsidiary for a period of 15 years commencing from April 10, 2017.

The arrangement entered into with Pernod Ricard India Private Ltd. on September 27, 2012 for manufacturing their products at the Shirampur Plant of the Company has been discontinued with effect from April 01, 2017.

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 numbers 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.

To begin with, 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 will also result in price escalation. A large percentage of the Company's turnover is derived from Southern India, where any unfavourable regulatory policy can impact business. 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 creating a culture that EPITOMIZES TI and unleashes innovation at every level within the organization.

At the very heart of TI and its steady growth story is its biggest asset - its People. TI is proud of their passion and commitment to the Company and the alignment of their aspirations and dreams to its shared vision. TI's growth and successes are met equally by even greater steps to ensure that the Company not only complies with but leads in areas of processes and human relations to unleash and harness innovation at every level within the organization. It is the conduct of its leadership team and its people, their shared wisdom and values, which have gone into creating the business democracy that is TI - a Company where entrepreneurship and innovation thrive. As a closely-knit team of 356 employees, the Company has done very well over the last few years. It is against this backdrop that the Human Resources function assumes a strategic and critical 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 and promote a culture which recognizes and promotes merit/performance based compensation and reward; and
-  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.

Training and Development

The Company has carried out various in-house on the job training programmes in skill-enhancement, and training in other soft skill areas, in addition to sponsoring employees to various training programmes organized by Bombay Chamber of Commerce and Bombay Management Association etc. Dr. Keshab Nandy, Director-HR, a widely acclaimed management speaker and trainer, has



conducted a series of training programmes on Leadership Development and Motivational strategies for employees of the Company at the Corporate Office and Shirampur factory.

Smart Parking Facilities for Employees

By way of employee welfare, site HR has provided 3,000 sq. ft. motorbike parking facility having capacity for 175 motorbikes and 25 cars at the Company's Shirampur site. Smart Parking is one of the most adopted and faster growing smart city solutions across the world. Site HR provides this facility to connect employees, automate and analyse data generated from parked vehicles. Some of the benefits



of the scheme are increased vehicle safety, time saving, reduction in pollution, spot identification of the vehicle, optimization of resources and efforts etc.

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.

Information technology is the backbone for the Company assuming the centre stage for all business activities owing to SAP integrated operations. SAP enables complete business visibility to the Company Management across operations, marketing and financial parameters.

Advanced Threat Protection

Company has availed of Cloud E-mail Advanced Threat Protection service which will take care of ransomware, malware, email phishing and email spoofing attacks and shall ensure security to the Company by blocking advanced threats, distinguishing stealthy irregularities and self-healing.

Backup

The Company is in the process of implementing a backup software for User data. This important initiative implementation will result in ensuring attendant benefits to the Company by reducing the business downtime, ensuring unified data protection, prevention of illegal access and optimization of network bandwidth, backup time and storage.

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 of the Company. 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.

OUTLOOK

With economic activities improving in India along with rising income levels, the IMFL industry is experiencing enhanced demand from aspiring and affluent consumer class. Despite a moderate growth during the year FY17, the long-term fundamentals for the Company remain positive.

Going forward, with the consistent execution of its long-term strategy with greater focus on premium products, brand development along with strengthening of distribution network, your Company is on a steady path to recovery and remains an enduring and evolving Company in the IMFL space.

FORWARD LOOKING STATEMENT

Statement made in the Management Discussion & Analysis 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 82nd Annual Report along with the audited financial statements of the Company for the financial year ended March 31, 2017.

1. FINANCIAL HIGHLIGHTS

The summary of the Company's financial results for the financial year ended March 31, 2017 and appropriation of divisible profits is furnished below:

(₹ in million)

Particulars	Standalone	
	Year ended 31.03.2017	Year ended 31.03.2016
Revenue from operations*#	3,510.48	3,723.89
Operating expenditure	4,383.31	4,849.91
Earnings before interest, depreciation and amortization, tax (EBIDTA)	(872.83)	(1,126.02)
Other income	40.43	9.00
Finance costs	1,523.48	1,196.15
Depreciation and amortization expenses	362.46	366.01
Profit/(Loss) before tax	(2,718.34)	(2,679.18)
Tax expenses	(72.98)	(18.83)
Profit/(Loss) for the year	(2,645.36)	(2,660.35)
Balance brought forward from previous year	(1,542.40)	1,117.95
Amount available for appropriation	(4,187.76)	(1,542.40)
Appropriations		
Transferred to general reserve	-	-
Proposed dividend and tax thereon	-	-
Balance carried to balance sheet	(4,187.76)	(1,542.40)

* The Company has tie-up arrangements in some States and in respect of such arrangements, the net turnover of ₹ 2,490.47 million during the financial year ended March 31, 2017 (P.Y. ₹1,658.49 million) has not been treated as sales. However, the surplus generated out of these arrangements (F.Y. 2016-17 : ₹ 844.76 million, F.Y. 2015-16 : ₹ 526.36 million) is included in the revenue from operations.

The Company has been recognizing MVAT and CST subsidy (pursuant to the grant of Mega Project Status under Package Scheme of Incentives, 2007 by the Government of Maharashtra vide its eligibility certificate dated April 11, 2012) on disbursement instead of accrual basis from the quarter ended September 2015 onwards. Accordingly, the revenue from operations for the financial year ended March 31, 2016 is inclusive of MVAT and CST subsidy of ₹ 258.92 million.

The total sales volume achieved by the Company has increased by 27.30% to 5.13 million cases during the financial year ended March 31, 2017 as compared to 4.03 million cases during the financial year ended March 31, 2016. Despite the increase in the sales volume, the Company has incurred a net loss of ₹ 2,645.36 million during the financial year ended March 31, 2017 as compared to net loss of ₹ 2,660.35 million during the financial year ended March 31, 2016.

The losses incurred in the recent years are mainly due to high debt resulting in high interest costs and loss in sales volume emanating from lack of adequate working capital to fund the cost of goods. The Company has already taken various measures to increase the sales volume and reduction in costs, wherever possible. The Company is actively exploring the possibilities of restructuring the existing debts, selling of non-performing assets and considering the

feasibility of raising additional capital from affiliates or other investors. While the macro economic situation continues to present challenges, the Company, with the support of its strong, resilient business model and the effective implementation of the above plans, is persistent with its efforts to generate long term growth.

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 financial year 2016-17, the Company faced 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, bottling capacity constraints in the State of Tamil Nadu and decline in profitability due to moderation in revenues, higher finance costs and increased raw material costs. The Company is making efforts to address these issues and improve its liquidity position to meet the requirement of funds and effect payments of statutory dues, borrowings and business liabilities falling due.

Manufacturing Facilities

The Company has ultra-modern set up with robust manufacturing facilities, comprising of 1 owned facility, 3 operating liquor subsidiaries, 4 leased and 9 tie-up units strategically located across India. It has 100 KLPD molasses based and 100 KLPD grain based distillation plants and IMFL Bottling Plants at Shrirampur (Maharashtra).

During the financial year 2016-17, the grain based plant of the Company was not operational. The Company is awaiting permission from the Government for allowing use of the grain based plant for distillation of molasses along with grain (Dual Feed) to take advantage of the market price of the two feed stocks viz. grain and molasses.

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 Courier Napoleon Brandy.

During the financial year 2016-17, the sales volume increased by 27.30% to 5.13 million cases as compared to 4.03 million cases in the financial year 2015-16. Region-wise, the Company has registered sales volume of 4.06 million cases in southern region, 0.19 million cases in eastern region, 0.08 million cases in western region and 0.80 million cases in exports & institutions segment. Segment-wise, Brandy contributed 82%, followed by Rum, Whisky, Vodka & Gin segments, which have contributed 11%, 5%, and 2%, 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.

Increased finance costs and macro economic factors have hit Company's sales hard. Both Mansion House Brandy and Courier Napoleon Brandy continue to be consumer's most preferred brands across Southern region. Dipstick studies conducted by internal teams of the Company indicated that both brands were on top of consumer's mind when it came to premium Brandies.

Material Developments

The Company has granted license for use of its certain brands in the territory of Karnataka to Vahni Distilleries Private Limited, wholly owned subsidiary for a period of 15 years commencing from April 01, 2017.

The Company has granted license for use of its certain brands in the territories of Andhra Pradesh, Telangana, Puducherry, Mahe & Karikal to PunjabExpo Breweries Private Limited, wholly owned subsidiary for a period of 15 years commencing from April 10, 2017.

The arrangement entered into with Pernod Ricard India Private Ltd. on September 27, 2012 for manufacturing their products at the Shrirampur Plant of the Company has been discontinued with effect from April 01, 2017.

The Company has received communication from Edelweiss Asset Reconstruction Company Limited that they have been assigned financial rights from Punjab National Bank, IFCI and Axis Bank (partial debt).

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, 2017.

4. SHARE CAPITAL

During the financial year 2016-17, there was no change in the authorized, issued, subscribed and paid-up share capital of the Company. As on March 31, 2017, the Company was having authorized share capital of ₹ 1,500.00 million comprising of 150 million equity shares of ₹ 10/- each out of which issued, subscribed and paid-up share capital was ₹ 1,247.56 million comprising of 124.76 million equity shares of ₹ 10/- each.

DIRECTORS' REPORT

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%)	The revenue from operations, during the financial year 2016-17, of Prag stood at ₹ 1,556.76 million as compared to ₹ 879.79 million in the previous year. It has incurred net loss of ₹ 40.72 million during the financial year 2016-17 as compared to net loss of ₹ 92.91 million in the previous year. Prag has received the license from the Government for enhancement of its bottling capacities from the current 0.05 million cases to 0.3 million cases per month. The arrangement entered into with Pernod Ricard India Private Ltd. (PRIPL) on March 15, 2013 for sub-lease of 3.5 million PLs along with part of Prag's manufacturing facility has been discontinued. The National Company Law Tribunal ("NCLT") vide its order dated June 27, 2017 has initiated Corporate Insolvency Resolution Process under the provisions of the Insolvency and Bankruptcy Code, 2016 in respect of Prag.
2	Vahni Distilleries Private Limited (100%)	The production capacity of Vahni's plant has been fully utilized in the financial year 2016-17. The revenue from operations, during the financial year 2016-17, of Vahni stood at ₹ 580.99 million as compared to ₹ 372.65 million in the previous year. It has incurred net loss of ₹ 75.85 million during the financial year 2016-17 as compared to net loss of ₹ 59.66 million in the previous year. Vahni had been granted license for use of the Company's certain brands in the territory of Karnataka for a period of 15 years commencing from April 01, 2017. Due to liquidity constraints, Vahni is not going ahead with enhancement of its finished goods storage capacity as envisaged earlier.
3	PunjabExpo Breweries Private Limited (100%)	The revenue from operations, during the financial year 2016-17, of PunjabExpo stood at ₹ 183.89 million as compared to ₹ 195.64 million in the previous year. It has incurred net loss of ₹ 5.72 million during the financial year 2016-17 as compared to net loss of ₹ 6.13 million in the previous year. In place of hiving off the entire stake held by the Company in PunjabExpo as envisaged earlier, it has been decided to make additional investment in PunjabExpo along with strategic investment for scaling its operations. PunjabExpo has been granted exclusive license for use of the Company's certain brands on royalty basis in the territories of Andhra Pradesh, Telangana, Puducherry, Mahe & Karikal for a period of 15 years commencing from April 10, 2017.

Sr. No.	Name of Subsidiary Companies (Stake)	Performance
(B) OTHER SUBSIDIARIES		
4	Kesarval Springs Distillers Pvt. Ltd. (100%)	During the financial year 2016-17, no activities have been carried out by Kesarval and it has incurred net loss of ₹ 0.84 million during the year as compared to net loss of ₹ 17.03 million in the previous year.
5	Mykingdom Ventures Pvt. Ltd. (100%)	During the financial year 2016-17, no activities have been carried out by Mykingdom and it has incurred net loss of ₹ 0.03 million during the year as compared to net loss of ₹ 0.03 million in the previous year.
6	Studd Projects P. Ltd. (100%)	During the financial year 2016-17, no activities have been carried out by Studd and it has incurred net loss of ₹ 0.03 million during the year as compared to net loss of ₹ 0.02 million in the previous year.
7	Srirampur Grains Pvt. Ltd. (100%)	During the financial year 2016-17, no activities have been carried out by Srirampur and it has incurred net loss of ₹ 0.04 million during the year as compared to net loss of ₹ 0.03 million in the previous year.
8	Shivprabha Sugars Ltd. (90%)	During the financial year 2016-17, no activities have been carried out by Shivprabha and it has incurred net loss of ₹ 0.10 million during the year as compared to net loss of ₹ 14.06 million 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. During the financial year 2016-17, no significant changes in its financial performance have taken place as compared to previous year.

The consolidated financial statements of the Company and its subsidiaries for the financial year ended March 31, 2017, prepared in accordance with the Companies Act, 2013 and Accounting Standards AS - 21 on consolidated financial statements 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 2016-17, 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 of Prag, against whom the National Company Law Tribunal ("NCLT") vide its order dated June 27, 2017 has initiated Corporate Insolvency Resolution Process under the provisions of the Insolvency and Bankruptcy Code, 2016.

6. DIRECTORS

At the 81st Annual General Meeting of the Company held on September 14, 2016, Mr. Kishorekumar G. Mhatre was appointed as an Independent Director of the Company, not liable to retire by rotation for a period of five consecutive years commencing from June 09, 2016 and ending on June 08, 2021 (both days inclusive) in accordance with the provisions of Sections 149, 152 read with Schedule IV of

DIRECTORS' REPORT

the Companies Act, 2013 and 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 also re-appointed as Director, liable to retire by rotation.

Due to his other commitments, Dr. Vishnu Kanhere, Independent Director resigned from the directorship of the Company with effect from June 30, 2016. The Board places on record its high appreciation of the valuable advice and guidance rendered by him during his tenure as the Director of the Company.

In accordance with the provisions of Section 152(6) of the Companies Act, 2013, Mr. Amit Dahanukar, Chairman & Managing Director of the Company is retiring by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. Information pursuant to Regulation 36(3) of the Listing Regulations in this regard is appended to the Notice convening the ensuing Annual General Meeting. The Board recommends his appointment.

Since the tenure of Mr. Amit Dahanukar, Chairman & Managing Director of the Company is also expiring on November 07, 2017, the Members by way of Special Resolution passed through postal ballot have accorded consent for his re-appointment for a period of 3 (Three) years commencing from November 07, 2017 and ending on November 06, 2020 at a remuneration as contained in the said Resolution, subject to approval of the Central Government.

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 read with Regulation 16(1)(b) of the Listing Regulations.

7. NOMINATION, REMUNERATION AND EVALUATION POLICY

The revised Nomination, Remuneration and Evaluation Policy of the Company, aligned with the provisions of the Listing Regulations, adopted by the Board on June 09, 2016 in accordance with the provisions of Section 134(3)(e) and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, 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 are elaborated in the Corporate Governance 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 13, 2017, 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 in its Meeting held on May 29, 2017 and expressed overall satisfaction on the performance of the Independent Directors, Non-Independent Directors, Chairman and the Board as a whole (including its Committees).

9. NUMBER OF MEETINGS OF THE BOARD

The details of the number of meetings of the Board held during the financial year 2016-17 are furnished as a part of the Corporate Governance Report.

10. COMPOSITION OF AUDIT COMMITTEE

The details of the composition of Audit Committee are furnished as a part of the Corporate Governance Report.

11. KEY MANAGERIAL PERSONNEL

As on March 31, 2017, 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 2016-17.

12. AUDITORS

Statutory Auditors and Statutory Audit Report

M/s Batliboi & Purohit, Chartered Accountants, who were acting as Statutory Auditors consecutively for more than 10 years, were appointed as Statutory Auditors of the Company in the 79th Annual General Meeting held on September 27, 2014 (for the transition period of 3 years for rotation of audit firms) from the conclusion of the 79th Annual General Meeting till the conclusion of the 82nd Annual General Meeting subject to ratification of their appointment by the Members at every Annual General Meeting held after the 79th Annual General Meeting.

In accordance with the provisions of Section 139(2) read with the Companies (Audit and Auditors) Rules, 2014, it is proposed to appoint M/s. M. M. Parikh & Co., Chartered Accountants (Firm Registration No. 107557W) as Statutory Auditors of the Company at the ensuing 82nd Annual General Meeting in place of M/s Batliboi & Purohit, Chartered Accountants, whose term is expiring at the said Meeting. The Company has received consent/certificate pursuant to the provisions of Sections 139 and 141 of the Companies Act, 2013 read with Rules made thereunder from them with respect to the abovementioned proposal. The Board places on record its sincere appreciation for the services rendered by M/s Batliboi & Purohit, Chartered Accountants, during their long association with the Company.

A proposal seeking Members' approval for the appointment of M/s. M. M. Parikh & Co., Chartered Accountants (Firm Registration No. 107557W) and for fixing their remuneration forms part of the Notice convening the ensuing Annual General Meeting.

The Audit Committee and Board of Directors have reviewed the eligibility criteria as laid down under Section 141 of the Companies Act, 2013 and recommended the appointment of M/s. M. M. Parikh & Co., Chartered Accountants (Firm Registration No. 107557W) as Statutory Auditors from the conclusion of the 82nd Annual General Meeting till the conclusion of the 87th Annual General Meeting.

No frauds have been reported by the Statutory Auditors during the financial year 2016-17 pursuant to the provisions of Section 143(12) of the Companies Act, 2013.

With reference to the 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 'H' to this Report.

Cost Auditor and Cost Audit Report

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 service 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 2017-18.

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

DIRECTORS' REPORT

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, 2016 submitted by M/s P. D. Phadke & Associates, Cost Auditors on October 25, 2016. The Cost Audit Report for the financial year ended March 31, 2017 shall be filed in due course.

Secretarial Auditors and Secretarial Audit Report

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 2017-18.

The Secretarial Audit Report for the financial year ended March 31, 2017 is set out in Annexure 'A' to this Report.

Secretarial Auditors' observations under the Secretarial Audit Report for the financial year ended March 31, 2017:

With reference to the Secretarial Auditors' observations in their Secretarial Audit Report for the financial year ended March 31, 2017, the Board provides its explanations/comments as under:

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

There was a delay of 10 days in filing of Audited Standalone and Consolidated Financial Statements of the Company for the quarter ended March 31, 2016 pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Board's Response: The abovementioned results could not be prepared within the stipulated timelines as ERP system of the Company was affected due to 'Ransom Virus'.

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

NSE had enquired justification from the Company for submission of proceeding of AGM

on September 16, 2016 in place of September 15, 2016 in terms of Regulation 30 of the Listing Regulations.

Board's Response: The delay in submission was due to non-availability of technical person on September 15, 2016 i.e. Ganesh Chaturthi to address the technical problem faced by the Company in uploading the same on that date.

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. EXTRACT OF ANNUAL RETURN

An extract of Annual Return in Form MGT-9 as required under the provisions of Sections 92(3) and 134(3)(a) read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is set out in Annexure 'E' to this Report.

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 2016-17.

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 under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 are set out in Annexure 'F' to this Report and are also accessible on Company's website i.e. www.tilind.com

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) Millennium Development Goals (MDG) and directs its efforts towards Poverty Reduction, Health, Education and Environment Conservation. Details of the CSR projects, programs or activities undertaken by the Company during the financial year 2016-17 are as follows:

- **Community kitchen:** Nutritious, healthy and wholesome meals are served daily to the children.
- **Malnutrition and health assessment camps and malnutrition clinic:** Prevention and treatment of malnutrition directly, at the grass-root level and conducting nutritional counselling, cooking demos, training and empowering communities on early child development awareness.
- **Literacy:** Working with principals, teachers and other non teaching staff in the areas of school development and improvement, teacher development, design and development of teaching aids and classroom resources.
- **Awareness, treatment, health and dental camps:** Conduct of ENT, Ophthalmic, dental assessment and treatment camp, awareness session in the community about water borne diseases, breast cancer awareness, harmful effects of tobacco, importance of deworming.
- **Supply of R.O water:** Supply of safe drinking (R.O) water to over 17 wadis.
- **Sports and fitness to engage the unemployed youth:** Engaging unemployed youth by conducting various inter village matches in order to develop sports talent that lies hidden in the villages.

- **Waste management, tree plantation, organic production, fodder production and training to farmers:** Setting up of vermicompost production unit for disposing organic wastes, distribution of saplings for promoting afforestation, guiding farmers towards organic cultivation, using waste water for farming and gardening including fodder production and conducting Earn-While-You-Learn projects.
- **Animal welfare centre:** Rescue of small animals including dogs, cats, goats from abuse or accidents and providing shelter to them.

During the financial year 2016-17, 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 ₹ 5.34 million, being the CSR amount short spent during the financial year 2015-16, was earmarked for spending on CSR Activities during the financial year 2016-17. As against the budgeted amount of ₹ 5.34 million, the Company has spent ₹ 5.84 million on CSR activities during the financial year 2016-17.

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 'G' to this Report and is also accessible on Company's website at [web link: http://www.tilind.com/corporateResponsibilities.html](http://www.tilind.com/corporateResponsibilities.html)

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 Statutory Auditors of the Company 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

DIRECTORS' REPORT

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 constituted a Complaint Committee in line with the provisions of Section 4(1) of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has not received any complaint of sexual harassment during the financial year 2016-17.

22. FIXED DEPOSITS

As on April 01, 2016, 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 2016-17. As on March 31, 2017, the Company was not having any outstanding deposit falling under the scope of 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	1,110	62,294	1,174	196,006
Number of Members who approached the Company for transfer of shares from suspense account during the year	1	658	1	150
Number of Members to whom shares were transferred from suspense account during the year	1	658	1	150
Aggregate number of Members and the outstanding shares in the suspense account lying at the end of the year*	1,109	61,636	1,173	195,856

* The voting rights on the shares outstanding in the suspense account as on March 31, 2017 are frozen till the rightful owner claims such shares.

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

In accordance with the provisions of Section 124(5) of the Companies Act, 2013, an amount of ₹ 163,523 being dividend for the financial year 2008-09 lying unclaimed for a period of 7 years was transferred by the Company on October 01, 2016 to the Investor Education & Protection Fund.

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 required to transfer all shares in respect of which dividend has not been claimed for 7 (seven) consecutive years or more to the IEPF. 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.

Details of the unclaimed dividend amounts lying with the Company as on September 14, 2016 (date of last Annual General Meeting) and shares/unclaimed dividend amounts (for the financial year 2009-10) proposed to be transferred to IEPF as required under the provisions of the IEPF Rules have been uploaded on the website of the Company i.e. www.tilind.com

25. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Contracts or arrangements with related parties falling under the purview of Section 188(1) of the Companies Act, 2013 have not been entered into by the Company during the financial year 2016-17. Hence, disclosure 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 is not applicable. Further, there were no transactions with related parties which qualify as material transactions under 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 2016-17.

28. VIGIL MECHANISM

The revised Whistle Blower Policy of the Company, aligned with the provisions of the Listing Regulations, adopted by the Board on June 09, 2016 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. The Whistle Blower Policy of the Company can be accessed at the Weblink: <http://www.tilind.com/downloads/announcements/Whistleblower.pdf>

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;

DIRECTORS' REPORT

- 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.
- 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.
- v. During the financial year 2016-17, 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 07, 2017

Amit Dahanukar

Chairman & Managing Director

30. RESIDUARY DISCLOSURES

- i. During the financial year 2016-17, 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 2016-17, 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;
- iii. During the financial year 2016-17, 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;

ANNEXURE 'A' TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[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.

We believe that audit evidence and information obtained from the Company's management is adequate and appropriate to provide a basis for our opinion.

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, 2016 to March 31, 2017** ("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, 2016 to March 31, 2017** 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 (**Not applicable to the Company during the Audit Period**) and External Commercial Borrowings;
- (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, 2009 (**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**);
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**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 issued by The Institute of Company Secretaries of India;
2. The Listing Agreements entered into by the Company with BSE Limited & National Stock Exchange of India Limited, 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) *there was a delay of 10 days in filing of Audited Standalone and Consolidated Financial Statements of the Company for the quarter ended March 31, 2016 pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and*
- (ii) *NSE had enquired justification from the Company for submission of proceeding of AGM on September 16, 2016 in place of September 15, 2016 in terms of Regulation 30 of the Listing Regulations.*

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.

During the audit period, the Company has received shareholders approval by way of Special Resolution through postal ballot in respect of following events/ actions having a major bearing on the Company's affair in pursuance of the above referred laws, rules, regulations, guidelines, standard etc.

- (a) Re-appointment of Mr. Amit Dahanukar as Chairman & Managing Director of the Company for a period of three years commencing from November 07, 2017 and ending on November 06, 2020; and
- (b) Authorization to the Board of Directors to make loans, give guarantees, provide securities or make investments in excess of the limits prescribed under Section 186 of the Companies Act, 2013.

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

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

Place : Mumbai
Date : May 20, 2017

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 were taken by the Company:

- a) Circuit breakers have been 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 have been 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 have been 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 2016-17 as compared to financial year 2015-16 is given herein below:

Sr. No.	Particulars	Unit	Year 16-17	Year 15-16
1	Biogas generation	Lac M ³	15.76	9.69
2	Spent-wash treated	Lac M ³	0.45	0.31
3	Ratio of biogas generation to spent-wash treated	M ³ /M ³	35.02	31.36
4	Biogas utilization:			
	a. for steam generation in boiler	Lac M ³	13.88	7.63
	b. biogas flared during start-up & interruptions	Lac M ³	1.88	2.06
5	Coal saved:			
	a. quantity	MT	1388	763
	b. value	₹ (Lac)	79.44	44.15

Notes:

- a. The generation of the bio-gas and value of coal saved during the year have increased by 62.64% and 79.93% respectively due to continuity in distillery operation.
- b. Ratio of biogas generation to spent-wash treated has increased by 11.67% as compared to previous year.

(iii) Capital Investment on Energy Conservation Equipments:

During the financial year 2016-17, no capital investment was made by the Company on energy conservation equipments.

(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. the details of technology imported: The Company has not imported any technology during the last three financial years.
- b. the 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 2016-17, neither capital nor revenue expenditure was incurred by the Company on Research and Development.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the financial year 2016-17, the foreign exchange earned in terms of actual inflows was ₹ 13.38 million (P.Y. ₹ 30.34 million) and the foreign exchange outgo during the financial year 2016-17, in terms of actual outflows was ₹ 0.24 million (P.Y. ₹ 24.55 million).

For and on behalf of the Board of Directors

Place : Mumbai

Amit Dahanukar

Date : August 07, 2017 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 2016-17 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 2016-17:**

Sr. No.	Name	Designation	Ratio of remuneration of each Director to median remuneration of Employees	Percentage increase in remuneration
1	Mr. Amit Dahanukar*	Chairman & Managing Director	49:1	-
2	Mrs. Shivani Amit Dahanukar#	Non-Executive Director	-	-
3	Dr. Vishnu Kanhere^#	Independent Director	-	-
4	Dr. Ravindra Bapat#	Independent Director	-	-
5	Mr. C. V. Bijlani#	Independent Director	-	-
6	Mr. Kishorekumar G. Mhatre@#	Independent Director	-	-
7	Mr. Srijit Mullick	Chief Financial Officer	Not Applicable	-
8	Mr. Gaurav Thakur	Company Secretary	Not Applicable	-

* The remuneration for the financial year 2016-17 was paid as per the Central Government's approval

The Non-Executive and Independent Directors were paid only sitting fees during the financial year 2016-17

^ Resigned from the Directorship of the Company w.e.f. June 30, 2016

@ Appointed as Independent Director of the Company w.e.f. June 09, 2016

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

The median remuneration of employees in the financial year 2016-17 has declined by 16.42% as compared to the previous year.

