



# RESPECTED & ADMIRABLE

ANNUAL  
REPORT  
2015-16



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# RESPECTED & ADMIRABLE

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The year 2015-16 was marked by a number of challenges – stringent regulations, unfavourable market dynamics and volatile consumption behaviour.

At TI, we focused towards countering these headwinds and implemented a number of initiatives to emerge stronger. TI has been proactive to adapt to the changing ground realities and reinforce its focus on creating value out of its high-margin premium products.

Today, TI has a rich portfolio of highly respected and appreciated brands in the dark browns, light browns and whites category. Our success can be measured from the fact that the market has a wide appetite for our products, much higher than the current supply throughput.

What helped us successfully capitalize on the evolving market dynamics is our rich pedigree and a vast experience within the industry. It is the passion that drives TI, which is in reality a composite of great people, great brands, great taste and strong consumer affinity.

Going ahead, TI has much to offer. With improved favourable regulatory conditions and a streamlined balance sheet, we believe TI can create enormous value for a long time to come...



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# ABOUT US

Today TI has evolved to one of the world's leading brandy producer and a strategic player in India's IMFL industry. Its brand portfolio consists of unique and diverse brands that enjoy excellent consumer preference owing to its quality and value for money.

A strong outlook for the industry has strengthened its confidence to exceed customer expectations through brand premiumisation and strategic leverage of new markets and customers.

TI is committed to promote responsible consumption of its products, help drive environmental sustainability and support host communities.

## OUR PRESENCE

With corporate office in Mumbai, TI possesses various manufacturing facilities comprising of 1 owned facility, 3 operating liquor subsidiaries with additional 5 subsidiaries for allied activities, 4 lease arrangements and 6 tie-up units strategically located across India.

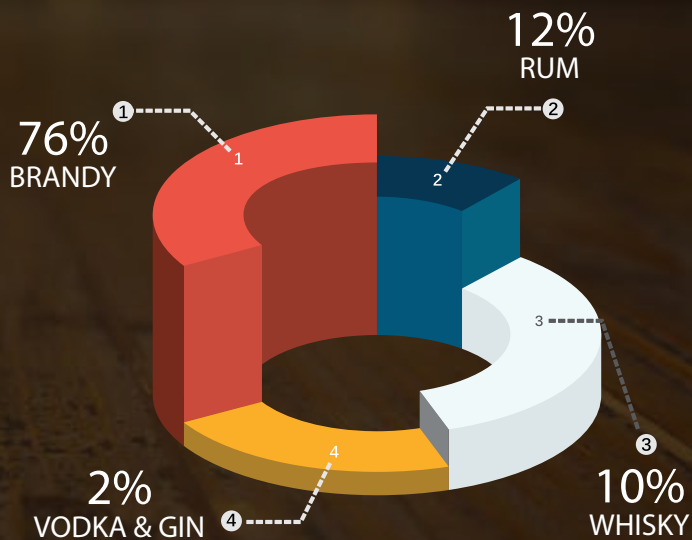
The distribution strength of TI is built around its dispersed manufacturing facilities that cover large swathes of the Indian market with a strong network of distributors and points of sales covering numerous market segments and geographies with especially pronounced presence in the South, India's largest IMFL consuming geography.

TI's brands have a foothold with a presence across Africa, the Middle-East, the Far East and the Caribbean countries.

## OUR OFFERINGS

TI has to offer over 40 well-established and iconic brands across the range of Brandy, Rum, Whisky, Gin and Vodka.

While TI has a wide range of products across price points, it has strategically enhanced focus toward value added premium products.



Product Categorywise Sales Volume FY2016



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*With renewed focus on its bottom line, TI has strategically reduced its dependency on low-margin less premium products, and extended focus on expanding its portfolio of premium products across categories, regions and markets.*



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# BEYOND THE ORDINARY

A NUMBER OF HURDLES HAVE BEEN AFFECTING THE INDIAN LIQUOR INDUSTRY OVER THE LAST FEW YEARS - FROM ALCOHOL PROHIBITION IN CERTAIN INDIAN STATES TO DIFFICULT TAXATION REGIME AND STRINGENT REGULATIONS.

IN THE WAKE OF SLACKENING SPIRITS, TI PURPOSEFULLY DE-GREW ITS HIGH-VOLUME LOW-MARGIN PRODUCTS AND ENHANCED FOCUS ON GROWING ITS SEMI-PREMIUM AND PREMIUM PRODUCT LINES.

TI reinforced its belief towards enhancing product quality, focused on providing superior consumer experience, branding its products differently and pricing its products at a premium with a view to maximising the production of value-added premium and semi-premium product lines.

With renewed focus on its bottom line, TI has strategically reduced its dependency on low-margin less premium products, and extended focus on expanding its portfolio of premium products across categories, regions and markets. TI has already showcased success in the premium segments of Brandy and Rum.

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*With a strong foothold, TI continues to be the leader in this product category.*



BRANDS BEHIND  
THE TILAKNAGAR BRAND

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# THE DARK BROWNS



THE DARK BROWNS - BRANDIES AND RUMS CONTINUE TO BE KEY DRIVERS OF TI'S BUSINESS. WITH A STRONG Foothold, TI CONTINUES TO BE THE LEADER IN THIS PRODUCT CATEGORY.

Over the years, the quality of TI's product has helped in attracting the consumers and helped creating brand loyalty. TI's product range comprises of leading brands, which validates its ability to keep winning in the market place. TI continues its focus to hold its leading position in the Brandy segment while aspires to become the No. 1 player in the Rum segment.

BRANDS BEHIND  
THE TILAKNAGAR BRAND

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# BEYOND THE BROWNS

TI POSSESSES A RICH PORTFOLIO BEYOND THE BROWNS WHICH COMPRISES OF GINS, VODKAS AND WHISKIES. TI'S WHITE AND LIGHT BROWN BRANDS ENRICH ITS PORTFOLIO OF PREMIUM SPIRITS ACROSS VARIOUS IMFL CATEGORIES, OFFERING A PREMIUM CHOICE FOR ALL OCCASIONS.

As a strategic measure, TI focused on consolidating its position in the white and light brown spirits. It focused on value addition, expanding its presence in Eastern India, broadening of its distribution network, solidifying brands to emerge as stronger player and making these products highly complementary and supportive to its mainstay Brandy and Rum business.





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*TI's white and light brown brands enrich its portfolio of premium spirits across various IMFL categories, offering a premium choice for all occasions.*



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## MESSAGE FROM THE CHAIRMAN & MANAGING DIRECTOR



**Amit Dahanukar**  
*Chairman & Managing Director*

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*“We concentrated to improve our bottom line by placing all our resources and energy towards the growth of our high-margin premium and semi-premium products.”*

*Dear Stakeholders,*

For us at TI, nothing much has changed over what we communicated in our last Annual Report for FY2015. The business environment in FY2016 continued to remain challenging. Overarching regulatory constraints; the excessive tax regimes imposed on our industry; alcohol prohibition in a number of states are some of the key factors that have made it more difficult for any IMFL player to make justifiable returns on products with high volume and lower price points. In fact, FY2016 proved extremely challenging for the entire Indian liquor industry, where the slowest growth over the decade was reported due to price hikes, bans and distribution changes in certain large markets. Beyond this, over the last few years, TI has been facing additional challenges due to cessation of the operations by its main bottler in the large and lucrative market of Tamil Nadu; the imposition of alcohol restrictions in Kerala and the bifurcation of the State of Andhra Pradesh.

In these tough market conditions, we bit the bullet and took bold decisions by slowing down our low-margin, voluminous business that was hurting the availability of working capital, our margin contribution and the visibility on surplus cash flows. In FY2016 we concentrated to improve our bottom line by placing all our resources and energy

towards the growth of our high-margin premium and semi-premium products. As a result of these realities and the Company's counter strategies, our business profile has changed dramatically for the better, in that our EBIDTA margins have improved but at the cost of sacrificing volumes and market share in the high quantity low margin business. This did not come to us without paying a price. As a consequence, TI on a standalone basis reported a 32.45% decline in its topline to Rs 3,723.89 million in 2015-16 (Rs 5,513.32 million in 2014-15) and a loss of Rs 2,660.35 million, which would have been much more had we not tempered down our volumes in the price aggressive categories. Having said so, I would also like to highlight upon the fact that for FY2016, majority of our total revenue came from our premium and semi-premium product category, in comparison to past years. This is the result of our Return on Invested Capital (ROIC) centric strategy which we started some two years back. This was to primarily optimize our ROIC by focusing mainly on our contribution accretive sales from our premium and semi-premium portfolio.

## STRATEGIC FOCUS

With high levels of debt sitting on our books and with scarce working capital resources, we buckled down and focused acutely on pooling all our cash flows towards manufacturing and shipping out our high-margin premium and semi-premium products, to help protect our EBIDTA contribution. The fact that the latent demand of our Brandies and Rums remains strong and alive is testimony to our strong brands, quality and unflinching consumer loyalty. Our business proves that we continue to be the King of Dark Browns.

## OUTLOOK

Going ahead, we foresee steady growth of India's Liquor 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 our 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, I expect TI 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 their 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.

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*“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.”*

Sincerely,  
**Amit Dahanukar**  
 Chairman & Managing Director

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## 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 32 years 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, among others). He is also affiliated to various social, financial and educational organizations/institutions in the capacity of trustee/legal advisor/secretary.

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## MANAGEMENT DISCUSSION AND ANALYSIS

*The global alcoholic beverages market is expected to grow at a moderate pace. Alcoholic beverages have gained popularity among the consumers globally over the past few years. Significant rise in the global population and increasing disposable income are some of the major factors fueling the demand for alcoholic beverages globally.*





## GLOBAL ECONOMY

In 2015, global economic activity, growing at 3.1 percent, remained subdued. Growth in emerging market and developing economies, still accounting for over 70 percent of global growth, declined for the fifth consecutive year while a modest recovery continued in advanced economies. Three key transitions continue to influence the global outlook i.e. gradual slowdown and rebalancing of economic activity in China from investment and manufacturing towards consumption and services, lower prices for energy and other commodities and gradual tightening in monetary policy in the United States in the context of a resilient U.S. recovery as several other major advanced economies' central banks continue to ease monetary policy.

The World Bank has forecasted global growth as 2.4 percent for 2016 (downgraded from the 2.9 percent pace projected in January). The revision is largely on account of sluggish growth in advanced economies, stubbornly low commodity prices, weak global trade, and diminishing capital flows.

Among major emerging market economies, China is forecasted to grow at 6.7 percent in 2016 as against 6.9 percent last year. India's robust economic expansion is expected to hold steady at 7.6 percent, while Brazil and Russia are projected to remain in deeper recessions than forecasted in January. South Africa is forecasted to grow at a 0.6 percent rate in 2016, 0.8 of a percentage point more slowly than the January forecast.

A significant increase in private sector credit, fuelled by an era of low interest rates and, more recently, rising financing needs, raise potential risks for several emerging market and developing economies.

The outcome of the U.K. vote in favour of leaving European Union, which surprised global financial markets, implies the materialization of an important downside risk for the world economy. As a result, the global outlook for 2016-17 has worsened, despite the better-than-expected performance in early 2016. This deterioration reflects the expected macroeconomic consequences of a sizable increase in uncertainty, including on the political front. This uncertainty is projected to take a toll on confidence and investment through its repercussions on financial conditions and market sentiment more generally.

In an environment of anaemic growth, the global economy faces pronounced risks, including a further slowdown in major

## MANAGEMENT DISCUSSION AND ANALYSIS

*Indian alcoholic beverage market is one of the fastest growing market in the world with several yet to be explored segments. With compelling business potential and economies of scale poised by the market, it is expected that several international players will expand their operations into the Indian alcoholic drinks market in the coming years.*

emerging markets, sharp changes in financial market sentiment, stagnation in advanced economies, a longer-than-expected period of low commodity prices, geopolitical risks in different parts of the world, and concerns about the effectiveness of monetary policy in spurring stronger growth.

(Source: World Bank)

### GLOBAL SPIRITS MARKET

Alcoholic beverages have gained popularity among the consumers globally over the past few years. Significant rise in the global population and increasing disposable income are some of the major factors fueling the demand for alcoholic beverages globally.

The global alcoholic beverages market is expected to grow at a moderate pace. The growth of this industry has increased in the last few years due to good performance of all the sectors (beer, spirits and wine). Germany, U.K., France, Italy and Spain among others comprise of almost 57% of the global alcoholic beverage market.

One of the major drivers for the growth of this industry is that the consumers residing in emerging countries have significant contribution in the rise in the demand of the alcoholic beverage market because of growing population. Another driving factor is the strengthened distribution channels adopted by the alcoholic beverage manufacturers. In addition, increasing per capita income accompanied with increasing disposable income is also expected to boost the demand for alcoholic beverages globally. The per capita consumption of alcoholic beverages is highest in Europe where France is in the lead followed by Germany, Spain, Italy and UK.

However, there are a few restraints for the alcoholic beverage industry 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 alcoholic beverage market. Other restraints for this market include the increase in the price of raw materials, availability of substitutes (non alcoholic beverages) and rules and regulations posed by the Government. Poor climatic conditions could also pose as a threat for alcoholic beverage market.

By geography, the market 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

# 2.4%

The World Bank has forecasted global growth as 2.4 percent for 2016



*Drinking behaviour is changing in India, with differences narrowing between younger and older adults and between men and women as more and more women and youth are taking up drinking.*

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.

The growth of the global alcoholic beverage industry was moderate at first but the growth has become high owing to the growing consumer base for alcohol consumption, especially the young generation which is fuelled by the increasing disposable income of the consumers. The industry is expected to grow even further in the future.

## IMFL MARKET TRENDS IN INDIA

India is considered as a lucrative and majorly unexplored destination for alcoholic drinks by several international companies operating in saturated alcoholic beverage markets of Europe and the US. India's alcoholic beverage market has grown steadily in the last 5 years.

Indian alcoholic beverage market is one of the fastest growing market in the world with several yet to be explored segments. With compelling business potential and economies of scale poised by the market, it is expected that several international players will expand their operations into the Indian alcoholic drinks market in the coming years. Indian alcoholic beverage market is expected to grow at a CAGR of 11.1% during FY2015 - FY2020. (Source: KEN Research)

Though 60% of Indian men and 90% of Indian women abstain from alcohol all their lives, drinking habits in India have increased over the last few years. World Health Organization (WHO) found that

32% of men and fewer than 11% of women in India over the age of 15 drink alcohol. In its study, an average Indian male drinker over 15-years-old consumes 33 litres of alcohol a year while the average for women is 11 litres. It also found that 93% Indians drink hard liquor – Brandy, Rum, Whisky, Vodka or Gin - while only 7% drink Beer. India's Wine drinking population is very low with only 1% drinking it.

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. It has grown at an overall steady pace triggered by increasing population and disposable income, and also the fact that it is increasingly gaining social acceptance.

## GROWTH DRIVERS

India is turning out to be an attractive territory for global players as consumption of alcohol has saturated in many countries and even declined in traditional markets like Europe, while India offers immense growth opportunities.

### Change in Drinking Behaviour:

Drinking behaviour is changing in India, with differences narrowing between younger and older adults and between men and women as more and more women and youth are taking up drinking.

**Large young population:** India is a young country, with more than half the population of Indians falling in the 15-54 age group, indicating high growth potential for the sector.

**Urbanization:** More and more people are migrating towards bigger cities, where they are exposed to a wider variety of alcoholic products, including IMFL.

# 11.1%

Indian alcoholic beverage market is expected to grow at a CAGR of 11.1% during FY2015 - FY2020

# MANAGEMENT DISCUSSION AND ANALYSIS

*Mansion House Brandy is one of the world's largest selling Brandy. TI expects this premium brand to keep growing in its markets.*

**Changing social norms:** There is a change in attitude and increasing acceptance of alcohol consumption among the rich and aspiring middle class, making consumption of alcohol more socially acceptable.

**Rise in disposable income:** As the per capita income has witnessed a continuous growth, more and more Indians are now moving towards the upper/middle-income group.

**Increased alcohol availability:** There has been an increase in the variety of alcohol brands and types all of them are easily available in Government-licensed outlets, Government shops (monopolies), private licensed retail chains (permitted since the past couple of years), restaurants and bars.

## KEY FEATURES OF THE MARKET

The Indian Liquor Industry is dominated by a number of taxes. In most States, the Government tightly controls the retail price of liquor.

Distribution and retailing of all alcoholic beverages in India are subject to Government control in most of the states. Nearly 75% of the distribution is handled by Government Corporations, whereas around 21% is handled by distributors and the remaining 4% from direct sales.

There is a market shift towards premium category products. The move towards premium spirits is helping to drive gross margins higher for the industry.

With global players entering and general industry consolidation, the scale of operations for long-term players is

increasing. This will give each player opportunities to rationalize costs and improve margins.

## COMPANY OVERVIEW

### Introduction

TI is among India's leading alco-bev business companies with a wide collection of brands across the IMFL spectrum comprising Whisky, Brandy, Rum, Gin and Vodka, having a predominant presence in South India and CSD stores.

TI's core competence lies in its diversified portfolio (Mansion House, one of the world's largest selling Brandy), dispersed manufacturing facilities and wide distribution network.

TI expects to continue to embrace its two-pronged strategy of premiumization of brands and growth through forging mutually beneficial marketing and distribution, manufacturing and branding alliances.

### The TI Advantage

**Product range:** TI possesses over 40 brands across the IMFL space (Whisky, Rum, Vodka, Gin and Brandy) including Mansion House Brandy, a Millionaire brand.

**Capacity:** TI has modern manufacturing set up encompassing various manufacturing facilities comprising of 1 owned facility, 3 operating liquor subsidiaries with additional 5 subsidiaries for allied activities, 4 lease arrangements and 6 tie-up units strategically located across India. TI is having 100 KLPD molasses based and 100 KLPD grain based distillation plants and IMFL Bottling Plants at Shirampur (Maharashtra).

# 15-54

more than half the population of Indians falling in the 15-54 age group

*TI expects to continue to embrace its two-pronged strategy of premiumization of brands and growth through forging mutually beneficial marketing and distribution, manufacturing and branding alliances.*

**100** KLPD  
Molasses

**100** KLPD  
Grain

Distillation plants and IMFL Bottling Plants at Shrirampur (Maharashtra)

Premium categories: TI is focused on driving premium category sales. During the year, majority of TI's revenue was derived from 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 premiumisation has transformed it from a regular brand into a pan Indian premium brand.

**Courier Napoleon Brandy – Green**

The brand continues to create a niche for itself in premium plus space and continues to be brand leader in its segment.

**Courier Napoleon Brandy - Red**

This is amongst the most profitable brands in TI portfolio.

**Madiraa Gold Dark XXX Rum**

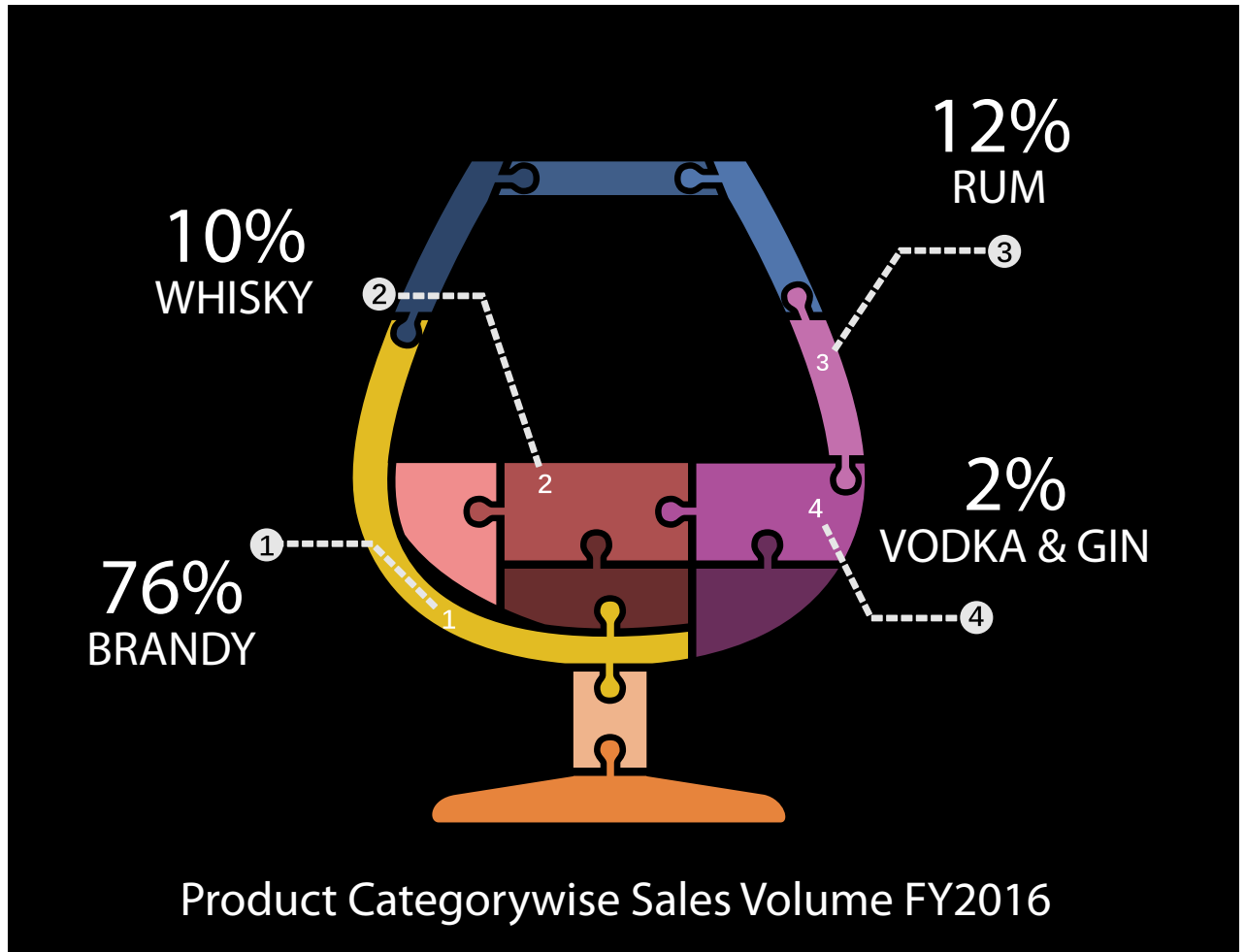
Madiraa Gold Dark XXX Rum is the most premium Rum by an Indian Company.

**Vodka and Gin**

Vodka and Gin as a segment for TI is witnessing an increase in share in its overall sales. By acquiring IFB brands in March 2014, TI has strengthened its Vodka and Gin footprints in the East.

**BUSINESS PERFORMANCE**

TI's key priority is to pursue growth opportunities and enhance profitability across its product range by building a bouquet of premium brands and strengthening its distribution systems.



# MANAGEMENT DISCUSSION AND ANALYSIS

*The distribution strength of TI is built around its dispersed manufacturing facilities that cover large swathes of the Indian market with a strong network of distributors.*

TI aims to do this through enhancing its operational efficiency and building enduring relationships with stakeholders across levels.

## Manufacturing/operations

Due to constraints in the supply of TI's brands in key profitable States owing to shortage of working capital and bottling capacity constraints in the State of Tamil Nadu, operational disturbances caused due to bifurcation of the erstwhile State of Andhra Pradesh and restrictions imposed on sales in the Kerala Market, the sales volume during the financial year ended March 31, 2016, on consolidated basis, had declined by 51% to 4.03 million cases as compared to 8.25 million cases during the financial year ended March 31, 2015.

During the financial year 2015-16, TI has achieved sales volume of 2.85 million cases in southern region, 0.89 million cases in exports & institutions segment, 0.18 million cases in eastern region and 0.11

million cases in western region. Brandy segment, during the year, has contributed 76%, followed by Whisky, Rum, Vodka & Gin segments, which have contributed 10%, 12% and 2% respectively to the overall sales volume of the Company.

During the financial year 2015-16, TI has consciously curtailed the operations of its grain based plant due to increase in the grain prices and 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.

## Marketing and Branding

TI has established a distinct identity for itself within the IMFL segment through its portfolio of superior liquor brands offered at various price points.

TI is an established player in the Brandy space in India. It is committed to fortify

# 76%

Brandy segment, during the year, has contributed 76% of the overall sales volume



24%

Whisky, Rum, Vodka & Gin contributed 24% of the overall sales volume in FY2016

its presence in the segment with a strong portfolio of its legacy brands that includes Mansion House Brandy and Courier Napoleon Brandy family, to achieve superior business performance.

**Distribution Networks**

The distribution strength of TI 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. TI sells through State Corporations across Telangana, Andhra Pradesh, Karnataka, Kerala, and Odisha. It also operates through a vast distributor channel located in Maharashtra, Goa, Silvassa, Assam and West Bengal. TI is also one of the largest players in the CSD marketplace. Going forward, TI is looking to expand its reach into the East, which

is currently being tapped with immense growth potential.

**Key Initiatives**

During the year, TI focused towards streamlining its premium brand portfolio. TI emphasized on focused marketing and re-implementing its already tried and tested consumer focused activities.

TI understands that the consumer is always looking for value for money. The team on ground discovers the value that will attract consumer and discovers the optimum price for promotion. Promotions and consumer support schemes are the tools for generating sales. TI launched Chalo Goan Chalein (CGC), a rural penetration programme for which a new sales channel was developed to maximize distribution of its brands among the rural consumers.

As a brand promotion initiative, celebration packs in Andhra Pradesh were launched for brand ‘Mansion House’ and ‘Courier



# MANAGEMENT DISCUSSION AND ANALYSIS

*TI understands that the consumer is always looking for value for money. The team on ground discovers the value that will attract consumer and discovers the optimum price for promotion. Promotions and consumer support schemes are the tools for generating sales.*

Napoleon! A celebration pack was also implemented in Puducherry. As a result of this promotion, the brand continues to be the market leader in premium plus segment.