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

As on March 31, 2017, 356 permanent employees were on the rolls of the Company.

- (iv) **Average percentile increases 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 2016-17, 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 1.25% was made in the salaries of employees other than the managerial personnel during the financial year 2016-17, 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 2016-17 is as per the Remuneration Policy of the Company.

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 07, 2017

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 contribution to PF) (₹ in million)	Nature of employment, whether contractual or otherwise	Qualifications	Total Experience (Years)	Date of Commencement of Employment	Age (Years)	Last employment held	Relative of any Director or Manager
1	Mr. Amit Dahanukar	Chairman & Managing Director	12.55 [*]	Contractual	B.E. (ELEC.), M.S. (U.S.A.)	16	07.11.2001	40	First Employment	Yes, Spouse of Mrs. Shivani Amit Dahanukar
2	Mr. Srijit Mullick	Chief Financial Officer	10.94 ^{\$}	Permanent	B.Com., FCA, ACMA	38	05.10.2013	62	E City Ventures Group of Companies - Chief Financial Officer	No
3	Dr. Keshab Nandy	Director - Legal, HR, IT, IR, Vigilance & Safety	9.92 ^{\$}	Permanent	B.A., M.A., M.H.R.M., P.G.D.P.M. & I.R., LL.B., D.C.M., M. Phil., Ph.D.	37	03.09.2007	61	UTI Technology Services Ltd. - Sr. VP - HR, IR, Legal, Quality Admin., Facility Mgt & CVO	No
4	Mr. Santosh Thakur	General Manager - Purchase	4.57 ^{\$@}	Permanent	B.Sc., PG in Materials Management	24	16.08.2011	47	Ranbaxy Laboratories Ltd.	No
5	Mr. Ajit Sirsat	Assistant Vice President - Finance & Accounts	4.28 ^{\$}	Permanent	B.Com., ACA, Grad. CMA	23	22.06.2012	46	Raymond Apparel Ltd.	No
6	Mr. Naresh Agnihotri	Vice President - Manufacturing Operations	4.24 ^{\$}	Permanent	B.Sc. (Chem)	45	01.04.2011	68	Radico NV Distilleries Maharashtra Ltd.	No
7	Mr. Gaurav Thakur	Company Secretary	4.19 ^{\$}	Permanent	M.Com., ACS, ACMA	17	15.01.2011	39	Gini & Jony Ltd.	No
8	Mr. Benedict William	Senior Vice President - Sales (South)	3.90 ^{\$}	Permanent	M.A., Diploma in Business Management	34	19.08.2015	58	Consultant	No
9	Mr. C. R. Ramesh	General Manager - Operations & Quality	3.00 ^{\$}	Permanent	B.Sc.	35	15.04.2008	57	Radico Khaitan Ltd.	No
10	Mr. Rajesh Agrawal	General Manager - Sales (Maharashtra & Daman)	2.51 ^{\$}	Permanent	B.A.	33	12.01.2010	51	Allied Blenders and Distillers Pvt. Ltd.	No

* The remuneration for the financial year 2016-17 was paid as per the Central Government's approval

\$ includes salary arrears belonging to financial year 2015-16

@ Ceased to be in employment of the Company w.e.f. June 17, 2017

Place : Mumbai

Date : August 07, 2017

For and on behalf of the Board of Directors

Amit Dahanukar
Chairman & Managing Director

ANNEXURE 'E' TO THE DIRECTORS' REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

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

I. REGISTRATION AND OTHER DETAILS

1. CIN	L15420PN1933PLC133303
2. Registration Date	July 29, 1933
3. Name of the Company	Tilaknagar Industries Ltd.
4. Category/Sub-Category of the Company	Public Company Limited by Shares/Indian Non-Government Company
5. Address of the Registered Office and Contact details	P.O. Tilaknagar, Tal. Shirampur, Dist. Ahmednagar, Maharashtra - 413 720 Tel: (02422) 265123/265032 Fax: (02422) 265135 E-mail: investor@tilind.com Website: www.tilind.com
6. Whether listed Company	Yes
7. Name, Address and Contact details of Registrar and Transfer Agent, if any	Bigshare Services Pvt. Ltd. 1 st 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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the Company shall be stated)

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1	Manufacturing of Indian Made Foreign Liquor (IMFL)	11011	91%

III. PARTICULARS OF HOLDINGS, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Prag Distillery (P) Ltd. P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Shrirampur, Maharashtra – 413 720	U15512PN2005PTC133636	Subsidiary	100	2(87)
2	Vahni Distilleries Private Limited P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Shrirampur, Maharashtra – 413 720	U24119PN1993PTC133461	Subsidiary	100	2(87)
3	Kesarval Springs Distillers Pvt Ltd. P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Shrirampur, Maharashtra – 413 720	U15511PN1993PTC140561	Subsidiary	100	2(87)
4	PunjabExpo Breweries Private Limited P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Shrirampur, Maharashtra – 413 720	U15531PN1997PTC143390	Subsidiary	100	2(87)
5	Mykingdom Ventures Pvt. Ltd. P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Shrirampur, Maharashtra – 413 720	U74900PN2008PTC143964	Subsidiary	100	2(87)
6	Studd Projects P. Ltd. P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Shrirampur, Maharashtra – 413 720	U45202PN2008PTC144178	Subsidiary	100	2(87)
7	Srirampur Grains Private Limited P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Shrirampur, Maharashtra – 413 720	U01300PN2008PTC144177	Subsidiary	100	2(87)
8	Shivprabha Sugars Ltd. P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Shrirampur, Maharashtra – 413 720	U15424PN2006PLC129391	Subsidiary	90	2(87)
9	Mason And Summers Marketing Service Private Limited 1134, 1 st Floor, 100 Feet Road, HAL II Stage, Bangalore – 560 008	U01551KA2005PTC036347	Associate	26	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year i.e. April 01, 2016				No. of Shares held at the end of the year i.e. March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	63,816,499	-	63,816,499	51.15	63,816,499	-	63,816,499	51.15	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	4,755,169	-	4,755,169	3.81	4,755,169	-	4,755,169	3.81	-
e) Banks/ Financial Institutions	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	68,571,668	-	68,571,668	54.96	68,571,668	-	68,571,668	54.96	
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/ Financial Institutions	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoters (A)= (A)(1)+(A)(2)	68,571,668	-	68,571,668	54.96	68,571,668	-	68,571,668	54.96	-
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/ Financial Institutions	243,207	9,858	253,065	0.20	299,239	9,858	309,097	0.25	0.05
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	162,895	-	162,895	0.13	30,000	-	30,000	0.03	(0.10)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
Sub-total (B) (1)	406,102	9,858	415,960	0.33	329,239	9,858	339,097	0.28	(0.05)
(2) Non- Institutions									
a) Bodies Corporate									
i) Indian	10,542,863	17,110	10,559,973	8.47	7,374,614	17,110	7,391,724	5.92	(2.55)
ii) Overseas	150,000	-	150,000	0.12	-	-	-	-	(0.12)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	23,953,608	1,214,611	25,168,219	20.17	23,929,428	1,183,314	25,112,742	20.13	(0.04)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	17,137,275	358,490	17,495,765	14.03	18,249,964	334,309	18,584,273	14.90	0.87
c) Others									
i) Clearing Member	588,824	-	588,824	0.47	2,608,672	-	2,608,672	2.09	1.62
ii) NRIs	1,538,738	8,618	1,547,356	1.24	1,780,549	8,618	1,789,167	1.43	0.19
iii) Tilaknagar Industries Ltd. - Unclaimed Suspense Account	258,300	-	258,300	0.21	257,492	-	257,492	0.21	-
iv) Trusts	50	-	50	0.00	50	600	650	0.00	-
v) NBFC registered with RBI	-	-	-	-	100,630	-	100,630	0.08	0.08
Sub-total (B) (2)	54,169,658	1,598,829	55,768,487	44.71	54,301,399	1,543,951	55,845,350	44.76	0.05
Total Public Shareholding (B)= (B)(1)+(B)(2)	54,575,760	1,608,687	56,184,447	45.04	54,630,638	1,553,809	56,184,447	45.04	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	123,147,428	1,608,687	124,756,115	100.00	123,202,306	1,553,809	124,756,115	100.00	-

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. April 01, 2016			Shareholding at the end of the year i.e. March 31, 2017			
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	% Change in shareholding during the year
1	Mr. Amit Dahanukar (Promoter)	29,844,552	23.92	21.18	29,844,552	23.92	21.18	-
2	Mrs. Shivani Amit Dahanukar (Promoter)	32,976,043	26.43	21.42	32,976,043	26.43	14.23	-
3	Ms. Anupama Arun Dahanukar (Promoter Group)	457,623	0.37	-	457,623	0.37	-	-
4	Ms. Priyadarshini Arun Dahanukar (Promoter Group)	538,281	0.43	-	538,281	0.43	-	-
5	M L Dahanukar and Co Pvt. Ltd. (Promoter Group)	3,564,235	2.86	-	3,564,235	2.86	-	-
6	Arunoday Investments Pvt. Ltd. (Promoter Group)	1,190,934	0.95	-	1,190,934	0.95	-	-

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr.No.	Particulars	Shareholding at the beginning of the year i.e. April 01, 2016		Cumulative Shareholding during the year i.e. March 31, 2017	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	At the beginning of the year				
2	Date wise Increase/Decrease in Promoters' Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	During the financial year 2016-17, there was no change in the promoters' shareholding.			
3	At the end of the year				

iv) Shareholding Pattern of top ten Shareholders

(other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	For Each of the Top Shareholders	Shareholding at the beginning of the year i.e. on April 01, 2016		Increase/Decrease in shareholding during the year				Cumulative Shareholding during the year i.e. on March 31, 2017	
		No. of Shares	% of total Shares of the Company	01/04/2016 to 30/06/2016	01/07/2016 to 30/09/2016	01/10/2016 to 31/12/2016	01/01/2017 to 31/03/2017	No. of Shares	% of total Shares of the Company
1	R. Wadiwala Securities Pvt. Ltd.	200	-	-	-	-	1,383,005 (Transfer)	1,383,205	1.11
2	Ravi Chug (HUF)	-	-	-	-	693,000 (Transfer)	-	693,000	0.56
3	Proficient Multitrade Private Limited	-	-	150,000 (Transfer)	(150,000) (Transfer)	450,000 (Transfer)	200,306 (Transfer)	650,306	0.52
4	Corum Securities Private Limited	-	-	-	-	-	600,000 (Transfer)	600,000	0.48
5	Sudhish Chugh	381,113	0.31	26,000 (Transfer)	34,400 (Transfer)	-	-	441,513	0.35
6	IL And FS Securities Services Limited	241,686	0.19	(42,780) (Transfer)	58,421 (Transfer)	142,081 (Transfer)	21,962 (Transfer)	421,370	0.34
7	Himanshu Wasudeo Kane	400,000	0.32	-	-	-	-	400,000	0.32
8	Sai Telecom Ltd	392,106	0.31	-	-	-	-	392,106	0.31
9	Laxmi Narasimhan K	388,500	0.31	-	-	-	1,000 (Transfer)	389,500	0.31
10	Sukhbir Puri	329,806	0.26	-	-	-	-	329,806	0.26

v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year i.e. on April 01, 2016		Increase/Decrease in shareholding during the year				Cumulative Shareholding during the year i.e. on March 31, 2017	
		No. of Shares	% of total Shares of the Company	01/04/2016 to 30/06/2016	01/07/2016 to 30/09/2016	01/10/2016 to 31/12/2016	01/01/2017 to 31/03/2017	No. of Shares	% of total Shares of the Company
1	Mr. Amit Dahanukar (CMD)	29,844,552	23.92	-	-	-	-	29,844,552	23.92
2	Mrs. Shivani Amit Dahanukar (NED)	32,976,043	26.43	-	-	-	-	32,976,043	26.43
3	Dr. Vishnu Kanhere (ID)*	12,000	0.01	-	-	-	-	12,000	0.01
4	Dr. Ravindra Bapat (ID)	32,250	0.03	-	-	-	-	32,250	0.03
5	Mr. C.V. Bijlani (ID)	20,000	0.02	-	-	-	-	20,000	0.02
6	Mr. Kishorekumar G. Mhatre (ID)@	-	-	-	-	-	-	-	-
7	Mr. Srijit Mullick (CFO)	-	-	-	-	-	-	-	-
8	Mr. Gaurav Thakur (CS)	-	-	-	-	-	-	-	-

CMD: Chairman & Managing Director, NED: Non-Executive Director, ID: Independent Director, CFO: Chief Financial Officer, CS: Company Secretary

* Resigned from the Directorship of the Company w.e.f. June 30, 2016.

@ Appointed as Independent Director of the Company w.e.f. June 09, 2016

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	7,850.34	1,160.34	-	9,010.68
ii) Interest due but not paid	421.91	6.32	-	428.23
iii) Interest accrued but not due	12.34	-	-	12.34
Total (i+ii+iii)	8,284.59	1,166.66	-	9,451.25
Change in Indebtedness during the financial year				
• Addition	5,021.53	458.90	-	5,480.43
• Reduction	3,598.81	559.40	-	4,158.21
Net Change	1,422.72	(100.50)	-	1,322.22
Indebtedness at the end of the financial year				
i) Principal Amount	7,956.88	1,053.20	-	9,010.08
ii) Interest due but not paid	1,750.43	12.97	-	1,763.40
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	9,707.31	1,066.17	-	10,773.48

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in million)

Sr. No.	Particulars of Remuneration	Name of MD/WT/Manager	Total Amount
		Mr. Amit Dahanukar (Chairman & Managing Director)	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11.738*	11.738*
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission		
	-as % of profit	-	-
	-other, specify	-	-
5	Others (Contribution to PF)	0.816	0.816
	Total (A)	12.554	12.554
	Ceiling as per the Act[#]	12.881	12.881

* The remuneration for the financial year 2016-17 was paid as per the Central Government's approval

The ceiling on remuneration is in accordance with the approval granted by the Central Government.

B. Remuneration to other Directors

(₹ in million)

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Dr. Vishnu Kanhere [^]	Dr. Ravindra Bapat	Mr. C.V. Bijlani	Mr. Kishorekumar G. Mhatre [@]		
1	Independent Directors						
	Fee for attending board/committee meetings	0.020	0.070	0.080	0.045		0.215
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	0.020	0.070	0.080	0.045		0.215
2	Other Non-Executive Directors					Mrs. Shivani Amit Dahanukar	
	Fee for attending board/committee meetings	-	-	-	-	0.015	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	0.015	0.015
	Total (B)=(1+2)	-	-	-	-	-	0.230
	Total Managerial Remuneration						12.554
	Overall Ceiling as per the Act	₹ 12.881 million (In accordance with the approval granted by the Central Government)					

[^] Resigned from the Directorship of the Company w.e.f. June 30, 2016.

[@] Appointed as Independent Director of the Company w.e.f. June 09, 2016

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in million)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Srijit Mullick (Chief Financial Officer)	Mr. Gaurav Thakur (Company Secretary)	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7.099	2.785	9.884
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.040	-	0.040
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option*	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	-as % of profit	-	-	-
	-others, specify	-	-	-
5	Others	-	-	-
	-Contribution to PF	0.384	0.171	0.555
	-Salary Arrears (F.Y. 2015-16)	3.419	1.230	4.649
	Total	10.942	4.186	15.128

* Apart from the above remuneration 0.35 and 0.25 million stock options were granted during the year under ESOP Scheme 2012 to Mr. Srijit Mullick and Mr. Gaurav Thakur respectively.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
(A) COMPANY	There were no penalties/punishment/compounding of offences for breach of any section of the Companies Act against the Company or its Directors or other Officers in Default during the financial year 2016-17.				
Penalty					
Punishment					
Compounding					
(B) DIRECTORS					
Penalty					
Punishment					
Compounding					
(C) OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 07, 2017

Amit Dahanukar
Chairman & Managing Director

ANNEXURE 'F' 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

Sr. No.	Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012																																		
1	Date of shareholders' approval	August 06, 2008	September 20, 2010	May 24, 2012																																		
2	Total number of stock options approved (post adjustment of Bonus)	5,136,363	4,846,500	6,000,088																																		
3	Vesting requirements	Out of the total options granted, 10% options vest after 1 st year, 20% after 2 nd year, 30% after 3 rd year and 40% after 4 th year from the date of respective grant.	Out of the total options granted, 30% options vest after 1 st year, 30% after 2 nd year and 40% after 3 rd year from the date of respective grant.	Out of the total options granted, 30% options vest after 1 st year, 30% after 2 nd year and 40% after 3 rd year from the date of respective grant.																																		
4	Pricing Formula	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>	Date of Grant	Minimum Exercise Price (₹)	July 02, 2009	13.33	January 28, 2010	25.00	June 25, 2010	36.67	August 07, 2010	50.00	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></table>	Date of Grant	Minimum Exercise Price (₹)	January 15, 2011	60.00	August 01, 2011	38.00	October 21, 2011	25.00	November 11, 2011	25.00	July 05, 2016	13.00	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></table>	Date of Grant	Minimum Exercise Price (₹)	May 28, 2012	42.00	February 04, 2013	60.00	May 30, 2013	45.00	May 26, 2014	46.00	July 05, 2016	13.00
Date of Grant	Minimum Exercise Price (₹)																																					
July 02, 2009	13.33																																					
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May 30, 2013	45.00																																					
May 26, 2014	46.00																																					
July 05, 2016	13.00																																					
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	233,545	538,343	2,539,960																																		
9	Number of stock options granted during the year	Nil	2,150,000	3,000,000																																		
10	Number of stock options forfeited/lapsed/cancelled during the year	233,545	954,843	1,407,651																																		
11	Number of stock options vested during the year	Nil	10,000	1,047,509																																		
12	Number of stock options exercised during the year	Nil	Nil	Nil																																		
13	Number of shares arising as a result of exercise of stock options	Nil	Nil	Nil																																		

Sr. No.	Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
14	Money realized by exercise of stock options during the year (₹ in million)	Nil	Nil	Nil
15	Loan repaid by the Trust during the year from exercise price received	Not Applicable		
16	Number of stock options outstanding at the end of the year	Nil	1,733,500	4,132,309
17	Number of stock options exercisable at the end of the year	Nil	Nil	1,047,509
18	Stock options granted to Senior Managerial Personnel/ Key Managerial Personnel:			
	Name	No of stock options granted during the year		
	Dr. Keshab Nandy	Nil	Nil	500,000
	Mr. Srijit Mullick	Nil	Nil	350,000
	Mr. Gaurav Thakur	Nil	Nil	250,000
	Mr. Santosh Thakur*	Nil	Nil	100,000
	Mr. Benedict William	Nil	Nil	100,000
	Mr. K. S. Raju#	Nil	Nil	100,000
	* Ceased to be in employment of the Company w.e.f. June 17, 2017			
	# Ceased to be in employment of the Company w.e.f. August 04, 2016			
19	Employees who were granted in the year stock options amounting to 5% or more of the stock options granted during the year:			
	Name	No of stock options granted during the year		
	Dr. Keshab Nandy	Nil	Nil	500,000
	Mr. C. R. Ramesh	Nil	Nil	150,000
	Mr. Anand Kadam	Nil	Nil	200,000
	Mr. M. R. K. Nair@	Nil	Nil	300,000
	Mr. Hemangi Joshi Naik	Nil	Nil	250,000
	Mr. Gaurav Thakur	Nil	Nil	250,000
	Mr. Ajit Sirsat	Nil	Nil	250,000
	Mr. Srijit Mullick	Nil	Nil	350,000
	Ms. Nayana Laghate	Nil	Nil	250,000
	Ms. Monica Walia	Nil	150,000	Nil
	Mr. Samir Kambli	Nil	150,000	Nil
	@ Ceased to be in employment of the Company w.e.f. May 02, 2017			
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 28(v) of the Notes to Accounts		

Sr. No.	Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
22	Diluted Earnings Per Share (EPS) on issue of shares pursuant to all the Schemes in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant Accounting Standards	Refer Note 28(v) of the Notes to Accounts		
23	Method used to account for ESOS – Intrinsic or fair value	Intrinsic 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	Refer Note 28(v) of the Notes to Accounts		
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 28(v) of the Notes to Accounts		
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 28(v) 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 Batliboi & Purohit, Statutory Auditors of the Company shall be placed before the Members at the 82nd Annual General Meeting.

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 07, 2017

Amit Dahanukar
Chairman & Managing Director

ANNEXURE 'G' 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 Aabled 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.

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 2016-17 are provided under the Section Corporate Social Responsibility of the Directors' Report forming part of the Annual Report.

The CSR Policy of the Company and projects or programs can be accessed at the Weblink: <http://www.tilind.com/corporateResponsibilities.html>

2. The Composition of the CSR Committee:

As on March 31, 2017, 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.

		(₹ in million)
3.	Average net profit of the Company for last three financial years	(739.80)
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 2016-17	
	a. Total amount to be spent for the financial year	5.34
	b. Amount unspent, if any	Nil
	c. Manner in which the amount spent during the financial year 2016-17:	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 2016-17, 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 ₹ 5.34 million, being the CSR amount short spent during the financial year 2015-16, was earmarked for spending on CSR Activities during the financial year 2016-17. As against the budgeted amount of ₹ 5.34 million, the Company has spent ₹ 5.84 million on CSR activities during the financial year 2016-17.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance 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

For and on behalf of the CSR Committee

Amit Dahanukar
Chairman & Managing Director

Shivani Amit Dahanukar
Chairperson – CSR Committee

Place : Mumbai
Date : August 07, 2017

(5) c. Manner in which the amount spent during the financial year 2016-17 is detailed below:

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, 2017	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.	0.16	0.16	-	0.16	Direct
2	Malnutrition and health assessment camps and malnutrition clinic	Eradication Malnutrition (Clause (i) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra.	1.88	1.98	-	1.98	Direct & Shrimati Malti Dahanukar Trust
3	Literacy	Promoting education (Clause (ii) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra.	1.16	1.26	-	1.26	Direct & Shrimati Malti 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.	0.05	0.05	-	0.05	Direct
5	Supply of R.O water	Sanitation and making available safe drinking water (Clause (i) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra.	0.03	0.03	-	0.03	Direct
6	Sports and fitness to engage the unemployed youth	Promotion of rural sports (Clause (vi) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra.	0.40	0.50	-	0.50	Shrimati Malti Dahanukar Trust
7	Waste management, tree plantation and organic production	Ensuring environmental sustainability (Clause (iv) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra.	0.35	0.45	-	0.45	Direct
8	Animal welfare centre	Animal welfare (Clause (iv) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra.	1.31	1.41	-	1.41	Direct
	TOTAL				5.34	5.84	-	5.84	

ANNEXURE 'H' 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, 2017

[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, 2017, 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:

We draw attention to note 28 (xix) of the standalone financial statements, where there is an indication that one of the Units of the Company may be impaired. The management has not estimated the recoverable amount of the Unit as required by Accounting Standard-28 'Impairment of Assets', and hence we are unable to comment on consequential impact if any on the financial statements.

Same observations have been given with respect to note 28 (xix) 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 Unit and permission is expected soon. In view of this, the management believes that there is no impairment in value of its unit and hence the recoverable amount of the unit 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:

We draw attention to note 28 (xx) of the standalone financial statements in respect of outstanding advances receivable amounting to ₹ 798.16 million, which are considered good and recoverable and no provision is considered necessary by the management. We are unable to verify the recoverability of the amounts due from the parties based on the audit procedures.

Same observations have been given with respect to note 28 (xxi) of the consolidated financial statements.

Board's response: In lieu of advances given to certain parties amounting to ₹ 7,981.58 lacs, the Company is in the process of completing the negotiations with the parties and completion of necessary formalities for which immovable properties have been offered.

In view of this, the management believes that no provision is considered necessary in the books of accounts.

iii. Auditors' observations under paragraph 1 of 'Emphasis of Matter' of the Auditors' Report to the standalone and consolidated financial statements:

We draw attention to note 28 (xxi) of the standalone financial statements in respect of outstanding MVAT and CST incentive of ₹ 1269.11 million receivable from the State Government for the year 2012-13 onwards.

Same observations have been given with respect to note 28 (xxii) of the consolidated financial statements.

Board's response: The Company has been following up with the Government for full disbursement of the sanctioned MVAT and CST refund.

iv. Auditors' observations under paragraph 2 of 'Emphasis of Matter' of the Auditors' Report to the standalone and consolidated financial statements:

We draw attention to note 28 (xxvi) of the standalone financial statements, stating the reasons whereby the accounts have been prepared on going concern basis though the networth of the Company is negative and it has incurred significant losses.

Board's response: Though the net worth of the Company is negative, the accounts have been prepared on 'Going Concern' basis as the management believes that the losses incurred in the recent years are mainly due to high debt resulting in high interest costs and loss in sales volume emanating from lack of adequate working capital to fund the cost of goods. The management has already taken various measures to increase the sales volume and has achieved a 12% increase in net sales over the previous year. It has also taken initiatives to reduce costs wherever possible, actively explore the possibilities of restructuring the existing debts, selling non-performing assets and considering the feasibility of raising additional capital from affiliates

or other investors. The management is confident that the effective implementation of the said plans would result in increase in the net worth of the Company in the near future.

v. Auditors' observations under paragraph [(vii)(a) and (viii)] of the Auditors' Report to the standalone financial statements:

- vii) a) Undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues *have not been regularly deposited with the appropriate authorities and there have been delays in many cases.*

According to the information and explanations given to us, there are no undisputed dues in respect of Provident Fund, Employees' State Insurance, Sales-Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and any other material statutory dues applicable to it, which were outstanding, at the year-end for a period of more than six months from the date they became payable *except for*

Income- Tax of ₹ 99.93 million pertaining to A.Y. 2014-15 which is still unpaid.

- 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 and financial institutions. There were no outstanding dues to any debenture holders anytime during the year.*

Board's response: The liquidity constraints faced by the Company during the financial year 2016-17 coupled with its 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, bottling capacity constraints in the State of Tamil Nadu and decline in profitability due to moderation in revenues, higher finance costs and increased raw material costs 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 and effect payments of statutory dues, borrowings and business liabilities falling due.

For and on behalf of the Board of Directors

Amit Dahanukar

Chairman & Managing Director

Place : Mumbai

Date : August 07, 2017

CORPORATE GOVERNANCE REPORT

The Report on Corporate Governance for the financial year ended March 31, 2017 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 cooperation 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, 2017 is elaborated hereunder:

2. BOARD OF DIRECTORS

The Board of Directors ("the Board") represents the finest blend of professionals possessing relevant qualifications and experience in general corporate management, finance, banking 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 5 Directors as on March 31, 2017 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 weblink: <http://www.tilind.com/ourleadershipTeam.html>

Composition of the Board along with the number of other Directorship/Committee positions held as on March 31, 2017 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#	
				Member	Chairperson
Mr. Amit Dahanukar	00305636	Chairman & Managing Director (E, P)	8	Nil	Nil
Mrs. Shivani Amit Dahanukar	00305503	Non-Executive Director (NE, P)	8	Nil	Nil
Dr. Vishnu Kanhere^	00999861	Director (NE, I)	Nil	Nil	Nil
Dr. Ravindra Bapat	00353476	Director (NE, I)	2	2	Nil
Mr. C.V. Bijlani	02039345	Director (NE, I)	2	Nil	2
Mr. Kishorekumar G. Mhatre%	07527683	Director (NE, I)	Nil	Nil	Nil

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

* Private limited companies (other than subsidiary of public company), foreign companies and companies under Section 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

^ Resigned from the Directorship of the Company w.e.f. June 30, 2016

% Appointed as an Independent Director of the Company w.e.f. June 09, 2016

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.

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. None

of them is a Whole Time Director in any listed company or serves as Independent Director in more than 7 listed companies.

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 through the following link: http://www.tilind.com/downloads/pdf/Appointment_letter_of_Independent_Director.pdf

The Board has met 4 times during the financial year 2016-17 on June 09, 2016; August 12, 2016; November 11, 2016 and February 13, 2017 and the intervening period between the two meetings did not exceed 120 days.

The attendance of the Directors at the Board Meetings held during the financial year 2016-17 and the last Annual General Meeting held on September 14, 2016 is as follows:

Name of the Director	Category	Attendance at the Meetings held during FY 2016-17	
		Board Meetings	Annual General Meeting
Mr. Amit Dahanukar	Chairman & Managing Director	4	Yes
Mrs. Shivani Amit Dahanukar	Non-Executive Director	3	Yes
Dr. Vishnu Kanhere [^]	Independent Director	1	N.A.
Dr. Ravindra Bapat	Independent Director	3	Yes
Mr. C.V. Bijlani	Independent Director	4	Yes
Mr. Kishorekumar G. Mhatre [%]	Independent Director	4	Yes

[^] Resigned from the Directorship of the Company w.e.f. June 30, 2016

[%] Appointed as an Independent Director of the Company w.e.f. June 09, 2016

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 Secretarial Standards. The Board periodically reviews the compliance reports in respect of all laws and regulations applicable to the Company and 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 Board has adopted a revised Nomination, Remuneration and Evaluation Policy of the Company, on June 09, 2016 aligned with the provisions of the Listing Regulations, upon the recommendation of the Nomination and Remuneration Committee, containing the criteria for performance evaluation of all the Independent and Non-Independent Directors as given hereunder:

- accomplishment of the Company's mission, objectives and strategic results for which the Executive Director is responsible;
- adherence by Executive Directors to operational policies approved by the Board;
- ability to contribute to and monitor Company's Corporate Governance practices;
- ability to contribute by introducing best practices to address top-management issues;
- active participation in long-term strategic planning; and
- 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

In accordance with the provisions of Sections 149(9) and 197 of the Companies Act, 2013 read with erstwhile Clause 49(II)(C) of the Listing Agreement, the Members of the Company had, by way of special resolution passed through Postal Ballot on August 01, 2014, authorized the Board to pay remuneration by way of commission to the Non-Executive Directors (including Independent Directors) for a period of 5 financial years commencing from April 01, 2014, subject to overall ceiling of 1% of the net profits of the Company computed in the manner prescribed in Section 198 of the Companies Act, 2013, in addition to the sitting fees and reimbursement of expenses for participation in the Board/Committee meetings.

During the financial year 2016-17, no commission was paid to the Non-Executive Directors (including Independent Directors) and only sitting fees, within the ceiling prescribed under the Companies Act, 2013, was paid to them for attending the Board/Committee meetings. There is no pecuniary or business relationship between the Independent 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 5 years commencing from November 07, 2012. 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 2016-17, Mr. Amit Dahanukar was paid remuneration in accordance with the approval granted by the Central Government vide its letter no. C66751405/ 2015 - CL-VII dated April 12, 2016.

Remuneration paid to the Directors for the financial year 2016-17 is as follows:

(₹ in million)

Name of the Director	Category	Salaries, Allowances & Perquisites	Contribution to SA/PF	Sitting Fees
Mr. Amit Dahanukar	Chairman & Managing Director	11.738	0.816	Nil
Mrs. Shivani Amit Dahanukar	Non-Executive Director	Nil	Nil	0.015
Dr. Vishnu Kanhere [^]	Independent Director	Nil	Nil	0.020
Dr. Ravindra Bapat	Independent Director	Nil	Nil	0.070
Mr. C.V. Bijlani	Independent Director	Nil	Nil	0.080
Mr. Kishorekumar G. Mhatre [%]	Independent Director	Nil	Nil	0.045

[^] Resigned from the Directorship of the Company w.e.f. June 30, 2016

[%] Appointed as an Independent Director of the Company w.e.f. June 09, 2016

Apart from the above remuneration, gratuity and leave encashment are payable to the Chairman & Managing Director as per rules of the Company. Since, the Companies Act, 2013 prohibits grant of Employee Stock Options (ESOPs) to Independent Directors, no ESOPs were granted to them during the financial year 2016-17.

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, 2017	As on March 31, 2016	As on March 31, 2017	As on March 31, 2016
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. Vishnu Kanhere [^]	Independent Director	12,000	12,000	Nil	7,998
Dr. Ravindra Bapat	Independent Director	32,250	32,250	Nil	7,998
Mr. C.V. Bijlani	Independent Director	20,000	20,000	Nil	7,998
Mr. Kishorekumar G. Mhatre [%]	Independent Director	Nil	N.A.	Nil	N.A.

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

[^] Resigned from the Directorship of the Company w.e.f. June 30, 2016

[%] Appointed as an Independent Director of the Company w.e.f. June 09, 2016

Code of Conduct

The Board has, on June 09, 2016, amended the Code of Conduct for all Board Members and Senior Management of the Company to align it with the provisions of Regulation 17(5) of the Listing Regulations. The Company has uploaded the same on its website, accessible at the weblink: http://www.tilind.com/downloads/announcements/Code_of_Conduct_TI.pdf

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, 2017. 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 Board has, on June 09, 2016, amended the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' and 'TI Code of Conduct for Prevention of Insider Trading' (TI Code of Conduct) formulated in accordance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015, to align the same with the provisions of the Listing Regulations.

These Codes ensure 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 all the Independent Directors, chaired by Dr. Ravindra Bapat, was held on February 13, 2017, 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 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 weblink: <http://www.tilind.com/Disclosure.html>

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, 2017 having knowledge/expertise in the areas of accounting/financial management.

The Audit Committee met 4 times during the financial year 2016-17 on June 09, 2016; August 12, 2016; November 11, 2016 and February 13, 2017. The intervening period between the two meetings did not exceed one hundred and twenty days.

The composition of the Audit Committee as on March 31, 2017 and attendance of the Committee Members at the Audit Committee Meetings held during the financial year 2016-17 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.	4
Dr. Vishnu Kanhere^	Member	C.A., C.M.A.	1
Dr. Ravindra Bapat	Member	M.S., M.B.A., F.I.S.C.	3
Mr. Kishorekumar G. Mhatre%	Member	LL.B.	3

* Appointed as Chairman of the Committee w.e.f. June 30, 2016

^ Ceased to be Member of the Committee w.e.f. June 30, 2016

% Appointed as Member of the Committee w.e.f. June 30, 2016

The Chairman & Managing Director, Chief Financial Officer, Internal Auditors and Statutory Auditors are permanent invitees to the Audit Committee meetings. The Cost Auditors are also invited to attend the meetings, as and when required. Mr. Gaurav Thakur, Company Secretary, is the Secretary to the Committee. Mr. C. V. Bijlani, Chairman of the Audit Committee, attended the Annual General Meeting of the Company held on September 14, 2016.

The 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 auditor's 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 auditor's 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; and
- xxi. 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, 2017.

The Stakeholders Relationship Committee met 4 times during the financial year 2016-17 on June 09, 2016; August 12, 2016; November 11, 2016 and February 13, 2017.

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, 2017 and attendance of the Committee Members at the Stakeholders Relationship Committee Meetings held during the financial year 2016-17 are as follows:

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

The terms of reference of the Committee are as follows:

- i. overseeing the performance of the Registrar and Share Transfer Agents;
- ii. ensuring expeditious redressal of shareholders' complaints regarding the following:
 - non-receipt of share certificates lodged for transfer;
 - non-receipt of dividend warrants;
 - non-receipt of annual reports;
 - non-receipt of demat rejected share certificates;
 - non-receipt of demat credit of shares;
 - non-receipt of bonus share certificates;
 - non-receipt of remat share certificates; and
- iii. resolving any other grievances of the security holders.

Statement of various complaints received and resolved during the financial year 2016-17 is as follows:

Nature of Complaint	Opening balance as on April 01, 2016	Received during the year	Resolved during the year	Closing balance as on March 31, 2017
Non-receipt of share certificates lodged for transfer	Nil	Nil	Nil	Nil
Non-receipt of dividend warrants	Nil	4	4	Nil
Non-receipt of annual reports	Nil	Nil	Nil	Nil
Non-receipt of demat rejected share certificates	Nil	Nil	Nil	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	3	3	Nil
Total	Nil	7	7	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, 2017.

The Committee met twice during the financial year 2016-17 on June 09, 2016 and February 13, 2017.

The composition of the Nomination and Remuneration Committee as on March 31, 2017 and attendance of the Committee Members at the Nomination and Remuneration Committee Meetings held during the financial year 2016-17 are as follows:

Name of the Member	Designation	No. of Meetings Attended
Mr. C.V. Bijlani	Chairman	2
Dr. Vishnu Kanhere [^]	Member	1
Dr. Ravindra Bapat	Member	2
Mr. Kishorekumar G. Mhatre [%]	Member	1

[^] Ceased to be Member of the Committee w.e.f. June 30, 2016

[%] Appointed as Member of the Committee w.e.f. June 30, 2016

Mr. Gaurav Thakur, Company Secretary, is the Secretary to the Committee. Mr. C.V. Bijlani, Chairman of the Nomination and Remuneration Committee, attended the Annual General Meeting of the Company held on September 14, 2016.

The terms of reference of the Committee are as follows:

- 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;
- identification of persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommending to the Board their appointment and removal and to formulate criteria for evaluation of performance of Independent Directors and the Board of Directors and to carry out their evaluation;
- devising a policy on diversity of Board of Directors; and

- 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.

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: <http://www.tilind.com/downloads/announcements/NominationRemunerationandEvaluationPolicy.pdf>

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: <http://www.tilind.com/downloads/announcements/BoardDiversityPolicy.pdf>

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: <http://www.tilind.com/downloads/announcements/SuccessionPolicy.pdf>

The abovementioned policies were amended by the Board on June 09, 2016 to align the same with the provisions of the Listing Regulations.

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, 2017.

The Committee met once during the financial year 2016-17 on June 09, 2016.

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

The composition of the CSR Committee as on March 31, 2017 and attendance of the Committee Members at the CSR Committee Meetings held during the financial year 2016-17 are as follows:

Name of the Member	Designation	No. of Meetings 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:

- 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 abovementioned roles and responsibilities.

The Company has uploaded the CSR Policy and the Annual Report on CSR Activities for the financial year 2016-17 on its website, accessible at weblinks: <http://www.tilind.com/downloads/announcements/CSRpolicy120115.pdf> and <http://www.tilind.com/corporateResponsibilities.html> respectively.

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, 2017.

The Committee met once during the financial year 2016-17 on June 09, 2016.

The composition of the Compensation Committee as on March 31, 2017 and attendance of the Committee Members at the Compensation Committee Meeting held during the financial year 2016-17 are as follows:

Name of the Member	Designation	No. of Meetings attended
Dr. Ravindra Bapat ⁺	Chairman	1
Dr. Vishnu Kanhere [^]	Member	1
Mrs. Shivani Amit Dahanukar	Member	Nil
Mr. Kishorekumar G. Mhatre [%]	Member	N.A.

⁺ Appointed as Chairman of the Committee w.e.f. June 30, 2016

[^] Ceased to be Member of the Committee w.e.f. June 30, 2016

[%] Appointed as Member of the Committee w.e.f. June 30, 2016

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. As on March 31, 2017, the Committee comprised of Mr. Amit Dahanukar, Chairman & Managing Director, Mr. C.V. Bijlani, Independent Director and Mr. Srijit Mullick, Chief Financial Officer of the Company. Mr. Amit Dahanukar is the Chairman and Mr. Gaurav Thakur, Company Secretary, is the Secretary to the Committee.

During the financial year 2016-17, the Committee has met 4 times i.e. May 04, 2016, August 03, 2016, October 21, 2016 and January 20, 2017 and the meetings were attended by all Committee members.

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, 2017.

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 requests, if any, received from the Members are dealt by the Committee on weekly basis.

The composition of the Share Transfer Committee as on March 31, 2017 is as follows:

Name of the Member	Designation
Mr. Amit Dahanukar	Chairman
Mrs. Shivani Amit Dahanukar	Member
Mr. C.V. Bijlani	Member
Dr. Ravindra Bapat ⁺	Member

+ Ceased to be Member of the Committee w.e.f. June 09, 2016

4. SUBSIDIARY COMPANIES

The Company has 8 subsidiary companies and 2 of them i.e. Prag Distillery (P) Ltd. and Vahni Distilleries Private Limited are falling under the definition of "material subsidiary". The Audit Committee reviews the financial statements and, in particular, the investments made by the subsidiary companies. The minutes of the board meetings of the subsidiary companies are periodically placed before the Board. The Board is periodically informed about all significant transactions and arrangements entered into by these subsidiary Companies.

The Board has, based on the recommendations of the Audit Committee, amended the Policy for determining 'material subsidiaries' on June 09, 2016 to align the same with the provisions of Regulation 16 of the Listing Regulations and the same is accessible at the weblink: <http://www.tilind.com/downloads/announcements/MaterialSubsidiaryPolicy.pdf>

5. 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, 2017 and adequacy of internal controls is annexed hereto and forms an integral part of this Report.

6. COMPLIANCE REPORTS/AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

During the financial year 2016-17, 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 and the same are also uploaded on its website.

A certificate from the Statutory Auditors confirming the compliance of the conditions of corporate governance by the Company as required under Schedule V(E) of the Listing Regulations is annexed hereto and forms an integral part of this Report.

7. 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 2016-17. 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.

The Board has, based on the recommendations made by the Audit Committee, amended 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 on June 09, 2016 to align the same with the provisions of Regulation 23(1) of the Listing Regulations and the same is accessible at the weblink: <http://www.tilind.com/downloads/announcements/RelatedPartyTransactionsPolicy.pdf>

B) Disclosure of Accounting Treatment

The financial statements for the financial year ended March 31, 2017 have been prepared in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013. The Company has not adopted a treatment different from that prescribed in the Accounting Standards in their preparation.

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

During the financial year 2016-17, National Stock Exchange of India Limited and BSE Limited have

levied a fine of ₹ 57,500/- (inclusive of service tax) each on the Company for delay of 10 days in filing of Audited Standalone and Consolidated Financial Statements of the Company for the quarter ended March 31, 2016 pursuant to Regulation 33 of the Listing Regulations.

D) Whistle Blower Policy

The Whistle Blower Policy of the Company, amended by the Board on June 09, 2016 to align the same with the provisions of the Listing Regulations, 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 2016-17, 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/downloads/announcements/Whistleblower.pdf>

E) Disclosure by Senior Management Personnel

No material financial and 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 55A of the SEBI (Depositories and Participants) Regulations, 1996 submitted by M/s Ragini Chokshi & Associates, Practicing Company Secretaries confirms that as on March 31, 2017, 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's exposure towards commodity price risk is minimal and no commodity hedging activities were undertaken by the Company during the financial year 2016-17.

H) 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 there was a delay of 10 days in filing of Audited Standalone and Consolidated Financial Statements of the Company for the quarter ended March 31, 2016 pursuant to Regulation 33 of the Listing Regulations as ERP system of the Company was affected due to 'Ransom Virus'.

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, 2017 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.

8. 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
2015-16	Wednesday September 14, 2016 10:30 a.m.	P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413 720	Nil
2014-15	Saturday September 26, 2015 10.30 a.m.	P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413 720	Waiver of the recovery of excess remuneration paid during the financial year 2014-15 to Mr. Amit Dahanukar, Chairman & Managing Director; Waiver of the recovery of excess remuneration paid during the financial year 2014-15 to Mrs. Shivani Amit Dahanukar, Executive Director; Fixation of remuneration payable to Mr. Amit Dahanukar, Chairman & Managing Director for the period April 01, 2015 to November 06, 2017; and Fixation of remuneration payable to Mrs. Shivani Amit Dahanukar, Executive Director for the period April 01, 2015 to September 30, 2017.
2013-14	Saturday September 27, 2014 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 2016-17, the following Special Resolutions were passed on March 29, 2017, by way of Postal Ballot (which included e-voting) conducted under the provisions of Section 110 of the Companies Act, 2013 read with the Companies (Management & Administration) Rules, 2014:

- re-appointment of Mr. Amit Dahanukar (DIN:00305636) as Chairman & Managing Director of the Company; and
- authorization to the Board of Directors to make loans, give guarantees, provide securities or make investments in excess of the limits prescribed under Section 186 of the Companies Act, 2013.

Mr. R. T. RajGuroo, Advocate was appointed as Scrutinizer by the Board on February 13, 2017 for conducting the Postal Ballot and scrutinizing the e-voting process in a fair and transparent manner.

The results of the Postal Ballot (which included e-voting), as submitted by the scrutinizer are reproduced herein below:

Sr. No	Particulars	Item No. 1		Item No. 2	
		No. of Postal Ballot Forms/ e-votes	No. of equity shares	No. of Postal Ballot Forms/ e-votes	No. of equity shares
1	Total Number of votes casted	330	71,328,370	330	71,328,296
2	Less: Invalid No. of votes casted	14	18,432	14	18,432
3	Valid No. of votes casted (Net)	316	71,309,938	316	71,309,864
4	Votes casted in favour of the resolution out of total Valid Votes casted		71,274,379 (99.95%)		71,267,003 (99.94%)
5	Votes casted against the resolution out of total Valid Votes casted		35,559 (0.05%)		42,861 (0.06%)

During the conduct of the Postal Ballot, the Company had, in terms of Regulation 44 of the Listing Regulations and pursuant to Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, provided e-voting facility through CDSL e-voting platform.

The Company had completed the dispatch of the Postal Ballot Notice together with the explanatory statement on February 27, 2017, along with the forms and postage prepaid business reply envelopes to all the Member(s) whose name(s) appeared on the Register of Members/list of beneficiaries as on February 17, 2017. The Company had also published a notice in the newspapers viz. Business Standard (February 28, 2017), Apla Mahanagar (February 28, 2017) and Kesari (March 01, 2017) declaring the details of the completion of dispatch and other requirements as mandated under the Companies Act, 2013 and applicable rules there under.

Based on the Report submitted by the Scrutinizer, Mr. C. V. Bijlani, Independent Director of the Company, duly authorised by the Chairman & Managing Director of the Company in writing, declared the results of the Postal Ballot on March 31, 2017. The voting results along with the Scrutinizer Report were sent to National Stock Exchange of India Limited and BSE Limited and were also displayed at the Company's website i.e. www.tilind.com and website of CDSL i.e. www.evotingindia.com

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

9. 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, Apla Mahanagar, Gavkari 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 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.

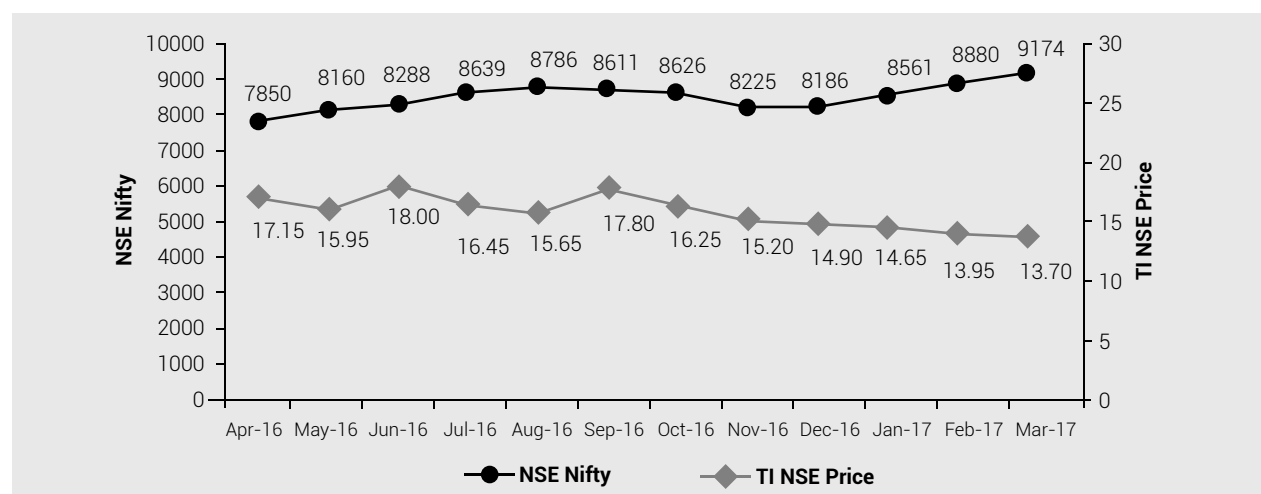
10. GENERAL SHAREHOLDER INFORMATION

I	82nd Annual General Meeting	
	Day, Date and Time	: Monday, September 25, 2017 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	: 1 st April to 31 st March
	Financial reporting of results	
	• Quarterly unaudited results (other than last quarter)	: 1 st Quarter - On or before September 14, 2017 2 nd Quarter - On or before December 14, 2017 3 rd Quarter - On or before February 14, 2018
III	• Annual audited results	
	: On or before May 30, 2018	
IV	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 Monday, September 18, 2017.	
IV	Dividend Payment Date	
	: The Directors have not recommended any Dividend for the financial year 2016-17.	

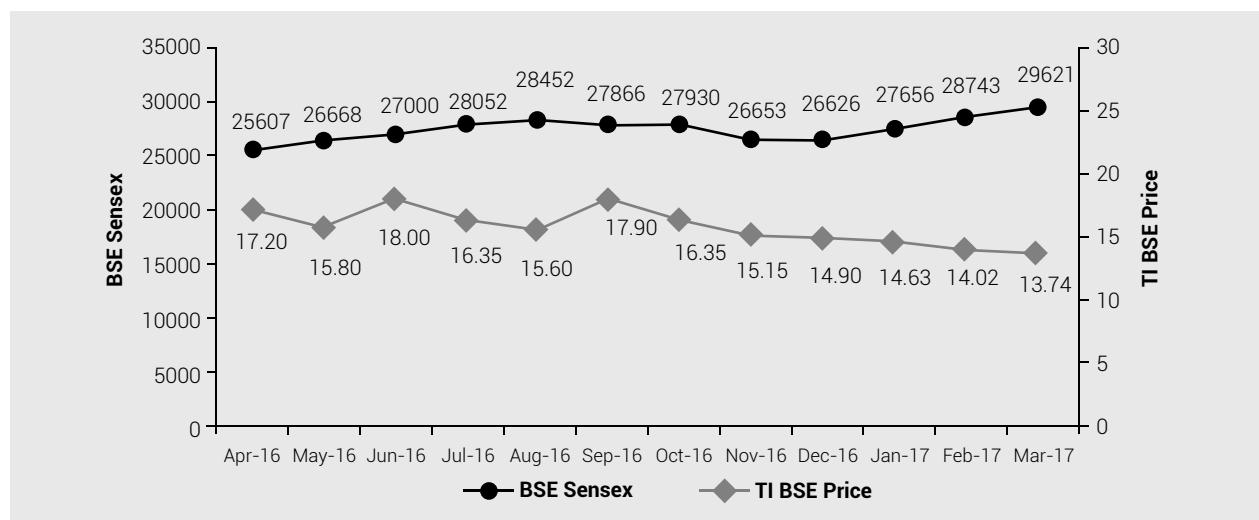
V	Registrar and Share Transfer Agents	: Bigshare Services Pvt. Ltd. Unit: Tilaknagar Industries Ltd. 1 st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (E), Mumbai – 400 059 Ph: (022) 6263 8200 Fax: (022) 6263 8299 Email: investor@bigshareonline.com Website: www.bigshareonline.com
VI	Share Transfer System	: Share transfers in physical form are required to be lodged with the Registrar and Share Transfer Agents. 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 weekly 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. 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 2017-18 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 98.75% of the total issued and paid up shares as on March 31, 2017. 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 2017-18 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, 2017.

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, (A.P.) - 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	Address for Correspondence	: Mr. Gaurav Thakur, Company Secretary & Compliance Officer Tilaknagar Industries Ltd., Corporate Office: 3rd Floor, Industrial Assurance Building, Churchgate, Mumbai - 400 020. Tel: (022) 2283 1716/18 Fax: (022) 2204 6904 Website: www.tilind.com Email: investor@tilind.com
XIV	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. During the financial year 2016-17, at the insistence of Axis Bank Ltd., the principal due towards ECB loan was unhedged and the differential amount received was utilized towards payment of the installment of ECB Loan to Axis Bank Ltd., due to which, the entire principal amount due towards ECB loan has now been exposed to forex currency fluctuation risk. Buyers' Credit of USD 7.4 million availed from Cargill has not been hedged as it was considered that the cost of hedging would be higher than the expected depreciation of rupee. The details of foreign exchange exposures as on March 31, 2017 are disclosed in the Notes to the financial statements.