## Financial Performance

Revenue from operations (net of excise duty) of TI during the financial year ended March 31, 2016, on consolidated basis, stood at ₹4,577.83 million (inclusive of MVAT and CST refund of ₹258.92 million) as compared to ₹7,482.25 million (inclusive of MVAT and CST refund of ₹1,152.90 million) during the financial year ended March 31, 2015.

Due to moderation in revenue, higher finance costs and increased raw material costs, TI had, on consolidated basis, incurred net loss of ₹2,817.44 million during the financial year ended March 31, 2016 as compared to net loss of ₹401.59 million during the financial year ended March 31, 2015.

Though the IMFL industry has shown a flat trend, TI anticipates that the overall economy and consumer sentiments will revive in near future. The productivity, performance and profitability of TI will gradually improve in the coming years owing to the persistent efforts and aggressive strategies adopted by TI.

## 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 for TI. However, despite these positives, TI is not impervious to certain risks or concerns that might challenge this industry from time to time.

₹4,578  
million

Revenue from operations (net) in FY2016



*As a brand promotion initiative, celebration packs in Andhra Pradesh were launched for brand 'Mansion House' and 'Courier Napoleon'.*

# 459

Total employees as at  
31<sup>st</sup> March, 2016

To begin with, the increasing levels of taxation coupled with stringent regulations has 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 RESOURCE

At TI, the HR function acts as a critical catalyst for continuous transformation during a phase of rapid growth and transition. It has helped in not only shaping the processes, people and mindsets, but facilitated in creating a culture that epitomize TI and unleashes innovation across the organization.

The Company believes that its biggest asset is its people. TI takes pride in its team of 459 employees (as on March 31, 2016) because of their passion and commitment to the organization. The HR function helps

aligning their aspirations and dreams to Company's vision. As a result it is the conduct of TI's leadership team and its people, their shared wisdom and values, which has helped in transformation of TI into an entrepreneurial and innovation led organization.

### 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 recognises and promotes merit/ performance based compensation and rewards;
- Building the organization from within, by growing, developing and promoting our people to a large extent and resorting to external hires only to complement the existing skill/ competency base or fill positions for which suitable internal resources are not available.



# MANAGEMENT DISCUSSION AND ANALYSIS

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

## Employee Friendly Organization

TI has remained glued towards being an employee friendly organisation. This is based on the basic premise that in order to get the best out of its people in terms of productivity and creativity, the Company too needs to take a very endearing and compassionate approach to engage with them. A liberal medical policy; complimentary refreshments and meals; sponsoring employees' children to study domestically and abroad are only a few examples of the TI's extraordinary gestures towards the employee engagement and welfare. As a result, TI employees identify themselves completely with the Company.

## Training and Development

TI, as an ongoing activity, has carried out various in-house on the job training programmes towards skill-enhancement and development. In addition, TI also sponsored employees to various training programmes organized by Bombay Chamber of Commerce and Bombay Management Association, among others. The Company also carries out a very successful Mentorship and Buddy programme for training and empowerment of working managers.

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 Plant.

## 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 presuming the centre stage for all business activities owing to SAP integrated operating. SAP enables complete business visibility to the management of Company's across operations, marketing and financial parameters.

During FY2015-16, the Company implemented Cyberoam UTM appliances which integrates multiple security features like Firewall, VPN, Intrusion Prevention System, Anti-Virus and Anti-Spyware, Anti-Spam, Web Filtering, Layer 7 Visibility & Control, Bandwidth Management, Multiple Link Management, and more on a single platform; enhancing comprehensive organisation data security.

Cyberoam's Layer 8 Technology treats User Identity as the 8th layer or the "human layer" in the network protocol stack. This allows enterprise to uniquely identify users, control user activities in the network, and enable policy-setting and reporting by username, even in dynamic IP environments like DHCP

*TI has remained glued towards being an employee friendly organisation. This is based on the basic premise that in order to get the best out of its people in terms of productivity and creativity, the Company too needs to take a very endearing and compassionate approach to engage with them*

*With entry level products being working capital intensive, the Company made a strategic exit for some of the value decreative products and will continue to focus on creating a margin accretive product mix.*

and Wi-Fi. The Technology adds speed to security in an enterprise network by offering instant visibility into the source of attacks by identifying victims/attackers by username, which allows proactive remediation of security incidents. With Layer 8 identification and controls, Cyberoam enables enterprises in security management, data protection and compliance management.

## **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 regular 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**

Owing to the Company's longstanding sectoral presence, TI has always remained successful in garnering popularity for its products.

Furthermore, despite a slow growth during the year 2015-16, the market demand for IMFLs remains to be strong due to the positive demographic factors of the country.

A number of external factors beyond the control of the Company, such as regulatory restrictions, exorbitant levels of duties and levies, and the high cost of working capital, made the Company change its strategic direction towards premiumisation, stronger brand building and enhancing reach.

With entry level products being working capital intensive, the Company made a strategic exit for some of the value decreative products and will continue to focus on creating a margin accretive product mix.

Given the evolving social demographics of the country, the Company foresees substantial growth in demand for the premium products and is confident of growing its volumes in this segment.

Going ahead, with the consistent execution of its the long term strategy with greater focus on premium products, brand development along with strengthening of distribution network, your Company is on a steady a 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.*

## PROFILE OF OUR 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 36 years of Industry experience. He is actively associated with management research, a prolific motivational speaker and is recipient of several awards.



**Mr. Srijit Mullick**

*Chief Financial Officer*

Mr. Srijit Mullick is both, a Chartered Accountant and Cost and Management Accountant and comes with over 37 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 33 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 44 years of experience, of which 27 years is in liquor industry.



**Mr. M. R. K. Nair**

*Vice President – Works, IR, HR, and Legal*

Mr. M. R. K. Nair has extensive experience spread over 47 years across various industries. He has handled IR, industrial administration and legal matters.



**Mr. Gaurav Thakur**

*Company Secretary*

Mr. Gaurav Thakur is a Company Secretary and Cost and Management Accountant and a post-graduate in Commerce, having over 16 years of experience in secretarial and legal functions across various sectors.



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

Mr. Ajit Sirsat is a Chartered Accountant and Cost and Management Accountant having 22 years of experience in finance and accounts across industries.



**Mr. Shankar Pawar**  
*AGM – Finance & Accounts*

Mr. Shankar Pawar is a Chartered Accountant and has 12 years of experience in the areas of accounts, finance and taxation across various sectors.



**Mr. Ashish Choudhury**  
*State Head - Karnataka*

Mr. Ashish Choudhury is a graduate in Humanities from the Bengaluru University and has 36 years of experience in sales in different locations with leading IMFL companies.



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

Mr. Rajesh Agrawal is a graduate in Humanities and has over 32 years of experience in IMFL industry. He possesses an in-depth knowledge of sales and distribution in the liquor industry.



**Mr. Shreekumar G. Nair**  
*DGM – Exports & Institution*

Mr. Shreekumar G. Nair is a graduate in Business Administration and has 21 years of experience in various sectors.



**Mr. Mukhtiar Singh**  
*DGM – Exports & Institution*

Mr. Mukhtiar Singh is a retired non-commissioned officer from the Indian Army and has over 9 years of experience in sales.



**Mr. J. S. Manikandan**  
*AGM – Exports & Institution*

Mr. J. S. Manikandan is a graduate in Political Science and is a retired non-commissioned officer from the Indian Army with 23 years of experience in various sectors.



**Mr. Shubwant Singh Bedi**  
*AGM – Exports & Institution*

Mr. Shubwant Singh Bedi is a graduate in Science and holds a Diploma in Electrical Engineering. He has 15 years of experience in liquor industry.

## PROFILE OF OUR SENIOR MANAGEMENT



**Mr. S. V. S. Mahesh**  
*AGM – Sales & Marketing*

Mr. S. V. S. Mahesh is a graduate in Commerce and has 27 years of experience in sales in liquor industry.



**Mr. Biswadeb Chowdhury**  
*AGM – Sales*

Mr. Biswadeb Chowdhury is a graduate in Commerce and has over 20 years of experience in sales with leading IMFL companies.



**Mr. L. Sriram**  
*AGM – Sales & Marketing*

Mr. L. Sriram is a graduate in Industrial Electronics and has 15 years of experience in sales in liquor industry.



**Mr. Debasis Nayak**  
*Senior Manager – Sales (Odisha)*

Mr. Debasis Nayak is a graduate in Commerce (Hons.) and an MBA with 14 years of experience in sales in FMCG and liquor industry.



**Mr. Anindya Bhattacharya**  
*Area Manager – Sales (West Bengal)*

Mr. Anindya Bhattacharya is a graduate in Commerce with 18 years of experience in various sectors.



**Mr. C. R. Ramesh**  
*General Manager – Operations & Quality*

Mr. C. R. Ramesh has 34 years of experience in liquor manufacturing operations.



**Mr. Mukund Laxman Kasture**  
*DGM – Production & Operations*

Mr. Mukund Laxman Kasture holds a Diploma in Mechanical Engineering and has 36 years of extensive experience in liquor industry.



**Mr. Srinivasarao Garaga**  
*DGM – Works*

Mr. Srinivasarao Garaga is a graduate in Engineering (B.E. Mechanical) and has extensive experience in liquor industry spanning over 27 years.



**Mr. S. Balakumar**  
*DGM – Production & Operations*

Mr. S. Balakumar is a graduate in Commerce and Masters in Business Finance from Indian Institute of Finance, New Delhi. He has over 22 years of experience in various sectors.



**Mr. Damodar Bhaskar Rane**  
*AGM – Quality, Production & Operation*

Mr. Damodar Bhaskar Rane is post-graduate in Chemistry, an MBA and holds a Diploma in Total Quality Management & ISO 9000 from AIIMS, Madras and has over 20 years of experience in various sectors.



**Mr. Uttam Kumar Nair**  
*AGM – Civil & Projects*

Mr. Uttam Kumar Nair is an MBA in Operations & Marketing, Masters in Civil Engineering, Diploma Holder in Mechanical Engineering, 3D Modeling & Analysis and Mechanical CADD and has 16 years of experience.



**Mr. Santosh Thakur**  
*General Manager – Purchase*

Mr. Santosh Thakur is a graduate in Science from Mumbai University and a post-graduate in Materials Management from L.N. Welingkar Institute of Management having 23 years of cross-functional experience across various sectors.



**Mr. Anand Kadam**  
*DGM – Purchase*

Mr. Anand Kadam is a graduate in Engineering (B.E. Production – Hons.) from Mumbai University and a post-graduate in Materials Management having more than 24 years of experience in material management.



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

Ms. Hemangi Joshi Naik is a B.A., LL.B. and has over 11 years of experience in corporate laws across various sectors.

# DIRECTORS' REPORT

*Dear Members,*

The Directors hereby present their 81<sup>st</sup> Annual Report along with the audited financial statements of the Company for the financial year ended March 31, 2016.

## 1. FINANCIAL HIGHLIGHTS

The summary of the Company's financial results for the financial year ended March 31, 2016 and appropriation of divisible profits is furnished below:

Particulars	(₹ in million)	
	Standalone	
	Year ended 31.03.2016	Year ended 31.03.2015
Revenue from operations	3,723.89	5,513.32
Operating expenditure	4,849.91	4,670.31
Earnings before interest, depreciation and amortization, tax (EBIDTA)	(1,126.02)	843.01
Other income	9.00	19.80
Finance costs	1,196.15	823.71
Depreciation and amortization expenses	366.01	270.98
Profit/(Loss) before tax	(2,679.18)	(231.88)
Tax expenses	(18.83)	113.14
Profit/(Loss) for the year	(2,660.35)	(345.02)
Balance brought forward from previous year	1,117.95	1,502.36
Amount available for appropriation	(1,542.40)	1,157.34
<b>Appropriations</b>		
Adjustment relating to fixed assets	-	38.65
Transferred to general reserve	-	-
Proposed dividend and tax thereon	-	0.74
Balance carried to balance sheet	(1,542.40)	1,117.95

The Company has tie-up arrangements in some States and in respect of such arrangements, the net turnover of ₹ 1,658.49 million during the financial year ended March 31, 2016 (P.Y. ₹ 879.21 million) has not been treated as sales. However, the surplus generated out of these arrangements is included in the revenue from operations.

The revenue from operations for the year ended March 31, 2016 includes ₹ 258.92 million on account of entitlement of MVAT and CST refund (for the year 2015-16) as compared to ₹ 1,152.90 million included in the previous year ended March 31, 2015 (for the year 2013-14 and 2014-15) 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. The Company is awaiting disbursement of ₹ 1,269.11 million of MVAT and CST refund for the year 2012-13 onwards. It has been considered prudent to recognize MVAT and CST incentives on disbursement instead of accrual basis from the quarter ended September 2015 onwards.

## 2. OPERATIONAL REVIEW

### Operations

The Company is a well established player in the Indian Made Foreign Liquor (IMFL) industry with predominant presence in South India and Canteen Stores Department (CSD). With its diversified brand range and a keen focus on premiumization, the Company has created a distinct identity for itself in the IMFL Segment.

During the financial year 2015-16, the Company has faced lots of challenges e.g. delay in starting of operations in the State of Tamil Nadu, restrictions imposed on sales in the State of Kerala, increase in raw material prices and non-receipt of price increase in major operating markets. The above factors coupled with delay in receipt of receivables from the Tamil Nadu bottlers and elevated finance costs impacted the working capital position of the Company.

EBIDTA of the Company during the financial year 2015-16 has decreased to ₹ (1,126.02) million as

compared to ₹ 843.01 million in the previous year following a decline of 51% in sales volume from 8.25 million cases in the previous year to 4.03 million cases in the financial year 2015-16.

The profitability during the financial year 2015-16 remained constrained and the Company has posted a net loss of ₹ 2,660.35 million as against a net loss of ₹ 345.02 million in the previous financial year due to above reasons.

While the macro economic situation continues to present challenges, the Company, with the support of its strong, resilient business model, is persistent with its efforts to generate long term growth.

#### **Manufacturing Facilities**

The Company has modern manufacturing set up encompassing various manufacturing facilities comprising of 1 owned facility, 3 operating liquor subsidiaries with additional 5 subsidiaries for allied activities, 4 lease arrangements and 6 tie-up units strategically located across India. The Company is having 100 KLPD molasses based, 100 KLPD grain based distillation plants and IMFL Bottling Plants at Shirampur (Maharashtra). The Company stringently monitors all its manufacturing facilities to ensure product consistency and quality.

During the financial year 2015-16, the Company has consciously curtailed the operations of its grain based plant due to increase in the grain prices and 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. While elevated 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 zone. 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.

During the financial year 2015-16, the Company has achieved sales volume of 2.85 million cases in southern region, 0.89 million cases in exports & institutions segment, 0.18 million cases in eastern region and 0.11 million cases in western region. Brandy segment, during the year, has contributed 76%, followed by Whisky, Rum, Vodka & Gin segments, which have contributed 10%, 12% 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.

### **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, 2016.

### **4. SHARE CAPITAL**

During the financial year 2015-16, there was no change in the authorized, issued, subscribed and paid-up share capital of the Company. As on March 31, 2016, 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.

### **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

# DIRECTORS' REPORT

performance and financial position is presented herein below:

Sr. No.	Name of Subsidiary Companies (Stake)	Performance
<b>(A) FOR OPERATING ACTIVITIES</b>		
1	<b>Prag Distillery (P) Ltd. (100%)</b>	<p>The net sales, during the financial year 2015-16, of Prag stood at ₹ 832.81 million as compared to ₹ 1,232.11 million in the previous year. It has incurred net loss of ₹ 92.91 million during the financial year 2015-16 as compared to net loss of ₹ 15.23 million in the previous year.</p> <p>Out of the total licensed capacity of Prag, 3.5 million PLs is subleased to Pernod Ricard India Private Limited (PRIPL) along with part of its manufacturing facility for optimum utilization of its production capacities. It is also vigorously pursuing with the Government for enhancement of its bottling capacities from the current 0.05 million cases to 0.3 million cases per month.</p>
2	<b>Vahni Distilleries Private Limited (100%)</b>	<p>The net sales, during the financial year 2015-16, of Vahni stood at ₹ 365.93 million as compared to ₹ 595.92 million in the previous year. It has incurred net loss of ₹ 59.66 million during the financial year 2015-16 as compared to net loss of ₹ 2.03 million in the previous year.</p> <p>The production capacity of Vahni's plant has been fully utilized in the financial year 2015-16. It is contemplating enhancing its finished goods storage capacity.</p>
3	<b>PunjabExpo Breweries Private Limited (100%)</b>	<p>The net sales, during the financial year 2015-16, of PunjabExpo stood at ₹ 186.51 million as compared to ₹ 181.55 million in the previous year. It has incurred net loss of ₹ 6.13 million during the financial year 2015-16 as compared to net loss of ₹ 36.62 million in the previous year.</p> <p>The Company is exploring the option to hive off the entire stake held by it in PunjabExpo.</p>
<b>(B) FOR ALLIED ACTIVITIES</b>		
4	<b>Kesarval Springs Distillers Pvt. Ltd. (100%)</b>	<p>The net sales, during the financial year 2015-16, of Kesarval stood at ₹ 0.89 million as compared to ₹ 3.54 million in the previous year. It has incurred net loss of ₹ 17.03 million during the financial year 2015-16 as compared to net loss of ₹ 2.27 million in the previous year.</p> <p>During the financial year 2015-16, Kesarval has sold/leased/sub-leased/disposed of all its assets together with its rights, title and interest in the movable assets situated at Goa to Indospirit Beverages Pvt. Ltd. vide Asset Purchase Agreement dated October 01, 2015.</p>
5	<b>Mykingdom Ventures Pvt. Ltd. (100%)</b>	<p>During the financial year 2015-16, 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 ₹ 0.02 million in the previous year.</p>

Sr. No.	Name of Subsidiary Companies (Stake)	Performance
6	<b>Studd Projects P. Ltd. (100%)</b>	During the financial year 2015-16, no activities have been carried out by Studd and it has incurred net loss of ₹ 0.02 million during the year as compared to net loss of ₹ 0.01 million in the previous year.
7	<b>Srirampur Grains Pvt. Ltd. (100%)</b>	During the financial year 2015-16, no activities have been carried out by Srirampur 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.
8	<b>Shivprabha Sugars Ltd. (90%)</b>	During the financial year 2015-16, no activities have been carried out by Shivprabha and it has incurred net loss of ₹ 14.06 million during the year as compared to net loss of ₹ 0.37 million in the previous year.

Apart from the abovementioned 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 2015-16, 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, 2016, 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](http://www.tilind.com) and are also available for inspection at its Registered Office and Corporate Office.

During the financial year 2015-16, 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 Kesarval, which has sold/leased/sub-leased/disposed of all its assets together with its rights, title and interest in the movable assets situated at Goa to Indospirit Beverages Pvt. Ltd. vide Asset Purchase Agreement dated October 01, 2015.

## 6. DIRECTORS

Mrs. Shivani Amit Dahanukar was relieved from the position of Executive Director of the Company with effect from December 01, 2015. However, she continues to act as a Non-Executive Director of the Company. She is liable to retire by rotation at the ensuing Annual General Meeting in accordance with the provisions of Section 152 of the Companies Act, 2013 and being eligible, has offered herself for re-appointment.

Mr. Kishorekumar G. Mhatre was appointed as an Additional Director (Non-Executive and Independent) of the Company by the Board with effect from June 09, 2016. Mr. Mhatre holds office until the ensuing Annual General Meeting and is eligible for appointment. The Company has received a notice from a Member proposing the candidature of Mr. Mhatre as Independent Director of the Company at the ensuing Annual General Meeting. Accordingly, a proposal to appoint Mr. Mhatre as an Independent Director of the

# DIRECTORS' REPORT

Company for a period of five consecutive years from June 09, 2016 up to June 08, 2021 (both days inclusive), not liable to retire by rotation has been placed in the ensuing Annual General Meeting for approval of the Members.

Information pursuant to Regulation 36(3) of the Listing Regulations with respect to the Directors seeking Appointment/Re-appointment is appended to the Notice convening the ensuing Annual General Meeting. The Board recommends their Appointment/Re-appointment.

Due to their pre-occupancy with other assignments, Mr. Ronil Sujan, Mr. Madan Goyal and Dr. Vishnu Kanhere, Independent Directors of the Company resigned from the directorship of the Company with effect from April 24, 2015, November 26, 2015 and June 30, 2016 respectively. The Board places on record its appreciation for the valuable services rendered by them during their tenure as Directors of the Company.

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 Nomination, Remuneration and Evaluation Policy of the Company, amended by the Board on June 09, 2016 to align the same with the provisions of the Listing Regulations, 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 12, 2016 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, 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 June 09, 2016 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 2015-16 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, 2016, 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 2015-16 except Mrs. Shivani Amit Dahanukar, who was relieved from the position of Executive Director of the Company with effect from December 01, 2015.

## 12. AUDITORS

### Statutory Auditors and Statutory Audit Report

In accordance with the provisions of Section 139 of the Companies Act, 2013 read with Rule 3 of the Companies (Audit and Auditors) Rules, 2014, M/s Batliboi & Purohit, Chartered Accountants were appointed as Statutory Auditors of the Company in the 79<sup>th</sup> Annual General Meeting held on September 27, 2014 to hold office from the conclusion of the 79<sup>th</sup> Annual General Meeting till the conclusion of the 82<sup>nd</sup> Annual General Meeting of the Company, subject to ratification of their appointment by the Members at every Annual General Meeting held after the 79<sup>th</sup> Annual General Meeting.

Accordingly, a proposal seeking Members' ratification for the appointment of M/s Batliboi & Purohit, Chartered Accountants, (ICAI Firm Registration No. 101048W) as the Statutory Auditors of the Company and for fixing their remuneration for the remaining tenure forms part of the Notice convening the ensuing Annual General Meeting. Pursuant to the provisions of Sections 139 and 141 of the Companies Act, 2013 read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014, the Company has received consent from them to the proposal for ratification of their appointment in the ensuing Annual General Meeting for the remaining tenure along with a certificate to the effect that their appointment, if made, will be within the prescribed limits under the Companies Act, 2013 and that they are not disqualified for appointment. As required under the Listing Regulations, they have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Audit Committee and Board of Directors have reviewed their eligibility criteria as laid down under Section 141 of the Companies Act, 2013 and

recommended the ratification of their re-appointment as Statutory Auditors for the remaining tenure at a remuneration of ₹ 11,00,000/- (Rupees Eleven Lacs Only) per year plus service tax as applicable and re-imbursalment of out of pocket expenses as may be incurred by them for conducting the Statutory Audit.

No frauds have been reported by the Statutory Auditors during the financial year 2015-16 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 Auditors 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 in place of M/s P. D. Phadke & Associates, Cost Accountants 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-imbursalment of out of pocket expenses as may be incurred by her for conducting the Cost Audit for the financial year 2016-17.

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

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

# DIRECTORS' REPORT

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, 2015 submitted by M/s P. D. Phadke & Associates, Cost Auditors on September 30, 2015. The Cost Audit Report for the financial year ended March 31, 2016 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 2016-17.

The Secretarial Audit Report for the financial year ended March 31, 2016 is set out in Annexure 'A' to this Report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

## 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 2015-16.

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](http://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 2015-16 are as follows:

- **Community kitchen:** Nutritious, healthy and wholesome meals are served daily at the annakshetra to the children and the elderly people who otherwise are forced to earn their daily meals by indulging in laborious work.
- **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, home visits for 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, rally on AIDS awareness.
- **Supply of R.O water:** Supply of safe drinking (R.O) water to over 19 wadis.
- **Sports and fitness to engage the unemployed youth:** Training of the sports faculty of schools, distribution of sports equipments, maintenance of playgrounds at ZP schools and conducting various inter village matches in order to develop sports talent that lies hidden in the villages.
- **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:** Supporting institutions viz. Bombay SPCA and Thane SPCA for taking care of abandoned and rescued animals.

The shortfall in the budgeted CSR expenditure during the financial year 2015-16 relates to certain CSR projects of ongoing nature undertaken by the Company spanning over multiple years and the same is being spent by the Company across the life of these projects.

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 weblink: <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 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 2015-16.

## 22. FIXED DEPOSITS

As on April 01, 2015, the Company was not having any outstanding deposits falling under the scope of

## DIRECTORS' REPORT

Chapter V of the Companies Act, 2013 and it has not accepted any deposits covered under said Chapter during the financial year 2015-16. As on March 31, 2016, 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	1,111	62,378	1,176	197,566
Number of Members who approached the Company for transfer of shares from suspense account during the year	1	84	2	1560
Number of Members to whom shares were transferred from suspense account during the year	1	84	2	1560
Aggregate number of Members and the outstanding shares in the suspense account lying at the end of the year*	1,110	62,294	1,174	196,006

\* The voting rights on the shares outstanding in the suspense account as on March 31, 2016 shall remain frozen till the rightful owner claims such shares.

### 24. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION & PROTECTION FUND

In accordance with the provisions of Sections 205A(5) and 205C of the Companies Act, 1956, an amount of ₹ 170,957 being dividend for the financial year 2007-08 lying unclaimed for a period of 7 years was transferred by the Company on September 21, 2015 to the Investor Education & Protection Fund.

Details of the unclaimed amounts lying with the Company as on September 26, 2015 (date of last Annual General Meeting) as required under the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 have been uploaded on the website of the Company i.e. [www.tilind.com](http://www.tilind.com) and also on the Ministry of Corporate Affairs' website.

### 25. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the financial year 2015-16, the Company has not entered into contracts or arrangements with related parties falling under the purview of Section 188(1) of the Companies Act, 2013. 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 2015-16.