XV Stock Performance in comparison to NSE Nifty



XVI Stock Performance in comparison to BSE Sensex



XVII Market Price Data

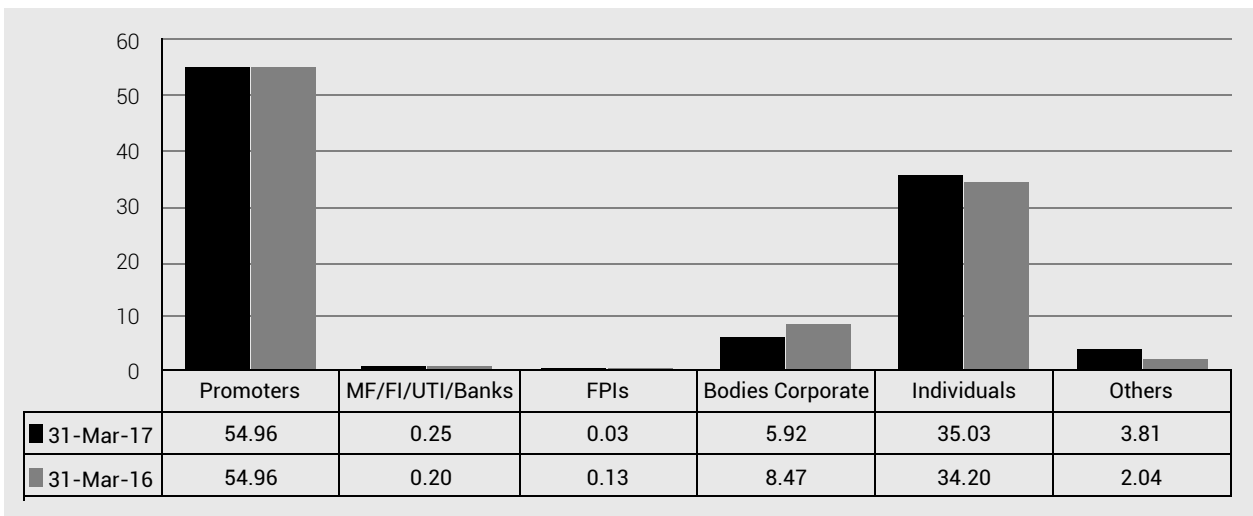
Monthly High and Low Quotes and Volume of Shares traded at BSE and NSE

Period	BSE			NSE		
	High Price (₹)	Low Price (₹)	Volume (Nos.)	High Price (₹)	Low Price (₹)	Volume (Nos.)
2016						
April	20.15	16.05	1,749,578	20.15	15.90	4,967,534
May	17.80	15.60	847,151	17.80	15.65	2,184,970
June	18.80	15.65	2,264,660	18.85	15.65	5,339,789
July	19.40	16.15	1,415,420	19.25	16.10	3,044,242
August	18.30	15.55	1,121,997	18.40	15.60	3,391,998
September	18.90	14.85	4,499,760	19.00	14.40	16,046,509
October	18.45	16.05	1,663,490	18.45	16.00	6,551,060
November	16.55	12.25	1,814,691	16.50	12.30	4,451,719
December	17.00	14.50	925,130	17.15	14.60	2,833,943
2017						
January	16.05	14.40	737,136	16.10	14.45	2,517,935
February	15.20	13.42	934,401	15.20	13.35	3,180,777
March	14.45	12.60	1,814,233	14.55	12.70	5,173,033

XVIII Shareholding Pattern

Category	As on March 31, 2017			As on March 31, 2016		
	No. of Shareholders	No. of Shares held	%	No. of Shareholders	No. of Shares held	%
Promoter Holding:	15	68,571,668	54.96	15	68,571,668	54.96
Public Holding:						
• Mutual Funds/UTI	0	0	0.00	0	0	0.00
• Financial Institutions/Banks	23	309,097	0.25	21	253,065	0.20
• Foreign Portfolio Investors	1	30,000	0.03	2	162,895	0.13
• Bodies Corporate	554	7,391,724	5.92	654	10,559,973	8.47
• Individuals	35,621	43,697,015	35.03	36,934	42,663,984	34.20
• Clearing Members	107	2,608,672	2.09	87	588,824	0.47
• NRI	321	1,789,167	1.43	354	1,547,356	1.24
• Overseas Bodies Corporate	0	0	0.00	1	150,000	0.12
• Trusts	2	650	0.00	1	50	0.00
• TI – Unclaimed Suspense Account	1	257,492	0.21	1	2,58,300	0.21
• NBFCs registered with RBI	6	100,630	0.08	0	0	0.00
Total Public Shareholding	36,636	56,184,447	45.04	38,055	56,184,447	45.04
Total Shareholding	36,651	124,756,115	100.00	38,070	124,756,115	100.00

Shareholding Pattern



XIX Distribution of Shareholding as on March 31, 2017

Shareholding of nominal value (₹)	Share Holders		Share Amount	
	Number	% of total	₹	% of total
Upto 5,000	24,983	68.16	4,46,79,220	3.58
5,001-10,000	4,905	13.38	4,12,56,370	3.31
10,001-20,000	2,941	8.03	4,63,81,860	3.72
20,001-30,000	1,229	3.35	3,18,50,950	2.55
30,001-40,000	590	1.62	2,12,40,530	1.70
40,001-50,000	511	1.39	2,40,88,780	1.93
50,001-1,00,000	804	2.19	5,93,97,890	4.76
1,00,001 and above	688	1.88	97,86,65,550	78.45
Total	36,651	100.00	1,24,75,61,150	100.00

XX Top Ten Shareholders (other than Promoters) as on March 31, 2017

Sr. No.	Name of the Shareholders	No. of Shares held	% of Holding
1	R. Wadiwala Securities Pvt. Ltd.	1,383,205	1.11
2	Ravi Chug (HUF)	693,000	0.56
3	Proficient Multitrade Private Limited	650,306	0.52
4	Corum Securities Private Limited	600,000	0.48
5	Sudhish Chugh	441,513	0.35
6	IL and FS Securities Services Ltd.	421,370	0.34
7	Himanshu Wasudeo Kane	400,000	0.32
8	Sai Telecom Ltd.	392,106	0.31
9	Laxmi Narasimhan K	389,500	0.31
10	Sukhbir Puri	329,806	0.26
Total		5,700,806	4.56

AUDITORS' 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, 2017 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.

We have examined the relevant records of the Company as per the Guidance Note on Certification of corporate governance issued by the Institute of Chartered Accountants of India.

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.

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

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

Kaushal Mehta
Partner
Membership No.111749

Place : Mumbai
Date : August 07, 2017

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, 2017 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, 2017 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 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 the internal control over financial reporting during the financial year ended March 31, 2017;
 - (ii) significant changes, if any, in accounting policies during the financial year ended March 31, 2017 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 : May 29, 2017

DECLARATION ON CODE OF CONDUCT

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

Dear Sirs,

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

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, 2017, as envisaged in Regulation 26(3) thereof.

For **Tilaknagar Industries Ltd.**

Place : Mumbai
Date : August 07, 2017

Amit Dahanukar
Chairman & Managing Director



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Independent Auditors' Report

on Consolidated Financial Statements

To

The Members of

Tilaknagar Industries Ltd.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Tilaknagar Industries Ltd. – hereinafter referred to as (“the Holding Company”) its subsidiaries, and associates (the Holding Company, its subsidiaries and associates together referred to as “the Group”), comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (herein referred to as “the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as “the Act”) read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the group are responsible for 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Basis of Qualified Opinion

- 1 We draw attention to Note No.28 (xix) of the consolidated financial statements, where there is an indication that one of the Units of the Company may be impaired. The management has not estimated the recoverable amount of the Unit as required by Accounting Standard-28 'Impairment of Assets', and hence we are unable to comment on consequential impact if any on the consolidated financial statements.
- 2 We draw attention to Note No. 28 (xxi) of the consolidated financial statements in respect of outstanding advances receivable amounting to ₹ 798.16 million, which are considered good and recoverable and no provision is considered necessary by the management. We are unable to verify the recoverability of the amounts due from the parties based on the audit procedures.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter discussed in the basis of qualified opinion paragraph, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally

Independent Auditors' Report

on Consolidated Financial Statements

accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2017, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

- 1 We draw attention to Note No.28 (xxii) of the consolidated financial statements in respect of outstanding MVAT and CST incentive of ₹ 1,269.11 million receivable from the State Government for the year 2012-13 onwards.
- 2 We draw attention to Note No.28 (xxv), stating the reasons whereby the accounts have been prepared on going concern basis though the networth of the Company is negative and it has incurred significant losses.

Our opinion is not qualified in respect of these matters.

Other Matters

- a) We did not audit the financial statements / financial information of eight subsidiaries, whose financial statements / financial information reflect total assets of ₹ 2,380.42 million as at March 31, 2017, total revenue of ₹ 5,944.72 million and net cash outflows amounting to ₹ 13.89 million for the year ended on that date, as considered in the consolidated financial statements.

These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other 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 the other auditors.

- b) The consolidated financial statements also include the Group's share of net profit / loss of ₹ Nil for the year ended March 31, 2017 as considered in the consolidated financial statements, in respect of one associate whose financial statements and other financial information have not been audited by us.

These financial statements / financial information is unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to amounts and disclosures included in respect of this associate, is based solely on such unaudited financial statements / financial information.

In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information is not material to the Group.

Our opinion on the consolidated financial statements is not modified in respect of the above matter with respect to our reliance on the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the 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 Accounting Standard-28 'Impairment of Assets' as mentioned in the Basis for qualified opinion paragraph.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its Subsidiary Companies, none of the directors of the Group companies is disqualified as on March 31, 2017 from being appointed as a Director of that Company in terms of sub-section 2 of Section 164 of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - refer Note No. 28 (xxiii) to the consolidated financial statements.
- ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii) There has been no delay in transferring the amounts, which are required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Companies.
- iv) The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Note during the period from November 8, 2016 to December 30, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us and other auditors by the Management of the respective Group entities. Refer Note No.28 (xx) to the consolidated financial statements.

For **Batliboi & Purohit**

Chartered Accountants

Firm Registration No. 101048W

Kaushal Mehta

Partner

Membership No.111749

Place : Mumbai

Date : May 29, 2017

Annexure - A to the Independent Auditors' Report on the Consolidated Financial Statements of Tilaknagar Industries Ltd.

(Referred to in paragraph (f) under 'Report on other Legal and Regulatory Requirements' section of our report 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" or "the Holding Company"), its Subsidiary Companies and its associate Company which are companies incorporated in India, as of March 31, 2017 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company, its Subsidiary Companies and its associate Company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the 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 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the Subsidiary Companies and an associate Company, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 authorizations of management and directors of the Company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its Subsidiary Companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial

controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matters

Our aforesaid report 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 eight Subsidiary Companies and one associate Company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Date : May 29, 2017



Consolidated Balance Sheet

as at March 31, 2017

(₹ in million)

	Note No.	As at March 31, 2017	As at March 31, 2016
I EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	1,247.56	1,247.56
Reserves & Surplus	3	(1,477.88)	1,310.17
		(230.32)	2,557.73
Minority Interest		-	-
Non-Current Liabilities			
Long-Term Borrowings	4	1,901.42	2,259.83
Deferred Tax Liabilities (Net)	5	462.21	462.21
Other Long-Term Liabilities	6	497.94	675.79
Long-Term Provisions	7	31.99	29.85
		2,893.56	3,427.68
Current Liabilities			
Short-Term Borrowings	8	6,331.82	6,207.18
Trade Payables	9	1,611.52	1,654.73
Other Current Liabilities	10	2,743.64	1,176.61
Short-Term Provisions	11	122.42	256.07
		10,809.40	9,294.59
Total		13,472.64	15,280.00
II ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12	5,092.44	5,424.83
Intangible Assets		90.76	136.00
Capital Work-in-Progress		1,241.26	1,244.08
Goodwill on consolidation		232.62	232.62
Non-Current Investments	13	0.37	0.37
Long-Term Loans and Advances	14	184.48	232.48
Other Non-Current Assets	15	5.54	467.00
		6,847.47	7,737.38
Current Assets			
Inventories	16	769.35	1,016.82
Trade Receivables	17	1,118.41	1,147.24
Cash and Bank Balances	18	59.13	104.98
Short-Term Loans and Advances	19	4,677.78	5,273.01
Other Current Assets	20	0.50	0.57
		6,625.17	7,542.62
Total		13,472.64	15,280.00
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our Report of even date annexed.

For and on behalf of the Board

For Batliboi & Purohit

Chartered Accountants

Firm Registration No. 101048W

Amit Dahanukar

Chairman & Managing Director

(DIN : 00305636)

Dr. Ravindra Bapat

Independent Director

(DIN : 00353476)

Kaushal Mehta

Partner

Membership No. 111749

C.V.Bijlani

Independent Director

(DIN : 02039345)

Kishorekumar G. Mhatre

Independent Director

(DIN : 07527683)

Place : Mumbai

Date : May 29, 2017

Srijit Mullick

Chief Financial Officer

Gaurav Thakur

Company Secretary

Consolidated Statement of Profit & Loss

for the year ended March 31, 2017

(₹ in million)

	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
INCOME			
Revenue from Operations			
Sale of products (Gross)	21	10,529.24	9,338.17
Less: Excise duty		5,680.71	5,064.22
Sale of products (Net)		4,848.53	4,273.95
Other Operating Income	21.1	18.23	303.88
		4,866.76	4,577.83
Other Income	22	41.26	32.72
		4,908.02	4,610.55
EXPENSES			
Cost of Materials Consumed	23	3,040.93	2,450.23
Purchase of Stock-in-Trade		-	146.32
(Increase) / Decrease in Stock	24	138.04	169.02
Employee Benefit Expense	25	256.70	340.79
Other Expenses	26	2,371.06	2,697.25
Finance Cost	27	1,564.11	1,250.27
Depreciation for the year		381.42	385.54
		7,752.26	7,439.42
Profit / (Loss) before taxation		(2,844.24)	(2,828.87)
Tax expenses			
Current Tax		-	-
For earlier years		(75.56)	(11.43)
MAT Credit entitlements		-	-
Deferred Tax		-	-
		(75.56)	(11.43)
Profit / (Loss) after taxation		(2,768.68)	(2,817.44)
Less : Minority Interest		-	-
Profit / (Loss) after taxation		(2,768.68)	(2,817.44)
Earnings Per Share (₹) Basic	28(xiii)	(22.19)	(22.58)
Diluted		(22.19)	(22.58)
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our Report of even date annexed.

For and on behalf of the Board

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

Amit Dahanukar
Chairman & Managing Director
(DIN : 00305636)

Dr. Ravindra Bapat
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Kishorekumar G. Mhatre
Independent Director
(DIN : 07527683)

Place : Mumbai
Date : May 29, 2017

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

Consolidated Cash Flow Statement

for the year ended March 31, 2017

(₹ in million)

	2016-2017	2015-2016
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	(2,844.24)	(2,828.87)
Adjustment for:		
Depreciation	381.42	385.54
Loss / (Profit) on sale of assets	23.98	(15.41)
Loss / (Profit) on sale of investments	-	(0.17)
Provision for dimution for value of Investments	-	16.90
Goodwill written off	-	21.66
Advances written off / Provision for doubtful advances	404.29	577.46
Bad Debts	-	58.01
Unrealised (Gain) / Loss on exchange fluctuation	(22.23)	108.20
Employee stock option expenses	(19.37)	(47.01)
Dividend on current investments [₹ 3,000 (P.Y. ₹ 3,000)]	-	-
Sundry balance written back	-	(1.19)
Interest expenses	1,564.11	1,250.27
Interest income	(16.66)	(5.93)
Operating Profit before working capital changes	2,315.54	2,348.33
Adjustment for:		
(Decrease)/ Increase in trade payables, current liabilities, provisions and long term liabilities	(345.86)	(110.74)
(Increase) / Decrease in loans and advances and other assets	701.61	254.00
(Increase) / Decrease in inventory	247.46	245.13
(Increase) / Decrease in trade receivables	28.83	279.74
Direct taxes paid	632.04	668.13
Net Cash from Operating Activities	96.23	134.15
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(38.82)	(141.42)
Sale of fixed assets	0.89	32.36
(Increase) / Decrease in margin money and deposits	18.17	58.37
Sale proceeds of investments	-	9.89
Dividend on current investments [₹ 3,000(P.Y. ₹ 3,000)]	-	-
Interest received	16.77	6.40
Net Cash from Investing Activities	(2.99)	(34.40)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	124.64	418.08
Proceeds from long-term borrowings	-	300.00
Repayment of long-term borrowings	(4.44)	(182.67)
Dividend and tax thereon including unclaimed dividend	(0.19)	(0.52)
Interest paid	(239.68)	(805.49)
Net Cash from Financing Activities	(119.67)	(270.60)
Net increase in Cash & Cash equivalents	(26.43)	(170.85)
Opening cash & cash equivalents	67.23	238.08
Closing cash & cash equivalents	40.80	67.23

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

As per our Report of even date annexed.

For and on behalf of the Board

For Batliboi & Purohit

Chartered Accountants

Firm Registration No. 101048W

Amit Dahanukar

Chairman & Managing Director

(DIN : 00305636)

Dr. Ravindra Bapat

Independent Director

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Kaushal Mehta

Partner

Membership No. 111749

C.V.Bijlani

Independent Director

(DIN : 02039345)

Kishorekumar G. Mhatre

Independent Director

(DIN : 07527683)

Place : Mumbai

Date : May 29, 2017

Srijit Mullick

Chief Financial Officer

Gaurav Thakur

Company Secretary

Notes to Consolidated Financial Statements

for the year ended March 31, 2017

1 Significant Accounting Policies

A Principles of Consolidation

- i) The consolidated financial statements relate to Tilaknagar Industries Ltd. ("The Company") and its subsidiary companies collectively referred to as "The Group". The consolidated financial statements have been prepared on the following basis :
- The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book value of like assets, liabilities, income and expenses, after fully eliminating intra- group balances and intra group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21- "Consolidated Financial Statements" notified under Companies (Accounting Standards) Rules 2006.
 - The difference between the cost of investment in the subsidiaries and the Company's share of net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
 - The financial statements of the subsidiaries are drawn upto the same reporting date as that of the Company i.e. March 31, 2017 and as far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
 - Minority interest in the net assets of the consolidated subsidiaries consists :
 - The amount of equity attributable to minorities at the date on which investment in a subsidiary is made ; and
 - The minorities share of movements in equity since the date the parent subsidiary relationship comes into existence.
 - The list of subsidiary companies which are included in Consolidated Financial Statements and the Parent Company's Holding are as under:

Name of the Subsidiary	Country of Incorporation	Parent Company's Interest as at March 31, 2017	Parent Company's Interest as at March 31, 2016
Prag Distillery (P) Ltd.	India	100%	100%
Vahni Distilleries Private Limited	India	100%	100%
Kesarval Springs Distillers Pvt. Ltd.	India	100%	100%
Punjab Expo Breweries Private Limited	India	100%	100%
Mykingdom Ventures Pvt. Ltd.	India	100%	100%
Studd Projects P. Ltd.	India	100%	100%
Srirampur Grains Private Limited	India	100%	100%
Shivprabha Sugars Ltd.	India	90%	90%

- ii) Investments other than in subsidiaries have been accounted as per Accounting Standard (AS-13) on "Accounting for Investments" notified under Companies (Accounting Standards) Rules 2006.

B Significant Accounting Policies

i) Basis of Preparation of Financial Statements :

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013 and other accounting pronouncements of the Institute of Chartered Accountants of India. The financial statements have been prepared under historical cost convention and on accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

Notes to Consolidated Financial Statements (Contd.)

for the year ended March 31, 2017

ii) Use of Estimates :

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

iii) Revenue Recognition:

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

- Sales are recognized when the Company transfers all significant risks and rewards of ownership to the buyer / customer and are recorded net of trade discounts, sales tax / value added tax and inclusive of central / state excise duty.
- Insurance and other claims are accounted for as and when admitted by the appropriate authorities.

iv) Inventories :

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

- Raw materials, Stores & Spares and Work-In-Progress are valued at material cost.
- Finished goods are valued at manufacturing cost, which comprise direct material, direct labour, other direct cost and other related manufacturing overheads. Excise duty payable on finished goods stock at the year end is added to the cost.
- Obsolete / slow moving inventories are adequately provided for.

v) Fixed Assets :

- Fixed assets are stated at their original cost of acquisition / installation, net of accumulated depreciation, amortization and impairment losses.
- Capital Work-In-Progress is stated at the amount incurred up to the date of the Balance Sheet.

- Expenditures incurred during construction / erection period on project under implementation are included under "Capital Work-In-Progress". These expenses are appropriated to fixed assets on commencement of commercial production.
- Fixed assets purchased under hire purchase arrangements, includes expenditure incurred till the assets are put to use.
- Goodwill and other intangible assets are stated at cost of acquisition less accumulated amortization.
- Goodwill comprises the excess of purchase consideration over the fair value of the net assets of the acquired enterprises. Goodwill arising on consolidation or acquisition is not amortized but instead tested for impairment.

vi) Depreciation and Amortization:

- Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes etc.

Plant & Equipment	Useful Life
Molasses & Grain based Distillery Plant	20 Years

- Depreciation is provided on assets acquired during the year from the date on which assets were put to use.
- Intangible assets are amortized over a period of two to five years on straight line basis which represents the period over which the Company expects to derive economic benefit.

vii) Impairment of Assets :

The carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors.

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

Notes to Consolidated Financial Statements (Contd.) for the year ended March 31, 2017

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

viii) Investments :

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

ix) Foreign Currency Transactions :

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

x) Provisions and Contingencies :

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

xi) Government Incentives :

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

xii) Borrowing Cost:

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

xiii) Employee Benefits:

a) Defined Contribution Plan:

Employee benefits in the form of contribution to Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. The same is charged to the Statement of Profit and Loss of the year when the contribution to the respective funds are due. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

b) Defined Benefit Plan:

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

xiv) Employee Stock Compensation Cost:

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

xv) Taxation:

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

Notes to Consolidated Financial Statements (Contd.) for the year ended March 31, 2017

xvi) Earnings Per Share:

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

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

xvii) Lease Accounting :

Leasing of assets whereby the lessor essentially remains the owner of the asset are classified as

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

xviii) Cash and Cash Equivalents:

The Company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

		(₹ in million)
	As at March 31, 2017	As at March 31, 2016
2 Share Capital		
Authorised Shares		
150,000,000 equity shares of ₹ 10/- each (P.Y. 150,000,000 equity shares of ₹ 10/- each)	1,500.00	1,500.00
Issued, subscribed and paid up shares		
124,756,115 equity shares of ₹ 10/- each fully paid up (P.Y. 124,756,115 Equity Shares of ₹ 10/- each fully paid up)	1,247.56	1,247.56
Of the above shares :-		
86,176,200 equity shares of ₹ 10/- each fully paid-up bonus shares issued by capitalization of share premium, capital reserve and general reserve		
	1,247.56	1,247.56

a) Reconciliation of the number of shares outstanding	(Nos. in million)
Number of equity shares at the beginning	124.76
Equity shares issued on exercise of employee stock options	-
Number of equity shares at the end	124.76

b) Terms / rights attached to equity shares

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

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

Name of the shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of equity shares in million	As a % of total holding	No. of equity shares in million	As a % of total holding
Shivani Amit Dahanukar	32.98	26.43	32.98	26.43
Amit Dahanukar	29.84	23.92	29.84	23.92
Total	62.82	50.35	62.82	50.35

Notes to Consolidated Financial Statements (Contd.)

for the year ended March 31, 2017

(₹ in million)

	As at March 31, 2017	As at March 31, 2016
3 Reserves & Surplus		
a) Securities Premium Account		
As per last Balance Sheet	1,987.91	1,987.91
b) General Reserve		
As per last Balance Sheet	106.18	106.18
c) Capital Reserve		
As per last Balance Sheet	1.90	1.90
d) Revaluation Reserve		
As per last Balance Sheet	642.39	642.39
e) Employee Stock Option Outstanding (Net)	25.65	45.02
f) Surplus / (deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	(1,473.23)	1,344.21
Add: Profit / (Loss) after tax for the year	(2,768.68)	(2,817.44)
	(4,241.91)	(1,473.23)
	(1,477.88)	1,310.17
4 Long-Term Borrowings		
Secured Loans		
From Banks		
Foreign Currency Term Loans	151.42	309.83
From Financial Institution		
Rupee Term Loan	-	1,950.00
From Asset Reconstruction Company		
Rupee Term Loan	1,750.00	-
	1,901.42	2,259.83

- 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) 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.
- c) The term loans for a subsidiary are secured against first charge on plant & equipment and other fixed assets of the Company situated at Biccavolu, East Godavari, Andhra Pradesh.
- d) Secured loans from banks outstanding at the end of the financial year have been guaranteed by the personal guarantee of Chairman & Managing Director of the Company.
- e) Loan taken from financial institution 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) 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.

Notes to Consolidated Financial Statements (Contd.)

for the year ended March 31, 2017

g) **Maturity profile of Secured Term Loans**

(₹ in million)

	1-2 years	2-3 years	3-4 years	Beyond 4 years
Foreign Currency Term Loans	151.42	-	-	-
Rupee Term Loans	350.00	550.00	850.00	-
	501.42	550.00	850.00	-

h) The defaults in repayment of loans to banks and financial institutions are as under:

Default in interest

(₹ in million)

Bank	Period of Default	Term Loan Interest	CC Interest
Axis Bank Limited	March 2016 to March 2017	25.75	-
EARC - (Loan take over from Axis Bank Limited)	March 2016 to March 2017	-	77.43
EARC - (Loan take over from IFCI)	December 2015 to March 2017	497.32	-
EARC - (Loan take over from Punjab National Bank)	October 2015 to March 2017	-	296.96
State Bank of India	November 2015 to March 2017	-	378.36
Bank Of India	October 2015 to March 2017	-	428.69
Industrial Development Bank of India	June 2016 to March 2017	-	45.92
Standard Chartered Bank	April 2016 to March 2017	5.55	-
Total		528.62	1,227.36

Default in Principal

(₹ in million)

Bank	Period of Default	Term Loan Instalment
Axis Bank Limited	December 2015 to March 2017	189.28
EARC - (Loan take over from IFCI)	January 2017	50.00
Standard Chartered Bank	June 2015 to March 2016	133.73
Total		373.01

5 Deferred Tax Liabilities (Net)

(₹ in million)

	As at March 31, 2017	As at March 31, 2016
Deferred Tax Liability	473.50	473.50
Deferred Tax Asset	(11.29)	(11.29)
	462.21	462.21

The break-up of Deferred Tax as at March 31, 2017 is as under:

(₹ in million)

Particulars	Opening as at April 01, 2016	During the year	Closing as at March 31, 2017
Deferred Tax Liability :			
On depreciation differences	473.50	-	473.50
Total Deferred Tax Liability	473.50	-	473.50
Deferred Tax Asset :			
Retirement Benefits & Items u/s. 43B (net of reversals)	(11.29)	-	(11.29)
Total Deferred Tax Asset	(11.29)	-	(11.29)
Deferred Tax Liabilities (Net)	462.21	-	462.21

Notes to Consolidated Financial Statements (Contd.)

for the year ended March 31, 2017

(₹ in million)

	As at March 31, 2017	As at March 31, 2016
6 Other Long-Term Liabilities		
Trade Deposits & Others (Unsecured)	497.94	675.79
	497.94	675.79
7 Long-Term Provisions		
Provision for Gratuity	28.02	25.47
Provision for Leave Encashment	3.97	4.38
	31.99	29.85
8 Short-Term Borrowings		
Secured		
Cash Credit (including Working Capital Demand Loan)	5,705.66	5,651.73
Unsecured		
From Directors and related parties	1.25	31.99
From other parties	624.91	523.46
	6,331.82	6,207.18

- a) The cash credit (including Working Capital Demand Loan) loans are secured against first pari passu charge on all current assets both present and future and pari passu second charge on all the fixed assets of the Company, both present and future excluding land and building on non plant area situated at Shrirampur, Dist. Ahmednagar.
- b) Secured loans from banks outstanding at the end of the financial year have been guaranteed by the personal guarantee of Chairman & Managing Director of the Company.

(₹ in million)

	As at March 31, 2017	As at March 31, 2016
9 Trade Payables		
Trade Payables [Refer Note No.28 (xii)]	1,611.52	1,654.73
	1,611.52	1,654.73
10 Other Current Liabilities		
Current maturities of Term Loans- Foreign Currency Loan	474.43	330.45
Current maturities of Term Loans-Rupee Loans	250.00	50.00
Current maturities of Hire Purchase Car Loans	-	1.36
Interest accrued and due on borrowings	1,755.98	426.06
Interest accrued but not due on borrowings	-	12.63
Interest accrued but not due on borrowings from other parties	14.55	7.41
Payable towards Statutory Liabilities	114.74	183.87
Payable for purchase of Fixed Assets	23.73	36.71
Employee dues	54.02	71.87
Unclaimed Dividend	3.17	3.36
Other Payables	53.02	52.89
	2,743.64	1,176.61
11 Short-Term Provisions		
Provision for Gratuity	7.13	9.13
Provision for Leave Encashment	6.32	5.01
Provision for Excise Duty on Finished Goods	53.45	111.83
Provision for Taxation (Net of Advance Tax)	55.52	130.10
	122.42	256.07

Notes to Consolidated Financial Statements (Contd.)

for the year ended March 31, 2017

12 Fixed Assets

(₹ in million)

	Gross Block			Depreciation / Amortization		Net Block	
	As on April 01, 2016	Additions	Deductions	As at March 31, 2017	For the year March 31, 2017	As at March 31, 2017	As at March 31, 2016
TANGIBLE ASSETS							
Land	542.82	-	-	542.82	-	542.82	542.82
Buildings	1,008.03	-	-	1,008.03	27.76	773.50	801.26
Plant & Equipment	5,148.74	26.82	55.73	5,119.83	274.35	3,598.63	3,869.08
Furniture and Fixtures	33.74	-	-	33.74	3.93	16.08	20.01
Office Equipment	30.51	0.38	0.12	30.77	2.10	2.72	4.49
Computers	88.70	0.86	0.06	89.50	2.89	6.10	8.13
Electrical Installation & Fittings	184.11	-	-	184.11	17.92	136.77	154.69
Motor car and Transport Vehicles	51.44	-	5.54	45.90	4.76	14.15	20.81
Roads & Bridges	7.70	-	-	7.70	1.47	0.40	1.87
Library Books	0.03	-	-	0.03	-	-	-
Live Stock	0.03	-	-	0.03	-	0.03	0.03
Tools & Equipments	0.04	-	-	0.04	-	0.03	0.03
Leasehold Improvement	4.20	-	-	4.20	0.40	2.91	3.31
Total Tangible Assets	7,100.09	28.06	61.45	7,066.70	335.58	5,094.14	5,426.53
Less: Impairment of Assets						(1.70)	(1.70)
INTANGIBLE ASSETS						5,092.44	5,424.83
Brands	334.51	-	-	334.51	45.08	86.68	131.76
Software	57.60	0.60	-	58.20	0.76	4.08	4.24
Product Development	17.39	-	-	17.39	-	-	-
Total Intangible Assets	409.50	0.60	-	410.10	45.84	90.76	136.00
Grand Total	7,509.59	28.66	61.45	7,476.80	381.42	5,183.20	5,560.83
Previous Year	7,414.04	133.58	38.03	7,509.59	385.54	1,947.06	5,560.83

Notes to Consolidated Financial Statements (Contd.)

for the year ended March 31, 2017

12 Fixed Assets (Contd.) [Schedule of Fixed Assets for the previous year 2015-2016]

	Gross Block				Depreciation / Amortization		Net Block	
	As on April 01, 2015	Additions	Deductions	As at March 31, 2016	As on April 01, 2015	For the year	As at March 31, 2016	As at March 31, 2015
TANGIBLE ASSETS								
Land	544.37	-	1.55	542.82	-	-	542.82	544.37
Buildings	1,014.56	0.18	6.71	1,008.03	185.01	27.84	801.26	829.55
Plant & Equipment	5,027.94	132.98	12.18	5,148.74	1,014.81	270.97	3,869.08	4,013.13
Furniture and Fixtures	33.76	0.01	0.03	33.74	9.82	3.94	20.01	23.94
Office Equipment	30.61	0.30	0.40	30.51	21.35	5.03	4.49	9.26
Computers	90.30	0.11	1.71	88.70	77.98	3.98	8.13	12.32
Electrical Installation & Fittings	184.11	-	-	184.11	11.43	17.99	154.69	172.68
Motor car and Transport Vehicles	66.89	-	15.45	51.44	31.17	6.56	20.81	35.72
Roads & Bridges	7.70	-	-	7.70	4.36	1.47	1.87	3.34
Library Books	0.03	-	-	0.03	0.03	-	0.03	-
Live Stock	0.03	-	-	0.03	-	-	0.03	0.03
Tools & Equipments	0.04	-	-	0.04	0.01	-	0.03	0.03
Leasehold Improvement	4.20	-	-	4.20	0.49	0.40	3.31	3.71
TOTAL TANGIBLE ASSETS	7,004.54	133.58	38.03	7,100.09	1,356.46	338.18	5,426.53	5,648.08
Less: Impairment of Assets							(1.70)	(1.70)
INTANGIBLE ASSETS							5,424.83	5,646.38
Brands	334.51	-	-	334.51	157.67	45.08	131.76	176.84
Software	57.60	-	-	57.60	51.08	2.28	4.24	6.52
Product Development	17.39	-	-	17.39	17.39	-	-	-
Total Intangible Assets	409.50	-	-	409.50	226.14	47.36	136.00	183.36
Grand Total	7,414.04	133.58	38.03	7,509.59	1,582.60	385.54	5,560.83	5,829.74

Notes to Consolidated Financial Statements (Contd.)

for the year ended March 31, 2017

(₹ in million)

	As at March 31, 2017		As at March 31, 2016	
13 Non-Current Investments				
a) Investment in Government Securities (Unquoted)	Nos.		Nos.	
Other than Trade Investments				
7 Year National Savings Certificates (Certificates worth ₹ 44,000/- deposited with Government authorities)		0.05		0.05
6 Year National Savings Certificates (deposited with Government authorities) [₹ 4,250 (P.Y. ₹ 4,250)]		-		-
		0.05		0.05
b) Investment in Associate (Unquoted)				
Trade Investments				
Investment in Equity Instruments				
Equity shares of ₹ 10/- each				
Mason & Summers Marketing Services Pvt. Ltd.	130,000	16.90	130,000	16.90
Less: Provision for diminution for value of Investments		(16.90)		(16.90)
		-		-
c) Other than Trade Investments (Unquoted)				
Investment in Equity Instruments				
Equity shares of ₹ 100/- each				
Mula Pravara Electric Co-operative Society Ltd.	2,462	0.25	2,462	0.25
Shree Suvarna Sahakari Bank Ltd. [₹ 2,000 (P.Y. ₹ 2,000)]	20	-	20	-
Maharashtra State Financial Corporation	115	0.01	115	0.01
Rupee Co-op Bank Ltd.	1,000	0.03	1,000	0.03
Shamrao Vithal Co-operative Bank Ltd.	3,000	0.03	3,000	0.03
		0.32		0.32
		0.37		0.37
Aggregate of unquoted investments (at cost)		0.37		0.37

(₹ in million)

	As at March 31, 2017	As at March 31, 2016
14 Long- Term Loans and Advances		
Unsecured, considered good		
Capital advances	48.11	103.10
Loans and advance to employees	8.30	9.53
MAT Credit entitlement	32.24	32.01
Advance Tax (Net of Provision for Taxation)	89.19	81.11
Deposits with Court	6.64	6.73
	184.48	232.48
15 Other Non-Current Assets		
Cash and Bank Balances		
Short-Term Bank Deposits (Maturity exceeding 12 months)	2.50	1.25
Advance with Tie-up Units	-	462.71
Balance with Excise Authorities	3.04	3.04
	5.54	467.00

Notes to Consolidated Financial Statements (Contd.)

for the year ended March 31, 2017

(₹ in million)

	As at March 31, 2017	As at March 31, 2016
16 Inventories		
(At lower of cost and net realisable value)		
Raw Materials	100.87	107.28
Stores, Spares and Packing Materials	350.96	453.98
Work-In-Progress	217.91	284.45
Finished Goods	99.61	171.11
	769.35	1,016.82
17 Trade Receivables		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	20.01	20.01
Unsecured, considered doubtful		
Outstanding for a period exceeding six months from the date they are due for payment	9.01	9.01
Other receivables		
Unsecured, considered good	1,098.40	1,127.23
	1,127.42	1,156.25
Less: Provision for doubtful debts	9.01	9.01
	1,118.41	1,147.24
18 Cash and Bank Balances		
a) Cash and Cash Equivalents		
i) Balances with Banks In Current Accounts	39.69	61.25
ii) Cash on Hand	1.11	5.98
	40.80	67.23
b) Other Bank Balances		
i) Earmarked Balances with Banks	3.17	3.36
ii) Short-Term Bank Deposits (Maturity within 12 months)	15.16	34.39
	18.33	37.75
	59.13	104.98
19 Short-Term Loans and Advances		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	3,191.64	4,019.82
Advance with Tie-up Units	1,116.88	1,415.33
Balance with Excise Authorities	65.64	51.00
Deposits	417.74	309.18
Less : Provision for doubtful advances	(114.12)	(522.32)
	4,677.78	5,273.01
20 Other Current Assets		
Interest accrued on Deposits	0.50	0.57
	0.50	0.57

Notes to Consolidated Financial Statements (Contd.)

for the year ended March 31, 2017

(₹ in million)

	Year ended March 31, 2017	Year ended March 31, 2016
21 Revenue from Operations		
Sales of products	10,475.92	9,322.44
Income from tie-up units	53.32	15.73
	10,529.24	9,338.17

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

(₹ in million)

	Year ended March 31, 2017	Year ended March 31, 2016
Gross Sales of Companys' brands and other sales including sales made by tie-up arrangements	11,519.21	9,941.89
Less : Excise Duty / sales under other various arrangements	6,343.01	5,411.31
Net Sales of Companys' brands and other sales	5,176.20	4,530.58
Less : Net Sales made by tie up units	380.99	272.36
Add : Net income from tie up arrangement	53.32	15.73
Total Income	4,848.53	4,273.95

21.1 Other Operating Income

Sale of by products and scrap	18.13	17.96
Income from contract manufacturing and other income	0.10	27.00
Government Incentives [Refer Note No.28 (xxii)]	-	258.92
	18.23	303.88

22 Other Income

Duty drawback on exports	1.19	1.45
Miscellaneous receipts	1.18	3.26
Sundry balance written back	-	1.19
Interest income on margin money / fixed deposits	16.66	5.93
Profit on Sale of Investments	-	0.17
Profit on Sale of Fixed Asset	-	20.72
Dividend on current investments [₹ 3,000 (P.Y. ₹ 3,000)]	-	-
Gain from Foreign Currency	22.23	-
	41.26	32.72

23 Cost of Materials Consumed

i) Raw Material Consumption		
Opening Stock	107.28	129.77
Add : Purchases	1,384.19	1,079.22
Less: Closing Stock	100.87	107.28
	1,390.60	1,101.71
ii) Packing Materials & Consumables	1,650.33	1,348.52
	3,040.93	2,450.23

Notes to Consolidated Financial Statements (Contd.)

for the year ended March 31, 2017

	Year ended March 31, 2017	(₹ in million) Year ended March 31, 2016
24 (Increase) / Decrease in Stock		
Opening Stock		
i) Work-In-Progress	284.45	366.39
ii) Finished Goods	171.11	258.19
	455.56	624.58
Less : Closing Stock		
i) Work-In-Progress	217.91	284.45
ii) Finished Goods	99.61	171.11
	317.52	455.56
(Increase) / Decrease in Stock	138.04	169.02
25 Employee Benefit Expense		
Salary and wages	234.00	351.86
Employee Stock Option Expenses	(19.37)	(47.01)
Contribution to provident fund and family pension fund	16.38	16.81
Staff welfare expenses	13.13	14.24
Gratuity	12.56	4.89
	256.70	340.79
26 Other Expenses		
Power and fuel	46.85	54.25
Provision for Excise Duty on Finished Goods [Refer Note No.28 (ix)]	(58.38)	3.26
Repairs & maintenance		
i) Plant & Equipment	2.70	6.89
ii) Buildings	-	1.53
iii) Others	12.17	14.29
Insurance	6.58	10.83
Rent	21.61	22.26
Contract manufacturing cost	175.06	127.61
Legal and professional charges	57.17	135.88
Auditors Remuneration [Refer Note No.28 (x)]	2.00	1.99
Rates and taxes	188.31	145.06
Freight, transport charges & other expenses	173.67	154.40
Selling expenses [Discounts,Sales Promotion & Advertising etc.]	1,190.12	1,110.01
Travelling and conveyance expenses	7.91	17.74
Printing and stationery	2.76	3.96
Communication expenses	8.26	7.63
Vehicle running expenses	3.16	5.11
Director sitting fees	0.33	0.32
Bad Debts	-	58.01
Loss on Sale of Assets	23.98	5.31
Loss on exchange fluctuation	-	108.20
Corporate Social Responsibility	6.39	5.45
Provision for diminution for value of Investments	-	16.90
Provision for doubtful advances	155.23	522.32
Goodwill written off	-	21.66
Advances written off	249.06	55.14
Miscellaneous expenses	96.12	81.24
	2,371.06	2,697.25
27 Finance Cost		
Interest on Term Loans	417.62	299.78
Interest on Cash Credits / Working Capital Demand Loan	966.88	739.50
Others	179.61	210.99
	1,564.11	1,250.27

Notes to Consolidated Financial Statements (Contd.)

for the year ended March 31, 2017

28 Notes on Accounts

i) Contingent Liability not provided for:

(₹ in million)

Particulars	As at March 31, 2017	As at March 31, 2016
a) Bank guarantees issued on behalf of the Company	88.80	88.99
b) In respect of disputed Income tax matters, pending before the appropriate Income tax authorities, contested by the Company		
A.Y. 2011-2012	-	253.83
A.Y. 2010-2011	-	273.79
A.Y. 2009-2010	36.69	36.69
c) In respect of disputed Sales tax matters, pending before the appropriate tax authorities, contested by the Company		
F.Y. 2011-2012 (VAT-Kerala)	7.48	7.48
F.Y. 2010-2011 (MVAT)	3.69	3.69
F.Y. 2010-2011 (Central Sales Tax)	24.50	24.50
F.Y. 2010-2011 (VAT-Kerala)	8.80	8.80
F.Y. 2009-2010 (Central Sales Tax)	27.22	27.22
F.Y. 2009-2010 (VAT-Kerala)	-	6.64
F.Y. 2008-2009 (TOT- Kerala)	0.11	0.11
F.Y. 2008-2009 (VAT- Kerala)	0.22	0.22
F.Y. 2007-2008 (TOT- Kerala)	0.11	0.11
F.Y. 2007-2008 (VAT- Kerala)	0.55	0.55
F.Y. 2006-2007 (Central Sales Tax)	-	79.94

ii) Estimated amount of contracts remaining to be executed on capital accounts and not provided for is ₹ Nil (P.Y. ₹ Nil).

iii) Operating Lease:

- The Company has taken bottling units under cancellable operating lease at various locations and during the financial year ₹ 5.79 million (P.Y. ₹ 6.70 million) paid towards lease rentals has been charged to Statement of Profit and Loss.
- The Company has taken various residential / commercial premises under cancellable operating lease. Lease rental expenses included in the Statement of Profit and Loss for the financial year is ₹ 21.61 million (P.Y. ₹ 22.26 million).
- Except for escalation clauses contained in certain lease arrangements providing for increase in the lease payment by a specified percentage / amounts after completion of specified period, the lease terms do not contain any exceptional / restrictive covenants other than the prior approval of the lessee before the renewal of lease.
- There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lessor is required for further leasing. There is no contingent rent payment.

iv) The disclosure of Accounting Standard 15 "Employee Benefits" is as follows:

Defined Contribution Plan

The Company has charged in the Statement of Profit and Loss during the financial year an amount of ₹ 16.38 million (P.Y. ₹ 16.81 million) under defined contribution plan as employer's contribution to Provident Fund.

Defined Benefit Plan

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

Notes to Consolidated Financial Statements (Contd.)

for the year ended March 31, 2017

The net value of the defined commitment is detailed below:

(₹ in million)

	As at March 31, 2017		As at March 31, 2016	
	Funded Gratuity	Unfunded Gratuity	Funded Gratuity	Unfunded Gratuity
Present Value of obligation	35.37	4.22	36.22	2.49
Fair Value of Plans	4.44	-	4.11	-
Net Liability in the balance sheet	30.93	4.22	32.11	2.49
Defined Benefit Obligations				
Opening balance	36.22	2.49	40.98	2.24
Interest expenses	2.89	0.20	3.25	0.18
Current service cost	2.59	0.28	3.39	0.28
Benefit paid directly by the employer	(11.94)	(0.08)	(9.72)	-
Benefit paid from the fund	-	-	-	-
Actuarial (gain) / loss	5.61	1.33	(1.68)	(0.21)
Closing balance	35.37	4.22	36.22	2.49
Plan Assets				
Opening balance	4.11	-	3.80	-
Expected return on plan assets	0.33	-	0.30	-
Paid Funds	-	-	-	-
Actuarial (gain) / loss	-	-	0.01	-
Closing balance	4.44	-	4.11	-
Return on Plan Assets				
Expected return on plan assets	0.33	-	0.30	-
Actuarial (gain) / loss	0.01	-	0.02	-
Actual Return on Plan Assets	0.34	-	0.32	-
Expenses on defined benefit plan				
Current service costs	2.59	0.28	3.39	0.28
Interest expense	2.89	0.20	3.25	0.18
Expected return on plan assets	(0.33)	-	(0.30)	-
Net actuarial (gain) / loss	5.60	1.33	(1.70)	(0.21)
Expenses charged to the Statement of Profit and Loss	10.75	1.81	4.64	0.25
Investments Details	% Invested March 31, 2017	% Invested March 31, 2017	% Invested March 31, 2016	% Invested March 31, 2016
Funds Managed by Life Insurance Corporation	100	-	100	-
Public Sector Unit Bonds	-	-	-	-
State / Central Guaranteed securities	-	-	-	-
Special deposit schemes	-	-	-	-
Other (excluding bank balances)	-	-	-	-
	100	-	100	-
Actuarial assumptions	Funded Gratuity	Unfunded Gratuity	Funded Gratuity	Unfunded Gratuity
Mortality (LIC)	2006-08 Ultimate		2006-08 Ultimate	
Discount rate (per annum)	7.51%	7.20%	7.99%	8.08%
Expected rate of return on plan assets (per annum)	7.51%	-	7.99%	-
Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%	5.00%
Attrition rate (per annum)	16.00%	2.00%	16.00%	2.00%

Notes to Consolidated Financial Statements (Contd.)

for the year ended March 31, 2017

Defined Contribution Plan

Present value of DBO, Fair Value of Plan Assets, Deficit/ (Surplus), Experience Adjustments for current and earlier periods:

Funded Gratuity for the year ended	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Present value of DBO	35.37	36.22	40.98	34.88	32.95
Fair value of plan assets	4.44	4.11	3.80	5.75	10.21
Deficit/(Surplus)	30.93	32.11	37.18	29.13	22.74
Experience adjustments on plan liabilities	4.69	(1.52)	4.34	3.67	(5.64)
Experience adjustments on plan assets	0.01	0.01	(0.18)	(0.37)	(0.04)

Unfunded Gratuity for the year ended	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Present value of DBO	4.22	2.49	2.24	1.66
Fair value of plan assets	-	-	-	-
Deficit/(Surplus)	4.22	2.49	2.24	1.66
Experience adjustments on plan liabilities	0.90	(0.17)	(0.15)	-
Experience adjustments on plan assets	-	-	-	-

v) Employee Stock Option Scheme

- 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.
- During the financial year ended March 31, 2017, 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, 2017	730,400	3,730,521	154,200	843,663
Number of options cancelled till March 31, 2017	241,700	846,381	33,870	202,818
Number of options lapsed till March 31, 2017	17,100	7,34,120	73,260	493,352
Number of options exercised till March 31, 2017	471,600	2,150,020	47,070	147,493
Net options outstanding as on March 31, 2017	-	-	-	-
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
Date of Grant	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011	July 5, 2016
Date of the Board Approval	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011	July 5, 2016
Date of the Shareholders Approval	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010
Number of options granted till March 31, 2017	1,615,500	512,000	3,379,600	969,000	2,150,000
Number of options cancelled till March 31, 2017	756,240	173,840	1,684,724	-	406,500
Number of options lapsed till March 31, 2017	761,670	237,482	391,794	428,300	10,000
Number of options exercised till March 31, 2017	97,590	100,678	1,303,082	540,700	-
Net options outstanding as on March 31, 2017	-	-	-	-	1,733,500
Vesting period from the date of grant	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

Notes to Consolidated Financial Statements (Contd.)

for the year ended March 31, 2017

C) Employee Stock Option Scheme 2012

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5
Date of Grant	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014	July 5, 2016
Date of the Board Approval	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014	July 5, 2016
Date of the Shareholders Approval	May 24, 2012	May 24, 2012	May 24, 2012	May 24, 2012	May 24, 2012
Number of options granted till March 31, 2017	3,000,000	1,000,000	1,000,000	1,000,000	3,000,000
Number of options cancelled till March 31, 2017	240,442	156,390	334,630	112,800	200,000
Number of options lapsed till March 31, 2017	2,000,424	664,859	558,964	160,500	-
Number of options exercised till March 31, 2017	429,967	-	8,715	-	-
Net options outstanding as on March 31, 2017	329,167	178,751	97,691	726,700	2,800,000
Vesting period from the date of grant	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

c) The details of the options as on March 31, 2017 are as under:

(Nos. in million)

Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
Financial Year 2015-16			
Options outstanding as on April 01, 2015	0.69	1.60	5.12
Options granted from April 01, 2015 to March 31, 2016	Nil	Nil	Nil
Options cancelled till March 31, 2016	Nil	Nil	0.41
Options lapsed till March 31, 2016	0.46	1.06	2.17
Options exercised April 01, 2015 to March 31, 2016	Nil	Nil	Nil
Options outstanding as on March 31, 2016	0.23	0.54	2.54
Financial Year 2016-17			
Options outstanding as on April 01, 2016	0.23	0.54	2.54
Options granted from April 01, 2016 to March 31, 2017	-	2.15	3.00
Options cancelled till March 31, 2017	-	0.41	0.31
Options lapsed till March 31, 2017	0.23	0.55	1.09
Options exercised April 01, 2016 to March 31, 2017	-	-	-
Options outstanding as on March 31, 2017	-	1.73	4.14

- d) The weighted average fair value of stock options granted during the financial year was ₹ 36.26 million [P.Y. ₹ (93.48) million]. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

A) Employee Stock Option Scheme 2008

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

Notes to Consolidated Financial Statements (Contd.)

for the year ended March 31, 2017

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

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

Particulars	As at March 31, 2017	As at March 31, 2016
Net Profit as Reported available to Equity Share holders	(2,768.68)	(2,817.44)
Add: Employee stock compensation under intrinsic value	(19.37)	(47.01)
Less: Employee stock compensation under fair value method	(36.01)	(93.48)
Adjusted Net Profit	(2,752.04)	(2,770.97)
Earnings Per Share		
Basic: (₹)		
-As reported	(22.19)	(22.58)
-Adjusted	(22.06)	(22.21)
Diluted: (₹)		
-As reported	(22.19)	(22.58)
-Adjusted	(22.06)	(22.21)

vi) Segment Reporting:

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

vii) Related Party Disclosures:

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

- Key Managerial Personnel : Mr. Amit Dahanukar
: Mrs. Shivani Amit Dahanukar
(Relieved from position of Executive Director w.e.f. December 01, 2015)
- 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
- Relative of Key Managerial Personnel : Dr. Priyadarshini A. Dahanukar

Notes to Consolidated Financial Statements (Contd.)

for the year ended March 31, 2017

(₹ in million)

Nature of Transaction	Parties referred in (a) above		Parties referred in (b) above		Parties referred in (c) above	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Donations						
Smt. Malati Dahanukar Trust	-	-	2.89	1.64	-	-
Total	-	-	2.89	1.64	-	-
Payment to Key Managerial Personnel						
Mr. Amit Dahanukar	12.55	12.55	-	-	-	-
Mrs. Shivani Amit Dahanukar	-	8.27	-	-	-	-
Total	12.55	20.82	-	-	-	-
Loan Taken						
Mr. Amit Dahanukar	23.50	145.40	-	-	-	-
Total	23.50	145.40	-	-	-	-
Repayment of Loan						
Mr. Amit Dahanukar	23.50	145.40	-	-	-	-
M.L.Dahanukar & Co. Pvt. Ltd.	-	-	-	7.50	-	-
Arunoday Investments Pvt. Ltd.	-	-	-	4.00	-	-
Maharashtra Sugar Mills Pvt. Ltd.	-	-	30.75	-	-	-
Total	23.50	145.40	30.75	11.50	-	-
Rent Deposit						
Mr. Amit Dahanukar	15.00	-	-	-	-	-
Total	15.00	-	-	-	-	-
Rent Payment						
Mr. Amit Dahanukar	9.15	8.10	-	-	-	-
M.L.Dahanukar & Co. Pvt. Ltd.	-	-	-	0.72	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	2.96	2.59
Total	9.15	8.10	-	0.72	2.96	2.59
Outstanding Payable						
Maharashtra Sugar Mills Pvt. Ltd.	-	-	1.25	31.99	-	-
Total	-	-	1.25	31.99	-	-
Outstanding Receivable						
Mr. Amit Dahanukar	17.76	2.76	-	-	-	-
M.L.Dahanukar & Co. Pvt. Ltd.	-	-	1.50	1.50	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	0.89	0.89
Total	17.76	2.76	1.50	1.50	0.89	0.89

- viii) 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.
- ix) Provision of excise duty on finished goods manufactured but yet to be cleared from the factory as at March 31, 2017 estimated at ₹ 53.45 million (P.Y. ₹ 111.83 million) has been provided in the books and also been considered in valuation of closing stock of finished goods. Provision for excise duty on finished goods charged in the Statement of Profit and Loss for the financial year is as follows:

(₹ in million)

	2016-17	2015-16
Provision for excise duty on finished goods at the beginning of the year	111.83	108.57
Provision for excise duty on finished goods at the end of the year	53.45	111.83
Provision for excise duty on finished goods charged in the Statement of Profit and Loss	(58.38)	3.26
x) Auditor's remuneration charged to accounts:		
a) Audit fees	1.65	1.64
b) Auditors remuneration in other capacity	0.33	0.33
c) Reimbursement of expenses	0.03	0.02
	2.01	1.99

Notes to Consolidated Financial Statements (Contd.) for the year ended March 31, 2017

- xi)** 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.
- xii)** 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 :

	2016-17	2015-16
Dues remaining unpaid as at 31st March		
- Principal	48.67	53.68
- Interest on the above	15.62	8.13

xiii) Earnings Per Share:

Profit After Tax	(2,768.68)	(2,817.44)
Weighted average number of shares	124.76	124.76
Basic Earnings Per Share	(22.19)	(22.58)
Weighted average number of shares (adjusted for the effects of dilutive potential equity shares)	124.76	124.76
Diluted Earnings Per Share	(22.19)	(22.58)
Face Value per Equity Share	10.00	10.00

- xiv)** The Company has entered into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes. The foreign currency exposure not hedged as at March 31, 2017 are as under:

	Currency	March 31, 2017		March 31, 2016	
		FC in million	(₹ in million)	FC in million	(₹ in million)
Receivable - Debtors	USD	0.02	1.55	0.04	2.41
Term Loans	USD	9.65	625.85	9.65	640.28

	2016-17	2015-16
xv) CIF Value of Imports		
Raw materials	-	-

xvi) Earnings in Foreign Exchange

FOB value of exports	13.38	30.34
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xvii) Expenditure in Foreign Exchange

Professional Fees	0.04	0.40
Travelling Expenses	0.16	0.25
Interest	0.04	30.43
	0.24	31.08

xviii) Managerial Remuneration:

Details of the Managerial Remuneration paid or provided during the financial year ended on March 31, 2017:

	2016-17	2015-16
Remuneration to Managing Director and Whole-time Directors		
- Salaries and contribution to funds	12.55	20.82
- Commission	-	-
	12.55	20.82
Remuneration to Non-executive and Independent Directors		
- Commission	-	-

- xix)** 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 unit and permission is expected soon. In view of this, the management believes that there is no impairment in value of its unit and hence the recoverable amount of the unit is not required to be estimated.