## 28. VIGIL MECHANISM

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. 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;
- 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.

# DIRECTORS' REPORT

## 30. RESIDUARY DISCLOSURES

- i. During the financial year 2015-16, the Company has not issued equity shares with differential rights as to dividend, voting or otherwise. Hence, disclosure under Rule 4(3) of the Companies (Share Capital and Debentures) Rules, 2014 is not applicable;
- ii. During the financial year 2015-16, 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 2015-16, no significant material orders have been passed by any regulators or courts or tribunals which may impact the going concern status of the Company and its future operations. Hence, disclosure under Rule 8(5)(vii) of the Companies (Accounts) Rules, 2014 is not applicable;
- iv. During the financial year 2015-16, 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. Hence, disclosure under the provisions of Section 134(3)(l) of the Companies Act, 2013 is not applicable; and
- v. During the financial year 2015-16, 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 12, 2016

**Amit Dahanukar**  
Chairman & Managing Director

# ANNEXURE 'A' TO THE DIRECTORS' REPORT

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

*[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 No. 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, 2015 to March 31, 2016** ("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, 2015 to March 31, 2016** 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;
  - 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;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the Company during the Audit Period**); and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 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. Environmental Laws.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India (effective from July 01, 2015);
- ii. The Listing Agreements entered into by the Company with BSE Limited & National Stock Exchange of India Limited (effective up to November 30, 2015); and
- iii. The fresh 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 (effective from December 01, 2015).

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

**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.

**We further report that** the compliance by the Company of applicable financial laws like Direct & Indirect Tax Laws, Service Tax has not been reviewed in this audit since the same has been subjected to review by the statutory financial auditors and other designated professionals.

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

For **Ragini Chokshi & Associates**  
Practicing Company Secretaries

**Mrs. Ragini Chokshi**  
Proprietor  
C.P. No. 1436  
FCS No. 2390

Place: Mumbai  
Date : May 25, 2016

# 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) easily operative and accessible circuit breakers have been installed in each machinery/equipment resulting in reduction of idle run;
- b) bottling lines have been equipped with Trip System for conservation of energy in case of lag/fault in any equipment/machinery across the line;
- c) Gravity Liquor Flow Systems have been installed in all the process areas for lesser consumption of energy; and
- d) 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.

- b. Due to the seeding period post commissioning of the Main Digester, ratio of biogas generation to spent-wash treated ratio is less as compared to previous year.
- c. As the Distillery was shut down from October 01, 2015 to November 16, 2015 for installation of bag filter in the Boiler, Biogas was flared during that period.

### (iii) Capital Investment on Energy Conservation Equipments:

During the financial year 2015-16, 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

**A statement of biogas generated, consumed and the resultant saving of coal during the financial year 2015-16 as compared to financial year 2014-15 is given herein below:**

Sr. No.	Particulars	Unit	Year 15-16	Year 14-15
1	Biogas generation	Lac M <sup>3</sup>	9.69	10.97
2	Spent-wash treated	Lac M <sup>3</sup>	0.31	0.29
3	Ratio of biogas generation to spent-wash treated	M <sup>3</sup> /M <sup>3</sup>	31.36	37.03
4	Biogas utilization:			
	a. for steam generation in boiler	Lac M <sup>3</sup>	7.63	7.39
	b. biogas flared during start up & interruptions	Lac M <sup>3</sup>	2.06	3.58
5	Coal saved:			
	a. quantity	MT	763	739
	b. value	₹ (Lac)	44.15	43.97

### Notes:

- a. The Main Digester was under major overhaul from April, 2015 to September, 2015.

- 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 2015-16, neither capital nor revenue expenditure was incurred by the Company on Research and Development.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the financial year 2015-16, the foreign exchange earned in terms of actual inflows was ₹ 30.34 million (P.Y. ₹ 96.60 million) and the foreign exchange outgo during the financial year 2015-16 in terms of actual outflows was ₹ 24.55 million (P.Y. ₹ 24.30 million).

For and on behalf of the Board of Directors

Place: Mumbai

Date: August 12, 2016

**Amit Dahanukar**

Chairman & Managing Director

# ANNEXURE 'C' TO THE DIRECTORS' REPORT

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

- (i) **The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 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 2015-16:**

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	123:1	-
2	Mrs. Shivani Amit Dahanukar@	Non-Executive Director	91:1	-
3	Dr. Vishnu Kanhere^#	Independent Director	-	-
4	Dr. Ravindra Bapat†	Independent Director	-	-
5	Mr. C. V. Bijlani#	Independent Director	-	-
6	Mr. Madan Goyal+##	Independent Director	-	-
7	Mr. Ronil Sujan§	Independent Director	-	-
8	Mr. Srijit Mullick	Chief Financial Officer	Not Applicable	-
9	Mr. Gaurav Thakur	Company Secretary	Not Applicable	-

\* The remuneration for the financial year 2015-16 was paid as per the Central Government's approval and includes differential amount of ₹ 25.225 million belonging to financial year 2014-15 consequent upon approval granted by the Central Government for waiver of the recovery of excess remuneration

@ Relieved from the position of Executive Director w.e.f. December 01, 2015 and continuing as Non-Executive Director. The remuneration upto November 30, 2015 was paid as per the Central Government's approval and includes differential amount of ₹ 13.713 million belonging to financial year 2014-15 consequent upon approval granted by the Central Government for waiver of the recovery of excess remuneration and terminal dues of ₹ 5.891 million.

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

+ Resigned from the Directorship of the Company w.e.f. November 26, 2015

§ Resigned from the Directorship of the Company w.e.f. April 24, 2015

# The Independent Directors were paid only sitting fees during the financial years 2015-16 and 2014-15

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

The median remuneration of employees in the financial year 2015-16 has declined by 8% as compared to the previous year.

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

As on March 31, 2016, 459 permanent employees were on the rolls of the Company.

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

During the financial year 2015-16, average percentile increase already made in the salaries of employees other than the managerial personnel was (8%). In view of the losses incurred by the Company during the financial year 2015-16, there was no increase in the managerial remuneration under Section 197 of the Companies Act, 2013. The nominal increments were given to workers (as per Wage Agreement) other than the managerial personnel during the financial year 2015-16 to provide for increased cost of living/inflation 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 2015-16 is as per the Remuneration Policy of the Company.

For and on behalf of the Board of Directors

Place: Mumbai  
Date : August 12, 2016

**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	37.779*	Contractual	B.E. (ELEC.), M.S. (U.S.A.)	15	07.11.2001	39	First Employment	Yes, Spouse of Mrs. Shivani Amit Dahanukar
2	Mrs. Shivani Amit Dahanukar	Non-Executive Director	27.872 <sup>o</sup>	Contractual	M.B.A., LL.B.	10	01.06.2006	38	First Employment	Yes, Spouse of Mr. Amit Dahanukar
3	Mr. Srijit Mullick	Chief Financial Officer	4.036	Permanent	B.Com., FCA., ACMA	37	05.10.2013	61	E City Ventures Group of Companies - Chief Financial Officer	No
4	Dr. Keshab Nandy	Director (Legal, HR, IT, IR, Vigilance & Safety)	3.671	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	60	UTI Technology Services Ltd. - Sr. VP - HR, IR, Legal, Quality, Admin, Facility Mgt & CVO	No
5	Mr. Santosh Thakur	General Manager - Purchase	2.532	Permanent	B.Sc., PG in Materials Management	23	16.08.2011	46	Ranbaxy Laboratories Limited	No
6	Mr. Naresh Agnihotri	Vice President - Manufacturing Operations	2.410	Permanent	B.Sc. (Chem)	44	01.04.2011	67	Radico NV Distilleries Maharashtra Limited	No
7	Mr. Gaurav Thakur	Company Secretary	2.408	Permanent	M.Com., ACS., ACMA	16	15.01.2011	38	Gini & Jony Limited	No

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
8	Mr. Ajit Sirsat	General Manager - Finance & Accounts	2.161	Permanent	B.Com., ACA., Grad. CMA	22	22.06.2012	45	Raymond Apparel Limited	No
9	Mr. Hardip Singh Grewal	Director (Sales and Operations)	1.994 <sup>#</sup>	Permanent	Graduate in Economics	31	18.08.2015	54	Jagatjit Industries Limited	No
10	Mr. Ashish Choudhury	State Head - Karnataka	1.938	Permanent	Graduate in Humanities	36	03.09.2009	60	Radico Khaitan Limited	No

\* The remuneration for the financial year 2015-16 was paid as per the Central Government's approval and includes differential amount of ₹ 25.225 million belonging to financial year 2014-15 consequent upon approval granted by the Central Government for waiver of the recovery of excess remuneration.

@ Relieved from the position of Executive Director w.e.f. December 01, 2015 and continuing as Non-Executive Director. The remuneration upto November 30, 2015 was paid as per the Central Government's approval and includes differential amount of ₹ 13.713 million belonging to financial year 2014-15 consequent upon approval granted by the Central Government for waiver of the recovery of excess remuneration and terminal dues of ₹ 5.891 million.

# Ceased to be in employment of the Company w.e.f. June 17, 2016.

For and on behalf of the Board of Directors

Place: Mumbai

Date : August 12, 2016

**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, 2016

[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. Shrirampur, 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. E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400 072 Tel: (022) 40430200 Fax: (022) 28475207 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	96%

### 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, 1st 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, 2015				No. of Shares held at the end of the year i.e. March 31, 2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	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	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1)</b>	<b>68,571,668</b>	<b>-</b>	<b>68,571,668</b>	<b>54.96</b>	<b>68,571,668</b>	<b>-</b>	<b>68,571,668</b>	<b>54.96</b>	
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoters (A)= (A)(1)+(A)(2)</b>	<b>68,571,668</b>	<b>-</b>	<b>68,571,668</b>	<b>54.96</b>	<b>68,571,668</b>	<b>-</b>	<b>68,571,668</b>	<b>54.96</b>	<b>-</b>
<b>B Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/Financial Institutions	161,108	9,858	170,966	0.14	243,207	9,858	253,065	0.20	0.06
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FII's	936,555	-	936,555	0.75	162,895	-	162,895	0.13	(0.62)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1)</b>	<b>1,097,663</b>	<b>9,858</b>	<b>1,107,521</b>	<b>0.89</b>	<b>406,102</b>	<b>9,858</b>	<b>415,960</b>	<b>0.33</b>	<b>(0.56)</b>

Category of Shareholders	No. of Shares held at the beginning of the year i.e. April 01, 2015				No. of Shares held at the end of the year i.e. March 31, 2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Non- Institutions</b>									
a) Bodies Corporate									
i) Indian	10,775,300	17,110	10,792,410	8.65	10,542,863	17,110	10,559,973	8.47	(0.18)
ii) Overseas	-	-	-	-	150,000	-	150,000	0.12	0.12
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	22,853,964	1,254,919	24,108,883	19.32	23,953,608	1,214,611	25,168,219	20.17	0.85
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	17,041,054	258,490	17,299,544	13.87	17,137,275	358,490	17,495,765	14.03	0.16
c) Others									
i) Clearing Member	1,080,658	-	1,080,658	0.87	588,824	-	588,824	0.47	(0.40)
ii) NRIs	1,526,733	8,754	1,535,487	1.23	1,538,738	8,618	1,547,356	1.24	0.01
iii) Tilaknagar Industries Ltd. – Unclaimed Suspense Account	259,944	-	259,944	0.21	258,300	-	258,300	0.21	-
iv) Trusts	-	-	-	-	50	-	50	0.00	-
<b>Sub-total (B) (2)</b>	<b>53,537,653</b>	<b>1,539,273</b>	<b>55,076,926</b>	<b>44.15</b>	<b>54,169,658</b>	<b>1,598,829</b>	<b>55,768,487</b>	<b>44.71</b>	<b>0.56</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>54,635,316</b>	<b>1,549,131</b>	<b>56,184,447</b>	<b>45.04</b>	<b>54,575,760</b>	<b>1,608,687</b>	<b>56,184,447</b>	<b>45.04</b>	<b>-</b>
<b>C Shares held by Custodian for GDR &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>123,206,984</b>	<b>1,549,131</b>	<b>124,756,115</b>	<b>100.00</b>	<b>123,147,428</b>	<b>1,608,687</b>	<b>124,756,115</b>	<b>100.00</b>	<b>-</b>

## ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. April 01, 2015			Shareholding at the end of the year i.e. March 31, 2016			% Change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Mr. Amit Dahanukar (Promoter)	29,844,552	23.92	21.36	29,844,552	23.92	21.18	-
2	Mrs. Shivani Amit Dahanukar (Promoter)	32,976,043	26.43	25.06	32,976,043	26.43	21.42	-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. April 01, 2015			Shareholding at the end of the year i.e. March 31, 2016			% Change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
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	0.85	1,190,934	0.95	-	-

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

Sr. No.	Shareholding at the beginning of the year i.e. April 01, 2015		Cumulative Shareholding during the year i.e. March 31, 2016	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year			
	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 2015-16, there was no change in the promoter's shareholding.	
	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, 2015		Increase/Decrease in shareholding during the year			Cumulative Shareholding during the year i.e. on March 31, 2016		
		No. of Shares	% of total Shares of the Company	01/04/2015 to 30/06/2015	01/07/2015 to 30/09/2015	01/10/2015 to 31/12/2015	01/01/2016 to 31/03/2016	No. of Shares	% of total Shares of the Company
1	LKP Securities Limited	-	-	281,199 (Transfer)	(281,199) (Transfer)	75,000 (Transfer)	593,000 (Transfer)	668,000	0.54
2	Zest Real Estate Advisory LLP	-	-	-	-	200,000 (Transfer)	458,916 (Transfer)	658,916	0.53
3	Zest Agro Trading and Advisory LLP	-	-	-	300,000	-	319,561 (Transfer)	619,561	0.50
4	Corum Securities Pvt Ltd	-	-	-	500,000	-	-	500,000	0.40

Sr. No.	For Each of the Top Shareholders	Shareholding at the beginning of the year i.e. on April 01, 2015		Increase/Decrease in shareholding during the year				Cumulative Shareholding during the year i.e. on March 31, 2016	
		No. of Shares	% of total Shares of the Company	01/04/2015 to 30/06/2015	01/07/2015 to 30/09/2015	01/10/2015 to 31/12/2015	01/01/2016 to 31/03/2016	No. of Shares	% of total Shares of the Company
5	Himanshu Wasudeo Kane	411,000	0.33	(7,840) (Transfer)	-	(3,160) (Transfer)	-	400,000	0.32
6	Sai Telecom Ltd	392,106	0.31	-	-	-	-	392,106	0.31
7	Laxmi Narasimhan K	387,484	0.31	-	-	500 (Transfer)	516 (Transfer)	388,500	0.31
8	Sudhish Chugh	-	-	-	64,600	112,000 (Transfer)	204,513 (Transfer)	381,113	0.31
9	Sukhbir Puri	204,806	0.16	100,000 (Transfer)	25,000 (Transfer)	-	-	329,806	0.26
10	Celsia Philomena Bocarro	186,350	0.15	-	137,385 (Transfer)	-	-	323,735	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, 2015		Increase/Decrease in shareholding during the year				Cumulative Shareholding during the year i.e. on March 31, 2016	
		No. of Shares	% of total Shares of the Company	01/04/2015 to 30/06/2015	01/07/2015 to 30/09/2015	01/10/2015 to 31/12/2015	01/01/2016 to 31/03/2016	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) <sup>@</sup>	32,976,043	26.43	-	-	-	-	32,976,043	26.43
3	Dr. Vishnu Kanhere (ID) <sup>^</sup>	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. Madan Goyal (ID) <sup>+</sup>	12,000	0.01	-	-	-	-	12,000	0.01
7	Mr. Ronil Sujan (ID) <sup>§</sup>	-	-	-	-	-	-	-	-
9	Mr. Srijit Mullick (CFO)	-	-	-	-	-	-	-	-
10	Mr. Gaurav Thakur (CS)	28,001	0.02	(16,000) (Transfer)	(12,001) (Transfer)	-	-	-	-

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

<sup>@</sup> Relieved from the position of Executive Director w.e.f. December 01, 2015 and continuing as Non-Executive Director.

<sup>^</sup> Resigned from the Directorship of the Company w.e.f. June 30, 2016.

<sup>+</sup> Resigned from the Directorship of the Company w.e.f. November 26, 2015.

<sup>§</sup> Resigned from the Directorship of the Company w.e.f. April 24, 2015.

## 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
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	7,539.52	906.06	-	8,445.58
ii) Interest due but not paid	33.79	-	-	33.79
iii) Interest accrued but not due	0.97	-	-	0.97
<b>Total (i+ii+iii)</b>	<b>7,574.28</b>	<b>906.06</b>	<b>-</b>	<b>8,480.34</b>
<b>Change in Indebtedness during the financial year</b>				
● Addition	3,130.95	889.96	-	4,020.91
● Reduction	2,820.13	635.68	-	3,455.81
<b>Net Change</b>	<b>310.82</b>	<b>254.28</b>	<b>-</b>	<b>565.10</b>
<b>Indebtedness at the end of the financial year</b>				
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
<b>Total (i+ii+iii)</b>	<b>8,284.59</b>	<b>1,166.66</b>	<b>-</b>	<b>9,451.25</b>

## 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/WTD/Manager		Total Amount
		Mr. Amit Dahanukar (Chairman & Managing Director)	Mrs. Shivani Amit Dahanukar (Non-Executive Director)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	36.963*	27.076®	64.039
	(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	0.796	1.612

Sr. No. Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
	Mr. Amit Dahanukar (Chairman & Managing Director)	Mrs. Shivani Amit Dahanukar (Non-Executive Director)	
<b>Total (A)</b>	<b>37.779</b>	<b>27.872</b>	<b>65.651</b>
<b>Ceiling as per the Act<sup>#</sup></b>	<b>12.881</b>	<b>8.587</b>	<b>21.468</b>

\* The remuneration for the financial year 2015-16 was paid as per the Central Government's approval and includes differential amount of ₹ 25.225 million belonging to financial year 2014-15 consequent upon approval granted by the Central Government for waiver of the recovery of excess remuneration.

@ Relieved from the position of Executive Director w.e.f. December 01, 2015 and continuing as Non-Executive Director. The remuneration upto November 30, 2015 was paid as per the Central Government's approval and includes differential amount of ₹13.713 million belonging to financial year 2014-15 consequent upon approval granted by the Central Government for waiver of the recovery of excess remuneration and terminal dues of ₹ 5.891 million.

# 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
<b>1</b>	<b>Independent Directors</b>	<b>Dr. Vishnu Kanhere<sup>^</sup></b>	<b>Dr. Ravindra Bapat</b>	<b>Mr. C.V. Bijlani</b>	<b>Mr. Madan Goyal<sup>+</sup></b>	<b>Mr. Ronil Sujan<sup>\$</sup></b>	
	Fee for attending board/committee meetings	0.055	0.045	0.075	0.055	-	0.230
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>0.055</b>	<b>0.045</b>	<b>0.075</b>	<b>0.055</b>	<b>-</b>	<b>0.230</b>
<b>2</b>	<b>Other Non-Executive Directors</b>					<b>Shivani Amit Dahanukar<sup>@</sup></b>	
	Fee for attending board/committee meetings	-	-	-	-	0.005	0.005
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.005</b>	<b>0.005</b>
	<b>Total (B)=(1+2)</b>	<b>0.055</b>	<b>0.045</b>	<b>0.075</b>	<b>0.055</b>	<b>-</b>	<b>0.235</b>
	<b>Total Managerial Remuneration</b>						<b>21.468</b>
	Overall Ceiling as per the Act	₹ 21.468 million (In accordance with the approval granted by the Central Government)					

<sup>^</sup> Resigned from the Directorship of the Company w.e.f. June 30, 2016.

<sup>+</sup> Resigned from the Directorship of the Company w.e.f. November 26, 2015.

<sup>\$</sup> Resigned from the Directorship of the Company w.e.f. April 24, 2015.

<sup>@</sup> Relieved from the position of Executive Director w.e.f. December 01, 2015 and continuing as Non-Executive Director

## 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	3.834	2.285	6.119
	(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	-	-	-
	- others, specify	-	-	-
5	Others (Contribution to PF)	0.202	0.123	0.325
	<b>Total</b>	<b>4.036</b>	<b>2.408</b>	<b>6.444</b>

## VII. Penalties/Punishment/Compounding of Offences

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Authority [RD/ NCLT/COURT] if any (give details)
<b>(A) COMPANY</b>			
Penalty			
Punishment			
Compounding			
<b>(B) DIRECTORS</b>			
Penalty			
Punishment			
Compounding			
<b>(C) OTHER OFFICERS IN DEFAULT</b>			
Penalty			
Punishment			
Compounding			

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 2015-16.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : August 12, 2016

**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 <sup>st</sup> year, 20% after 2 <sup>nd</sup> year, 30% after 3 <sup>rd</sup> year and 40% after 4 <sup>th</sup> year from the date of respective grant.	Out of the total options granted, 30% options vest after 1 <sup>st</sup> year, 30% after 2 <sup>nd</sup> year and 40% after 3 <sup>rd</sup> year from the date of respective grant.	Out of the total options granted, 30% options vest after 1 <sup>st</sup> year, 30% after 2 <sup>nd</sup> year and 40% after 3 <sup>rd</sup> year from the date of respective grant.																														
4	Pricing Formula	<p>The exercise price shall be calculated at a discount not higher than 75% of the average of the daily high and low of the prices for the Company's equity shares quoted on BSE Limited, during the 15 days preceding the date of vesting of stock options subject to minimum exercise price as given below:</p> <table border="1"> <thead> <tr> <th>Date of Grant</th> <th>Minimum Exercise Price (₹)</th> </tr> </thead> <tbody> <tr> <td>July 02, 2009</td> <td>13.33</td> </tr> <tr> <td>January 28, 2010</td> <td>25.00</td> </tr> <tr> <td>June 25, 2010</td> <td>36.67</td> </tr> <tr> <td>August 07, 2010</td> <td>50.00</td> </tr> </tbody> </table>	Date of Grant	Minimum Exercise Price (₹)	July 02, 2009	13.33	January 28, 2010	25.00	June 25, 2010	36.67	August 07, 2010	50.00	<p>The exercise price shall be calculated at a discount not higher than 75% of the average of the daily high and low of the prices for the Company's equity shares quoted on BSE Limited, during the 15 days preceding the date of vesting of stock options subject to minimum exercise price as given below:</p> <table border="1"> <thead> <tr> <th>Date of Grant</th> <th>Minimum Exercise Price (₹)</th> </tr> </thead> <tbody> <tr> <td>January 15, 2011</td> <td>60.00</td> </tr> <tr> <td>August 01, 2011</td> <td>38.00</td> </tr> <tr> <td>October 21, 2011</td> <td>25.00</td> </tr> <tr> <td>November 11, 2011</td> <td>25.00</td> </tr> </tbody> </table>	Date of Grant	Minimum Exercise Price (₹)	January 15, 2011	60.00	August 01, 2011	38.00	October 21, 2011	25.00	November 11, 2011	25.00	<p>The exercise price shall be calculated at a discount not higher than 75% of the average of the daily high and low of the prices for the Company's equity shares quoted on BSE Limited, during the 15 days preceding the date of vesting of stock options subject to minimum exercise price as given below:</p> <table border="1"> <thead> <tr> <th>Date of Grant</th> <th>Minimum Exercise Price (₹)</th> </tr> </thead> <tbody> <tr> <td>May 28, 2012</td> <td>42.00</td> </tr> <tr> <td>February 04, 2013</td> <td>60.00</td> </tr> <tr> <td>May 30, 2013</td> <td>45.00</td> </tr> <tr> <td>May 26, 2014</td> <td>46.00</td> </tr> </tbody> </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
Date of Grant	Minimum Exercise Price (₹)																																	
July 02, 2009	13.33																																	
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May 28, 2012	42.00																																	
February 04, 2013	60.00																																	
May 30, 2013	45.00																																	
May 26, 2014	46.00																																	
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	691,135	1,597,919	5,119,043																														
9	Number of stock options granted during the year	Nil	Nil	Nil																														
10	Number of stock options forfeited/ lapsed/ cancelled during the year	457,590	1,059,576	2,579,083																														
11	Number of stock options vested during the year	Nil	Nil	1,888,796																														

Sr. No. Particulars		ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
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
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	233,545	538,343	2,539,960
17	Number of stock options exercisable at the end of the year	233,545	538,343	1,766,186
18	Stock options granted to Senior Managerial Personnel / Key Managerial Personnel	Nil	Nil	Nil
19	Employees who were granted in the year stock options amounting to 5% or more of the stock options granted during the year	Nil	Nil	Nil
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 29(v) of the Notes to Accounts		
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 29(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 29(v) of the Notes to Accounts		

Sr. No.	Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
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 29(v) of the Notes to Accounts		
26	<p>A description of the method and significant assumptions used during the year to estimate the fair value of stock options, including the following information:</p> <p>(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;</p> <p>(b) the method used and the assumptions made to incorporate the effects of expected early exercise;</p> <p>(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and</p> <p>(d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.</p>	Refer Note 29(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 81<sup>st</sup> Annual General Meeting.

For and on behalf of the Board of Directors

Place: Mumbai  
Date : August 12, 2016

**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 Abled and Socially and Economically Backward Section of Society by:**

- i. forming Self Help Groups to promote financial inclusion;
- ii. identifying and training differently abled persons for skill building and improve livelihoods;
- iii. conducting vocational training programs for women through NGOs, institutions, government bodies etc.;
- iv. promoting savings and increasing financial literacy; and
- v. providing marketing support for existing rural micro enterprises.