Notes to Consolidated Financial Statements (Contd.) for the year ended March 31, 2017

xx) The details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016 are as follows :

	SBN	Other Denomination notes	(₹ in million) Total
Closing cash on hand as on November 08, 2016	2.60	2.45	5.05
Add: Permitted receipts	-	1.84	1.84
Less: Permitted payments	-	1.29	1.29
Less: Amounts deposited in Banks	2.60	-	2.60
Closing cash on hand as on December 30, 2016	-	3.00	3.00

xxi) In lieu of advances given to certain parties amounting to ₹ 798.16 million, immovable properties have been offered for which negotiations are in process and hence, no provision is considered necessary in the books of accounts.

xxii) Other operating income for the year ended March 31, 2017 includes ₹ Nil (P.Y. ₹ 258.92 million on account of entitlement of MVAT and CST refund) . The Company is awaiting disbursement of ₹ 1,269.11 million of MVAT and CST refund for the year 2012-13 onwards.

xxiii) Other significant notes

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

xxiv) Pursuant to the filing of the consent terms, the Arbitrator has passed an order of settlement with ISWPL, a tie up unit in Tamilnadu. As part of the said settlement, the Company has entered into a bottling arrangement with ISWPL and the operations are expected to start shortly. It has also been agreed that the dues from ISWPL amounting to ₹ 372.29 million as on the date of the settlement be settled at ₹ 190.00 million out of which ₹ 100.00 million will be retained by ISWPL as interest free security deposit for the bottling operations and ₹ 90.00 million be paid over a period of two years in equal monthly installments. Consequently the balance of ₹ 182.29 million due from ISWPL has been written off in books of accounts.

xxv) 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. The Company is in the process of reviving the business in the state of Tamil Nadu which will yield higher margins. These measures will enhance the liquidity position of the Company resulting in production efficiency. The promoters have the ability to organise additional financial support in future, if required. The Company is also in active discussion with the lenders on debt restructuring. Having regard to the above facts, the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

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

As per our Report of even date annexed.

For and on behalf of the Board

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

Amit Dahanukar
Chairman & Managing Director
(DIN : 00305636)

Dr. Ravindra Bapat
Independent Director
(DIN : 00353476)

Kaushal Mehta
Partner
Membership No. 111749

C.V.Bijlani
Independent Director
(DIN : 02039345)

Kishorekumar G. Mhatre
Independent Director
(DIN : 07527683)

Place : Mumbai
Date : May 29, 2017

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

Independent Auditors' Report

on Standalone Financial Statements

To

The Members of

Tilaknagar Industries Ltd.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Tilaknagar Industries Ltd. ("the Company") which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

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

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

Basis for qualified opinion

- 1 We draw attention to Note No. 28 (xix) of the standalone financial statements, where there is an indication that one of the Units of the Company may be impaired. The management has not estimated the recoverable amount of the Unit as required by Accounting Standard-28 'Impairment of Assets', and hence we are unable to comment on consequential impact if any on the standalone financial statements.
- 2 We draw attention to Note No.28 (xx) of the standalone financial statements in respect of outstanding advances receivable amounting to ₹ 798.16 million, which are considered good and recoverable and no provision is considered necessary by the management. We are unable to verify the recoverability of the amounts due from the parties based on the audit procedures.

Qualified Opinion

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 paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017 and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

- 1 We draw attention to Note No. 28 (xxi) of the standalone financial statements in respect of outstanding MVAT and CST incentive of ₹1,269.11 million receivable from the State Government for the year 2012-13 onwards.
- 2 We draw attention to Note No. 28 (xxvi), stating the reasons whereby the accounts have been prepared on going concern basis though the net worth of the Company is negative and it has incurred significant losses.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

- 1 As required by the Companies (Auditors Report) Order 2016 ("the Order") issued by Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the '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, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone 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 Accounting Standard-28 'Impairment of Assets' as mentioned in the Basis for qualified opinion paragraph.*

- e) On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – refer Note No.28 (xxii) 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 the amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv) The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Note during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. Refer Note No.28 (xxv) to the standalone financial statements.

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

Kaushal Mehta
Partner
Membership No.111749

Place : Mumbai
Date : May 29, 2017

Annexure - A to the Independent Auditors' Report on the Standalone Financial Statements of Tilaknagar Industries Ltd.

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

Report on Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 ("the Act") of Tilaknagar Industries Ltd. ("the Company")

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and on the basis of our 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 and no material discrepancies between physical inventory and book records were noticed on physical verification.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the investments made, loans, securities and guarantee given.

- v) The Company has not accepted any deposits during the year within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- vi) We have broadly reviewed the books of account maintained by the Company in respect of products pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products 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) Undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material *statutory dues have not been regularly deposited with the appropriate authorities and there have been delays in many cases.*

According to the information and explanations given to us, there are no undisputed dues in respect of Provident Fund, Employees' State Insurance, Sales-Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and any other material statutory dues applicable to it, which were outstanding, at the year-end for a period of more than six months from the date they became payable *except for Income-Tax of ₹ 99.93 million pertaining to AY 14-15 which is still unpaid.*

- b) According to the information and explanations given to us, the dues outstanding of Income Tax or Sales Tax or Excise Duty that have not been deposited on account of any dispute are as follows:

Name of the Statute	Nature of dues	Period to which it relates	Amount	Forum where the Dispute is pending
Income Tax Act, 1961	Income Tax	A.Y. 2009-10	36.69	CIT (Appeals)
Sales Tax Laws	Sales Tax	F.Y. 2007-08, F.Y. 2008-09, F.Y. 2010-11	4.46	Assistant Commissioner (Appeals)
	Central Sales tax	F.Y. 2009-10, F.Y. 2010-11	51.72	Deputy Commissioner (Appeals)
	Turnover Tax	F.Y.2007-08, to F.Y.2009-10	0.22	Assistant 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 and financial institutions. There were no outstanding dues to any debenture holders anytime during the year. The details of default are given below:

(₹ in million)

Particulars – Name of Lenders	Amount of default as at Balance sheet date	Period of default
Axis Bank Ltd –Interest	25.75	March 2016 to March 2017
EARC - (Loan take over from Axis Bank Ltd.)-Interest	77.43	March 2016 to March 2017
EARC - (Loan take over from IFCI)-Interest	497.32	December 2015 to March 2017
EARC - (Loan take over from Punjab National Bank) – Interest	296.96	October 2015 to March 2017
State Bank of India – Interest	378.36	November 2015 to March 2017
Bank of India – Interest	428.69	October 2015 to March 2017
Industrial Development Bank of India-Interest	45.92	June 2016 to March 2017
Axis Bank Ltd – Principal	189.28	December 2015 to March 2017
EARC - (Loan take over from IFCI) - Principal	50.00	January 2017

- ix) The Company did not raise any money by way of initial public offer or further public offer including debt instruments. According to the information and explanations given to us the term loan has been utilized during the year for the purpose for which it was raised.
- 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) In our opinion, managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 of the Act 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 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 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 him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

Kaushal Mehta
Partner
Membership No.111749

Place : Mumbai
Date : May 29, 2017

Annexure - B to the Independent Auditors' Report on the Standalone Financial Statements of Tilaknagar Industries Ltd.

(Referred to in paragraph 2 (f) under 'Report on other Legal and Regulatory Requirements section of our report 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, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, 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 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 standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Place : Mumbai
Date : May 29, 2017

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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Kaushal Mehta
Partner
Membership No. 111749



Standalone Balance Sheet

as at March 31, 2017

(₹ in million)

	Note No.	As at March 31, 2017	As at March 31, 2016
I EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	1,247.56	1,247.56
Reserves & Surplus	3	(1,544.80)	1,119.93
		(297.24)	2,367.49
Non-Current Liabilities			
Long-Term Borrowings	4	1,901.42	2,259.83
Deferred Tax Liabilities (Net)	5	432.42	432.42
Other Long-Term Liabilities	6	497.94	675.79
Long-Term Provisions	7	27.66	27.29
		2,859.44	3,395.33
Current Liabilities			
Short-Term Borrowings	8	6,030.36	5,949.40
Trade Payables	9	1,140.39	1,258.73
Other Current Liabilities	10	2,580.66	1,018.57
Short-Term Provisions	11	73.12	237.48
		9,824.53	8,464.18
Total		12,386.73	14,227.00
II ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12	4,847.32	5,165.99
Intangible Assets		90.71	135.94
Capital Work-in-Progress		149.60	153.45
Non-Current Investments	13	423.35	423.35
Long-Term Loans and Advances	14	168.20	203.03
Other Non-Current Assets	15	4.84	466.40
		5,684.02	6,548.16
Current Assets			
Inventories	16	595.88	836.21
Trade Receivables	17	572.98	769.05
Cash and Bank Balances	18	42.69	74.65
Short-Term Loans and Advances	19	5,490.71	5,998.47
Other Current Assets	20	0.45	0.46
		6,702.71	7,678.84
Total		12,386.73	14,227.00
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our Report of even date annexed.

For and on behalf of the Board

For Batliboi & Purohit

Chartered Accountants

Firm Registration No. 101048W

Amit Dahanukar

Chairman & Managing Director

(DIN : 00305636)

Dr. Ravindra Bapat

Independent Director

(DIN : 00353476)

Kaushal Mehta

Partner

Membership No. 111749

C.V.Bijlani

Independent Director

(DIN : 02039345)

Kishorekumar G. Mhatre

Independent Director

(DIN : 07527683)

Place : Mumbai

Date : May 29, 2017

Srijit Mullick

Chief Financial Officer

Gaurav Thakur

Company Secretary

Standalone Statement of Profit & Loss

for the year ended March 31, 2017

(₹ in million)

	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
INCOME			
Revenue from Operations			
Sale of products (Gross)	21	5,556.20	6,392.67
Less: Excise duty		2,058.47	2,943.15
Sale of products (Net)		3,497.73	3,449.52
Other Operating Income	21.1	12.75	274.37
		3,510.48	3,723.89
Other Income	22	40.43	9.00
		3,550.91	3,732.89
EXPENSES			
Cost of Materials Consumed	23	1,965.94	1,886.12
Purchase of Stock-in-Trade		-	146.32
(Increase) / Decrease in Stock	24	180.41	76.45
Employee Benefit Expense	25	232.48	318.58
Other Expenses	26	2,004.48	2,422.44
Finance Cost	27	1,523.48	1,196.15
Depreciation for the year		362.46	366.01
		6,269.25	6,412.07
Profit / (Loss) before taxation		(2,718.34)	(2,679.18)
Tax expenses			
Current Tax		-	-
For earlier years		(72.98)	(18.83)
MAT Credit entitlements		-	-
Deferred Tax		-	-
		(72.98)	(18.83)
Profit / (Loss) after taxation		(2,645.36)	(2,660.35)
Earnings Per Share (₹) Basic	28(xiii)	(21.20)	(21.32)
Diluted		(21.20)	(21.32)
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our Report of even date annexed.

For and on behalf of the Board

For Batliboi & Purohit

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Firm Registration No. 101048W

Amit Dahanukar

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(DIN : 07527683)

Place : Mumbai

Date : May 29, 2017

Srijit Mullick

Chief Financial Officer

Gaurav Thakur

Company Secretary

Standalone Cash Flow Statement

as at March 31, 2017

(₹ in million)

		2016-17	2015-16
A) CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		(2,718.34)	(2,679.18)
Adjustment for:			
Depreciation	362.47		365.99
(Profit) / Loss on sale of assets	23.98		5.31
Loss / (Profit) on sale of investments	-		(0.17)
Provision for diminution for value of Investments	-		31.90
Advances written off / Provision for doubtful advances	358.08		531.30
Bad debts	-		58.01
Unrealised (Gain) / Loss on exchange fluctuation	(22.23)		108.24
Employee stock option expenses	(19.37)		(47.01)
Sundry balance written back	-		(1.16)
Interest expenses	1,523.48		1,196.16
Interest income	(15.83)		(4.06)
		2,210.58	2,244.51
Operating Profit before working capital changes			
Adjustment for:			
(Decrease)/ Increase in trade payables, current liabilities, provisions and long term liabilities	(461.91)		(106.80)
(Increase) / Decrease in loans and advances and other assets	647.20		155.68
(Increase) / Decrease in inventory	240.32		160.22
(Increase) / Decrease in trade receivables	196.07		439.79
		621.68	648.89
Direct taxes paid		(8.27)	(23.89)
Net Cash from Operating Activities		105.65	190.33
B) CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(31.95)		(126.24)
Sale of fixed assets	0.89		8.17
(Increase) / Decrease in margin money and deposits	18.39		18.32
Sale proceeds of investments	-		9.89
Interest received	15.85		3.64
Net Cash from Investing Activities		3.18	(86.22)
C) CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	80.95		373.99
Proceeds from long-term borrowings	-		300.00
Repayment of long-term borrowings	(1.36)		(148.44)
Dividend and tax thereon including unclaimed dividend	(0.19)		(0.52)
Interest paid	(200.65)		(756.56)
Net Cash from Financing Activities		(121.25)	(231.53)
Net increase in Cash & Cash equivalents		(12.42)	(127.42)
Opening cash & cash equivalents		44.51	171.93
Closing cash & cash equivalents		32.09	44.51

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

As per our Report of even date annexed.

For and on behalf of the Board

For Batliboi & Purohit

Chartered Accountants

Firm Registration No. 101048W

Amit Dahanukar

Chairman & Managing Director

(DIN : 00305636)

Dr. Ravindra Bapat

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Partner

Membership No. 111749

C.V.Bijlani

Independent Director

(DIN : 02039345)

Kishorekumar G. Mhatre

Independent Director

(DIN : 07527683)

Place : Mumbai

Date : May 29, 2017

Srijit Mullick

Chief Financial Officer

Gaurav Thakur

Company Secretary

Notes to Standalone Financial Statements

for the year ended March 31, 2017

1 Significant Accounting Policies

i) Basis of Preparation of Financial Statements :

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013 and other accounting pronouncements of the Institute of Chartered Accountants of India. The financial statements have been prepared under historical cost convention and on accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

ii) Use of Estimates :

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

iii) Revenue Recognition:

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

- a) Sales are recognized when the Company transfers all significant risks and rewards of ownership to the buyer / customer and are recorded net of trade discounts, sales tax / value added tax and inclusive of central / state excise duty.
- b) Insurance and other claims are accounted for as and when admitted by the appropriate authorities.

iv) Inventories :

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

- a) Raw materials, Stores & Spares and Work-In-Progress are valued at material cost.
- b) Finished goods are valued at manufacturing cost, which comprise direct material, direct

labour, other direct cost and other related manufacturing overheads. Excise duty payable on finished goods stock at the year end is added to the cost.

- c) Obsolete / slow moving inventories are adequately provided for.

v) Fixed Assets :

- a) Fixed assets are stated at their original cost of acquisition / installation, net of accumulated depreciation, amortization and impairment losses.
- b) Capital Work-In-Progress is stated at the amount incurred up to the date of the Balance Sheet.
- c) Expenditures incurred during construction / erection period on project under implementation are included under "Capital Work-In-Progress". These expenses are appropriated to fixed assets on commencement of commercial production.
- d) Fixed assets purchased under hire purchase arrangements, includes expenditure incurred till the assets are put to use.
- e) Goodwill and other intangible assets are stated at cost of acquisition less accumulated amortization.

vi) Depreciation and Amortization:

- a) Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes etc.

Plant & Equipment	Useful Life
Molasses & Grain based Distillery Plant	20 Years

- b) Depreciation is provided on assets acquired during the year from the date on which assets were put to use.
- c) Intangible assets are amortized over a period of two to five years on straight line basis which represents the period over which the Company expects to derive economic benefits.

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

vii) Impairment of Assets :

The carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors.

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

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

viii) Investments :

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

ix) Foreign Currency Transactions :

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

x) Provisions and Contingencies :

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

xi) Government Incentives :

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

xii) Borrowing Cost:

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

xiii) Employee Benefits:

a) Defined Contribution Plan:

Employee benefits in the form of contribution to Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. The same is charged to the Statement of Profit and Loss of the year when the contribution to the respective funds are due. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

b) Defined Benefit Plan:

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

xiv) Employee Stock Compensation Cost:

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

xv) Taxation:

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

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

xvi) Earnings Per Share:

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

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

xvii) Lease Accounting :

Leasing of assets whereby the lessor essentially remains the owner of the asset are classified as operating leases. The payments made by the

Company as lessee in accordance with operational leasing contracts or rental agreements are expensed proportionally during the lease or rental period respectively. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

xviii) Cash and Cash Equivalents:

The Company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

(₹ in million)

	As at March 31, 2017	As at March 31, 2016
2 Share Capital		
Authorised Shares		
150,000,000 equity shares of ₹ 10/- each (P.Y. 150,000,000 equity shares of ₹ 10/- each)	1,500.00	1,500.00
Issued, subscribed and paid up shares		
124,756,115 equity shares of ₹ 10/- each fully paid up (P.Y. 124,756,115 equity shares of ₹ 10/- each fully paid up)	1,247.56	1,247.56
Of the above shares :-		
86,176,200 equity shares of ₹ 10/- each fully paid-up bonus shares issued by capitalisation of share premium, capital reserve and general reserve		
	1,247.56	1,247.56
a) Reconciliation of the number of shares outstanding		(Nos. in million)
Number of equity shares at the beginning	124.76	124.76
Equity shares issued on exercise of employee stock options	-	-
Number of equity shares at the end	124.76	124.76

b) Terms / rights attached to equity shares

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

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

Name of the shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of equity shares in million	As a % of total holding	No. of equity shares in million	As a % of total holding
Shivani Amit Dahanukar	32.98	26.43	32.98	26.43
Amit Dahanukar	29.84	23.92	29.84	23.92
Total	62.82	50.35	62.82	50.35

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

(₹ in million)

	As at March 31, 2017	As at March 31, 2016
3 Reserves & Surplus		
a) Securities Premium Account		
As per last Balance Sheet	1,868.74	1,868.74
b) General Reserve		
As per last Balance Sheet	106.18	106.18
c) Revaluation Reserve		
As per last Balance Sheet	642.39	642.39
d) Employee Stock Option Outstanding (Net)	25.65	45.02
e) Surplus / (deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	(1,542.40)	1,117.95
Add: Profit / (Loss) after tax for the year	(2,645.36)	(2,660.35)
	(4,187.76)	(1,542.40)
	(1,544.80)	1,119.93

4 Long-Term Borrowings

Secured Loans

From Banks

Foreign Currency Term Loan

151.42

309.83

From Financial Institution

Rupee Term Loan

-

1,950.00

From Asset Reconstruction Company

Rupee Term Loan

1,750.00

-

1,901.42

2,259.83

- The term loans are secured against first pari passu charge on all the fixed assets of the Company, both present and future excluding land and building on non plant area situated at Shirampur, Dist. Ahmednagar and pari passu second charge on all current assets both present and future.
- 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.
- 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.
- Loan taken from financial institution 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%.
- 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.

f) Maturity profile of Secured Term Loans

(₹ in million)

	1-2 years	2-3 years	3-4 years	Beyond 4 years
Foreign Currency Term Loans	151.42	-	-	-
Rupee Term Loans	350.00	550.00	850.00	-
	501.42	550.00	850.00	-

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

g) The defaults in repayment of loans to banks and financial institutions are as under:

Default in interest (₹ in million)			
Bank	Period of Default	Term Loan Interest	CC Interest
Axis Bank Limited	March 2016 to March 2017	25.75	-
EARC - (Loan take over from Axis Bank Limited)	March 2016 to March 2017	-	77.43
EARC - (Loan take over from IFCL)	December 2015 to March 2017	497.32	-
EARC - (Loan take over from Punjab National Bank)	October 2015 to March 2017	-	296.96
State Bank of India	November 2015 to March 2017	-	378.36
Bank Of India	October 2015 to March 2017	-	428.69
Industrial Development Bank of India	June 2016 to March 2017	-	45.92
Total		523.07	1,227.36

Default in Principal (₹ in million)		
Bank	Period of Default	Term Loan Instalment
Axis Bank Limited	December 2015 to March 2017	189.28
EARC - (Loan take over from IFCL)	January 2017	50.00
Total		239.28

	As at March 31, 2017	As at March 31, 2016
5 Deferred Tax Liabilities (Net)		
Deferred Tax Liability	443.51	443.51
Deferred Tax Asset	(11.09)	(11.09)
	432.42	432.42

The break-up of Deferred Tax as at March 31, 2017 is as under:

Particulars	Opening as at April 01, 2016	During the year	Closing as at March 31, 2017
Deferred Tax Liability :			
On depreciation differences	443.51	-	443.51
Total Deferred Tax Liability	443.51	-	443.51
Deferred Tax Asset :			
Retirement Benefits & Items u/s. 43B (net of reversals)	(11.09)	-	(11.09)
Total Deferred Tax Asset	(11.09)	-	(11.09)
Deferred Tax Liabilities (Net)	432.42	-	432.42

	As at March 31, 2017	As at March 31, 2016
6 Other Long-Term Liabilities		
Trade Deposits & Others (Unsecured)	497.94	675.79
	497.94	675.79

7 Long-Term Provisions		
Provision for Gratuity	23.92	23.06
Provision for Leave Encashment	3.74	4.23
	27.66	27.29

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

(₹ in million)

	As at March 31, 2017	As at March 31, 2016
8 Short-Term Borrowings		
Secured		
Cash Credit (including Working Capital Demand Loan)	5,464.76	5,345.51
Unsecured		
From Directors and related parties	1.25	31.99
From other parties	554.01	452.56
Advances from subsidiary Company	10.34	119.34
	6,030.36	5,949.40

- a) The cash credit (including Working Capital Demand Loan) loans are secured against first pari passu charge on all current assets both present and future and pari passu second charge on all the fixed assets of the Company, both present and future excluding land and building on non plant area situated at Shirampur, Dist. Ahmednagar.
- b) 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.

(₹ in million)

	As at March 31, 2017	As at March 31, 2016
9 Trade Payables		
Trade Payables [Refer Note No.28 (xii)]	1,140.39	1,258.73
	1,140.39	1,258.73

10 Other Current Liabilities		
Current maturities of Term Loans- Foreign Currency Loan	340.70	193.64
Current maturities of Term Loans-Rupee Loans	250.00	50.00
Current maturities of Hire Purchase Car Loans	-	1.36
Interest accrued and due on borrowings	1,750.43	421.91
Interest accrued but not due on borrowings	-	12.34
Interest accrued but not due on borrowings from other parties	12.97	6.32
Payable towards Statutory Liabilities	101.28	174.35
Payable for purchase of Fixed Assets	22.76	35.12
Employee dues	48.39	69.82
Unclaimed Dividend	3.17	3.36
Other Payables	50.96	50.35
	2,580.66	1,018.57

11 Short-Term Provisions		
Provision for Gratuity	7.01	9.05
Provision for Leave Encashment	6.10	4.92
Provision for Excise Duty on Finished Goods	4.49	96.32
Provision for Taxation (Net of Advance Tax)	55.52	127.19
	73.12	237.48

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

12 Fixed Assets

(₹ in million)

	Gross Block			Depreciation / Amortization		Net Block	
	As on April 01, 2016	Additions	Deductions	As at March 31, 2017	For the year As on April 01, 2016	As at March 31, 2017	As at March 31, 2016
TANGIBLE ASSETS							
Land	522.89	-	-	522.89	-	522.89	522.89
Buildings	861.74	-	-	861.74	172.80	665.68	688.94
Plant & Equipment	4,971.92	22.27	55.73	4,938.46	1,222.07	3,486.25	3,749.85
Furniture and Fixtures	33.14	-	-	33.14	13.33	15.96	19.81
Office Equipment	29.58	0.38	0.12	29.84	25.36	2.55	4.22
Computers	85.01	0.18	0.06	85.13	77.68	5.25	7.33
Electrical Installation & Fittings	179.76	-	-	179.76	27.82	134.51	151.94
Motor car and Transport Vehicles	49.07	-	5.54	43.53	29.85	12.84	19.22
Roads & Bridges	2.70	-	-	2.70	2.56	0.14	0.14
Library Books	0.03	-	-	0.03	0.03	-	-
Live Stock	0.03	-	-	0.03	-	0.03	0.03
Leasehold Improvement	4.20	-	-	4.20	0.88	2.92	3.32
Total Tangible Assets	6,740.07	22.83	61.45	6,701.45	1,572.38	4,849.02	5,167.69
Less: Impairment of Assets						(1.70)	(1.70)
INTANGIBLE ASSETS						4,847.32	5,165.99
Brands	334.51	-	-	334.51	202.75	86.68	131.76
Software	56.52	0.60	-	57.12	52.34	4.03	4.18
Product Development	17.39	-	-	17.39	17.39	-	-
Total Intangible Assets	408.42	0.60	-	409.02	272.48	90.71	135.94
Grand Total	7,148.49	23.43	61.45	7,110.47	1,844.86	4,938.03	5,301.93
Previous Year	7,036.14	133.58	21.23	7,148.49	1,486.61	5,301.93	

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

12 Fixed Assets (Contd.) [Schedule of Fixed Assets for the previous year 2015-2016]

(₹ in million)

	As on April 01, 2015	Gross Block	As at March 31, 2016	As on April 01, 2015	Depreciation / Amortization	As at March 31, 2016	Net Block	As at March 31, 2016	As at March 31, 2015
		Additions	Deductions		Deductions	For the year			
TANGIBLE ASSETS									
Land	522.89	-	-	-	-	-	-	522.89	522.89
Buildings	861.56	0.18	-	149.52	-	23.28	172.80	688.94	712.04
Plant & Equipment	4,845.09	132.98	6.15	963.44	1.03	259.66	1,222.07	3,749.85	3,881.65
Furniture and Fixtures	33.13	0.01	-	9.47	-	3.86	13.33	19.81	23.66
Office Equipment	29.31	0.30	0.03	20.48	0.01	4.89	25.36	4.22	8.83
Computers	84.93	0.11	0.03	74.56	0.02	3.14	77.68	7.33	10.37
Electrical Installation & Fittings	179.76	-	-	10.32	-	17.50	27.82	151.94	169.44
Motor car and Transport Vehicles	64.09	-	15.02	30.27	6.70	6.28	29.85	19.22	33.82
Roads & Bridges	2.70	-	-	2.56	-	-	2.56	0.14	0.14
Library Books	0.03	-	-	0.03	-	-	0.03	-	-
Live Stock	0.03	-	-	-	-	-	-	0.03	0.03
Leasehold Improvement	4.20	-	-	0.48	-	0.40	0.88	3.32	3.72
TOTAL TANGIBLE ASSETS	6,627.72	133.58	21.23	1,261.13	7.76	319.01	1,572.38	5,167.69	5,366.59
Less: Impairment of Assets								(1.70)	(1.70)
								5,165.99	5,364.89
INTANGIBLE ASSETS									
Brands	334.51	-	-	157.67	-	45.08	202.75	131.76	176.84
Software	56.52	-	-	50.42	-	1.92	52.34	4.18	6.10
Product Development	17.39	-	-	17.39	-	-	17.39	-	-
Total Intangible Assets	408.42	-	-	225.48	-	47.00	272.48	135.94	182.94
Grand Total	7,036.14	133.58	21.23	1,486.61	7.76	366.01	1,844.86	5,301.93	5,547.83