**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.

- 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 2015-16 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>

**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;

**2. The Composition of the CSR Committee:**

As on March 31, 2016, 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)
<b>3.</b>	<b>Average net profit of the Company for last three financial years</b>	393.2
<b>4.</b>	<b>Prescribed CSR Expenditure [Rounded off] (two percent of the amount as in item 3 above)</b>	7.9
<b>5.</b>	<b>Details of CSR spent during the financial year 2015-16</b>	
	a. Total amount to be spent for the financial year	10.25
	b. Amount unspent, if any	5.34
	c. Manner in which the amount spent during the financial year 2015-16:	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:**

The shortfall in the budgeted CSR expenditure during the financial year 2015-16 relates to certain CSR projects of ongoing nature undertaken by the Company spanning over multiple years and the same is being spent by the Company across the life of the projects.

**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 12, 2016

(5) c. Manner in which the amount spent during the financial year 2015-16 is detailed below:

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs	Amount spent on the projects or programs (budget) project or program wise	Cumulative expenditure up to reporting period i.e. March 31, 2016	Amount spent (Direct or through implementing agency)
1	Community kitchen	Eradication hunger and poverty (Clause (i) of Schedule VII)	Shrirampur, Ahmednagar - Maharashtra.	0.51	0.51	Direct
2	Malnutrition and health assessment camps and malnutrition clinic	Malnutrition (Clause (i) of Schedule VII)	Shrirampur, Ahmednagar - Maharashtra.	1.58	1.59	Shrimati Maiti Dahanukar Trust
3	Literacy	Promoting education (Clause (ii) of Schedule VII)	Shrirampur, Ahmednagar - Maharashtra.	2.21	0.35	Shrimati Maiti Dahanukar Trust
4	Healthcare Treatment/ Sponsorship and Awareness camps	Promoting healthcare including preventive health care (Clause (i) of Schedule VII)	Shrirampur, Ahmednagar - Maharashtra.	2.45	0.24	Direct
5	Supply of RO water	Sanitation and making available safe drinking water (Clause (i) of Schedule VII)	Shrirampur, Ahmednagar - Maharashtra.	0.74	0.37	Direct
6	Sports and fitness to engage the unemployed youth	Promotion of rural sports (Clause (vii) of Schedule VII)	Shrirampur, Ahmednagar - Maharashtra.	0.12	0.13	Shrimati Maiti Dahanukar Trust
7	Waste management, tree plantation and organic production	Ensuring environmental sustainability (Clause (iv) of Schedule VII)	Shrirampur, Ahmednagar - Maharashtra.	1.32	0.37	Direct
8	Animal welfare centre	Animal welfare (Clause (iv) of Schedule VII)	Shrirampur, Ahmednagar - Maharashtra.	1.32	1.35	Direct
<b>TOTAL</b>				<b>10.25</b>	<b>4.91</b>	<b>4.91</b>

(₹ in million)

# 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, 2016

[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, 2016, the Board of Directors' provides its explanations/comments as under:

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

*We draw attention to note 29 (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 29 (xix) of the consolidated financial statements.*

**Board's response:** The Company has applied to the State Government authorities for dual feed permission for manufacturing 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.

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

*We draw attention to note 29 (xxiii) of the standalone financial statements in respect of outstanding advances receivable amounting to ₹ 463.00 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 29 (xxv) of the consolidated financial statements.*

**Board's response:** The advances amounting to ₹ 463.00 million (previous year ₹ 463.00 million) have been given to tie up units in the state of Tamil Nadu for working capital funding in the normal course of business. Business was temporarily suspended due to financial difficulties faced by the said tie up units. The company is negotiating various options including third

party equity participation and/or filing a legal suit for recovery and is confident that the major tie up unit shall commence its operations in the near future and that the company will be able to recover its legitimate dues. The Company has entered into a MOU with the major tie up unit for the recoverable amount which has been signed in the financial year 2014-15.

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

*We draw attention to note no 29 (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 29 (xxii) of the consolidated financial statements.*

**Board's response:** The Company has been following up with the Government for disbursement of the sanctioned MVAT and CST refund and is hopeful of receipt of the same in near future.

**iv. 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 serious delays in large number of 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 2015-16 coupled with decline in sales volume due to constraints in the supply of Company's brands in key profitable

States owing to shortage of working capital and bottling capacity constraints in the State of Tamil Nadu, operational disturbances caused due to bifurcation of the State of Andhra Pradesh and restrictions imposed on sales in the Kerala Market 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

Place: Mumbai  
Date : August 12, 2016

**Amit Dahanukar**  
Chairman & Managing Director

# CORPORATE GOVERNANCE REPORT

The Report on Corporate Governance for the financial year ended March 31, 2016 containing, inter-alia, the matters as specified in Schedule V of the Securities and Exchange Board of India (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.

During the financial year ended March 31, 2016, the Company was in compliance of the applicable corporate governance requirements specified under Clause 49 of the Listing Agreement (effective till November 30, 2015) and Regulations 17 to 27 and 46 (b) to (i) of the Listing Regulations (effective from December 01, 2015) as 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, 2016 with an optimum combination of Executive, Non-Executive, Independent and Woman Directors.

**Composition of the Board along with the number of other Directorship/Committee positions held as on March 31, 2016 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 <sup>#</sup>	
				Member	Chairperson
Mr. Amit Dahanukar	00305636	Chairman & Managing Director (E, P)	8	Nil	Nil
Mrs. Shivani Amit Dahanukar <sup>@</sup>	00305503	Non-Executive Director (NE, P)	8	Nil	Nil
Dr. Vishnu Kanhere <sup>^</sup>	00999861	Director (NE, I)	2	Nil	2
Dr. Ravindra Bapat	00353476	Director (NE, I)	2	2	Nil
Mr. C.V. Bijlani	02039345	Director (NE, I)	2	Nil	2
Mr. Madan Goyal <sup>+</sup>	00377825	Director (NE, I)	Nil	Nil	Nil
Mr. Ronil Sujan <sup>§</sup>	01780094	Director (NE, I)	Nil	Nil	Nil

**Details of Additional Director appointed after March 31, 2016 are as follows:**

Mr. Kishorekumar G. Mhatre <sup>®</sup>	07527683	Director (NE, I)	Nil	Nil	Nil
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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

# CORPORATE GOVERNANCE REPORT

- # Only Audit Committee and Stakeholders Relationship Committee have been considered for the above purpose  
 @ Relieved from the position of Executive Director w.e.f. December 01, 2015 and continuing as Non-Executive Director  
 ^ Resigned from the Directorship of the Company w.e.f. June 30, 2016  
 + Resigned from the Directorship of the Company w.e.f. November 26, 2015  
 \$ Resigned from the Directorship of the Company w.e.f. April 24, 2015  
 % Appointed as Additional Director(Non-Executive & Independent) 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](http://www.tilind.com/downloads/pdf/Appointment_letter_of_Independent_Director.pdf)

The Board has met 4 times during the financial year 2015-16 on May 30, 2015; August 14, 2015; November 10, 2015 and February 12, 2016 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 2015-16 and the last Annual General Meeting held on September 26, 2015 is as follows:

Name of the Director	Category	Attendance at the Meetings held during FY 2015-16	
		Board Meetings	Annual General Meeting
Mr. Amit Dahanukar	Chairman & Managing Director	3	Yes
Mrs. Shivani Amit Dahanukar <sup>@</sup>	Non-Executive Director	3	Yes
Dr. Vishnu Kanhere <sup>^</sup>	Independent Director	4	Yes
Dr. Ravindra Bapat	Independent Director	4	Yes
Mr. C.V. Bijlani	Independent Director	4	Yes
Mr. Madan Goyal <sup>+</sup>	Independent Director	3	Yes
Mr. Ronil Sujan <sup>\$</sup>	Independent Director	Nil	No
Mr. Kishorekumar G. Mhatre <sup>%</sup>	Independent Director	N.A.	N.A.

- @ Relieved from the position of Executive Director w.e.f. December 01, 2015 and continuing as Non-Executive Director  
 ^ Resigned from the Directorship of the Company w.e.f. June 30, 2016  
 + Resigned from the Directorship of the Company w.e.f. November 26, 2015  
 \$ Resigned from the Directorship of the Company w.e.f. April 24, 2015  
 % Appointed as Additional Director(Non-Executive & Independent) 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, upon the recommendation of the Nomination and Remuneration Committee, adopted a Nomination, Remuneration and Evaluation Policy containing the criteria for performance evaluation of all the Independent and Non-Independent Directors as given hereunder:

- a. accomplishment of the Company's mission, objectives and strategic results for which the Executive Director is responsible;
- b. adherence by Executive Directors to operational policies approved by the Board;
- c. ability to contribute to and monitor Company's Corporate Governance practices;
- d. ability to contribute by introducing best practices to address top-management issues;
- e. active participation in long-term strategic planning; and
- f. commitment to the fulfillment of their obligations and fiduciary responsibilities (including participation and attendance at the Board/Committee meetings).

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

#### Remuneration of Directors

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 2015-16, 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 month's salary in lieu thereof respectively. No severance fees is payable to him on termination of the service contract. During the financial year 2015-16, 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.

Consequent upon relieving of Mrs. Shivani Amit Dahanukar from the position of the Executive Director of the Company w.e.f. December 01, 2015, she was paid remuneration till November 30, 2015 in accordance with the approval granted by the Central Government vide its letter no. C66749789/ 2015 - CL-VII dated April 12, 2016 alongwith her terminal dues.

#### Remuneration paid to the Directors for the financial year 2015-16 is as follows:

(Rs. in million)				
Name of the Director	Category	Salaries, Allowances & Perquisites	Contribution to SA/ PF	Sitting Fees
Mr. Amit Dahanukar	Chairman & Managing Director	36.963*	0.816	Nil
Mrs. Shivani Amit Dahanukar <sup>®</sup>	Non-Executive Director	27.076 <sup>†</sup>	0.796	0.005
Dr. Vishnu Kanhere <sup>^</sup>	Independent Director	Nil	Nil	0.055

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Name of the Director	Category	Salaries, Allowances & Perquisites	Contribution to SA/ PF	Sitting Fees
Dr. Ravindra Bapat	Independent Director	Nil	Nil	0.045
Mr. C.V. Bijlani	Independent Director	Nil	Nil	0.075
Mr. Madan Goyal <sup>+</sup>	Independent Director	Nil	Nil	0.055
Mr. Ronil Sujan <sup>§</sup>	Independent Director	Nil	Nil	Nil
Mr. Kishorekumar G. Mhatre <sup>%</sup>	Independent Director	N.A.	N.A.	N.A.

@ Relieved from the position of Executive Director w.e.f. December 01, 2015 and continuing as Non-Executive Director

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

+ Resigned from the Directorship of the Company w.e.f. November 26, 2015

§ Resigned from the Directorship of the Company w.e.f. April 24, 2015

\* Includes differential amount of Rs. 25.225 million belonging to financial year 2014-15 consequent upon approval granted by the Central Government for waiver of the recovery of excess remuneration

! Includes differential amount of Rs. 13.713 million belonging to financial year 2014-15 consequent upon approval granted by the Central Government for waiver of the recovery of excess remuneration and terminal dues of Rs. 5.891 million.

% Appointed as Additional Director(Non-Executive & Independent) w.e.f. June 09, 2016

Apart from the above remuneration, gratuity and leave encashment are payable to the Chairman and 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 2015-16.

## 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, 2016	As on March 31, 2015	As on March 31, 2016	As on March 31, 2015
Mr. Amit Dahanukar	Chairman & Managing Director	29,844,552	29,844,552	Nil	Nil
Mrs. Shivani Amit Dahanukar <sup>@</sup>	Non-Executive Director	32,976,043	32,976,043	Nil	Nil
Dr. Vishnu Kanhere <sup>^</sup>	Independent Director	12,000	12,000	7,998	7,998
Dr. Ravindra Bapat	Independent Director	32,250	32,250	7,998	7,998
Mr. C.V. Bijlani	Independent Director	20,000	20,000	7,998	7,998
Mr. Madan Goyal <sup>+</sup>	Independent Director	12,000	12,000	Nil	7,998
Mr. Ronil Sujan <sup>§</sup>	Independent Director	Nil	Nil	Nil	Nil
Mr. Kishorekumar G. Mhatre <sup>%</sup>	Independent Director	N.A.	N.A.	N.A.	N.A.

@ Relieved from the position of Executive Director w.e.f. December 01, 2015 and continuing as Non-Executive Director

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

+ Resigned from the Directorship of the Company w.e.f. November 26, 2015

§ Resigned from the Directorship of the Company w.e.f. April 24, 2015

\* 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 Rs. 50/-, vesting in 4 years from the date of grant and exercisable within 2 years from the date of vesting

% Appointed as Additional Director (Non-Executive & Independent) 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](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, 2016. 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.

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 12, 2016, 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.

**The composition of the Audit Committee as on March 31, 2016 and attendance of the Committee Members at the Audit Committee Meetings held during the financial year 2015-16 are as follows:**

Name of the Member	Designation	Qualification	No. of Meetings attended
Dr. Vishnu Kanhere <sup>^</sup>	Chairman	C.A., C.M.A.	4
Mr. C.V. Bijlani <sup>*</sup>	Member	M.A., C.A.I.I.B.	4
Mr. Madan Goyal <sup>!</sup>	Member	M.B.A., C.A.I.I.B., F.C.I.B. (U.K.)	3
Dr. Ravindra Bapat <sup>+</sup>	Member	M.S., M.B.A., F.I.S.C.	1
<b>Details of Member appointed after March 31, 2016 are as follows:</b>			
Mr. Kishorekumar G. Mhatre <sup>%</sup>	Member	LL.B.	N.A.

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

<sup>\*</sup> Appointed as Chairman of the Committee w.e.f. June 30, 2016

<sup>!</sup> Ceased to be Member of the Committee w.e.f. November 27, 2015

<sup>+</sup> Appointed as Member of the Committee w.e.f. November 27, 2015

<sup>%</sup> Appointed as Member of the Committee w.e.f. June 09, 2016

#### 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, 2016 having knowledge/expertise in the areas of accounting/financial management.

The Audit Committee met 4 times during the financial year 2015-16 on May 30, 2015; August 14, 2015; November 10, 2015 and February 12, 2016. The intervening period between the two meetings did not exceed one hundred and twenty days.

# CORPORATE GOVERNANCE REPORT

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. Dr. Vishnu Kanhere, then Chairman of the Audit Committee, attended the Annual General Meeting of the Company held on September 26, 2015.

The Board has, on November 10, 2015, revised the role of the Audit Committee to align the same with the provisions of Regulation 18 read with Part C of Schedule II of the Listing Regulations. The revised terms of reference of the Committee include, inter-alia, the following:

- 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, 2016.

The Stakeholders Relationship Committee met 4 times during the financial year 2015-16 on May 30, 2015; August 14, 2015; November 10, 2015 and February 12, 2016.

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

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.

#### The composition of the Stakeholders Relationship Committee as on March 31, 2016 and attendance of the Committee Members at the Stakeholders Relationship Committee Meetings held during the financial year 2015-16 are as follows:

Name of the Member	Designation	No. of Meetings attended
Mr. C.V. Bijlani	Chairman	4
Mr. Amit Dahanukar	Member	3
Mr. Madan Goyal*	Member	3
Dr. Ravindra Bapat <sup>+</sup>	Member	1

\* Ceased to be Member of the Committee with effect from November 27, 2015

+ Appointed as Member of the Committee w.e.f. November 27, 2015

#### Statement of various complaints received and resolved during the financial year 2015-16 is as follows:

Nature of Complaint	Opening balance as on April 01, 2015	Received during the year	Resolved during the year	Closing balance as on March 31, 2016
Non-receipt of share certificates lodged for transfer	Nil	Nil	Nil	Nil
Non-receipt of dividend warrants	Nil	2	2	Nil
Non-receipt of annual reports	Nil	1	1	Nil
Non-receipt of demat rejected share certificates	Nil	Nil	Nil	Nil
Non-receipt of demat credit of shares	Nil	Nil	Nil	Nil

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Nature of Complaint	Opening balance as on April 01, 2015	Received during the year	Resolved during the year	Closing balance as on March 31, 2016
Non-receipt of bonus shares certificates	Nil	Nil	Nil	Nil
Non receipt of remat share certificates	Nil	1	1	Nil
SEBI/ROC	Nil	3	3	Nil
<b>Total</b>	<b>Nil</b>	<b>7</b>	<b>7</b>	<b>Nil</b>

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 4 Independent Directors as on March 31, 2016.

The Committee met once during the financial year 2015-16 on May 30, 2015.

**The composition of the Nomination and Remuneration Committee as on March 31, 2016 and attendance of the Committee Members at the Nomination and Remuneration Committee Meetings held during the financial year 2015-16 are as follows:**

Name of the Member	Designation	No. of Meetings Attended
Mr. C.V. Bijlani	Chairman	1
Dr. Vishnu Kanhere <sup>^</sup>	Member	1
Mr. Madan Goyal <sup>*</sup>	Member	1
Dr. Ravindra Bapat <sup>+</sup>	Member	Nil
<b>Details of Member appointed after March 31, 2016 are as follows:</b>		
Mr. Kishorekumar G. Mhatre <sup>%</sup>	Member	N.A.

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

<sup>\*</sup> Ceased to be Member of the Committee with effect from November 27, 2015

<sup>+</sup> Appointed as Member of the Committee w.e.f. November 27, 2015

<sup>%</sup> Appointed as Member of the Committee w.e.f. June 09, 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 26, 2015.

The Board has, on November 10, 2015, revised the role of the Nomination and Remuneration Committee to align the same with the provisions of Regulation 19 read with Part D of Schedule II of the Listing Regulations. The revised terms of reference of the Committee include, inter-alia, the following:

i. identification of persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommending to the Board their appointment and removal and to formulate criteria for evaluation of

performance of Independent Directors and the Board of Directors and to carry out their evaluation;

ii. formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommending a policy to the Board, relating to the remuneration for the Directors, Key Managerial Personnel and other employees ensuring that:

- 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.
- iii. devising a policy on diversity of Board of Directors; and
- iv. extension and or continuance of the terms of appointment of the Independent Directors, on the basis of the report of performance evaluation of Independent Directors.

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>

# CORPORATE GOVERNANCE REPORT

## 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, 2016.

The Committee met once during the financial year 2015-16 on May 30, 2015.

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

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

- i. to formulate and recommend to the Board, a Corporate Social Responsibility Policy (CSR Policy) which shall indicate, inter-alia, the CSR activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 as amended from time to time;
- ii. to recommend and obtain approval of the Board for the amount of expenditure that can be incurred on the activities referred to in clause(i);
- iii. to ensure that the activities as are included in CSR Policy of the Company are undertaken by the Company;
- iv. to prepare a transparent monitoring mechanism for ensuring implementation of the CSR projects/ programs/activities being undertaken/proposed to be undertaken by the Company; and
- v. to discharge such other functions as may be assigned by the Board from time to time.

The Committee has been entrusted with necessary powers to discharge the abovementioned roles and responsibilities. The Company has uploaded the CSR Policy and the Annual Report on CSR Activities for the financial year 2015-16 on its website, accessible at weblink: <http://www.tilind.com/downloads/announcements/CSRpolicy120115.pdf>

**The composition of the Corporate Social Responsibility Committee as on March 31, 2016 and attendance of the Committee Members at the Corporate Social Responsibility Committee Meetings held during the financial year 2015-16 are as follows:**

Name of the Member	Designation	No. of Meetings attended
Mrs. Shivani Amit Dahanukar	Chairperson	1
Mr. Madan Goyal*	Member	1
Mr. C.V. Bijlani	Member	1
Dr. Ravindra Bapat+	Member	Nil

\* Ceased to be Member of the Committee w.e.f. November 27, 2015

+ Appointed as Member of the Committee w.e.f. November 27, 2015

## 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, 2016.

The Committee met once during the financial year 2015-16 on May 30, 2015.

**The composition of the Compensation Committee as on March 31, 2016 and attendance of the Committee Members at the Compensation Committee Meetings held during the financial year 2015-16 are as follows:**

<b>Name of the Member</b>	<b>Designation</b>	<b>No. of Meetings attended</b>
Dr. Vishnu Kanhere <sup>^</sup>	Chairman	1
Mrs. Shivani Amit Dahanukar	Member	1
Dr. Ravindra Bapat <sup>+</sup>	Member	1
<b>Details of Member appointed after March 31, 2016 are as follows:</b>		
Mr. Kishorekumar G. Mhatre <sup>%</sup>	Member	N.A.

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

<sup>+</sup> Appointed as Member w.e.f. November 27, 2015 and chairman of the committee w.e.f. June 30, 2016

<sup>%</sup> Appointed as Member of the Committee w.e.f. June 09, 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 the Securities and Exchange Board of India (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, 2016. 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 2015-16, the Committee has met 4 times i.e. May 22, 2015, August 05, 2015, November 02, 2015 and January 29, 2016 and the meeting was 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 4 Directors as on March 31, 2016.

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.

# CORPORATE GOVERNANCE REPORT

The composition of the Share Transfer Committee as on March 31, 2016 is as follows:

Name of the Member	Designation
Mr. Amit Dahanukar	Chairman
Mrs. Shivani Amit Dahanukar	Member
Mr. C.V. Bijlani	Member
Mr. Madan Goyal*	Member
Dr. Ravindra Bapat <sup>+</sup>	Member

\* Ceased to be Member of the Committee with effect from November 27, 2015

+ Appointed as Member of the Committee w.e.f. November 27, 2015 and ceased to be Member w.e.f. June 09, 2016

## 4. SUBSIDIARY COMPANIES

The Company has 8 subsidiary companies and none of them falls 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' 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, 2016 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 2015-16, 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 2015-16. 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, 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, 2016 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**

There were no instances 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.

**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 2015-16, 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, 2016, 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 2015-16.

**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. Details of these compliances have been disclosed in the relevant sections of this Report.

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](http://www.tilind.com). The same are not sent to the Members individually.

**iii. Modified opinion(s) in audit report**

There are certain qualifications in the Audit Report prescribed by the Statutory Auditors for the financial year ended March 31, 2016 which are disclosed in the Director's Report alongwith 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.

# CORPORATE GOVERNANCE REPORT

## 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
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
2012-13	Wednesday September 11, 2013 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 2015-16, no item of business which required the Members' approval through postal ballot was transacted. 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 and Gavkari.

### ii. Website

The Company posts its Quarterly/Half Yearly/Annual Results, Annual Report, official news releases,

presentations made to investors and transcripts of the meetings with institutional investors/analysts on its website i.e. [www.tilind.com](http://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](mailto:investor@tilind.com) to enable the Members to register their complaints, if any, for expeditious redressal.

## 10. GENERAL SHAREHOLDER INFORMATION

### I 81st Annual General Meeting

Day, Date and Time	: Wednesday, September 14, 2016 at 10.30 a.m.
Venue	: Registered Office of the Company i.e. P.O. Tilaknagar, Tal. Shirampur, Dist. Ahmednagar, Maharashtra – 413 720

### II Financial Calendar

Financial Year	: 1 <sup>st</sup> April to 31 <sup>st</sup> March
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#### Financial reporting of results

• Quarterly unaudited results (other than last quarter):	Within 45 days from the end of the quarter
• Annual audited results	: Within 60 days from the end of the last quarter

<b>III Book Closure Date</b>	: No Book Closure. Cut-off date for determining the Members who are entitled to vote at the Meeting (including remote e-voting) is Wednesday, September 07, 2016.
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<b>IV Dividend Payment Date</b>	: The Directors have not recommended any Dividend for the financial year 2015-16.
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<b>V Registrar and Share Transfer Agents</b>	: Bigshare Services Pvt. Ltd. Unit: Tilaknagar Industries Ltd. E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400 072 Ph: (022) 4043 0200 Fax: (022) 2847 5207 Email: investor@bigshareonline.com Website: www.bigshareonline.com
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<b>VI Share Transfer System</b>	: 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.
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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.

<b>VII Corporate Identification Number (CIN)</b>	: L15420PN1933PLC133303
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<b>VIII Listing on Stock Exchanges</b>	: BSE Limited ( <b>Scrip Code: 507205</b> ) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai, Maharashtra - 400 001
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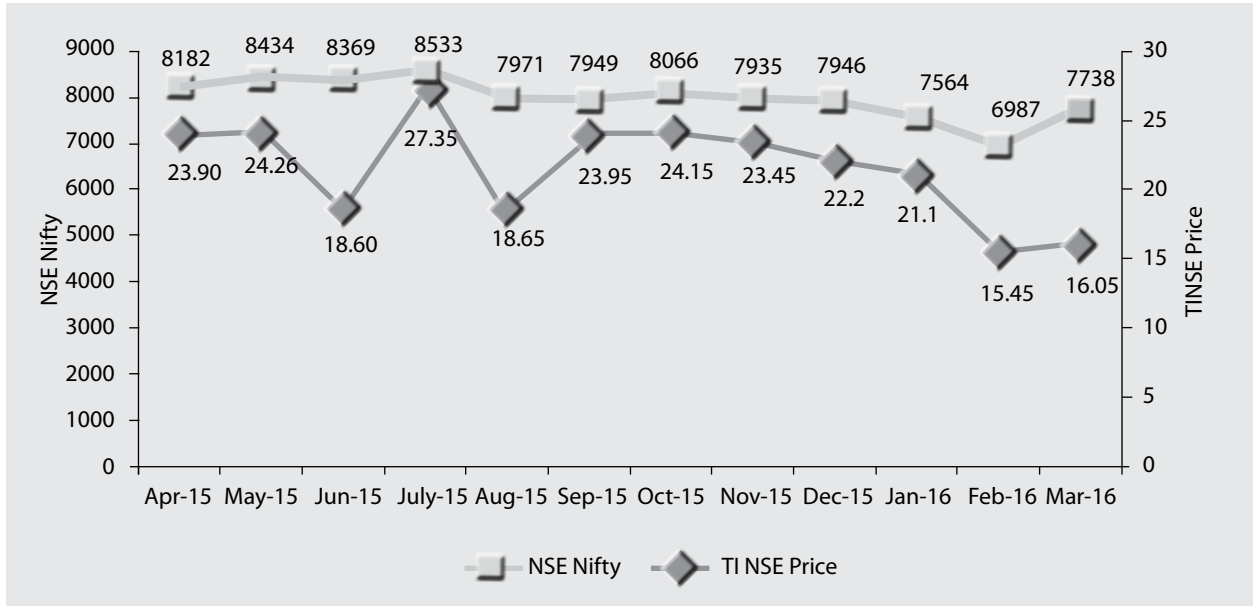
National Stock Exchange of India Limited  
(**Scrip Code: TI**)  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra (East), Mumbai, Maharashtra - 400 051

The Company has paid the annual listing fees for the financial year 2016-17 to the abovementioned stock exchanges in the prescribed timelines.