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

(₹ in million)

	As at March 31, 2017		As at March 31, 2016	
13 Non-Current Investments				
a) Investment in Government Securities (Unquoted)	Nos.		Nos.	
Other than Trade Investments				
7 Year National Savings Certificates (Certificates worth ₹ 44,000/- deposited with Government authorities)		0.05		0.05
6 Year National Savings Certificates (deposited with Government authorities) [₹ 4,250 (P.Y. ₹ 4,250)]		-		-
		0.05		0.05
b) Investment in Subsidiaries (Unquoted)				
Trade Investments				
Investment in Equity Instruments				
Equity shares of ₹ 100/- each				
Vahni Distilleries Private Limited	1,498,050	186.49	1,498,050	186.49
Kesarval Springs Distillers Pvt. Ltd.	30,000	15.00	30,000	15.00
Equity shares of ₹ 10/- each				
Prag Distillery (P) Ltd.	3,681,000	154.34	3,681,000	154.34
Punjab Expo Breweries Private Limited	296,002	55.00	296,002	55.00
Mykingdom Ventures Pvt. Ltd.	10,000	2.00	10,000	2.00
Studd Projects P. Ltd.	10,000	0.10	10,000	0.10
Srirampur Grains Private Limited	10,000	0.10	10,000	0.10
Shivprabha Sugars Ltd.	45,000	24.98	45,000	24.98
		438.01		438.01
Less: Provision for diminution for value of Investments		(15.00)		(15.00)
		423.01		423.01
c) Investment in Associate (Unquoted)				
Trade Investments				
Investment in Equity Instruments				
Equity shares of ₹ 10/- each				
Mason & Summers Marketing Services Pvt. Ltd.	130,000	16.90	130,000	16.90
Less: Provision for diminution for value of Investments		(16.90)		(16.90)
		-		-
d) Other than Trade Investments (Unquoted)				
Investment in Equity Instruments				
Equity shares of ₹ 100/- each				
Mula Pravara Electric Co-operative Society Ltd.	2,462	0.25	2,462	0.25
Shree Suvarna Sahakari Bank Ltd. [₹ 2,000 (P.Y. ₹ 2,000)]	20	-	20	-
Maharashtra State Financial Corporation	115	0.01	115	0.01
Rupee Co-op Bank Ltd.	1,000	0.03	1,000	0.03
		0.29		0.29
		423.35		423.35
Aggregate of unquoted investments (at cost)		423.35		423.35

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

(₹ in million)

	As at March 31, 2017	As at March 31, 2016
14 Long- Term Loans and Advances		
Unsecured, considered good		
Capital advances	47.79	90.88
Loans and advance to employees	8.30	9.53
MAT Credit entitlement	19.43	19.43
Advance Tax (Net of Provision for Taxation)	86.04	76.46
Deposits with Court	6.64	6.73
	168.20	203.03
15 Other Non-Current Assets		
Cash and Bank Balances		
Short-Term Bank Deposits (Maturity exceeding 12 months)	1.80	0.65
Advance with Tie-up Units	-	462.71
Balance with Excise Authorities	3.04	3.04
	4.84	466.40
16 Inventories		
(At lower of cost and net realisable value)		
Raw Materials	100.43	106.55
Stores, Spares and Packing Materials	292.76	346.56
Work-In-Progress	185.96	232.61
Finished Goods	16.73	150.49
	595.88	836.21
17 Trade Receivables		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	20.01	20.01
Unsecured, considered doubtful		
Outstanding for a period exceeding six months from the date they are due for payment	9.01	9.01
Other receivables		
Unsecured, considered good	552.97	749.04
	581.99	778.06
Less: Provision for doubtful debts	9.01	9.01
	572.98	769.05
18 Cash and Bank Balances		
a) Cash and Cash Equivalents		
i) Balances with Banks In Current Accounts	31.34	39.37
ii) Cash on Hand	0.75	5.14
	32.09	44.51
b) Other Bank Balances		
i) Earmarked Balances with Banks	3.17	3.36
ii) Short-Term Bank Deposits (Maturity within 12 months)	7.43	26.78
	10.60	30.14
	42.69	74.65

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

(₹ in million)

	As at March 31, 2017	As at March 31, 2016
19 Short-Term Loans and Advances		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	3,032.83	3,814.91
Advances to Subsidiary Companies *	1,098.27	915.22
Advance with Tie-up Units	1,011.38	1,415.34
Balance with Excise Authorities	46.84	51.00
Deposits	389.71	275.72
Less : Provision for doubtful advances	(88.32)	(473.72)
	5,490.71	5,998.47

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

20 Other Current Assets		
Interest accrued on Deposits	0.45	0.46
	0.45	0.46

(₹ in million)

	Year ended March 31, 2017	Year ended March 31, 2016
21 Revenue from Operations		
Sales of products	4,711.44	5,866.31
Income from tie-up units	844.76	526.36
	5,556.20	6,392.67

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

(₹ in million)

	Year ended March 31, 2017	Year ended March 31, 2016
Gross Sales of Companys' brands and other sales including sales made by tie-up arrangements	11,303.82	9,992.96
Less : Excise Duty / sales under other various arrangements	6,160.38	5,411.31
Net Sales of Companys' brands and other sales	5,143.44	4,581.65
Less : Net Sales made by tie up units	2,490.47	1,658.49
Add : Net income from tie up arrangement	844.76	526.36
Total Income	3,497.73	3,449.52
Details of sale of products		
Indian Made Foreign Liquor	4,243.44	5,222.23
Traded Goods	-	146.80
Industrial Alcohol, Spirits & Others	468.00	497.28
	4,711.44	5,866.31

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

	Year ended March 31, 2017	Year ended March 31, 2016
21.1 Other Operating Income		
Sale of by products and scrap	12.75	15.45
Government Incentives [Refer Note No.28 (xxii)]	-	258.92
	12.75	274.37

22 Other Income		
Duty drawback on exports	1.19	1.45
Miscellaneous receipts	1.18	2.16
Sundry balance written back	-	1.16
Interest income on margin money / fixed deposits	15.83	4.06
Profit on Sale of Investments	-	0.17
Gain from Foreign Currency	22.23	-
	40.43	9.00

23 Cost of Materials Consumed		
i) Raw Material Consumption		
Opening Stock	106.55	127.51
Add : Purchases	881.67	796.68
Less: Closing Stock	100.43	106.55
	887.79	817.64
ii) Packing Materials & Consumables	1,078.15	1,068.48
	1,965.94	1,886.12
Details of Raw Materials Consumed		
a) Molasses, Grain etc.	434.30	275.86
b) Industrial Alcohol & Other Spirits	364.85	250.86
c) Other Raw Materials	88.64	290.92
	887.79	817.64

Value of Imported & Indigenous Raw Materials Consumed	% to Total Consumption	2016-17	% to Total Consumption	2015-16
i) Imported	-	-	-	-
ii) Indigenous	100.00	887.79	100.00	817.64
	100.00	887.79	100.00	817.64

24 (Increase) / Decrease in Stock		
Opening Stock		
i) Work-In-Progress	232.61	290.52
ii) Finished Goods	150.49	169.03
	383.10	459.55
Less : Closing Stock		
i) Work-In-Progress	185.96	232.61
ii) Finished Goods	16.73	150.49
	202.69	383.10
(Increase) / Decrease in Stock	180.41	76.45

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

(₹ in million)

	Year ended March 31, 2017	Year ended March 31, 2016
25 Employee Benefit Expense		
Salary and wages	214.11	332.69
Employee Stock Option Expenses	(19.37)	(47.01)
Contribution to provident fund and family pension fund	14.43	15.40
Staff welfare expenses	12.56	12.86
Gratuity	10.75	4.64
	232.48	318.58
26 Other Expenses		
Power and fuel	42.47	48.53
Provision for Excise Duty on Finished Goods [Refer Note No.28 (ix)]	(91.83)	61.06
Repairs & maintenance		
i) Plant & Equipment	1.21	4.47
ii) Buildings	-	1.53
iii) Others	10.94	12.65
Insurance	5.97	10.41
Rent	21.61	20.91
Contract manufacturing cost	176.70	119.62
Legal and professional charges	54.77	133.05
Auditors Remuneration [Refer Note No.28 (x)]	1.61	1.61
Rates and taxes	132.75	90.24
Freight, transport charges & other expenses	97.02	115.01
Selling expenses [Discounts,Sales Promotion & Advertising etc.]	1,089.73	970.70
Travelling and conveyance expenses	7.40	17.19
Printing and stationery	2.39	3.61
Communication expenses	7.77	7.11
Vehicle running expenses	2.90	4.56
Director sitting fees	0.28	0.27
Bad Debts	-	58.01
Loss on Sale of Assets	23.98	5.31
Loss on exchange fluctuation	-	108.20
Corporate Social Responsibility	5.84	4.91
Provision for dimunition for value of Investments	-	31.90
Provision for doubtful advances	155.23	473.72
Advances written off	202.85	57.58
Miscellaneous expenses	52.89	60.28
	2,004.48	2,422.44
27 Finance Cost		
Interest on Term Loans	417.62	299.78
Interest on Cash Credits / Working Capital Demand Loan	944.93	714.85
Others	160.93	181.52
	1,523.48	1,196.15

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

28 Notes on Accounts

i) Contingent Liability not provided for:

(₹ in million)

Particulars	As at March 31, 2017	As at March 31, 2016
a) Corporate guarantees issued to banks on behalf of Subsidiary Company	133.73	136.81
b) Bank guarantees issued on behalf of the Company	84.86	85.05
c) In respect of disputed Income tax matters, pending before the appropriate Income tax authorities, contested by the Company		
A.Y. 2011-2012	-	253.83
A.Y. 2010-2011	-	273.79
A.Y. 2009-2010	36.69	36.69
d) In respect of disputed Sales tax matters, pending before the appropriate tax authorities, contested by the Company		
F.Y. 2010-2011 (MVAT)	3.69	3.69
F.Y. 2010-2011 (Central Sales Tax)	24.50	24.50
F.Y. 2009-2010 (Central Sales Tax)	27.22	27.22
F.Y. 2008-2009 (TOT- Kerala)	0.11	0.11
F.Y. 2008-2009 (VAT- Kerala)	0.22	0.22
F.Y. 2007-2008 (TOT- Kerala)	0.11	0.11
F.Y. 2007-2008 (VAT- Kerala)	0.55	0.55
F.Y. 2006-2007 (Central Sales Tax)	-	79.94

ii) Estimated amount of contracts remaining to be executed on capital accounts and not provided for is ₹ Nil (P.Y. ₹ Nil).

iii) Operating Lease:

- The Company has taken bottling units under cancellable operating lease at various locations and during the financial year ₹ 2.20 million (P.Y. ₹ 4.30 million) paid towards lease rentals has been charged to Statement of Profit and Loss.
- The Company has taken various residential / commercial premises under cancellable operating lease. Lease rental expenses included in the Statement of Profit and Loss for the financial year is ₹ 21.61 million (P.Y. ₹ 20.91 million).
- Except for escalation clauses contained in certain lease arrangements providing for increase in the lease payment by a specified percentage / amounts after completion of specified period, the lease terms do not contain any exceptional / restrictive covenants other than the prior approval of the lessee before the renewal of lease.
- There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lessor is required for further leasing. There is no contingent rent payment.

iv) The disclosure of Accounting Standard 15 "Employee Benefits" is as follows:

Defined Contribution Plan

The Company has charged in the Statement of Profit and Loss during the financial year an amount of ₹ 14.43 million (P.Y. ₹ 15.40 million) under defined contribution plan as employer's contribution to Provident Fund.

Defined Benefit Plan

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

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

The net value of the defined commitment is detailed below:

	(₹ in million)	
	As at March 31, 2017	As at March 31, 2016
	Funded Gratuity	Funded Gratuity
Present Value of obligation	35.37	36.22
Fair Value of Plans	4.44	4.11
Net Liability in the balance sheet	30.93	32.11
Defined Benefit Obligations		
Opening balance	36.22	40.98
Interest expenses	2.89	3.25
Current service cost	2.59	3.39
Benefit paid directly by the employer	(11.94)	(9.72)
Benefit paid from the fund	-	-
Actuarial (gain) / loss	5.61	(1.68)
Closing balance	35.37	36.22
Plan Assets		
Opening balance	4.11	3.80
Expected return on plan assets	0.33	0.30
Paid Funds	-	-
Actuarial (gain) / loss	-	0.01
Closing balance	4.44	4.11
Return on Plan Assets		
Expected return on plan assets	0.33	0.30
Actuarial (gain) / loss	0.01	0.02
Actual Return on Plan Assets	0.34	0.32
Expenses on defined benefit plan		
Current service costs	2.59	3.39
Interest expense	2.89	3.25
Expected return on plan assets	(0.33)	(0.30)
Net actuarial (gain) / loss	5.60	(1.70)
Expenses charged to the Statement of Profit and Loss	10.75	4.64
Investments Details	% Invested March 31, 2017	% Invested March 31, 2016
Funds Managed by Life Insurance Corporation	100	100
Public Sector Unit Bonds	-	-
State / Central Guaranteed securities	-	-
Special deposit schemes	-	-
Other (excluding bank balances)	-	-
	100	100
Actuarial assumptions	Funded Gratuity	Funded Gratuity
Mortality (LIC)	2006-08 Ultimate	2006-08 Ultimate
Discount rate (per annum)	7.51%	7.99%
Expected rate of return on plan assets (per annum)	7.51%	7.99%
Rate of escalation in salary (per annum)	5.00%	5.00%
Attrition rate (per annum)	16.00%	16.00%

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

Defined Contribution Plan

Present value of DBO, Fair Value of Plan Assets, Deficit/ (Surplus), Experience Adjustments for current and earlier periods:

Funded Gratuity for the year ended	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Present value of DBO	35.37	36.22	40.98	34.88	32.95
Fair value of plan assets	4.44	4.11	3.80	5.75	10.21
Deficit/(Surplus)	30.93	32.11	37.18	29.13	22.74
Experience adjustments on plan liabilities	4.69	(1.52)	4.34	3.67	(5.64)
Experience adjustments on plan assets	0.01	0.01	(0.18)	(0.37)	(0.04)

v) Employee Stock Option Scheme

- 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.
- During the financial year ended March 31, 2017, 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, 2017	730,400	3,730,521	154,200	843,663
Number of options cancelled till March 31, 2017	241,700	846,381	33,870	202,818
Number of options lapsed till March 31, 2017	1,7100	734,120	73,260	493,352
Number of options exercised till March 31, 2017	471,600	2,150,020	47,070	147,493
Net options outstanding as on March 31, 2017	-	-	-	-
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
Date of Grant	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011	July 5, 2016
Date of the Board Approval	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011	July 5, 2016
Date of the Shareholders Approval	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010
Number of options granted till March 31, 2017	1,615,500	512,000	3,379,600	969,000	2,150,000
Number of options cancelled till March 31, 2017	756,240	173,840	1,684,724	-	406,500
Number of options lapsed till March 31, 2017	761,670	237,482	391,794	428,300	10,000
Number of options exercised till March 31, 2017	97,590	100,678	1,303,082	540,700	-
Net options outstanding as on March 31, 2017	-	-	-	-	1,733,500
Vesting period from the date of grant	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

C) Employee Stock Option Scheme 2012

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5
Date of Grant	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014	July 5, 2016
Date of the Board Approval	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014	July 5, 2016
Date of the Shareholders Approval	May 24, 2012	May 24, 2012	May 24, 2012	May 24, 2012	May 24, 2012
Number of options granted till March 31, 2017	3,000,000	1,000,000	1,000,000	1,000,000	3,000,000
Number of options cancelled till March 31, 2017	240,442	156,390	334,630	112,800	200,000
Number of options lapsed till March 31, 2017	2,000,424	664,859	558,964	160,500	-
Number of options exercised till March 31, 2017	429,967	-	8,715	-	-
Net options outstanding as on March 31, 2017	329,167	178,751	97,691	726,700	2,800,000
Vesting period from the date of grant	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

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

c) The details of the options as on March 31, 2017 are as under:

(Nos. in million)

Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
Financial Year 2015-16			
Options outstanding as on April 01, 2015	0.69	1.60	5.12
Options granted from April 01, 2015 to March 31, 2016	Nil	Nil	Nil
Options cancelled till March 31, 2016	Nil	Nil	0.41
Options lapsed till March 31, 2016	0.46	1.06	2.17
Options exercised April 01, 2015 to March 31, 2016	Nil	Nil	Nil
Options outstanding as on March 31, 2016	0.23	0.54	2.54
Financial Year 2016-17			
Options outstanding as on April 01, 2016	0.23	0.54	2.54
Options granted from April 01, 2016 to March 31, 2017	-	2.15	3.00
Options cancelled till March 31, 2017	-	0.41	0.31
Options lapsed till March 31, 2017	0.23	0.55	1.09
Options exercised April 01, 2016 to March 31, 2017	-	-	-
Options outstanding as on March 31, 2017	-	1.73	4.14

d) The weighted average fair value of stock options granted during the financial year was ₹ 36.26 million [P.Y. ₹ (93.48) million]. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

A) Employee Stock Option Scheme 2008

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

B) Employee Stock Option Scheme 2010

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	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

Notes to Standalone Financial Statements (Contd.) for the year ended March 31, 2017

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

Particulars	(₹ in million)	
	As at March 31, 2017	As at March 31, 2016
Net Profit as Reported available to Equity Share holders	(2,645.36)	(2,660.35)
Add: Employee stock compensation under intrinsic value	(19.37)	(47.01)
Less: Employee stock compensation under fair value method	(36.01)	(93.48)
Adjusted Net Profit	(2,628.72)	(2,613.88)
Earnings Per Share		
Basic: (₹)		
-As reported	(21.20)	(21.32)
-Adjusted	(21.07)	(20.95)
Diluted: (₹)		
-As reported	(21.20)	(21.32)
-Adjusted	(21.07)	(20.95)

vi) Segment Reporting:

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

vii) Related Party Disclosures:

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

- | | | |
|---|---|---|
| a) List of Subsidiary Companies | : | Prag Distillery (P) Ltd. |
| | : | Vahni Distilleries Private Limited |
| | : | Kesarval Springs Distillers Pvt. Ltd. |
| | : | 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 |
| | : | Mrs. Shivani Amit Dahanukar |
| | | (Relieved from position of Executive Director w.e.f. December 01, 2015) |
| 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 |

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

(₹ in million)

Nature of Transaction (excluding reimbursements)	Parties referred in (a) above		Parties referred in (b) above		Parties referred in (c) above		Parties referred in (d) above	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Sales								
Prag Distillery (P) Ltd.	31.87	34.77	-	-	-	-	-	-
Vahni Distilleries Private Limited	3.82	4.83	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	4.39	6.40	-	-	-	-	-	-
Total	40.08	46.00	-	-	-	-	-	-
Purchase								
Prag Distillery (P) Ltd.	0.50	1.83	-	-	-	-	-	-
Vahni Distilleries Private Limited	0.68	0.27	-	-	-	-	-	-
Kesarval Spring Distillers Private Ltd.	-	0.26	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	2.06	2.66	-	-	-	-	-	-
Total	3.24	5.02	-	-	-	-	-	-
Donations								
Smt. Malati Dahanukar Trust	-	-	-	-	2.89	1.64	-	-
Total	-	-	-	-	2.89	1.64	-	-
Expenses (Bottling & Commission)								
Vahni Distilleries Private Limited	10.50	6.66	-	-	-	-	-	-
Prag Distillery (P) Ltd.	68.78	21.24	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	9.85	9.70	-	-	-	-	-	-
Total	89.13	37.60	-	-	-	-	-	-
Brand Owners' Surplus (Income)								
Prag Distillery (P) Ltd.	544.45	337.68	-	-	-	-	-	-
Vahni Distilleries Private Limited	230.77	117.58	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	56.75	55.36	-	-	-	-	-	-
Total	831.97	510.62	-	-	-	-	-	-
Payment to Key Managerial Personnel								
Mr. Amit Dahanukar	-	-	12.55	12.55	-	-	-	-
Mrs. Shivani Amit Dahanukar	-	-	-	8.27	-	-	-	-
Total	-	-	12.55	20.82	-	-	-	-
Net Loans & Advances given / (taken)								
Prag Distillery (P) Ltd.	193.54	88.95	-	-	-	-	-	-
Vahni Distilleries Private Limited	109.00	128.01	-	-	-	-	-	-
Kesarval Spring Distillers Private Ltd.	-	(81.69)	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	(10.10)	(1.18)	-	-	-	-	-	-
Mykingdom Ventures Pvt. Ltd.	(0.49)	0.03	-	-	-	-	-	-
Studd Projects P. Ltd.	0.01	0.02	-	-	-	-	-	-
Srirampur Grain Pvt. Ltd.	0.01	0.03	-	-	-	-	-	-
Shivprabha Sugars Ltd.	0.07	0.04	-	-	-	-	-	-
Total	292.04	134.21	-	-	-	-	-	-

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

(₹ in million)

Nature of Transaction (excluding reimbursements)	Parties referred in (a) above		Parties referred in (b) above		Parties referred in (c) above		Parties referred in (d) above	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Loan Taken								
Mr. Amit Dahanukar	-	-	23.50	145.40	-	-	-	-
Total	-	-	23.50	145.40	-	-	-	-
Repayment of Loan								
Mr. Amit Dahanukar	-	-	23.50	145.40	-	-	-	-
M L Dahanukar and Co. Pvt. Ltd.	-	-	-	-	-	7.50	-	-
Arunoday Investments Pvt. Ltd.	-	-	-	-	-	4.00	-	-
Maharashtra Sugar Mills Pvt. Ltd.	-	-	-	-	30.75	-	-	-
Total	-	-	23.50	145.40	30.75	11.50	-	-
Rent Deposit								
Mr. Amit Dahanukar	-	-	15.00	-	-	-	-	-
Total	-	-	15.00	-	-	-	-	-
Rent Payment								
Mr. Amit Dahanukar	-	-	9.15	8.10	-	-	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	-	-	2.96	2.59
M L Dahanukar and Co. Pvt. Ltd.	-	-	-	-	-	0.72	-	-
Total	-	-	9.15	8.10	-	0.72	2.96	2.59
Outstanding Payable								
Vahni Distilleries Private Limited	10.34	119.34	-	-	-	-	-	-
Maharashtra Sugar Mills Pvt. Ltd.	-	-	-	-	1.25	31.99	-	-
Total	10.34	119.34	-	-	1.25	31.99	-	-
Outstanding Receivable								
Prag Distillery (P) Ltd.	943.09	749.54	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	148.82	158.92	-	-	-	-	-	-
Mykingdom Ventures Pvt Ltd	0.20	0.69	-	-	-	-	-	-
Studd Projects P. Ltd.	0.37	0.35	-	-	-	-	-	-
Srirampur Grain Pvt. Ltd.	1.48	1.47	-	-	-	-	-	-
Shivprabha Sugars Ltd.	4.31	4.25	-	-	-	-	-	-
Mr. Amit Dahanukar	-	-	17.76	2.76	-	-	-	-
M.L. Dahanukar & Co. Pvt. Ltd.	-	-	-	-	1.50	1.50	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	-	-	0.89	0.89
Total	1,098.27	915.22	17.76	2.76	1.50	1.50	0.89	0.89

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

- viii) 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.
- ix) Provision of excise duty on finished goods manufactured but yet to be cleared from the factory as at March 31, 2017 estimated at ₹ 4.49 million (P.Y. ₹ 96.32 million) has been provided in the books and also been considered in valuation of closing stock of finished goods. Provision for excise duty on finished goods charged in the Statement of Profit and Loss for the financial year is as follows:

	(₹ in million)	
	2016-17	2015-16
Provision for excise duty on finished goods at the beginning of the year	96.32	35.26
Provision for excise duty on finished goods at the end of the year	4.49	96.32
Provision for excise duty on finished goods charged in the Statement of Profit and Loss	(91.83)	61.06
x) Auditor's remuneration charged to accounts:		
a) Audit fees	1.27	1.26
b) Auditors remuneration in other capacity	0.33	0.33
c) Reimbursement of expenses	0.01	0.02
	1.61	1.61

- xi) 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.
- xii) 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 million)	
	2016-17	2015-16
Dues remaining unpaid as at 31st March		
- Principal	48.67	53.68
- Interest on the above	15.62	8.13

xiii) Earnings Per Share:

Profit After Tax	(2,645.36)	(2,660.35)
Weighted average number of shares	124.76	124.76
Basic Earnings Per Share	(21.20)	(21.32)
Weighted average number of shares (adjusted for the effects of dilutive potential equity shares)	124.76	124.76
Diluted Earnings Per Share	(21.20)	(21.32)
Face Value per Equity Share	10.00	10.00

- xiv) The Company has entered into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes. The foreign currency exposure not hedged as at March 31, 2017 are as under:

	Currency	March 31, 2017		March 31, 2016	
		FC in million	(₹ in million)	FC in million	(₹ in million)
Receivable - Debtors	USD	0.02	1.55	0.04	2.41
Term Loans	USD	7.59	492.12	7.59	503.47

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

(₹ in million)

	2016-17	2015-16
xv) CIF Value of Imports		
Raw materials	-	-
xvi) Earnings in Foreign Exchange		
FOB value of exports	13.38	30.34
xvii) Expenditure in Foreign Exchange		
Professional Fees	0.04	0.40
Travelling Expenses	0.16	0.25
Interest	0.04	23.90
	0.24	24.55

xviii) Managerial Remuneration:

Details of the Managerial Remuneration paid or provided during the financial year ended on March 31, 2017:

(₹ in million)

	2016-17	2015-16
Remuneration to Managing Director and Whole-time Directors		
- Salaries and contribution to funds	12.55	20.82
- Commission	-	-
	12.55	20.82
Remuneration to Non-executive and Independent Directors		
- Commission	-	-

xix) 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 unit and permission is expected soon. In view of this, the management believes that there is no impairment in value of its unit and hence the recoverable amount of the unit is not required to be estimated.

xx) In lieu of advances given to certain parties amounting to ₹ 798.16 million, immovable properties have been offered for which negotiations are in process and hence, no provision is considered necessary in the books of accounts.

xxi) Other operating income for the year ended March 31, 2017 includes ₹ Nil (P.Y. ₹ 258.92 million on account of entitlement of MVAT and CST refund). The Company is awaiting disbursement of ₹ 1,269.11 million of MVAT and CST refund for the year 2012-13 onwards.

xxii) Other significant notes

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

xxiii) Pursuant to the filing of the consent terms, the Arbitrator has passed an order of settlement with ISWPL, a tie up unit in Tamilnadu. As part of the said settlement, the Company has entered into a bottling arrangement with ISWPL and the operations are expected to start shortly. It has also been agreed that the dues from ISWPL amounting to ₹ 372.29 million as on the date of the settlement be settled at ₹ 190.00 million out of which ₹ 100.00 million will be retained by ISWPL as interest free security deposit for the bottling operations and ₹ 90.00 million be paid over a period of two years in equal monthly installments. Consequently the balance of ₹ 182.29 million due from ISWPL has been written off in books of accounts.