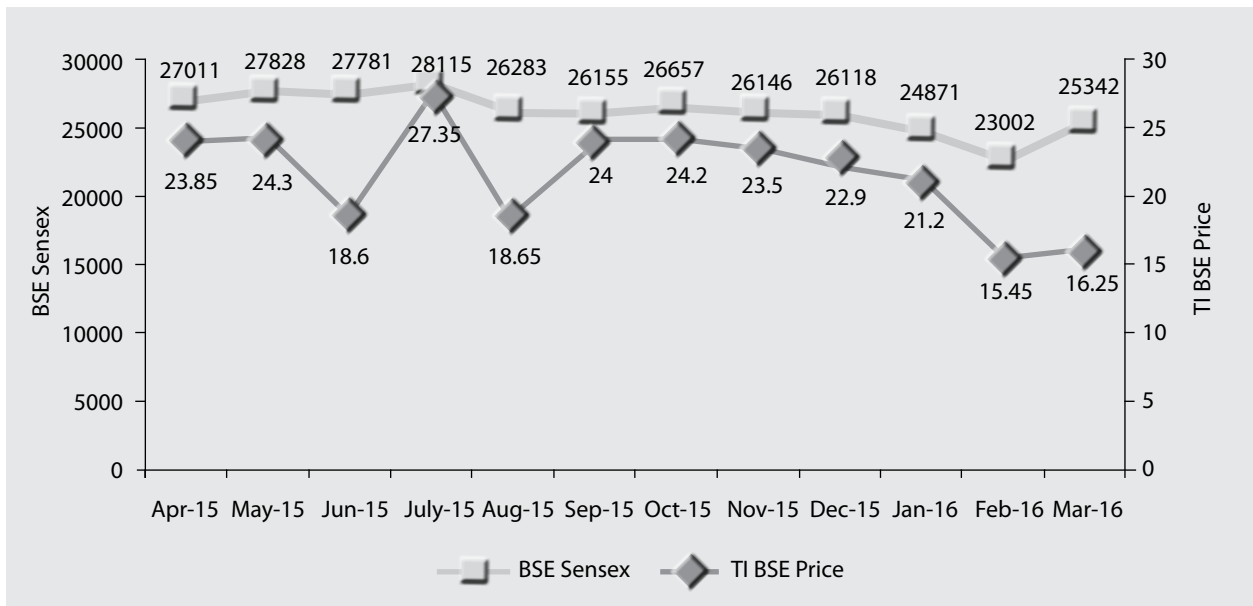
# CORPORATE GOVERNANCE REPORT

<b>IX Dematerialization of Shares &amp; Liquidity</b>	: 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 98.71% of the total issued and paid up shares as on March 31, 2016. The promoters hold their entire shareholding in dematerialized form.
<b>X Demat ISIN For Equity Shares</b>	: INE133E01013  The Company has paid the Annual custodian fees for the financial year 2016-17 to NSDL and CDSL in the prescribed timelines.
<b>XI Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, Conversion date and likely impact on equity</b>	: The Company does not have any outstanding GDRs/ADRs/ Warrants/Convertible Instruments as on March 31, 2016.
<b>XII Plant Locations</b>	: (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
<b>XIII Address for Correspondence</b>	: 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
<b>XIV Commodity price risk or foreign exchange risk &amp; hedging activities</b>	: 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 2015-16, at the insistence of Axis Bank Ltd., the principal due towards ECB loan was un-hedged and the differential amount received was utilized towards payment of the installment of ECB Loan to Axis Bank Ltd. for the month of December 2015, due to which, the entire principal amount due towards ECB loan has now been exposed to forex currency fluctuation risk.  The details of foreign exchange exposures as on March 31, 2016 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**



# CORPORATE GOVERNANCE REPORT

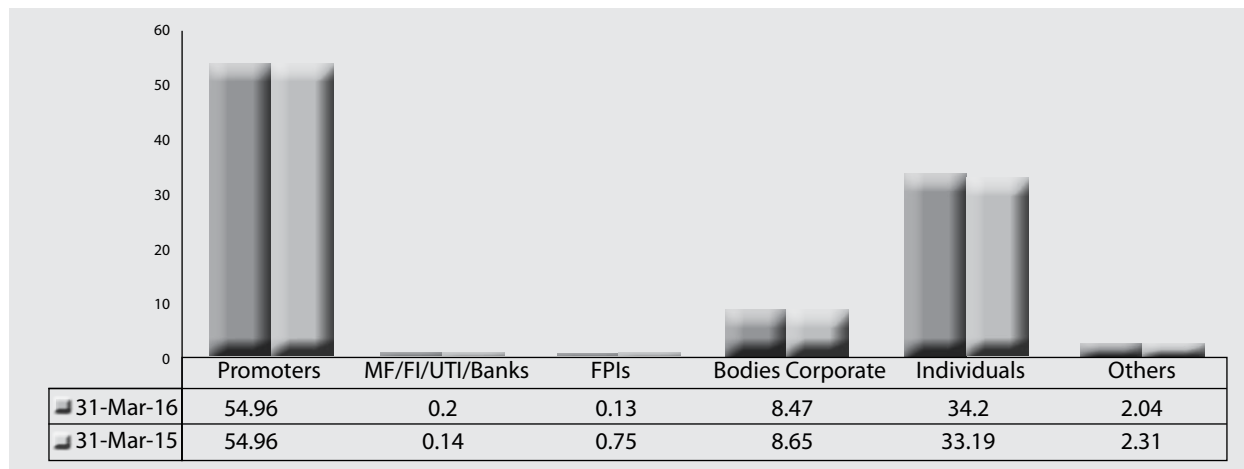
## XVII Market Price Data

Monthly High and Low Quotes and Volume of Shares traded at BSE and NSE						
Period	BSE			NSE		
	High Price (Rs.)	Low Price (Rs.)	Volume (Nos.)	High Price (Rs.)	Low Price (Rs.)	Volume (Nos.)
<b>2015</b>						
April	26.60	19.85	3,110,271	26.70	19.75	11,379,833
May	27.45	23.85	1,800,938	27.50	23.80	7,742,869
June	23.90	17.75	1,396,655	22.15	17.65	4,540,277
July	36.95	17.40	13,407,092	36.85	17.35	43,763,669
August	28.20	15.80	3,936,695	28.25	16.30	11,735,677
September	25.80	17.15	4,194,655	25.80	17.10	12,870,670
October	29.85	23.75	3,793,334	29.80	23.70	10,408,607
November	27.70	22.55	4,140,264	27.80	22.50	11,394,445
December	24.70	22.00	2,178,798	24.60	21.50	7,947,097
<b>2016</b>						
January	24.40	16.95	2,405,370	24.40	16.60	5,737,344
February	22.65	15.25	2,502,979	22.70	15.15	5,722,508
March	17.80	15.40	1,794,749	17.80	15.35	4,493,829

## XVIII Shareholding Pattern

Category	As on March 31, 2016			As on March 31, 2015		
	No. of Shareholders	No. of Shares held	%	No. of Shareholders	No. of Shares held	%
<b>Promoter Holding:</b>	<b>15</b>	<b>68,571,668</b>	<b>54.96</b>	<b>15</b>	<b>68,571,668</b>	<b>54.96</b>
<b>Public Holding:</b>						
• Mutual Funds/UTI	0	0	0.00	0	0	0.00
• Financial Institutions/Banks	21	253,065	0.20	23	170,966	0.14
• Foreign Portfolio Investors	2	162,895	0.13	8	936,555	0.75
• Bodies Corporate	654	10,559,973	8.47	743	10,792,410	8.65
• Individuals	36,934	42,663,984	34.20	36,276	41,408,427	33.19
• Clearing Members	87	588,824	0.47	122	1,080,658	0.87
• NRI	354	1,547,356	1.24	378	1,535,487	1.23
• Overseas Bodies Corporate	1	150,000	0.12	0	0	0.00
• Trusts	1	50	0.00	0	0	0.00
• TI – Unclaimed Suspense Account	1	2,58,300	0.21	1	259,944	0.21
<b>Total Public Shareholding</b>	<b>38,055</b>	<b>56,184,447</b>	<b>45.04</b>	<b>37,551</b>	<b>56,184,447</b>	<b>45.04</b>
<b>Total Shareholding</b>	<b>38,070</b>	<b>124,756,115</b>	<b>100.00</b>	<b>37,566</b>	<b>124,756,115</b>	<b>100.00</b>

### Shareholding Pattern



### XIX Distribution of Shareholding as on March 31, 2016

Shareholding of nominal value (Rs.)	Share Holders		Share Amount	
	Number	% of total	Rs.	% of total
Upto-5,000	26,411	69.38	46,822,930	3.76
5,001- 10,000	4,858	12.76	40,565,840	3.25
10,001-20,000	3,031	7.96	47,549,180	3.81
20,001-30,000	1,181	3.10	30,446,440	2.44
30,001-40,000	559	1.47	20,102,860	1.61
40,001-50,000	503	1.32	23,628,250	1.89
50,001-1,00,000	823	2.16	61,287,300	4.91
1,00,001 and above	704	1.85	977,158,350	78.33
<b>Total</b>	<b>38,070</b>	<b>100.00</b>	<b>1,247,561,150</b>	<b>100.00</b>

### XX Top Ten Shareholders (other than Promoters) as on March 31, 2016

Sr. No.	Name of the Shareholders	No. of Shares held	% of Holding
1	LKP Securities Limited	668,000	0.54
2	Zest Real Estate Advisory LLP	658,916	0.53
3	Zest Agro Trading and Advisory LLP	619,561	0.50
4	Corum Securities Pvt Ltd	500,000	0.40
5	Himanshu Wasudeo Kane	400,000	0.32
6	Sai Telecom Ltd	392,106	0.31
7	Laxmi Narasimhan K	388,500	0.31
8	Sudhish Chugh	381,113	0.31
9	Sukhbir Puri	329,806	0.26
10	Celsia Philomena Bocarro	323,735	0.26
<b>Total</b>		<b>4,661,737</b>	<b>3.74</b>

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# CORPORATE GOVERNANCE REPORT

## 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, 2016, as stipulated in:

- i. Clause 49 (excluding Clause 49 VII (E)) of the Listing Agreement for the period April 01, 2015 to November 30, 2015;
- ii. Clause 49 (VII)(E) of the Listing Agreement for the period April 01, 2015 to September 01, 2015;
- iii. Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the period September 02, 2015 to March 31, 2016; and
- iv. Regulations 17 to 27 (excluding Regulation 23(4)) and Clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V of the Listing Regulations for the period December 01, 2015 to March 31, 2016.

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 the corporate governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

We have examined the relevant records of the Company, and as per the Guidance Note on Certification of corporate governance issued by the Institute of the 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 12, 2016

## 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, 2016 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, 2016 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, 2016;
  - (ii) significant changes, if any, in accounting policies during the financial year ended March 31, 2016 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.**

For **Tilaknagar Industries Ltd.**

**Amit Dahanukar**  
Chairman & Managing Director

**Srijit Mullick**  
Chief Financial Officer

Place: Mumbai  
Date: June 09, 2016

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# CORPORATE GOVERNANCE REPORT

## DECLARATION ON CODE OF CONDUCT

To,  
The Board of Directors  
**Tilaknagar Industries Ltd.,**  
Corp. Office: 3<sup>rd</sup> 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, 2016, as envisaged in Regulation 26(3) thereof.

For **Tilaknagar Industries Ltd.**

Place: Mumbai  
Date : August 12, 2016

**Amit Dahanukar**  
Chairman & Managing Director

# INDEPENDENT AUDITOR'S 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, 2016, 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.

### Auditor's 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 29 (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 financial statements
- 2 We draw attention to note 29 (xxv) of the consolidated financial statements in respect of outstanding advances receivable amounting to ₹463.00 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.

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

### 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 accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to note no 29 (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.

Our opinion is not qualified in respect of this matter.

### Other Matters

- a) We did not audit the financial statements / financial information of eight subsidiaries, whose financial statements / financial information reflect total assets of ₹ 2,277.90 million as at March 31, 2016, total revenue of ₹ 3,507.21 million and net cash outflows amounting to ₹ 83.47 million for the year ended on that date, as considered in the Consolidated Financial Statements.
- b) The Consolidated Financial Statements also include the Group's share of net profit/ loss of ₹ Nil for the year ended March 31, 2016, as considered in the Consolidated Financial Statements, in respect of one associate, as mentioned in note 29 (xxiii) of the consolidated financial statements, whose financial statements / financial information have not been audited by us.

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 and our report on Other Legal and Regulatory requirements below, is not modified in respect of the other matters with respect to our reliance on the work done and the reports of the other

auditors and 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, 2016, 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, 2016 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. 29 (xxiv) 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.

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

Place : Mumbai  
Date : June 09, 2016

**Kaushal Mehta**  
*Partner*  
Membership No. 111749

## ANNEXURE - A TO THE INDEPENDENT AUDITOR'S 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 Holding Company") and its Subsidiary Companies which are companies incorporated in India, as of March 31, 2016 in conjunction with our audit of the 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 and its subsidiary companies, 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 is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **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 31,2016, 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

Place : Mumbai  
Date : June 09, 2016

**Kaushal Mehta**  
*Partner*  
Membership No. 111749

# CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2016

(₹ in million)

	Note No.	As at March 31, 2016	As at March 31, 2015
<b>I EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	1,247.56	1,247.56
Reserves & Surplus	3	1,310.17	4,174.63
		<b>2,557.73</b>	<b>5,422.19</b>
<b>Minority Interest</b>		-	-
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	2,259.83	2,111.82
Deferred Tax Liabilities (Net)	5	462.21	462.21
Other Long-Term Liabilities	6	675.79	827.57
Long-Term Provisions	7	29.85	23.78
		<b>3,427.68</b>	<b>3,425.38</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	8	6,207.18	5,789.10
Trade Payables	9	1,654.73	1,537.86
Other Current Liabilities	10	1,176.61	693.30
Short-Term Provisions	11	256.07	295.72
		<b>9,294.59</b>	<b>8,315.98</b>
<b>Total</b>		<b>15,280.00</b>	<b>17,163.55</b>
<b>II ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	12	5,424.83	5,646.38
Intangible Assets		136.00	183.36
Capital Work-in-Progress		1,244.08	1,231.28
Goodwill on consolidation		232.62	254.28
Non-Current Investments	13	0.37	17.27
Long-Term Loans and Advances	14	232.48	992.54
Other Non-Current Assets	15	467.00	0.69
		<b>7,737.38</b>	<b>8,325.80</b>
<b>Current Assets</b>			
Current Investments	16	-	9.72
Inventories	17	1,016.82	1,261.95
Trade Receivables	18	1,147.24	1,484.99
Cash and Bank Balances	19	104.98	334.76
Short-Term Loans and Advances	20	5,273.01	5,745.28
Other Current Assets	21	0.57	1.05
		<b>7,542.62</b>	<b>8,837.75</b>
<b>Total</b>		<b>15,280.00</b>	<b>17,163.55</b>
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our Report of even date annexed.

For and on behalf of the Board

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

**Amit Dahanukar**  
Chairman &  
Managing Director

**Shivani Amit Dahanukar**  
Non - Executive Director

**Dr. Vishnu Kanhere**  
Director

**Kaushal Mehta**  
Partner  
Membership No. 111749

**Dr. Ravindra Bapat**  
Director

**C. V. Bijlani**  
Director

Place : Mumbai  
Date : June 09, 2016

**Srijit Mullick**  
Chief Financial Officer

**Gaurav Thakur**  
Company Secretary

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2016

		(₹ in million)	
	Note No.	Year ended March 31, 2016	Year ended March 31, 2015
<b>INCOME</b>			
<b>Revenue from Operations</b>			
Sale of products (Gross)	22	9,338.17	12,199.22
Less: Excise duty		5,064.22	5,922.32
Sale of products (Net)		<b>4,273.95</b>	<b>6,276.90</b>
Other Operating Income	22.1	303.88	1,205.35
		<b>4,577.83</b>	<b>7,482.25</b>
Other Income	23	32.72	23.65
		<b>4,610.55</b>	<b>7,505.90</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	24	2,450.23	3,304.98
Purchase of Stock-in-Trade		146.32	442.70
(Increase) / Decrease in Stock	25	169.02	(38.39)
Employee Benefit Expense	26	340.79	212.74
Other Expenses	27	2,697.25	2,610.91
Finance Cost	28	1,250.27	974.55
Depreciation for the year		385.54	276.79
		<b>7,439.42</b>	<b>7,784.28</b>
<b>Profit / (Loss) before taxation</b>		<b>(2,828.87)</b>	<b>(278.38)</b>
<b>Tax expenses</b>			
Current Tax		-	-
For earlier years		(11.43)	25.12
MAT Credit entitlements		-	-
Deferred Tax		-	98.13
		<b>(11.43)</b>	<b>123.25</b>
<b>Profit / (Loss) after taxation</b>		<b>(2,817.44)</b>	<b>(401.63)</b>
<b>Less : Minority Interest</b>		-	(0.04)
<b>Profit / (Loss) after taxation</b>		<b>(2,817.44)</b>	<b>(401.59)</b>
Earnings Per Share (₹) Basic	29(xiii)	(22.58)	(3.23)
Diluted		(22.58)	(3.22)
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our Report of even date annexed.

For and on behalf of the Board

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

**Amit Dahanukar**  
Chairman &  
Managing Director

**Shivani Amit Dahanukar**  
Non - Executive Director

**Dr. Vishnu Kanhere**  
Director

**Kaushal Mehta**  
Partner  
Membership No. 111749

**Dr. Ravindra Bapat**  
Director

**C. V. Bijlani**  
Director

Place : Mumbai  
Date : June 09, 2016

**Srijit Mullick**  
Chief Financial Officer

**Gaurav Thakur**  
Company Secretary

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016

(₹ in million)

	2015-2016		2014-2015	
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax		(2,828.87)		(278.38)
Adjustment for:				
Depreciation	385.54		276.79	
Loss / (Profit) on sale of assets	(15.41)		1.40	
Loss / (Profit) on sale of investments	(0.17)		-	
Provision for diminution for value of Investments	16.90		0.28	
Goodwill written off	21.66		-	
Advances written off / Provision for doubtful advances	577.46		-	
Bad Debts	58.01		-	
Unrealised Loss on exchange fluctuation	108.20		5.50	
Employee stock option expenses	(47.01)		11.84	
Dividend on current investments [ ₹ 3,000 (P.Y. ₹ 3,000)]	-		-	
Sundry balance written back	(1.19)		(4.87)	
Interest expenses	1,250.27		974.55	
Interest income	(5.93)		(10.14)	
Operating Profit before working capital changes		2,348.33		1,255.35
Adjustment for:				
(Decrease)/ Increase in trade payables, current liabilities and provisions	(110.74)		1,146.97	
(Increase) / Decrease in loans and advances	254.00		(758.42)	
(Increase) / Decrease in inventory	245.13		63.63	
(Increase) / Decrease in trade receivables	279.74		739.26	
Direct taxes paid		668.13		1,191.44
		(53.44)		(37.46)
<b>Net Cash from Operating Activities</b>		<b>134.15</b>		<b>2,130.95</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(141.42)		(859.38)	
Sale of fixed assets	32.36		0.72	
(Increase) / Decrease in margin money and deposits	58.37		7.97	
Sale proceeds of investments	9.89		-	
Investments made	-		(10.00)	
Dividend on current investments [ ₹ 3,000 (P.Y. ₹ 3,000)]	-		-	
Interest received	6.40		9.94	
<b>Net Cash from Investing Activities</b>		<b>(34.40)</b>		<b>(850.75)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Equity shares issued on exercise of employee stock options including premium	-		26.87	
Proceeds from short-term borrowings	418.08		613.00	
Proceeds from long-term borrowings	300.00		-	
Repayment of long-term borrowings	(182.67)		(681.28)	
Dividend and tax thereon including unclaimed dividend	(0.52)		(116.17)	
Interest paid	(805.49)		(969.21)	
<b>Net Cash from Financing Activities</b>		<b>(270.60)</b>		<b>(1,126.79)</b>
Net increase in Cash & Cash equivalents		(170.85)		153.41
Opening cash & cash equivalents		238.08		84.67
Closing cash & cash equivalents		<b>67.23</b>		<b>238.08</b>

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

As per our Report of even date annexed.

For and on behalf of the Board

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

**Amit Dahanukar**  
Chairman &  
Managing Director

**Shivani Amit Dahanukar**  
Non - Executive Director

**Dr. Vishnu Kanhere**  
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**Kaushal Mehta**  
Partner  
Membership No. 111749

**Dr. Ravindra Bapat**  
Director

**C. V. Bijlani**  
Director

Place : Mumbai  
Date : June 09, 2016

**Srijit Mullick**  
Chief Financial Officer

**Gaurav Thakur**  
Company Secretary

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2016

### 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, 2016 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:

<b>Name of the subsidiary</b>	<b>Country of Incorporation</b>	<b>Parent Company's Interest as at March 31, 2016</b>	<b>Parent Company's Interest as at March 31, 2015</b>
Prag Distillery (P) Ltd.	India	100%	100%
Vahni Distilleries Private Limited	India	100%	100%
Kesarval Springs Distillers Pvt. Ltd.	India	100%	100%
PunjabExpo 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

### FOR THE YEAR ENDED MARCH 31, 2016

#### ii) Use of Estimates :

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

#### iii) Revenue Recognition:

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

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

#### iv) Inventories :

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

- a) Raw materials, Stores & Spares and Work-In-Progress are valued at material cost.
- b) Finished goods are valued at manufacturing cost, which comprise direct material, direct labour, other direct cost and other related manufacturing overheads. Excise duty payable on finished goods stock at the year end is added to the cost.
- 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.
- f) Goodwill comprises the excess of purchase consideration over the fair value of the net assets of the acquired enterprises. Goodwill arising on consolidation or acquisition is not amortized but instead tested for impairment.

#### vi) Depreciation and Amortization:

- a) Depreciation 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 benefit.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

**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.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

b) **Defined Benefit Plan:**

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

xiv) **Employee Stock Compensation Cost:**

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

xv) **Taxation:**

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

xvi) **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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

	(₹ in million)	
	As at March 31, 2016	As at March 31, 2015
<b>2 Share Capital</b>		
<b>Authorised Shares</b>		
150,000,000 equity shares of ₹ 10/- each (P.Y. 150,000,000 equity shares of ₹ 10/- each)	1,500.00	1,500.00
<b>Issued, subscribed and paid up shares</b>		
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		
	<b>1,247.56</b>	<b>1,247.56</b>

<b>a) Reconciliation of the number of shares outstanding</b>	(Nos. in million)	
Number of equity shares at the beginning	124.76	123.77
Equity shares issued on exercise of employee stock options	-	0.99
Number of equity shares at the end	<b>124.76</b>	<b>124.76</b>

### 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, 2016		As at March 31, 2015	
	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
<b>Total</b>	<b>62.82</b>	<b>50.35</b>	<b>62.82</b>	<b>50.35</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

(₹ in million)

	As at March 31, 2016	As at March 31, 2015
<b>3 Reserves &amp; Surplus</b>		
<b>a) Securities Premium Account</b>		
As per last Balance Sheet	1,987.91	1,962.04
Add : Additions during the year	-	25.87
	<b>1,987.91</b>	<b>1,987.91</b>
<b>b) General Reserve</b>		
As per last Balance Sheet	<b>106.18</b>	<b>106.18</b>
<b>c) Capital Reserve</b>		
As per last Balance Sheet	<b>1.90</b>	<b>1.90</b>
<b>d) Revaluation Reserve</b>		
As per last Balance Sheet	<b>642.39</b>	<b>642.39</b>
<b>e) Employee Stock Option Outstanding (Net)</b>	<b>45.02</b>	<b>92.04</b>
<b>f) Surplus / (deficit) in the Statement of Profit and Loss</b>		
As per last Balance Sheet	1,344.21	1,789.46
Less: Depreciation as per transitional provision specified in Schedule II of the Companies Act, 2013 [ Net of tax ₹ Nil ( P.Y. ₹ 20.16 million ) ]	-	42.92
Add: Profit / (Loss) after tax for the year	(2,817.44)	(401.59)
Less: Proposed Dividend	-	0.63
Less: Dividend Distribution Tax	-	0.11
	<b>(1,473.23)</b>	<b>1,344.21</b>
	<b>1,310.17</b>	<b>4,174.63</b>

(₹ in million)

<b>4 Long-Term Borrowings</b>		
<b>Secured Loans</b>		
<b>From Banks</b>		
Foreign Currency Term Loans	309.83	410.73
Hire Purchase Car Loans (with banker's lien on cars)	-	1.09
<b>From Financial Institution</b>		
Rupee Term Loan	1,950.00	1,700.00
	<b>2,259.83</b>	<b>2,111.82</b>

- 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. Hire Purchase Loan from banks carry interest @ 10.75% to 11.00% and loans and repayble in monthly installment each along with interest.
- 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.
- Secured loans from banks outstanding at the end of the financial year have been guaranteed by the personal guarantee of Chairman & Managing Director of the Company.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2016

- 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 @ 13.75%.

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	154.92	154.92	-	-
Rupee Term Loans	200.00	350.00	550.00	850.00
	<b>354.92</b>	<b>504.92</b>	<b>550.00</b>	<b>850.00</b>

- 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	5.69	-
Axis Bank Limited	March 2016	-	5.47
Industrial Finance Corporation of India	December 2015 to March 2016	92.42	-
Punjab National Bank	October 2015 to March 2016	-	76.00
State Bank of India	October 2015 to March 2016	-	101.76
Bank Of India	October 2015 to March 2016	-	136.92
Industrial Development Bank of India	March 2016	-	3.65
DBS Bank Ltd.	January 2016 to March 2016	-	4.15
<b>Total</b>		<b>98.11</b>	<b>327.95</b>

**Default in Principal**

(₹ in million)

Bank	Period of Default	Term Loan Instalment
Axis Bank Limited	December 2015 to March 2016	38.73
Standard Chartered Bank	June 2015 to September 2015	45.60
Standard Chartered Bank	September 2015 to December 2015	45.60
Standard Chartered Bank	December 2015 to March 2016	45.60
<b>Total</b>		<b>175.53</b>

(₹ in million)

	As at March 31, 2016	As at March 31, 2015
<b>5 Deferred Tax Liabilities (Net)</b>		
Deferred Tax Liability	473.50	473.50
Deferred Tax Asset	(11.29)	(11.29)
	<b>462.21</b>	<b>462.21</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

The break-up of Deferred Tax as at March 31, 2016 is as under:

(₹ in million)

Particulars	Opening as at April 01, 2015	During the year	Closing as at March 31, 2016
<b>Deferred Tax Liability :</b>			
On depreciation differences	473.50	-	473.50
<b>Total Deferred Tax Liability</b>	<b>473.50</b>	-	<b>473.50</b>
<b>Deferred Tax Asset :</b>			
Retirement Benefits & Items u/s. 43B (net of reversals)	(11.29)	-	(11.29)
<b>Total Deferred Tax Asset</b>	<b>(11.29)</b>	-	<b>(11.29)</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>462.21</b>	-	<b>462.21</b>

(₹ in million)

	As at March 31, 2016	As at March 31, 2015
<b>6 Other Long-Term Liabilities</b>		
Trade Deposits & Others (Unsecured)	675.79	827.57
	<b>675.79</b>	<b>827.57</b>
<b>7 Long-Term Provisions</b>		
Provision for Gratuity	25.47	23.78
Provision for Leave Encashment	4.38	-
	<b>29.85</b>	<b>23.78</b>
<b>8 Short-Term Borrowings</b>		
<b>Secured</b>		
Cash Credit (including Working Capital Demand Loan)	5,651.73	5,699.21
<b>Unsecured</b>		
From Directors and related parties	31.99	43.49
From other parties	523.46	46.40
	<b>6,207.18</b>	<b>5,789.10</b>

- 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, 2016	As at March 31, 2015
<b>9 Trade Payables</b>		
Trade Payables [ Refer Note No.29 (xii) ]	1,654.73	1,537.86
	<b>1,654.73</b>	<b>1,537.86</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

(₹ in million)

	As at March 31, 2016	As at March 31, 2015
<b>10 Other Current Liabilities</b>		
Current maturities of Term Loans- Foreign Currency Loan	330.45	342.05
Current maturities of Term Loans-Rupee Loans	50.00	0.31
Current maturities of Hire Purchase Car Loans	1.36	6.86
Interest accrued and due on borrowings	426.06	33.79
Interest accrued but not due on borrowings	12.63	1.31
Interest accrued but not due on borrowings from other parties	7.41	-
Payable towards Statutory Liabilities	183.87	188.18
Payable for purchase of Fixed Assets	36.71	31.76
Employee dues	71.87	25.04
Unclaimed Dividend	3.36	3.15
Other Payables	52.89	60.85
	<b>1,176.61</b>	<b>693.30</b>
<b>11 Short-Term Provisions</b>		
Provision for Gratuity	9.13	15.64
Provision for Leave Encashment	5.01	-
Provision for Excise Duty on Finished Goods	111.83	108.57
Provision for Taxation (Net of Advance Tax)	130.10	171.51
	<b>256.07</b>	<b>295.72</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

### 12 Fixed Assets

	(₹ in million)											
	Gross Block					Depreciation / Amortization					Net Block	
	As on April 01, 2015	Additions	Deductions	As at March 31, 2016	As on April 01, 2015	Reversal of Depreciation	Transition Adjustment	Deductions	For the year	As at March 31, 2016	As at March 31, 2015	
<b>TANGIBLE ASSETS</b>												
Land	544.37	-	1.55	542.82	-	-	-	-	-	542.82	544.37	
Buildings	1,014.56	0.18	6.71	1,008.03	185.01	-	6.08	27.84	206.77	801.26	829.55	
Plant & Equipment	5,027.94	132.98	12.18	5,148.74	1,014.81	-	6.12	270.97	1,279.66	3,869.08	4,013.13	
Furniture and Fixtures	33.76	0.01	0.03	33.74	9.82	-	0.03	3.94	13.73	20.01	23.94	
Office Equipment	30.61	0.30	0.40	30.51	21.35	-	0.36	5.03	26.02	4.49	9.26	
Computers	90.30	0.11	1.71	88.70	77.98	-	1.39	3.98	80.57	8.13	12.32	
Electrical Installation & Fittings	184.11	-	-	184.11	11.43	-	-	17.99	29.42	154.69	172.68	
Motor car and Transport Vehicles	66.89	-	15.45	51.44	31.17	-	7.10	6.56	30.63	20.81	35.72	
Roads & Bridges	7.70	-	-	7.70	4.36	-	-	1.47	5.83	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	-	-	-	0.01	0.03	0.03	
Leasehold Improvement	4.20	-	-	4.20	0.49	-	-	0.40	0.89	3.31	3.71	
<b>Total Tangible Assets</b>	<b>7,004.54</b>	<b>133.58</b>	<b>38.03</b>	<b>7,100.09</b>	<b>1,356.46</b>	<b>-</b>	<b>21.08</b>	<b>338.18</b>	<b>1,673.56</b>	<b>5,426.53</b>	<b>5,648.08</b>	
Less: Impairment of Assets									(1.70)	(1.70)	(1.70)	
									<b>5,424.83</b>	<b>5,646.38</b>		
<b>INTANGIBLE ASSETS</b>												
Brands	334.51	-	-	334.51	157.67	-	-	45.08	202.75	131.76	176.84	
Software	57.60	-	-	57.60	51.08	-	-	2.28	53.36	4.24	6.52	
Product Development	17.39	-	-	17.39	17.39	-	-	-	17.39	-	-	
<b>Total Intangible Assets</b>	<b>409.50</b>	<b>-</b>	<b>-</b>	<b>409.50</b>	<b>226.14</b>	<b>-</b>	<b>-</b>	<b>47.36</b>	<b>273.50</b>	<b>136.00</b>	<b>183.36</b>	
<b>Grand Total</b>	<b>7,414.04</b>	<b>133.58</b>	<b>38.03</b>	<b>7,509.59</b>	<b>1,582.60</b>	<b>-</b>	<b>21.08</b>	<b>385.54</b>	<b>1,947.06</b>	<b>5,560.83</b>	<b>5,829.74</b>	
<b>Previous Year</b>	<b>5,600.22</b>	<b>1,817.31</b>	<b>3.49</b>	<b>7,414.04</b>	<b>1,244.11</b>	<b>72.13</b>	<b>63.07</b>	<b>348.92</b>	<b>1,582.60</b>	<b>5,829.74</b>		

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED MARCH 31, 2016

12 Fixed Assets (Contd.) [Schedule of Fixed Assets for the previous year 2014-2015]

	Gross Block				Depreciation / Amortization				Net Block		
	As on April 01, 2014	Additions	Deductions	As at March 31, 2015	As on April 01, 2014	Reversal of Depreciation	Transition Adjustment	Deductions	For the year	As at March 31, 2015	As at March 31, 2014
	As at April 01, 2014	As at March 31, 2015	As at March 31, 2015	As at March 31, 2015	As at March 31, 2015	As at March 31, 2015	As at March 31, 2015	As at March 31, 2015	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
<b>TANGIBLE ASSETS</b>											
Land	544.37	-	-	544.37	-	-	-	-	-	544.37	544.37
Buildings	380.55	634.01	-	1,014.56	138.54	16.86	50.65	-	12.68	829.55	242.01
Plant & Equipment	4,009.36	1,018.58	-	5,027.94	799.81	9.00	5.07	-	218.93	4,013.13	3,209.55
Furniture and Fixtures	33.10	0.66	-	33.76	11.11	5.19	-	-	3.90	23.94	21.99
Office Equipment	30.21	0.41	0.01	30.61	14.89	4.46	0.83	-	10.09	9.26	15.32
Computers	89.78	0.52	-	90.30	71.47	8.59	4.61	-	10.49	12.32	18.31
Electrical Installation & Fittings	20.98	163.13	-	184.11	9.33	4.32	0.11	-	6.31	172.68	11.65
Motor car and Transport Vehicles	70.37	-	3.48	66.89	39.07	15.76	0.08	1.37	9.15	35.72	31.30
Roads & Bridges	7.70	-	-	7.70	2.46	0.62	1.05	-	1.47	3.34	5.24
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	0.03	0.02	-	-	-	0.03	0.01
Leasehold Improvement	4.20	-	-	4.20	0.13	0.04	-	-	0.40	3.71	4.07
<b>Total Tangible Assets</b>	<b>5,190.72</b>	<b>1,817.31</b>	<b>3.49</b>	<b>7,004.54</b>	<b>1,086.87</b>	<b>64.86</b>	<b>62.40</b>	<b>1.37</b>	<b>273.42</b>	<b>1,356.46</b>	<b>4,103.85</b>
Less: Impairment of Assets										(1.70)	(1.70)
<b>INTANGIBLE ASSETS</b>										<b>5,646.38</b>	<b>4,102.15</b>
Brands	334.51	-	-	334.51	90.77	-	-	-	66.90	157.67	243.74
Software	57.60	-	-	57.60	49.08	7.27	0.67	-	8.60	51.08	8.52
Product Development	17.39	-	-	17.39	17.39	-	-	-	-	17.39	-
<b>Total Intangible Assets</b>	<b>409.50</b>	<b>-</b>	<b>-</b>	<b>409.50</b>	<b>157.24</b>	<b>7.27</b>	<b>0.67</b>	<b>-</b>	<b>75.50</b>	<b>226.14</b>	<b>252.26</b>
<b>Grand Total</b>	<b>5,600.22</b>	<b>1,817.31</b>	<b>3.49</b>	<b>7,414.04</b>	<b>1,244.11</b>	<b>72.13</b>	<b>63.07</b>	<b>1.37</b>	<b>348.92</b>	<b>1,582.60</b>	<b>4,354.41</b>

(₹ in million)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

(₹ in million)

	As at March 31, 2016		As at March 31, 2015	
<b>13 Non-Current Investments</b>				
<b>a) Investment in Government Securities (Unquoted)</b>	<b>Nos.</b>		<b>Nos.</b>	
<b>Other than Trade Investments</b>				
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) ]		-		-
		<b>0.05</b>		<b>0.05</b>
<b>b) Investment in Associate (Unquoted)</b>				
<b>Trade Investments</b>				
<b>Investment in Equity Instruments</b>				
<b>Equity shares of ₹ 10/- each</b>				
Mason & Summers Marketing Services Pvt. Ltd.	130,000	16.90	130,000	16.90
Less: Provision for diminution for value of Investments		(16.90)		-
		-		<b>16.90</b>
<b>c) Other than Trade Investments (Unquoted)</b>				
<b>Investment in Equity Instruments</b>				
<b>Equity shares of ₹ 100/- each</b>				
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
		<b>0.32</b>		<b>0.32</b>
		<b>0.37</b>		<b>17.27</b>
<b>Aggregate of unquoted investments (at cost)</b>		<b>0.37</b>		<b>17.27</b>
<b>14 Long- Term Loans and Advances</b>				
<b>Unsecured, considered good</b>				
Capital advances		103.10		875.10
Loans and advance to employees		9.53		8.36
MAT Credit entitlement		32.01		32.01
Advance Tax (Net of Provision for Taxation)		81.11		57.64
Deposits with Court		6.73		19.43
		<b>232.48</b>		<b>992.54</b>
<b>15 Other Non-Current Assets</b>				
<b>Cash and Bank Balances</b>				
Short-Term Bank Deposits (Maturity exceeding 12 months)		1.25		0.69
Advance with Tie-up Units		462.71		-
Balance with Excise Authorities		3.04		-
		<b>467.00</b>		<b>0.69</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

		(₹ in million)	
		As at March 31, 2016	As at March 31, 2015
<b>16</b>	<b>Current Investments</b>		
	(At cost or market value, whichever is less)		
	<b>Investment in Debentures</b>	<b>Nos.</b>	
	Industrial Finance Corporation of India	C.Y. Nil	10.00
		P.Y. 10,000	
	Less: Provision for diminution for value of Investments	-	0.28
		-	<b>9.72</b>
	Aggregate amount of quoted investments	-	10.00
	Market value of quoted investments	-	9.72
<b>17</b>	<b>Inventories</b>		
	(At lower of cost and net realisable value)		
	Raw Materials	107.28	129.77
	Stores, Spares and Packing Materials	453.98	507.60
	Work-In-Progress	284.45	366.39
	Finished Goods	171.11	258.19
		<b>1,016.82</b>	<b>1,261.95</b>
<b>18</b>	<b>Trade Receivables</b>		
	<b>Unsecured, considered good</b>		
	Outstanding for a period exceeding six months from the date they are due for payment	20.01	20.01
	<b>Unsecured, considered doubtful</b>		
	Outstanding for a period exceeding six months from the date they are due for payment	9.01	9.01
	<b>Other receivables</b>		
	Unsecured, considered good	1,127.23	1,464.98
		<b>1,156.25</b>	<b>1,494.00</b>
	Less: Provision for doubtful debts	9.01	9.01
		<b>1,147.24</b>	<b>1,484.99</b>
<b>19</b>	<b>Cash and Bank Balances</b>		
	<b>a) Cash and Cash Equivalents</b>		
	i) Balances with Banks		
	In Current Accounts	61.25	201.07
	ii) Cash on Hand	5.98	37.01
		<b>67.23</b>	<b>238.08</b>
	<b>b) Other Bank Balances</b>		
	i) Earmarked Balances with Banks	3.36	3.15
	ii) Short-Term Bank Deposits (Maturity within 12 months)	34.39	93.53
		<b>37.75</b>	<b>96.68</b>
		<b>104.98</b>	<b>334.76</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

(₹ in million)

	As at March 31, 2016	As at March 31, 2015
<b>20 Short-Term Loans and Advances</b>		
<b>Unsecured, considered good</b>		
Advances recoverable in cash or in kind or for value to be received	4,019.82	3,124.40
Advance with Tie-up Units	1,415.33	2,130.90
Balance with Excise Authorities	51.00	74.86
Deposits	309.18	415.12
Less : Provision for doubtful advances	(522.32)	-
	<b>5,273.01</b>	<b>5,745.28</b>
<b>21 Other Current Assets</b>		
Interest accrued on Deposits	0.57	1.05
	<b>0.57</b>	<b>1.05</b>

(₹ in million)

	Year ended March 31, 2016	Year ended March 31, 2015
<b>22 Revenue from Operations</b>		
Sales of products	9,322.44	12,060.34
Income from tie-up units	15.73	138.88
	<b>9,338.17</b>	<b>12,199.22</b>

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)

	2015-16	2014-15
Gross Sales of Companys' brands and other sales including sales made by tie-up arrangements	9,941.89	13,830.11
Less : Excise Duty / sales under other various arrangements	5,411.31	6,812.88
Net Sales of Companys' brands and other sales	4,530.58	7,017.23
Less : Net Sales made by tie up units	272.36	879.21
Add : Net income from tie up arrangement	15.73	138.88
<b>Total Income</b>	<b>4,273.95</b>	<b>6,276.90</b>

(₹ in million)

	Year ended March 31, 2016	Year ended March 31, 2015
<b>22.1 Other Operating Income</b>		
Sale of by products and scrap	17.96	17.68
Income from contract manufacturing and other income	27.00	34.77
Government Incentives [ Refer Note No.29 (xxii) ]	258.92	1,152.90
	<b>303.88</b>	<b>1,205.35</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

	(₹ in million)	
	Year ended March 31, 2016	Year ended March 31, 2015
<b>23 Other Income</b>		
Duty drawback on exports	1.45	4.88
Miscellaneous receipts	3.26	3.76
Sundry balance written back	1.19	4.87
Interest income on margin money / fixed deposits	5.93	10.14
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)]	-	-
	<b>32.72</b>	<b>23.65</b>
<b>24 Cost of Materials Consumed</b>		
i) Raw Material Consumption		
Opening Stock	129.77	163.20
Add : Purchases	1,079.22	1,504.65
Less: Closing Stock	107.28	129.77
	<b>1,101.71</b>	<b>1,538.08</b>
ii) Packing Materials & Consumables	1,348.52	1,766.90
	<b>2,450.23</b>	<b>3,304.98</b>
<b>25 (Increase) / Decrease in Stock</b>		
Opening Stock		
i) Work-In-Progress	366.39	400.55
ii) Finished Goods	258.19	185.64
	<b>624.58</b>	<b>586.19</b>
Less : Closing Stock		
i) Work-In-Progress	284.45	366.39
ii) Finished Goods	171.11	258.19
	<b>455.56</b>	<b>624.58</b>
<b>(Increase) / Decrease in Stock</b>	<b>169.02</b>	<b>(38.39)</b>
<b>26 Employee Benefit Expense</b>		
Salary and wages	351.86	141.15
Employee Stock Option Expenses	(47.01)	11.84
Contribution to provident fund and family pension fund	16.81	26.51
Staff welfare expenses	14.24	18.90
Gratuity	4.89	14.34
	<b>340.79</b>	<b>212.74</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

(₹ in million)

	Year ended March 31, 2016	Year ended March 31, 2015
<b>27 Other Expenses</b>		
Power and fuel	54.25	49.34
Provision for Excise Duty on Finished Goods [ Refer Note No.29 (ix) ]	3.26	38.07
Repairs & maintenance		
i) Plant & Equipment	6.89	12.71
ii) Buildings	1.53	0.59
iii) Others	14.29	14.25
Insurance	10.83	10.41
Rent	22.26	23.93
Contract manufacturing cost	127.61	442.77
Legal and professional charges	135.88	148.86
Auditors Remuneration [ Refer Note No.29 (x) ]	1.99	1.65
Rates and taxes	145.06	247.42
Freight, transport charges & other expenses	154.40	192.25
Selling expenses [Discounts, Sales Promotion & Advertising etc.]	1,110.01	1,070.53
Travelling and conveyance expenses	17.74	17.03
Printing and stationery	3.96	4.91
Communication expenses	7.63	13.26
Vehicle running expenses	5.11	8.28
Director sitting fees	0.32	0.41
Bad Debts [ Refer Notes no. 29 (xxiv) (d)]	58.01	-
Loss on Sale of Assets	5.31	1.40
Loss on exchange fluctuation	108.20	6.19
Establishment expenses	-	205.64
Corporate Social Responsibility	5.45	13.74
Provision for diminution for value of Investments [ Refer Notes no. 29 (xxiii)]	16.90	0.28
Provision for doubtful advances	522.32	-
Goodwill written off	21.66	-
Advances written off	55.14	-
Miscellaneous expenses	81.24	86.99
	<b>2,697.25</b>	<b>2,610.91</b>
<b>28 Finance Cost</b>		
Interest on Term Loans	299.78	108.54
Interest on Cash Credits / Working Capital Demand Loan	739.50	534.02
Others	210.99	331.99
	<b>1,250.27</b>	<b>974.55</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2016

#### 29 Notes on Accounts

##### i) Contingent Liability not provided for:

(₹ in million)

Particulars	As at	As at
	March 31, 2016	March 31, 2015
a) Bank guarantees issued on behalf of the Company	88.99	158.14
b) In respect of disputed Income tax matters, pending before the appropriate Income tax authorities, contested by the Company		
A.Y. 2012-2013	-	18.68
A.Y. 2011-2012	253.83	253.83
A.Y. 2010-2011	273.79	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	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	79.94
F.Y. 2004-2005 (Bombay Sales Tax)	-	4.67
F.Y. 2004-2005 (Central Sales Tax)	-	2.03
F.Y. 2003-2004 (Bombay Sales Tax)	-	6.28
F.Y. 2003-2004 (Central Sales Tax)	-	4.83

ii) Estimated amount of contracts remaining to be executed on capital accounts and not provided for is ₹ Nil (P.Y. ₹ 50 million).

##### iii) Operating Lease:

- a) The Company has taken bottling units under cancellable operating lease at various locations and during the financial year ₹ 6.70 million (P.Y. ₹ 37.43 million) paid towards lease rentals has been charged to Statement of Profit and Loss.
- b) The Company has taken various residential / commercial premises under cancellable operating lease. Lease rental expenses included in the Statement of Profit and Loss for the financial year is ₹ 22.26 million (P.Y. ₹ 23.93 million).
- c) Except for escalation clauses contained in certain lease arrangements providing for increase in the lease payment by a specified percentage / amounts after completion of specified period, the lease terms do not contain any exceptional / restrictive covenants other than the prior approval of the lessee before the renewal of lease.
- d) There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lessor is required for further leasing. There is no contingent rent payment.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

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 ₹ 16.81 million (P.Y. ₹ 26.51 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.

The net value of the defined commitment is detailed below:

	As at March 31, 2016		As at March 31, 2015	
	Funded Gratuity	Unfunded Gratuity	Funded Gratuity	Unfunded Gratuity
Present Value of obligation	36.22	2.49	40.98	2.24
Fair Value of Plans	4.11	-	3.80	-
<b>Net Liability in the balance sheet</b>	<b>32.11</b>	<b>2.49</b>	<b>37.18</b>	<b>2.24</b>
<b>Defined Benefit Obligations</b>				
Opening balance	40.98	2.24	34.89	1.66
Interest expenses	3.25	0.18	3.25	0.15
Current service cost	3.39	0.28	3.67	0.24
Benefit paid directly by the employer	(9.72)	-	(5.72)	-
Benefit paid from the fund	-	-	(2.28)	-
Actuarial (gain) / loss	(1.68)	(0.21)	7.17	0.19
<b>Closing balance</b>	<b>36.22</b>	<b>2.49</b>	<b>40.98</b>	<b>2.24</b>
<b>Plan Assets</b>				
Opening balance	3.80	-	5.75	-
Expected return on plan assets	0.30	-	0.51	-
Paid Funds	-	-	(2.28)	-
Actuarial (gain) / loss	0.01	-	(0.18)	-
<b>Closing balance</b>	<b>4.11</b>	<b>-</b>	<b>3.80</b>	<b>-</b>
<b>Return on Plan Assets</b>				
Expected return on plan assets	0.30	-	0.50	-
Actuarial (gain) / loss	0.02	-	(0.18)	-
<b>Actual Return on Plan Assets</b>	<b>0.32</b>	<b>-</b>	<b>0.32</b>	<b>-</b>
<b>Expenses on defined benefit plan</b>				
Current service costs	3.39	0.28	3.67	0.24
Interest expense	3.25	0.18	3.25	0.15
Expected return on plan assets	(0.30)	-	(0.50)	-
Net actuarial (gain) / loss	(1.70)	(0.21)	7.34	0.19
<b>Expenses charged to the Statement of Profit and Loss</b>	<b>4.64</b>	<b>0.25</b>	<b>13.76</b>	<b>0.58</b>

(₹ in million)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

<b>Investments Details</b>	% Invested	% Invested	% Invested	% Invested
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
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	-
<b>Actuarial assumptions</b>	<b>Funded Gratuity</b>	<b>Unfunded Gratuity</b>	<b>Funded Gratuity</b>	<b>Unfunded Gratuity</b>
	2006-08 Ultimate	2006-08 Ultimate	2006-08 Ultimate	2006-08 Ultimate
Mortality (LIC)				
Discount rate (per annum)	7.99%	8.08%	7.92%	7.96%
Expected rate of return on plan assets (per annum)	7.99%	-	7.92%	-
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%

### Defined Contribution Plan

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

<b>Funded Gratuity for the year ended</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Present value of DBO	36.22	40.98	34.88	32.95	30.42
Fair value of plan assets	4.11	3.80	5.75	10.21	9.44
Deficit/(Surplus)	32.11	37.18	29.13	22.74	20.98
Experience adjustments on plan liabilities	(1.52)	4.34	3.67	(5.64)	(2.78)
Experience adjustments on plan assets	0.01	(0.18)	(0.37)	(0.04)	0.01

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

### v) Employee Stock Option Scheme

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2016

b) During the financial year ended March 31, 2016, 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, 2016	730,400	3,730,521	154,200	843,663
Number of options cancelled till March 31, 2016	241,700	846,381	33,870	202,818
Number of options lapsed till March 31, 2016	17,100	734,120	37,980	295,087
Number of options exercised till March 31, 2016	471,600	2,150,020	47,070	147,493
Net options outstanding as on March 31, 2016	-	-	35,280	198,265
Vesting period from the date of grant	4 years	4 years	4 years	4 years
Exercise period from the date of vesting	2 years	2 years	2 years	2 years