Notes to Standalone Financial Statements (Contd.)

for the year ended March 31, 2017

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

(₹ in million)

a) Loans and advances in the nature of loans to subsidiaries	2016-17		2015-16	
	Maximum amount outstanding	Balance as at the year end	Maximum amount outstanding	Balance as at the year end
Prag Distillery (P) Ltd.	943.09	943.09	749.54	749.54
Kesarval Spring Distillers Private Ltd	-	-	81.69	-
PunjabExpo Breweries Private Limited	160.09	148.82	160.09	158.92
Mykingdom Ventures Pvt. Ltd.	(1.80)	0.20	0.69	0.69
Studd Projects P. Ltd.	0.37	0.37	0.35	0.35
Srirampur Grain Pvt. Ltd.	1.48	1.48	1.47	1.47
Shivprabha Sugars Ltd.	4.31	4.31	4.25	4.25
Total	1,107.54	1,098.27	998.08	915.22

b) Guarantees	2016-17	2015-16
Corporate guarantees issued to banks on behalf of Subsidiary Company	133.73	136.81
The above loans and guarantees have been given for general business purposes.		

xxv) The details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016 are as follows :

(₹ in million)

	SBN	Other Denomination notes	Total
Closing cash on hand as on November 08, 2016	2.56	2.03	4.59
Add: Permitted receipts	-	1.15	1.15
Less: Permitted payments	-	0.98	0.98
Less: Amounts deposited in Banks	2.56	-	2.56
Closing cash on hand as on December 30, 2016	-	2.20	2.20

xxvi) 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. The Company is in the process of reviving the business in the state of Tamil Nadu which will yield higher margins. These measures will enhance the liquidity position of the Company resulting in production efficiency. The promoters have the ability to organise additional financial support in future, if required. The Company is also in active discussion with the lenders on debt restructuring. Having regard to the above facts, the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

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

As per our Report of even date annexed.

For and on behalf of the Board

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

Amit Dahanukar
Chairman & Managing Director
(DIN : 00305636)

Dr. Ravindra Bapat
Independent Director
(DIN : 00353476)

Kaushal Mehta
Partner
Membership No. 111749

C.V.Bijlani
Independent Director
(DIN : 02039345)

Kishorekumar G. Mhatre
Independent Director
(DIN : 07527683)

Place : Mumbai
Date : May 29, 2017

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, 2017

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Invest-ments	Gross Total Income	(₹ in million)				% of Share holding
									Profit (Loss) Before Taxation	Provision for Taxation	Profit / (Loss) After Taxation	Proposed Dividend	
1	Prag Distillery (P) Ltd.	INR	36.81	206.78	1,813.01	1,569.42	0.03	2,622.01	(43.22)	(2.50)	(40.72)	Nil	100%
2	Vahni Distilleries Private Limited	INR	149.81	(88.97)	412.88	352.04	-	3,138.71	(75.51)	0.34	(75.85)	Nil	100%
3	Kesarval Springs Distillers Pvt. Ltd.	INR	3.00	(39.86)	2.64	39.50	-	0.01	(0.84)	-	(0.84)	Nil	100%
4	PunjabExpo Breweries Private Limited	INR	2.96	(39.14)	147.55	183.73	-	183.99	(0.01)	(0.41)	(5.72)	Nil	100%
5	Mykingdom Ventures Pvt. Ltd.	INR	0.10	2.19	2.52	0.23	-	-	(0.03)	-	(0.03)	Nil	100%
6	Studd Projects P. Ltd.	INR	0.10	(0.30)	0.19	0.39	-	-	(0.03)	-	(0.03)	Nil	100%
7	Srirampur Grains Private Limited	INR	0.10	(1.62)	0.01	1.53	-	-	(0.04)	-	(0.04)	Nil	100%
8	Shivprabha Sugars Ltd.	INR	0.50	(14.65)	1.62	15.77	-	-	(0.10)	-	(0.10)	Nil	90%

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN : 00305636)

Dr. Ravindra Bapat
Independent Director
(DIN : 00353476)

C.V.Bijlani
Independent Director
(DIN : 02039345)

Kishorekumar G. Mhatre
Independent Director
(DIN : 07527683)

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

Place : Mumbai
Date : May 29, 2017

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 million)*

Sr. No.	Name of Associate	Mason & Summers Marketing Services Pvt. Ltd.
1	Latest audited Balance Sheet Date	March 31, 2016
2	Shares of Associate held by the Company on the year end	
	i Number of Equity Shares	130,000
	ii Amount of Investment in Associate	16.90
	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	Refer Note below *
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 a provision for dimution for value of investments in the associate Company Mason & Summers Marketing Services Pvt. Ltd. (MSMSPL) of ₹ 16.90 million, in its books of accounts during the financial year 2015-16 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)

C.V.Bijlani
Independent Director
(DIN : 02039345)

Srijit Mullick
Chief Financial Officer

Dr. Ravindra Bapat
Independent Director
(DIN : 00353476)

Kishorekumar G. Mhatre
Independent Director
(DIN : 07527683)

Gaurav Thakur
Company Secretary

Place : Mumbai
Date : May 29, 2017

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

Chief Financial Officer

Mr. Srijit Mullick

Company Secretary

Mr. Gaurav Thakur

Statutory Auditors

Batliboi & Purohit
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
Axis Bank Ltd.
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

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

Registrar & Share Transfer Agents

Bigshare Services Pvt. Ltd.
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

82nd Annual General Meeting is scheduled to be held on Monday, September 25, 2017 at 10.30 a.m.,
at the Registered Office of the Company at 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, Fax: (022) 22046904

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



CIN: L15420PN1933PLC133303

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

Corporate Office: 3rd Floor, Industrial Assurance Building, Churchgate, Mumbai, Maharashtra-400 020

Email: investor@tilind.com, **Website:** www.tilind.com, **Phone:** +91 22 22831716/18, **Fax:** +91 22 22046904

NOTICE

NOTICE is hereby given that the **82nd Annual General Meeting(AGM)** of the Members of Tilaknagar Industries Ltd. will be held on **Monday, September 25, 2017 at 10:30 a.m.** at the Registered Office of the Company i.e. P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra-413 720 to transact the following business:

ORDINARY BUSINESS

Item No. 1 – Adoption of the audited financial statements for the financial year ended March 31, 2017 and the reports of the Board of Directors and Auditors

To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2017 together with the reports of the Board of Directors and Auditors thereon and the audited consolidated financial statements of the Company for the financial year ended March 31, 2017 together with the report of the Auditors thereon.

Item No. 2 – Re-appointment of Mr. Amit Dahanukar (DIN: 00305636) as a Director liable to retire by rotation

To appoint a Director in place of Mr. Amit Dahanukar (DIN: 00305636), who retires by rotation and being eligible, offers himself for re-appointment.

Item No. 3 – Appointment of M/s M. M. Parikh & Co., Chartered Accountants (ICAI Firm Registration No. 107557W) as the Statutory Auditors of the Company

To consider the appointment of M/s M. M. Parikh & Co., Chartered Accountants (ICAI Firm Registration No. 107557W) as the Statutory Auditors of the Company in place of the retiring Statutory Auditors i.e. M/s Batliboi & Purohit, Chartered Accountants (ICAI Firm Registration No. 101048W) and to fix their remuneration and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s M. M. Parikh & Co., Chartered Accountants (ICAI Firm Registration No. 107557W) be and are hereby appointed as the Statutory Auditors of the Company, in place of the retiring Statutory Auditors i.e. M/s Batliboi & Purohit, Chartered Accountants (ICAI Firm Registration No. 101048W) to hold office from the conclusion of this

82nd Annual General Meeting until the conclusion of the 87th Annual General Meeting, subject to ratification of their appointment by the Members at every Annual General Meeting held after this Annual General Meeting and the Board of Directors be and are hereby authorized to determine their remuneration and re-imbursement of out of pocket expenses, as may be incurred, in the performance of Audit."

SPECIAL BUSINESS

Item No. 4 – Approval of the remuneration payable to the Cost Auditor for the financial year 2017-18

To consider and, if thought fit, to pass the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), CMA Dr. Netra Shashikant Apte having Membership No. 11865 and Firm Registration No. 102229 appointed as Cost Auditor, by the Board of Directors based on the recommendation of the Audit Committee, 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 (including any statutory modification(s) or re-enactment thereof, for the time being in force) be paid a remuneration of ₹ 1,50,000/- (Rupees One Lac Fifty Thousand Only) plus service tax as applicable and re-imbursement of out of pocket expenses as may be incurred by the Cost Auditor for conducting the Cost Audit for the financial year 2017-18;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to the above mentioned resolution."

By Order of the Board

Place : Mumbai
Date : August 07, 2017

Gaurav Thakur
Company Secretary

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as a Proxy on behalf of Members not exceeding fifty (50) and holding in aggregate not more than ten percent (10%) of the total share capital of the Company. A Member holding more than ten percent (10%) of the total share capital of the Company may appoint a single person as Proxy and such Proxy shall not act as a Proxy for any other Member.

The Proxy form is annexed with this Notice. The instrument appointing the Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed, stamped and signed, not less than 48 hours before the commencement of the Meeting.

Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.

During the period beginning 24 hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the Meeting, a Member is entitled to inspect the Proxies lodged, at any time during the business hours of the Company, provided that not less than 3 days of notice in writing is given to the Company by such Member.

2. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
3. The Members/Proxies are requested to bring the attendance slip duly filled in for attending the Meeting.
4. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Information pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Secretarial Standards on General Meeting issued by the Institute of Company Secretaries of India with respect to the Director seeking re-appointment at the ensuing Annual General Meeting is annexed to this Notice.

6. The Register of Directors and Key Managerial Personnel and their Shareholding, the Register of Contracts or Arrangements in which Directors are interested and the Certificate given by the Statutory Auditors with respect to implementation of the ESOP Schemes of the Company will be available for inspection at the Meeting.
7. All the documents referred to in the Notice and Explanatory Statement annexed thereto including the Annual Report for the financial year 2016-17 and Notice of the 82nd Annual General Meeting are open for inspection by the Members, without any fees, at the Registered Office and Corporate Office of the Company between 11.00 a.m. and 01.00 p.m. on all working days except Saturday up to the date of the Meeting and the same shall also be made available for inspection by Members at the Meeting.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to furnish their PAN to Bigshare Services Pvt. Ltd., the Registrar and Share Transfer Agents of the Company.
9. Pursuant to Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in single name are entitled to nominate a person to whom their shares in the Company shall vest in the event of their demise by sending a nomination in the prescribed Form No. SH-13 duly filled in to Bigshare Services Pvt. Ltd., the Registrar and Share Transfer Agents of the Company. Members holding shares in electronic form may contact their respective Depository Participant(s) for availing this facility.
10. Members holding shares in physical form are requested to approach Bigshare Services Pvt. Ltd., the Registrar and Share Transfer Agents of the Company at 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri – (East), Mumbai – 400 059, Tel: (022) 6263 8200, Fax: (022) 62638299, E-mail: investor@bigshareonline.com, Website: www.bigshareonline.com for:
 - (a) intimating any change in their address and/or bank mandate;

- (b) submitting requests for transfer, transmission, name change, split, consolidation, etc.;
 - (c) nominating any person to whom the shares shall vest in the event of death;
 - (d) updating/registering their e-mail address for correspondence; and
 - (e) any other queries with respect to shares held by them.
11. Members holding shares in electronic form are hereby informed that the Company or its Registrar cannot act on any request received directly from them for any change of address and/or bank mandate or change in e-mail address. Such changes are to be intimated only to the Depository Participants of the Members.
 12. Members are requested to quote their Client ID and DP ID in respect of shares held in electronic form and ledger folio number in respect of shares held in physical form in all their correspondence.
 13. Members who have not registered their e-mail address for receiving all communications including Annual Report, Notices and Circulars, etc. from the Company electronically, are requested to register the same with their Depository Participants (for shares held in electronic form) and with Bigshare Services Pvt. Ltd., the Registrar and Share Transfer Agents of the Company (for shares held in physical form). Members, who have registered their e-mail address, are also entitled to receive such communication in physical form, upon request.
 14. In accordance with the provisions of Section 124(5) of the Companies Act, 2013, an amount of ₹ 163,523 being dividend for the financial year 2008-09 lying unclaimed for a period of 7 years was transferred by the Company on October 01, 2016 to the Investor Education & Protection Fund.

Members may kindly take note that dividend amounts lying unclaimed in the unpaid dividend account for a period of 7 (seven) years are required to be transferred by the Company to the IEPF. Members may also kindly take note that 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.

Details of the unclaimed dividend amounts lying with the Company as on September 14, 2016 (date of

last Annual General Meeting) and shares/unclaimed dividend amounts (for the financial year 2009-10) proposed to be transferred to IEPF as required under the provisions of the IEPF Rules have been uploaded on the website of the Company i.e. www.tilind.com.

The concerned Members may claim the unclaimed dividend by sending a request letter along with the letter of undertaking available on the website of the Company i.e. www.tilind.com and self-attested PAN Card copy to Bigshare Services Pvt. Ltd., the Registrar and Share Transfer Agents of the Company before the due date for its transfer available on the website of the Company i.e. www.tilind.com to the Investor Education and Protection Fund (IEPF), constituted by the Central Government.

Members may also take note that no claim shall lie against the Company in respect of dividend and shares so transferred to the IEPF. However, Members can claim the dividend and shares transferred by the Company to the IEPF by making an application in accordance with the procedures laid down by the IEPF Authority, available at its website i.e. www.iepf.gov.in.

15. The Company has uploaded the details of bonus shares lying unclaimed in "TI-Unclaimed Suspense Account" on its website i.e. www.tilind.com.

The concerned Members may claim the same by sending a request letter along with self-attested copies of address proof, PAN Card and demat account details to Bigshare Services Pvt. Ltd., the Registrar and Share Transfer Agents of the Company.

16. The Annual Report for the financial year 2016-17 and Notice of the 82nd Annual General Meeting, inter-alia, indicating the process and manner of voting including remote e-voting along with Attendance Slip and Proxy Form are being sent in electronic mode to all the Members holding shares in dematerialized form and having their e-mail address registered with their Depository Participants and such other Members who have positively consented in writing to receive the same by electronic mode. Physical copies of the abovementioned documents are being sent to all other Members by the permitted mode.

Members, who have received the above documents in electronic mode, are entitled to receive the same, free of cost, in physical form, upon making a request in this regard to Bigshare Services Pvt. Ltd., the Registrar and Share Transfer Agents of the Company or to the Company at investor@tilind.com.

The abovementioned documents are also available for download on the Company's website i.e. www.tilind.com.

17. In compliance with the provisions of Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company has provided a facility of remote e-voting (e-voting from a place other than venue of the Meeting) to its Members to enable them to exercise their right to vote on the business proposed to be transacted at the 82nd Annual General Meeting ("the Meeting"). Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate remote e-voting.

The facility for voting through ballot paper shall also be made available at the venue of the Meeting. The Members attending the Meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the Meeting.

Voting Rights shall be reckoned on the paid-up value of equity shares registered in the name of the Members as on the cut-off date i.e. Monday, September 18, 2017.

18. **Information and other instructions relating to remote e-voting are as under:**

- i. The voting period begins on Friday, September 22, 2017 at 10:00 a.m. and ends on Sunday, September 24, 2017 at 5:00 p.m. During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Monday, September 18, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. Members who have already voted prior to the Meeting date may attend the Meeting but shall not be entitled to cast their vote again.
- iii. The Members should log on to the e-voting website www.evotingindia.com.
- iv. Click on Shareholders.
- v. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

- vi. Next enter the Image Verification as displayed and Click on Login.
- vii. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) - Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address Sticker/ Postal Ballot Form/ Mail) in the PAN field. - In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. OR Date of Birth (DOB) If both the details are not recorded with the depository or Company please enter the Member ID/Folio Number in the Dividend Bank details field as mentioned in instruction (v).

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. Members holding shares in physical form will then reach directly the Company selection screen. However, Members holding shares in demat form will now reach "Password Creation" menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be

also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for "Tilaknagar Industries Ltd." on which you choose to vote.
- xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv. After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xviii. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix. **Members can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- xx. **Note for Non - Individual Members and Custodians:**
 - Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and

Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details, a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xxi. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com. The Members may also approach the Company Secretary at investor@tilind.com for any grievances pertaining to e-voting process.
 - xxii. **In case of Members receiving the physical copy:**
 - Please follow all steps from Sl. No. (i) to Sl. No. (xx) above to cast vote.
 - The voting period begins on Friday, September 22, 2017 at 10:00 a.m. and ends on Sunday, September 24, 2017 at 5:00 p.m. During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Monday, September 18, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - In case you have any queries or issues regarding e-voting, you may refer the

Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com

19. Any person who is not a Member as on the cut-off date should treat this Notice for information purpose only. Also, any person who acquires shares and becomes the Member of the Company after the dispatch of Annual Report and Notice of the Meeting and holding shares on the cut-off date i.e. Monday, September 18, 2017, may obtain login ID and password by sending a request at helpdesk.evoting@cdslindia.com.
20. The Board of Directors has appointed Mr. Pradyumansinh Vala, Practising Company Secretary as Scrutinizer to scrutinize the voting process (including remote e-voting) in a fair and transparent manner in its Meeting held on August 07, 2017. He has communicated his willingness to be so appointed and will be available for the purpose of ascertaining the requisite majority.
21. The Scrutinizer shall, after the conclusion of voting at the Meeting, first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the Meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman & Managing Director of the Company or any person authorized by him in writing, who shall countersign the same and declare the results of the voting forthwith.
22. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company i.e. www.tilind.com and on the website of the CDSL immediately after the declaration of the results by the Chairman & Managing Director of the Company or a person authorized by him in writing and also be displayed at the Registered and Corporate Office of the Company. The results shall also be immediately forwarded to the Stock Exchange(s) i.e. BSE Limited and National Stock Exchange of India Ltd.
23. Route map of the venue of the Meeting is appended to this Notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013:

Item No. 3

M/s Batliboi & Purohit, Chartered Accountants, who has been acting as Statutory Auditors for more than 10 years, were appointed as Statutory Auditors of the Company in the 79th Annual General Meeting held on September 27, 2014 (for the transition period of 3 years for rotation of audit firms) from the conclusion of the 79th Annual General Meeting till the conclusion of the 82nd Annual General Meeting. Accordingly, they hold office till the conclusion of the ensuing 82nd Annual General Meeting.

In accordance with the provisions of Section 139(2) read with the Companies (Audit and Auditors) Rules, 2014, it is proposed to appoint M/s. M. M. Parikh & Co., Chartered Accountants (Firm Registration No. 107557W) as Statutory Auditors of the Company at the ensuing 82nd Annual General Meeting in place of retiring Statutory Auditors i.e. M/s Batliboi & Purohit, Chartered Accountants for a term of 5 years as referred in resolution.

M/s. M. M. Parikh & Co., Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as Statutory Auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

Accordingly, the Audit Committee and Board of Directors have considered and recommended the appointment of M/s. M. M. Parikh & Co., Chartered Accountants, as Statutory Auditors of the Company as mentioned in the resolution.

The Board recommends the Ordinary Resolution set out at Item No. 3 for the approval of the Members.

None of the Directors and Key Managerial Personnel and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 3.

Above explanatory statement is given for understanding and information purpose although is not required as per section 102 of the Companies Act, 2013.

Item No. 4

Pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read

with the Companies (Audit and Auditors) Rules, 2014 and based on the recommendation of the Audit Committee, the Board of Directors has 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 service tax as applicable and re-imbursement of out of pocket expenses as may be incurred by the Cost Auditor for conducting the Cost Audit for the financial year 2017-18.

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, consent of the Members is sought to ratify the remuneration payable to the Cost Auditor for the financial year 2017-18.

The Board recommends the Ordinary Resolution set out at Item No. 4 for the approval of the Members.

None of the Directors and Key Managerial Personnel and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

By Order of the Board

Place : Mumbai
Date : August 07, 2017

Gaurav Thakur
Company Secretary

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

Information pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to the Director seeking re-appointment in the 82nd Annual General Meeting

Name of the Director	Mr. Amit Dahanukar
Director Identification Number	00305636
Age	40 years
Qualifications	B.E. (ELEC.), M.S. (U.S.A.)
Date of first appointment on the Board	June 07, 2000
Experience (including expertise in specific functional area)	With an experience of over 16 years in the IMFL industry, Mr. Amit Dahanukar provides strategic direction for Company's future initiatives and is also responsible for its various alliances and collaborations.
Terms and Conditions of Appointment /Re-appointment	Mr. Amit Dahanukar is occupying the position of Chairman & Managing Director of the Company on the terms & conditions as approved by the Members at the 77th Annual General Meeting held on September 21, 2012 till November 06, 2017. His re-appointment as Chairman & Managing Director has been approved by the Members, subject to approval of Central Government, through Postal Ballot on March 29, 2017 for the term commencing from November 07, 2017 and ending on November 06, 2020 on the terms & conditions as contained in the Special Resolution passed in this regard.
Remuneration last drawn (including sitting fees, if any)	₹ 12.55 million per annum (in accordance with the approval granted by Central Government)
Remuneration proposed to be paid	As approved by Central Government
Shareholding in the Company (Equity)	He holds 29,844,552 shares having face value of ₹ 10/- each in the Company in his personal capacity.
Disclosure of relationship with other Directors and Key Managerial Personnel	He is husband of Mrs. Shivani Amit Dahanukar, Non-Executive Director of the Company and is not related to any other managerial person or Director of the Company.
Number of Meetings of the Board attended during the financial year 2016-17	4
Other listed companies in which he holds Directorship	Nil
Chairperson/ Member of Committee(s) of Board of Directors of the Company	Stakeholders Relationship Committee (Member) Share Transfer Committee (Chairman) Risk Management Committee (Chairman)
Chairperson/ Member of the Committee(s) of Board of Directors of other listed companies in which he is a Director	Nil



CIN: L15420PN1933PLC133303

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

Corporate Office: 3rd Floor, Industrial Assurance Building, Churchgate, Mumbai, Maharashtra-400 020

Email: investor@tilind.com, **Website:** www.tilind.com, **Phone:** +91 22 22831716/18, **Fax:** +91 22 22046904

ATTENDANCE SLIP

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

I hereby record my presence at the 82nd Annual General Meeting of Tilaknagar Industries Ltd. on Monday, September 25, 2017 at 10.30 a.m. at its Registered Office i.e. P.O. Tilaknagar, Tal. Shirampur, Dist. Ahmednagar, Maharashtra – 413 720.

Signature of the Member/Proxy



CIN: L15420PN1933PLC133303

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

Corporate Office: 3rd Floor, Industrial Assurance Building, Churchgate, Mumbai, Maharashtra-400 020

Email: investor@tilind.com, **Website:** www.tilind.com, **Phone:** +91 22 22831716/18, **Fax:** +91 22 22046904

PROXY FORM

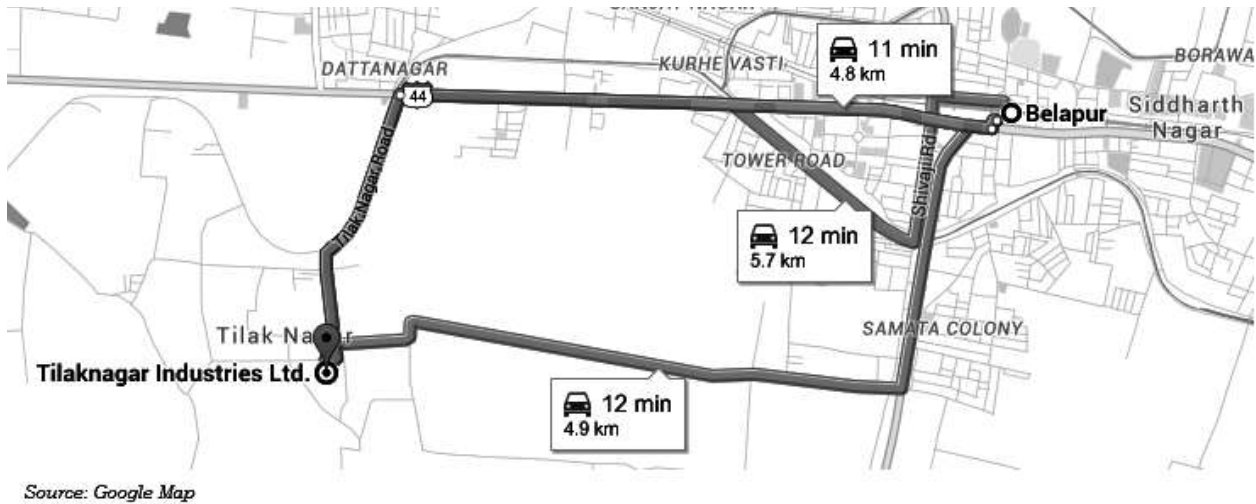
[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s)													
Registered Address													
E-mail ID													
Folio No./Client ID													
DP ID													

I/We, being the Member(s) of.....shares of Tilaknagar Industries Ltd., hereby appoint:

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

Route Map to the AGM Venue



AGM Venue: Tilaknagar Industries Ltd.
P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra-413 720

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 82nd Annual General Meeting of the Company, to be held on Monday, September 25, 2017 at 10.30 a.m. at P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413 720 and at any adjournment thereof in respect of such resolutions as are indicated below:

I wish my above Proxy to vote in the manner as indicated in the box below:

Resolution No.	Resolutions	Vote (Optional see Note 4)		
		For	Against	Abstain
ORDINARY BUSINESS				
1	Adoption of the audited financial statements for the financial year ended March 31, 2017 and the reports of the Board of Directors and Auditors			
2	Re-appointment of Mr. Amit Dahanukar (DIN: 00305636) as a Director liable to retire by rotation			
3	Appointment of M/s M. M. Parikh & Co., Chartered Accountants (ICAI Firm Registration No. 107557W) as the Statutory Auditors of the Company			
SPECIAL BUSINESS				
4	Approval of the remuneration payable to the Cost Auditor for the financial year 2017-18			

Signed this _____ day of _____ 2017.

**Affix a
Re.1/-
Revenue
Stamp**

Signature of Member

Signature of 1st Proxyholder

Signature of 2nd Proxyholder

Signature of 3rd Proxyholder

Notes:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- A person can act as a proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company. A Member holding more than ten percent (10%) of the total share capital of the Company may appoint a single person as a Proxy and such Proxy shall not act as a Proxy for any other Member.
- This form of proxy in order to be effective, should be deposited at the Registered Office of the Company i.e. P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413 720, duly completed, stamped and signed, not less than 48 hours before the commencement of the Meeting.
- This is only optional. Please put a 'v' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For', 'Against' or 'Abstain' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.