#### B) Employee Stock Option Scheme 2010

Particulars	Grant 1	Grant 2	Grant 3	Grant 4
Date of Grant	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011
Date of the Board Approval	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011
Date of the Shareholders Approval	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010
Number of options granted till March 31, 2016	1,615,500	512,000	3,379,600	969,000
Number of options cancelled till March 31, 2016	756,240	173,840	1,210,661	-
Number of options lapsed till March 31, 2016	761,670	173,202	391,794	428,300
Number of options exercised till March 31, 2016	97,590	100,678	1,303,082	540,700
Net options outstanding as on March 31, 2016	-	64,280	474,063	-
Vesting period from the date of grant	3 years	3 years	3 years	3 years
Exercise period from the date of vesting	2 years	2 years	2 years	2 years

#### C) Employee Stock Option Scheme 2012

Particulars	Grant 1	Grant 2	Grant 3	Grant 4
Date of Grant	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014
Date of the Board Approval	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014
Date of the Shareholders Approval	May 24, 2012	May 24, 2012	May 24, 2012	May 24, 2012
Number of options granted till March 31, 2016	3,000,000	1,000,000	1,000,000	1,000,000
Number of options cancelled till March 31, 2016	240,442	156,390	334,630	-
Number of options lapsed till March 31, 2016	1,481,000	354,320	454,576	-
Number of options exercised till March 31, 2016	429,967	-	8,715	-
Net options outstanding as on March 31, 2016	848,591	489,290	202,079	1,000,000
Vesting period from the date of grant	3 years	3 years	3 years	3 years
Exercise period from the date of vesting	2 years	2 years	2 years	2 years

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

c) The details of the options as on March 31, 2016 are as under:

(Nos. in million)

Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
<b>Financial Year 2014-15</b>			
<b>Options outstanding as on April 01, 2014</b>	<b>1.30</b>	<b>2.34</b>	<b>4.56</b>
Options granted from April 01, 2014 to March 31, 2015	Nil	Nil	1.00
Options cancelled till March 31, 2015	0.01	0.01	0.19
Options lapsed till March 31, 2015	0.16	0.34	0.10
Options exercised April 01, 2014 to March 31, 2015	0.44	0.39	0.15
<b>Options outstanding as on March 31, 2015</b>	<b>0.69</b>	<b>1.60</b>	<b>5.12</b>
<b>Financial Year 2015-16</b>			
<b>Options outstanding as on April 01, 2015</b>	<b>0.69</b>	<b>1.60</b>	<b>5.12</b>
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
<b>Options outstanding as on March 31, 2016</b>	<b>0.23</b>	<b>0.54</b>	<b>2.54</b>

d) The weighted average fair value of stock options granted during the financial year was ₹ (93.48) million (P.Y. ₹ 23.24 million). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

### A) Employee Stock Option Scheme 2008

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

### B) Employee Stock Option Scheme 2010

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

### C) Employee Stock Option Scheme 2012

Particulars	Grant 1	Grant 2	Grant 3	Grant 4
Dates of Grant	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014
Market Price (₹ per share) on the dates of grant	56.30	77.20	60.40	61.35
Volatility	61.31%	57.71%	55.67%	49.33%
Risk free rate	8.24%	7.95%	7.24%	8.52%
Exercise price	42	60	45	46
Time to maturity (years)	3	3	3	3
Dividend yield	1.84%	1.84%	1.83%	1.67%
Option fair value (₹ per share)	28.56	36.86	28.71	28.54

- 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, 2016	As at March 31, 2015
Net Profit as Reported available to Equity Share holders	(2,817.44)	(401.59)
Add: Employee stock compensation under intrinsic value	(47.01)	11.84
Less: Employee stock compensation under fair value method	(93.48)	23.24
Adjusted Net Profit	(2,770.97)	(412.99)
Earnings Per Share		
Basic: (₹)		
-As reported	(22.58)	(3.23)
-Adjusted	(22.21)	(3.32)
Diluted: (₹)		
-As reported	(22.58)	(3.22)
-Adjusted	(22.21)	(3.31)

### vi) Segment Reporting:

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

### vii) Related Party Disclosures:

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

- a) Key Managerial Personnel : Mr. Amit Dahanukar  
: Mrs. Shivani Amit Dahanukar
- b) Company in which Key Managerial Personnel has substantial interest : M.L. Dahanukar & Co. Pvt. Ltd.  
: Arunoday Investments Pvt. Ltd.  
: Maharashtra Sugar Mills Pvt. Ltd.  
: Smt. Malati Dahanukar Trust
- c) Relative of Key Managerial Personnel : Dr. Priyadarshini A. Dahanukar

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

(₹ in million)

Nature of Transaction	Parties referred in (a) above		Parties referred in (b) above		Parties referred in (c) above	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Donations</b>						
Smt. Malati Dahanukar Trust	-	-	1.64	3.82	-	-
<b>Total</b>	-	-	<b>1.64</b>	<b>3.82</b>	-	-
<b>Payment to Key Managerial Personnel*</b>						
Mr. Amit Dahanukar	12.55	32.04	-	-	-	-
Mrs. Shivani Amit Dahanukar	8.27	20.47	-	-	-	-
<b>Total</b>	<b>20.82</b>	<b>52.51</b>	-	-	-	-
<b>Loan Taken</b>						
Mr. Amit Dahanukar	145.40	97.00	-	-	-	-
Mrs. Shivani Amit Dahanukar	-	10.50	-	-	-	-
M.L.Dahanukar & Co. Pvt. Ltd.	-	-	-	5.00	-	-
Arunoday Investments Pvt. Ltd.	-	-	-	73.00	-	-
Maharashtra Sugar Mills Pvt. Ltd.	-	-	-	12.00	-	-
<b>Total</b>	<b>145.40</b>	<b>107.50</b>	-	<b>90.00</b>	-	-
<b>Repayment of Loan</b>						
Mr. Amit Dahanukar	145.40	97.00	-	-	-	-
Mrs. Shivani Amit Dahanukar	-	10.50	-	-	-	-
M.L.Dahanukar & Co. Pvt. Ltd.	-	-	7.50	-	-	-
Arunoday Investments Pvt. Ltd.	-	-	4.00	79.80	-	-
Maharashtra Sugar Mills Pvt. Ltd.	-	-	-	0.01	-	-
<b>Total</b>	<b>145.40</b>	<b>107.50</b>	<b>11.50</b>	<b>79.81</b>	-	-
<b>Rent Payment</b>						
Mr. Amit Dahanukar	8.10	7.39	-	-	-	-
M.L.Dahanukar & Co. Pvt. Ltd.	-	-	0.72	0.72	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	2.59	2.39
<b>Total</b>	<b>8.10</b>	<b>7.39</b>	<b>0.72</b>	<b>0.72</b>	<b>2.59</b>	<b>2.39</b>
<b>Outstanding Payable</b>						
M.L.Dahanukar & Co. Pvt. Ltd.	-	-	-	7.50	-	-
Arunoday Investments Pvt. Ltd.	-	-	-	4.00	-	-
Maharashtra Sugar Mills Pvt. Ltd.	-	-	31.99	31.99	-	-
<b>Total</b>	-	-	<b>31.99</b>	<b>43.49</b>	-	-
<b>Outstanding Receivable</b>						
Mr. Amit Dahanukar	2.76	28.80	-	-	-	-
Mrs. Shivani Amit Dahanukar	-	14.47	-	-	-	-
M.L.Dahanukar & Co. Pvt. Ltd.	-	-	1.50	-	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	0.89	0.89
<b>Total</b>	<b>2.76</b>	<b>43.27</b>	<b>1.50</b>	-	<b>0.89</b>	<b>0.89</b>

\* Refer Note No. 29 (xviii)

- 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, 2016 estimated at ₹ 111.83 million (P.Y. ₹ 108.57 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)

	2015-16	2014-15
Provision for excise duty on finished goods at the beginning of the year	108.57	70.50
Provision for excise duty on finished goods at the end of the year	111.83	108.57
Provision for excise duty on finished goods charged in the Statement of Profit and Loss	<b>3.26</b>	<b>38.07</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

<b>x)</b>	<b>Auditor's remuneration charged to accounts:</b>		
	a) Audit fees	1.64	1.21
	b) Auditors remuneration in other capacity	0.33	0.38
	c) Reimbursement of expenses	0.02	0.06
		1.99	1.65

**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)	
	2015-16	2014-15
Dues remaining unpaid as at 31 <sup>st</sup> March		
- Principal	53.68	59.87
- Interest on the above	8.13	5.49

<b>xiii)</b>	<b>Earnings Per Share:</b>		
	Profit After Tax	(2,817.44)	(401.59)
	Weighted average number of shares	124.76	124.43
	Basic Earnings Per Share	(22.58)	(3.23)
	Weighted average number of shares (adjusted for the effects of dilutive potential equity shares)	124.76	124.66
	Diluted Earnings Per Share	(22.58)	(3.22)
	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, 2016 are as under:

	Currency	March 31, 2016		March 31, 2015	
		FC in million	(₹ in million)	FC in million	(₹ in million)
Receivable - Debtors	USD	0.04	2.41	0.05	2.88

	(₹ in million)	
	2015-16	2014-15
<b>xv)</b>	<b>CIF Value of Imports</b>	
	Raw materials	-
<b>xvi)</b>	<b>Earnings in Foreign Exchange</b>	
	FOB value of exports	30.34
<b>xvii)</b>	<b>Expenditure in Foreign Exchange</b>	
	Professional Fees	0.40
	Travelling Expenses	0.25
	Interest	30.43
		<b>31.08</b>
		<b>33.00</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2016

#### xviii) Managerial Remuneration:

Details of the Managerial Remuneration paid or provided during the financial year ended on March 31, 2016:

	(₹ in million)	
	2015-16	2014-15
Remuneration to Managing Director and Whole-time Directors		
- Salaries and contribution to funds	20.82	52.51
- Commission	-	-
	<b>20.82</b>	<b>52.51</b>
Remuneration to Non-executive and Independent Directors		
- Commission	-	-

Consequent to the losses during the financial year 2014-15 in the Company, remuneration paid to the Managerial personnel and Directors was in excess of the limit prescribed under Companies Act, 2013 by ₹ 40.51 million subject to approval from Central Government. During the financial year 2015-16, the Central Government has approved the excess remuneration vide its letter dated March 30, 2016.

- 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)** A subsidiary has entered into a contract bottling agreement with Pernod Ricard India Private Ltd. (PRIPL) to manufacture IMFL products for PRIPL at its manufacturing facility at Andhra Pradesh.
- xxi)** Subsequent to the survey proceedings u/s 133 of the Income Tax Act initiated by the Department in the month of March 2013, the Company had filed an application before the Income Tax Settlement Commission for Assessment Years 2012-13 and 2013-14 and for a subsidiary for the Assessment Years 2011-12, 2012-13 and 2013-14. During the financial year, the Settlement Commission has passed the order directing the Assessing Officer to recompute the tax liability based on its findings. The Company is awaiting the order from the Assessing Officer for the recomputed income tax liability. The estimated Income Tax liability arising thereof had been provided for in the accounts for the year ended March 31, 2014.
- xxii)** Other operating income for the year ended March 31, 2016 includes ₹ 258.92 million on account of entitlement of MVAT and CST refund as compared to ₹ 1,152.90 million included in the year ended March 31, 2015. The Company is awaiting disbursement of ₹ 1,269.11 million of MVAT and CST refund for the year 2012-13 onwards.
- xxiii)** The group has made a provision for diminution for value of investments in the associate company Mason & Summers Marketing Services Pvt. Ltd. (MSMSPL) of ₹ 16.90 million 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.

#### xxiv) Other significant notes

- a) The Company's glass manufacturing unit was given to Ramnath Glass Containers Pvt. Ltd. (RGCP) managed by Mehta Brothers on lease for carrying out their business, which had discontinued the operations in the year 2003 and handed over the unit back to the Company in totally unworkable conditions without fulfilling their legal obligations under the agreement. Due to this the Company had to pay the statutory liabilities and settle the dues of the workmen on behalf of RGCP / Mehta Brothers. The Company has initiated the legal action against the RGCP / Mehta Brothers for recovery of amount paid together with interest and damages amounting to ₹ 76.20 million. As on date, the Honourable Court has ordered for dismissal of the Company's suit on the grounds on non-joinder of RGCP as a party to the said suit.
- b) The Company's distributor Ding Dong Liquors had filed a suit pursuant to the Division Bench order of Bombay High Court for recovery of ₹ 41.20 million after their termination. The Company had filed a suit for recovery of ₹ 39.00 million for the sales proceeds not remitted by Ding Dong Liquors and also towards amount charges wrongly claimed by them. The Company entered into a settlement with Ding Dong vide an agreement dated October 12, 2015 pursuant to which ₹ 11.53 million was remitted to the Company from the deposit made with the Court.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

- c) Anupama Wine Distributors has filed a suit before the City Civil Court, Bangalore claiming ₹ 73.11 million towards refund of security deposit and other dues. The Hon'ble Court vide its Order dated December 22, 2007 dismissed their application for attachment of property for recovery of the above dues. The Company has filed a counter claim for ₹ 119.30 million against Anupama Wine Distributors and the matter is pending before City Civil Court, Bangalore. The matter is posted for filing evidence by Anupama Wine Distributors. 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.
- d) The Company had filed a winding up petition against its bottler and manufacturer Rhizome Distilleries Pvt. Ltd., Hyderabad at Hyderabad High Court for the recovery of its pending dues of ₹ 69.00 million against the sales proceeds received by them against Company's products which they have failed to provide to the Company and ₹ 9.00 million towards Earnest Money Deposit. The Company had also filed a separate civil suit against Rhizome Distilleries Pvt. Ltd. for the recovery. The complaints against the Rhizome Distillery Pvt. Ltd.'s directors under section 138 of Negotiable Instruments Act had also been filed regarding the bouncing of cheques which they had provided against our sales proceeds. The Company has entered into a settlement proposal with Rhizome Distilleries Pvt Ltd. on February 24, 2016 under which Rhizome has agreed to make a full and final payment of ₹ 20.00 million and provide the Company with all the pending C Forms. Accordingly, the Company has transferred the balance irrecoverable amount of ₹ 58.00 million to Bad Debts.
- e) 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.
- xxv)** Consequent to the financial difficulties faced by the major tie up unit of the Company in Tamilnadu, the Company has temporarily suspended its operations from the said tie up unit in Tamilnadu resulting in drop in sales turnover and adversely affecting the profitability. The Company is negotiating various options including third party equity participation and / or filing a legal suit for recovery and is confident that the major tie up unit shall commence its operations in the near future and that it will be able to recover its legitimate dues. The Company has outstanding advances in the normal course of business amounting to ₹ 463.00 million from all the tie up units of Tamilnadu. In view of the above facts, the advances have been considered good and recoverable and hence no provision is considered necessary in the books of accounts.

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

As per our Report of even date annexed.

For and on behalf of the Board

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

**Amit Dahanukar**  
Chairman &  
Managing Director

**Shivani Amit Dahanukar**  
Non - Executive Director

**Dr. Vishnu Kanhere**  
Director

**Kaushal Mehta**  
Partner  
Membership No. 111749

**Dr. Ravindra Bapat**  
Director

**C. V. Bijlani**  
Director

Place : Mumbai  
Date : June 09, 2016

**Srijit Mullick**  
Chief Financial Officer

**Gaurav Thakur**  
Company Secretary

# INDEPENDENT AUDITOR'S 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, 2016, 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 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 of Qualified Opinion

- 1 *We draw attention to note 29 (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.*
- 2 *We draw attention to note 29 (xxiii) of the standalone financial statements in respect of outstanding advances receivable amounting to ₹ 463.00 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 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, 2016 and its loss and its cash flows for the year ended on that date.

# INDEPENDENT AUDITOR'S REPORT

## ON STANDALONE FINANCIAL STATEMENTS

### Emphasis of Matter

We draw attention to note no 29 (xxi) in respect of the standalone financial statements outstanding MVAT and CST incentive of ₹ 1,269.11 million receivable from the State Government for the year 2012-13 onwards. Our opinion is not qualified in respect of this matter.

### 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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 financial statements – refer note no.29 (xxii) to the 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.

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

Place : Mumbai  
Date : June 09, 2016

**Kaushal Mehta**  
Partner  
Membership No. 111749

## ANNEXURE - A TO THE INDEPENDENT AUDITOR'S 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 serious delays in large number of 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.*
- 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:

## ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF TILAKNAGAR INDUSTRIES LTD.

(₹ in million)

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)
		A.Y. 2010-11	273.79	CIT (Appeals)
		A.Y. 2011-12	253.83	CIT (Appeals)
Sales Tax Laws	Sales Tax	F.Y. 2007-08	4.46	Assistant Commissioner
		F.Y. 2008-09		(Appeals)
		F.Y. 2010-11		(Appeals)
	Central Sales tax	F.Y. 2006-07	131.66	Deputy Commissioner
		F.Y. 2009-10		(Appeals)
		F.Y. 2010-11		(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
Industrial Finance Corporation of India – Interest	92.42	December 2015 to March 2016
Punjab National Bank – Interest	76.00	October 2015 to March 2016
State Bank of India – Interest	101.76	October 2015 to March 2016
Bank of India – Interest	136.92	October 2015 to March 2016
Axis Bank Ltd – Principal	3.87	March 2016
Axis Bank Ltd –Interest	11.16	March 2016

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 utilised 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 financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations give 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

Place : Mumbai  
Date : June 09, 2016

**Kaushal Mehta**  
*Partner*  
Membership No. 111749

## ANNEXURE - B TO THE INDEPENDENT AUDITOR'S 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, 2016 in conjunction with our audit of the 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 financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **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, 2016, 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

Place : Mumbai  
Date : June 09, 2016

**Kaushal Mehta**  
*Partner*  
Membership No. 111749

# STANDALONE BALANCE SHEET

AS AT MARCH 31, 2016

(₹ in million)

	Note No.	As at March 31, 2016	As at March 31, 2015
<b>I EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	1,247.56	1,247.56
Reserves & Surplus	3	1,119.93	3,827.30
		<b>2,367.49</b>	<b>5,074.86</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	2,259.83	2,111.82
Deferred Tax Liabilities (Net)	5	432.42	432.42
Other Long-Term Liabilities	6	675.79	827.57
Long-Term Provisions	7	27.29	21.63
		<b>3,395.33</b>	<b>3,393.44</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	8	5,949.40	5,575.41
Trade Payables	9	1,258.73	1,234.75
Other Current Liabilities	10	1,018.57	494.33
Short-Term Provisions	11	237.48	189.34
		<b>8,464.18</b>	<b>7,493.83</b>
<b>Total</b>		<b>14,227.00</b>	<b>15,962.13</b>
<b>II ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	12	5,165.99	5,364.89
Intangible Assets		135.94	182.94
Capital Work-in-Progress		153.45	153.45
Non-Current Investments	13	423.35	455.25
Long-Term Loans and Advances	14	203.03	933.71
Other Non-Current Assets	15	466.40	0.69
		<b>6,548.16</b>	<b>7,090.93</b>
<b>Current Assets</b>			
Current Investments	16	-	9.72
Inventories	17	836.21	996.43
Trade Receivables	18	769.05	1,266.86
Cash and Bank Balances	19	74.65	220.35
Short-Term Loans and Advances	20	5,998.47	6,377.80
Other Current Assets	21	0.46	0.04
		<b>7,678.84</b>	<b>8,871.20</b>
<b>Total</b>		<b>14,227.00</b>	<b>15,962.13</b>
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our Report of even date annexed.

For and on behalf of the Board

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

**Amit Dahanukar**  
Chairman &  
Managing Director

**Shivani Amit Dahanukar**  
Non - Executive Director

**Dr. Vishnu Kanhere**  
Director

**Kaushal Mehta**  
Partner  
Membership No. 111749

**Dr. Ravindra Bapat**  
Director

**C. V. Bijlani**  
Director

Place : Mumbai  
Date : June 09, 2016

**Srijit Mullick**  
Chief Financial Officer

**Gaurav Thakur**  
Company Secretary

## STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2016

		(₹ in million)	
	Note No.	Year ended March 31, 2016	Year ended March 31, 2015
<b>INCOME</b>			
<b>Revenue from Operations</b>			
Sale of products (Gross)	22	6,392.67	7,056.99
Less: Excise duty		2,943.15	2,709.66
Sale of products (Net)		<b>3,449.52</b>	<b>4,347.33</b>
Other Operating Income	22.1	274.37	1,165.99
		<b>3,723.89</b>	<b>5,513.32</b>
Other Income	23	9.00	19.80
		<b>3,732.89</b>	<b>5,533.12</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	24	1,886.12	2,268.46
Purchase of Stock-in-Trade		146.32	442.70
(Increase) / Decrease in Stock	25	76.45	(1.76)
Employee Benefit Expense	26	318.58	187.79
Other Expenses	27	2,422.44	1,773.12
Finance Cost	28	1,196.15	823.71
Depreciation for the year		366.01	270.98
		<b>6,412.07</b>	<b>5,765.00</b>
<b>Profit / (Loss) before taxation</b>		<b>(2,679.18)</b>	<b>(231.88)</b>
<b>Tax expenses</b>			
Current Tax		-	-
For earlier years		(18.83)	18.47
MAT Credit entitlements		-	-
Deferred Tax		-	94.67
		<b>(18.83)</b>	<b>113.14</b>
<b>Profit / (Loss) after taxation</b>		<b>(2,660.35)</b>	<b>(345.02)</b>
Earnings Per Share (₹) Basic	29(xiii)	(21.32)	(2.77)
Diluted		(21.32)	(2.77)
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our Report of even date annexed.

For and on behalf of the Board

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

**Amit Dahanukar**  
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Director

Place : Mumbai  
Date : June 09, 2016

**Srijit Mullick**  
Chief Financial Officer

**Gaurav Thakur**  
Company Secretary

# STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016

(₹ in million)

	2015-2016		2014-2015	
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax		(2,679.18)		(231.88)
Adjustment for:				
Depreciation	365.99		270.98	
(Profit) / Loss on sale of assets	5.31		1.40	
Loss / (Profit) on sale of investments	(0.17)		-	
Provision for diminution for value of Investments	31.90		0.28	
Advances written off / Provision for doubtful advances	531.30		-	
Bad debts	58.01		-	
Unrealised Loss on exchange fluctuation	108.24		5.50	
Employee stock option expenses	(47.01)		11.84	
Sundry balance written back	(1.16)		(4.87)	
Interest expenses	1,196.16		823.71	
Interest income	(4.06)		(6.68)	
		2,244.51		1,102.16
Operating Profit before working capital changes				
Adjustment for:				
(Decrease)/ Increase in trade payables, current liabilities and provisions	(106.80)		1,102.45	
(Increase) / Decrease in loans and advances	155.68		(764.96)	
(Increase) / Decrease in inventory	160.22		52.31	
(Increase) / Decrease in trade receivables	439.79		544.87	
		648.89		934.67
Direct taxes paid		(23.89)		(26.97)
<b>Net Cash from Operating Activities</b>		<b>190.33</b>		<b>1,777.98</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(126.24)		(851.33)	
Sale of fixed assets	8.17		0.72	
(Increase) / Decrease in margin money and deposits	18.32		8.79	
Sale proceeds of investments	9.89		-	
Investments made	-		(10.00)	
Interest received	3.64		6.84	
<b>Net Cash from Investing Activities</b>		<b>(86.22)</b>		<b>(844.98)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Equity shares issued on exercise of employee stock options including premium	-		26.87	
Proceeds from short-term borrowings	373.99		603.95	
Proceeds from long-term borrowings	300.00		-	
Repayment of long-term borrowings	(148.44)		(509.86)	
Dividend and tax thereon including unclaimed dividend	(0.52)		(116.17)	
Interest paid	(756.56)		(818.35)	
		<b>(231.53)</b>		<b>(813.56)</b>
<b>Net increase in Cash &amp; Cash equivalents</b>		<b>(127.42)</b>		<b>119.44</b>
Opening cash & cash equivalents		171.93		52.49
Closing cash & cash equivalents		<b>44.51</b>		<b>171.93</b>

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**  
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Director

Place : Mumbai  
Date : June 09, 2016

**Srijit Mullick**  
Chief Financial Officer

**Gaurav Thakur**  
Company Secretary

# NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

## 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.

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

### iv) Inventories :

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

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

- Finished goods are valued at manufacturing cost, which comprise direct material, direct labour, other direct cost and other related manufacturing overheads. Excise duty payable on finished goods stock 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.

### 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 benefits.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2016

#### 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

FOR THE YEAR ENDED MARCH 31, 2016

### 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, 2016	As at March 31, 2015
<b>2 Share Capital</b>			
<b>Authorised Shares</b>			
150,000,000 equity shares of ₹ 10/- each (P.Y. 150,000,000 equity shares of ₹ 10/- each)		1,500.00	1,500.00
<b>Issued, subscribed and paid up shares</b>			
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			
		<b>1,247.56</b>	<b>1,247.56</b>
<b>a) Reconciliation of the number of shares outstanding</b>			(Nos. in million)
Number of equity shares at the beginning		124.76	123.77
Equity shares issued on exercise of employee stock options		-	0.99
Number of equity shares at the end		<b>124.76</b>	<b>124.76</b>

### 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, 2016		As at March 31, 2015	
	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
<b>Total</b>	<b>62.82</b>	<b>50.35</b>	<b>62.82</b>	<b>50.35</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

(₹ in million)

	As at March 31, 2016	As at March 31, 2015
<b>3 Reserves &amp; Surplus</b>		
<b>a) Securities Premium Account</b>		
As per last Balance Sheet	1,868.74	1,842.87
Add : Additions during the year	-	25.87
	<b>1,868.74</b>	<b>1,868.74</b>
<b>b) General Reserve</b>		
As per last Balance Sheet	<b>106.18</b>	<b>106.18</b>
<b>c) Capital Reserve</b>		
As per last Balance Sheet	<b>642.39</b>	<b>642.39</b>
<b>d) Employee Stock Option Outstanding (Net)</b>	<b>45.02</b>	<b>92.04</b>
<b>e) Surplus / (deficit) in the Statement of Profit and Loss</b>		
As per last Balance Sheet	1,117.95	1,502.36
Less: Depreciation as per transitional provision specified in Schedule II of the Companies Act, 2013 [ Net of tax ₹ Nil ( P.Y. ₹ 19.90 million ) ]	-	38.65
Add: Profit / (Loss) after tax for the year	(2,660.35)	(345.02)
Less: Proposed Dividend	-	0.63
Less: Dividend Distribution Tax	-	0.11
	<b>(1,542.40)</b>	<b>1,117.95</b>
	<b>1,119.93</b>	<b>3,827.30</b>
<b>4 Long-Term Borrowings</b>		
<b>Secured Loans</b>		
<b>From Banks</b>		
Foreign Currency Term Loans	309.83	410.73
Hire Purchase Car Loans (with banker's lien on cars)	-	1.09
<b>From Financial Institution</b>		
Rupee Term Loan	1,950.00	1,700.00
	<b>2,259.83</b>	<b>2,111.82</b>

- 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. Hire Purchase Loan from banks carry interest @ 10.75% to 11.00% and loans and repayable in monthly installment each along with interest.
- c) Secured loans from banks outstanding at the end of the financial year have been guaranteed by the personal guarantee of Chairman & Managing Director of the Company.
- d) 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 @ 13.75%.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

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

(₹ in million)

	1-2 years	2-3 years	3-4 years	Beyond 4 years
Foreign Currency Term Loans	154.92	154.92	-	-
Rupee Term Loans	200.00	350.00	550.00	850.00
	<b>354.92</b>	<b>504.92</b>	<b>550.00</b>	<b>850.00</b>

f) 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	5.69	-
Axis Bank Limited	March 2016	-	5.47
Industrial Finance Corporation of India	December 2015 to March 2016	92.42	-
Punjab National Bank	October 2015 to March 2016	-	76.00
State Bank of India	October 2015 to March 2016	-	101.76
Bank Of India	October 2015 to March 2016	-	136.92
Industrial Development Bank of India	March 2016	-	3.65
<b>Total</b>		<b>98.11</b>	<b>323.80</b>

**Default in Principal**

Bank	Period of Default	Term Loan Instalment
Axis Bank Limited	December 2015 to March 2016	38.73
<b>Total</b>		<b>38.73</b>

(₹ in million)

**5 Deferred Tax Liabilities (Net)**

	As at March 31, 2016	As at March 31, 2015
Deferred Tax Liability	443.51	443.51
Deferred Tax Asset	(11.09)	(11.09)
	<b>432.42</b>	<b>432.42</b>

**The break-up of Deferred Tax as at March 31, 2016 is as under:**

Particulars	Opening as at April 01, 2015	During the year	Closing as at March 31, 2016
<b>Deferred Tax Liability :</b>			
On depreciation differences	443.51	-	443.51
<b>Total Deferred Tax Liability</b>	<b>443.51</b>	-	<b>443.51</b>
<b>Deferred Tax Asset :</b>			
Retirement Benefits & Items u/s. 43B (net of reversals)	(11.09)	-	(11.09)
<b>Total Deferred Tax Asset</b>	<b>(11.09)</b>	-	<b>(11.09)</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>432.42</b>	-	<b>432.42</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

(₹ in million)

	As at March 31, 2016	As at March 31, 2015
<b>6 Other Long-Term Liabilities</b>		
Trade Deposits & Others (Unsecured)	675.79	827.57
	<b>675.79</b>	<b>827.57</b>
<b>7 Long-Term Provisions</b>		
Provision for Gratuity	23.06	21.63
Provision for Leave Encashment	4.23	-
	<b>27.29</b>	<b>21.63</b>
<b>8 Short-Term Borrowings</b>		
<b>Secured</b>		
Cash Credit (including Working Capital Demand Loan)	5,345.51	5,249.56
<b>Unsecured</b>		
From Directors and related parties	31.99	43.49
From other parties	452.56	35.00
Advances from subsidiary Company	119.34	247.36
	<b>5,949.40</b>	<b>5,575.41</b>
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.		
<b>9 Trade Payables</b>		
Trade Payables [ Refer Note No.29 (xii) ]	1,258.73	1,234.75
	<b>1,258.73</b>	<b>1,234.75</b>
<b>10 Other Current Liabilities</b>		
Current maturities of Term Loans-Foreign Currency Loans	193.64	171.14
Current maturities of Term Loans-Rupee Loans	50.00	0.31
Current maturities of Hire Purchase Car Loan	1.36	6.69
Interest accrued and due on borrowings	421.91	33.79
Interest accrued but not due on borrowings	12.34	0.97
Interest accrued but not due on borrowings from other parties	6.32	-
Payable towards Statutory Liabilities	174.35	168.45
Payable for purchase of Fixed Assets	35.12	27.80
Employee dues	69.82	23.08
Unclaimed Dividend	3.36	3.15
Other Payables	50.35	58.95
	<b>1,018.57</b>	<b>494.33</b>
<b>11 Short-Term Provisions</b>		
Provision for Gratuity	9.05	15.55
Provision for Leave Encashment	4.92	-
Provision for Excise Duty on Finished Goods	96.32	35.26
Provision for Taxation (Net of Advance Tax)	127.19	138.53
	<b>237.48</b>	<b>189.34</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

### 12 Fixed Assets

	(₹ in million)											
	Gross Block					Depreciation / Amortization					Net Block	
	As on April 01, 2015	Additions	Deductions	As at March 31, 2016	As on April 01, 2015	Reversal of Depreciation	Transition Adjustment	Deductions	For the year	As at March 31, 2016	As at March 31, 2015	
<b>TANGIBLE ASSETS</b>												
Land	522.89	-	-	522.89	-	-	-	-	-	-	522.89	
Buildings	861.56	0.18	-	861.74	149.52	-	-	23.28	-	172.80	688.94	
Plant & Equipment	4,845.09	132.98	6.15	4,971.92	963.44	-	1.03	259.66	-	1,222.07	3,749.85	
Furniture and Fixtures	33.13	0.01	-	33.14	9.47	-	-	3.86	-	13.33	19.81	
Office Equipment	29.31	0.30	0.03	29.58	20.48	-	0.01	4.89	-	25.36	4.22	
Computers	84.93	0.11	0.03	85.01	74.56	-	0.02	3.14	-	77.68	7.33	
Electrical Installation & Fittings	179.76	-	-	179.76	10.32	-	-	17.50	-	27.82	151.94	
Motor car and Transport Vehicles	64.09	-	15.02	49.07	30.27	-	6.70	6.28	-	29.85	19.22	
Roads & Bridges	2.70	-	-	2.70	2.56	-	-	-	-	2.56	0.14	
Library Books	0.03	-	-	0.03	0.03	-	-	-	-	0.03	-	
Live Stock	0.03	-	-	0.03	-	-	-	-	-	-	0.03	
Leasehold Improvement	4.20	-	-	4.20	0.48	-	-	0.40	-	0.88	3.72	
<b>Total Tangible Assets</b>	<b>6,627.72</b>	<b>133.58</b>	<b>21.23</b>	<b>6,740.07</b>	<b>1,261.13</b>	<b>-</b>	<b>7.76</b>	<b>319.01</b>	<b>1,572.38</b>	<b>5,167.69</b>	<b>5,366.59</b>	
Less: Impairment of Assets										(1.70)	(1.70)	
<b>INTANGIBLE ASSETS</b>										5,165.99	5,364.89	
Brands	334.51	-	-	334.51	157.67	-	-	45.08	-	202.75	176.84	
Software	56.52	-	-	56.52	50.42	-	-	1.92	-	52.34	6.10	
Product Development	17.39	-	-	17.39	17.39	-	-	-	-	17.39	-	
<b>Total Intangible Assets</b>	<b>408.42</b>	<b>-</b>	<b>-</b>	<b>408.42</b>	<b>225.48</b>	<b>-</b>	<b>-</b>	<b>47.00</b>	<b>272.48</b>	<b>135.94</b>	<b>182.94</b>	
<b>Grand Total</b>	<b>7,036.14</b>	<b>133.58</b>	<b>21.23</b>	<b>7,148.49</b>	<b>1,486.61</b>	<b>-</b>	<b>7.76</b>	<b>366.01</b>	<b>1,844.86</b>	<b>5,301.93</b>	<b>5,547.83</b>	
<b>Previous Year</b>	<b>5,223.88</b>	<b>1,815.75</b>	<b>3.49</b>	<b>7,036.14</b>	<b>1,158.46</b>	<b>58.75</b>	<b>1.37</b>	<b>329.73</b>	<b>1,486.61</b>	<b>5,547.83</b>	<b>-</b>	

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

# NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

### 12 Fixed Assets (Contd.) [Schedule of Fixed Assets for the previous year 2014-2015]

	₹ in million)										
	Gross Block				Depreciation / Amortization				Net Block		
	As on April 01, 2014	Additions	Deductions	As at March 31, 2015	As on April 01, 2014	Reversal of Depreciation	Transition Adjustment	Deductions	For the year	As at March 31, 2015	As at March 31, 2014
<b>TANGIBLE ASSETS</b>											
Land	522.89	-	-	522.89	-	-	-	-	-	522.89	522.89
Buildings	228.05	633.51	-	861.56	108.41	14.69	47.62	-	8.18	712.04	119.64
Plant & Equipment	3,827.55	1,017.54	-	4,845.09	751.97	-	3.82	-	207.65	3,881.65	3,075.58
Furniture and Fixtures	32.47	0.66	-	33.13	10.83	5.17	-	-	3.81	23.66	21.64
Office Equipment	28.91	0.41	0.01	29.31	14.32	4.39	0.65	-	9.90	8.83	14.59
Computers	84.43	0.50	-	84.93	68.01	7.68	4.60	-	9.63	10.37	16.42
Electrical Installation & Fittings	16.63	163.13	-	179.76	8.19	3.81	0.11	-	5.83	169.44	8.44
Motor Car and Transport Vehicles	67.57	-	3.48	64.09	38.44	15.70	0.02	1.37	8.88	33.82	29.13
Roads & Bridges	2.70	-	-	2.70	1.51	-	1.05	-	-	0.14	1.19
Library Books	0.03	-	-	0.03	0.03	-	-	-	-	-	-
Live Stock	0.03	-	-	0.03	-	-	-	-	-	0.03	0.03
Lease Hold Improvement	4.20	-	-	4.20	0.13	0.05	-	-	0.40	3.72	4.07
<b>Total Tangible Assets</b>	<b>4,815.46</b>	<b>1,815.75</b>	<b>3.49</b>	<b>6,627.72</b>	<b>1,001.84</b>	<b>51.49</b>	<b>57.87</b>	<b>1.37</b>	<b>254.28</b>	<b>1,261.13</b>	<b>3,813.62</b>
Less: Impairment of Assets										(1.70)	(1.70)
<b>INTANGIBLE ASSETS</b>										<b>5,364.89</b>	<b>3,811.92</b>
Brands	334.51	-	-	334.51	90.77	-	-	-	66.90	176.84	243.74
Software	56.52	-	-	56.52	48.46	7.26	0.67	-	8.55	50.42	8.06
Product Development	17.39	-	-	17.39	17.39	-	-	-	-	17.39	-
<b>Total Intangible Assets</b>	<b>408.42</b>	<b>-</b>	<b>-</b>	<b>408.42</b>	<b>156.62</b>	<b>7.26</b>	<b>0.67</b>	<b>-</b>	<b>75.45</b>	<b>225.48</b>	<b>251.80</b>
<b>Grand Total</b>	<b>5,223.88</b>	<b>1,815.75</b>	<b>3.49</b>	<b>7,036.14</b>	<b>1,158.46</b>	<b>58.75</b>	<b>58.54</b>	<b>1.37</b>	<b>329.73</b>	<b>1,486.61</b>	<b>4,063.72</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

(₹ in million)

	As at March 31, 2016		As at March 31, 2015	
<b>13 Non-Current Investments</b>				
<b>a) Investment in Government Securities (Unquoted)</b>	<b>Nos.</b>		<b>Nos.</b>	
<b>Other than Trade Investments</b>				
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) ]		-		-
		<b>0.05</b>		<b>0.05</b>
<b>b) Investment in Subsidiaries (Unquoted)</b>				
<b>Trade Investments</b>				
<b>Investment in Equity Instruments</b>				
<b>Equity shares of ₹ 100/- each</b>				
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
<b>Equity shares of ₹ 10/- each</b>				
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
		<b>438.01</b>		<b>438.01</b>
Less: Provision for diminution for value of Investments		(15.00)		-
		<b>423.01</b>		<b>438.01</b>
<b>c) Investment in Associate (Unquoted)</b>				
<b>Trade Investments</b>				
<b>Investment in Equity Instruments</b>				
<b>Equity shares of ₹ 10/- each</b>				
Mason & Summers Marketing Services Pvt. Ltd.	130,000	16.90	130,000	16.90
Less: Provision for diminution for value of Investments		(16.90)		-
		-		<b>16.90</b>
<b>d) Other than Trade Investments (Unquoted)</b>				
<b>Investment in Equity Instruments</b>				
<b>Equity shares of ₹ 100/- each</b>				
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
		<b>0.29</b>		<b>0.29</b>
		<b>423.35</b>		<b>455.25</b>
<b>Aggregate of unquoted investments (at cost)</b>		<b>423.35</b>		<b>455.25</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

(₹ in million)

	As at March 31, 2016	As at March 31, 2015
<b>14 Long- Term Loans and Advances</b>		
<b>Unsecured, considered good</b>		
Capital advances	90.88	841.41
Loans and advance to employees	9.53	8.36
MAT Credit entitlement	19.43	19.43
Advance Tax (Net of Provision for Taxation)	76.46	45.08
Deposits with Court	6.73	19.43
	<b>203.03</b>	<b>933.71</b>
<b>15 Other Non-Current Assets</b>		
<b>Cash and Bank Balances</b>		
Short-Term Bank Deposits (Maturity exceeding 12 months)	0.65	0.69
Advance with Tie-up Units	462.71	-
Balance with Excise Authorities	3.04	-
	<b>466.40</b>	<b>0.69</b>
<b>16 Current Investments</b>		
(At cost or market value, whichever is less)		
<b>Investment in Debentures</b>	<b>Nos.</b>	
Industrial Finance Corporation of India	C.Y. Nil P.Y. 10,000	10.00
Less: Provision for diminution for value of Investments	-	0.28
	-	<b>9.72</b>
Aggregate amount of quoted investments	-	10.00
Market value of quoted investments	-	9.72
<b>17 Inventories</b>		
(At lower of cost and net realisable value)		
Raw Materials	106.55	127.51
Stores, Spares and Packing Materials	346.56	409.37
Work-In-Progress	232.61	290.52
Finished Goods	150.49	169.03
	<b>836.21</b>	<b>996.43</b>
<b>18 Trade Receivables</b>		
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding six months from the date they are due for payment	20.01	20.01
<b>Unsecured, considered doubtful</b>		
Outstanding for a period exceeding six months from the date they are due for payment	9.01	9.01
<b>Other receivables</b>		
Unsecured, considered good	749.04	1,246.85
	<b>778.06</b>	<b>1,275.87</b>
Less: Provision for doubtful debts	9.01	9.01
	<b>769.05</b>	<b>1,266.86</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

	(₹ in million)	
	As at March 31, 2016	As at March 31, 2015
<b>19 Cash and Bank Balances</b>		
<b>a) Cash and Cash Equivalents</b>		
i) Balances with Banks In Current Accounts	39.37	155.08
ii) Cash on Hand	5.14	16.85
	<b>44.51</b>	<b>171.93</b>
<b>b) Other Bank Balances</b>		
i) Earmarked Balances with Banks	3.36	3.15
ii) Short-Term Bank Deposits (Maturity within 12 months)	26.78	45.27
	<b>30.14</b>	<b>48.42</b>
	<b>74.65</b>	<b>220.35</b>
<b>20 Short-Term Loans and Advances</b>		
<b>Unsecured, considered good</b>		
Advances recoverable in cash or in kind or for value to be received	3,814.91	2,881.71
Advances to Subsidiary Companies *	915.22	909.02
Advance with Tie-up Units	1,415.34	2,130.90
Balance with Excise Authorities	51.00	74.76
Deposits	275.72	381.41
Less : Provision for doubtful advances	(473.72)	-
	<b>5,998.47</b>	<b>6,377.80</b>
<b>21 Other Current Assets</b>		
Interest accrued on Deposits	0.46	0.04
	<b>0.46</b>	<b>0.04</b>
<b>22 Revenue from Operations</b>		
Sales of products	5,866.31	6,918.11
Income from tie-up units	526.36	138.88
	<b>6,392.67</b>	<b>7,056.99</b>

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

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

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)	
	2015-16	2014-15
Gross Sales of Companys' brands and other sales including sales made by tie-up arrangements	9,992.96	8,687.88
Less : Excise Duty / sales under other various arrangements	5,411.31	3,600.22
Net Sales of Companys' brands and other sales	4,581.65	5,087.66
Less : Net Sales made by tie-up units	1,658.49	879.21
Add : Net income from tie-up arrangement	526.36	138.88
<b>Total Income</b>	<b>3,449.52</b>	<b>4,347.33</b>
<b>Details of sale of products</b>		
Indian Made Foreign Liquor	5,222.23	6,219.99
Traded Goods	146.80	442.53
Industrial Alcohol, Spirits & Others	497.28	255.59
	<b>5,866.31</b>	<b>6,918.11</b>

	(₹ in million)	
	Year ended March 31, 2016	Year ended March 31, 2015
<b>22.1 Other Operating Income</b>		
Sale of by products and scrap	15.45	13.09
Government Incentives [ Refer Note No.29 (xxi) ]	258.92	1,152.90
	<b>274.37</b>	<b>1,165.99</b>
<b>23 Other Income</b>		
Duty drawback on exports	1.45	4.88
Miscellaneous receipts	2.16	3.37
Sundry balance written back	1.16	4.87
Interest income on margin money / fixed deposits	4.06	6.68
Profit on Sale of Investments	0.17	-
	<b>9.00</b>	<b>19.80</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

		(₹ in million)			
		Year ended March 31, 2016	Year ended March 31, 2015		
<b>24 Cost of Materials Consumed</b>					
i) Raw Material Consumption					
Opening Stock		127.51	150.58		
Add : Purchases		796.68	1,018.90		
Less: Closing Stock		106.55	127.51		
		<b>817.64</b>	<b>1,041.97</b>		
ii) Packing Materials & Consumables					
		1,068.48	1,226.49		
		<b>1,886.12</b>	<b>2,268.46</b>		
<b>Details of Raw Materials Consumed</b>					
a) Molasses, Grain etc.		275.86	178.72		
b) Industrial Alcohol & Other Spirits		250.86	775.39		
c) Other Raw Materials		290.92	87.86		
		<b>817.64</b>	<b>1,041.97</b>		
<b>Value of Imported &amp; Indigenous Raw Materials Consumed</b>		<b>% to Total Consumption</b>	<b>2015-16</b>	<b>% to Total Consumption</b>	<b>2014-15</b>
i) Imported	-	-	-	-	-
ii) Indigenous	100.00	817.64	100.00	1,041.97	1,041.97
	<b>100.00</b>	<b>817.64</b>	<b>100.00</b>	<b>1,041.97</b>	<b>1,041.97</b>
		(₹ in million)			
		Year ended March 31, 2016	Year ended March 31, 2015		
<b>25 (Increase) / Decrease in Stock</b>					
Opening Stock					
i) Work-In-Progress		290.52	318.27		
ii) Finished Goods		169.03	139.52		
		<b>459.55</b>	<b>457.79</b>		
Less : Closing Stock					
i) Work-In-Progress		232.61	290.52		
ii) Finished Goods		150.49	169.03		
		<b>383.10</b>	<b>459.55</b>		
<b>(Increase) / Decrease in Stock</b>		<b>76.45</b>	<b>(1.76)</b>		
<b>26 Employee Benefit Expense</b>					
Salary and wages		332.69	120.59		
Employee Stock Option Expenses		(47.01)	11.84		
Contribution to provident fund and family pension fund		15.40	24.99		
Staff welfare expenses		12.86	16.61		
Gratuity		4.64	13.76		
		<b>318.58</b>	<b>187.79</b>		

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

(₹ in million)

	Year ended March 31, 2016	Year ended March 31, 2015
<b>27 Other Expenses</b>		
Power and fuel	48.53	43.52
Provision for Excise Duty on Finished Goods [ Refer Note No.29 (ix) ]	61.06	(3.41)
Repairs & maintenance		
i) Plant & Equipment	4.47	10.20
ii) Buildings	1.53	0.59
iii) Others	12.65	12.06
Insurance	10.41	9.86
Rent	20.91	15.39
Contract manufacturing cost	119.62	377.52
Legal and professional charges	133.05	130.96
Auditors Remuneration [ Refer Note No.29 (x) ]	1.61	1.26
Rates and taxes	90.24	174.93
Freight, transport charges & other expenses	115.01	131.23
Selling expenses [Discounts, Sales Promotion & Advertising etc.]	970.70	752.90
Travelling and conveyance expenses	17.19	16.42
Printing and stationery	3.61	2.57
Communication expenses	7.11	8.01
Vehicle running expenses	4.56	7.63
Director sitting fees	0.27	0.38
Bad Debts [Refer Note No.29 (xxii) (d)]	58.01	-
Loss on Sale of Assets	5.31	1.40
Loss on exchange fluctuation	108.20	6.19
Corporate Social Responsibility	4.91	10.95
Provision for diminution for value of Investments	31.90	0.28
Provision for doubtful advances	473.72	-
Advances written off	57.58	-
Miscellaneous expenses	60.28	62.28
	<b>2,422.44</b>	<b>1,773.12</b>
<b>28 Finance Cost</b>		
Interest on Term Loans	299.78	108.54
Interest on Cash Credits / Working Capital Demand Loan	714.85	522.63
Others	181.52	192.54
	<b>1,196.15</b>	<b>823.71</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2016

#### 29 Notes on Accounts

##### i) Contingent Liability not provided for:

(₹ in million)

Particulars	As at	As at
	March 31, 2016	March 31, 2015
a) Corporate guarantees issued to banks on behalf of Subsidiary Company	136.81	172.12
b) Bank guarantees issued on behalf of the Company	85.05	154.65
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	253.83
A.Y. 2010-2011	273.79	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	79.94
F.Y. 2004-2005 (Bombay Sales Tax)	-	4.67
F.Y. 2004-2005 (Central Sales Tax)	-	2.03
F.Y. 2003-2004 (Bombay Sales Tax)	-	6.28
F.Y. 2003-2004 (Central Sales Tax)	-	4.83

ii) Estimated amount of contracts remaining to be executed on capital accounts and not provided for is ₹ Nil (P.Y. ₹ 50 million).

##### iii) Operating Lease:

- The Company has taken bottling units under cancellable operating lease at various locations and during the financial year ₹ 4.30 million (P.Y. ₹ 15.25 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 ₹ 20.91 million (P.Y. ₹ 15.39 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 ₹ 15.40 million (P.Y. ₹ 24.99 million) under defined contribution plan as employer's contribution to Provident Fund.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

### Defined Benefit Plan

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

The net value of the defined commitment is detailed below:

	(₹ in million)	
	As at March 31, 2016	As at March 31, 2015
	Funded Gratuity	Funded Gratuity
Present Value of obligation	36.22	40.98
Fair Value of Plans	4.11	3.80
<b>Net Liability in the balance sheet</b>	<b>32.11</b>	<b>37.18</b>
<b>Defined Benefit Obligations</b>		
Opening balance	40.98	34.89
Interest expenses	3.25	3.25
Current service cost	3.39	3.67
Benefit paid directly by the employer	(9.72)	(5.72)
Benefit paid from the fund	-	(2.28)
Actuarial (gain) / loss	(1.68)	7.17
<b>Closing balance</b>	<b>36.22</b>	<b>40.98</b>
<b>Plan Assets</b>		
Opening balance	3.80	5.75
Expected return on plan assets	0.30	0.51
Paid Funds	-	(2.28)
Actuarial (gain) / loss	0.01	(0.18)
<b>Closing balance</b>	<b>4.11</b>	<b>3.80</b>
<b>Return on Plan Assets</b>		
Expected return on plan assets	0.30	0.50
Actuarial (gain) / loss	0.02	(0.18)
<b>Actual Return on Plan Assets</b>	<b>0.32</b>	<b>0.32</b>
<b>Expenses on defined benefit plan</b>		
Current service costs	3.39	3.67
Interest expense	3.25	3.25
Expected return on plan assets	(0.30)	(0.50)
Net actuarial (gain) / loss	(1.70)	7.34
<b>Expenses charged to the Statement of Profit and Loss</b>	<b>4.64</b>	<b>13.76</b>
<b>Investments Details</b>		
	% Invested March 31, 2016	% Invested March 31, 2015
Funds Managed by Life Insurance Corporation	100	100
Public Sector Unit Bonds	-	-
State / Central Guaranteed securities	-	-
Special deposit schemes	-	-
Other (excluding bank balances)	-	-
	100	100

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

<b>Actuarial assumptions</b>	<b>Funded Gratuity 2006-08 Ultimate</b>	<b>Funded Gratuity 2006-08 Ultimate</b>
Mortality (LIC)		
Discount rate (per annum)	7.99%	7.92%
Expected rate of return on plan assets (per annum)	7.99%	7.92%
Rate of escalation in salary (per annum)	5.00%	5.00%
Attrition rate (per annum)	16.00%	16.00%

### Defined Contribution Plan

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

<b>Funded Gratuity for the year ended</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Present value of DBO	36.22	40.98	34.88	32.95	30.42
Fair value of plan assets	4.11	3.80	5.75	10.21	9.44
Deficit/(Surplus)	32.11	37.18	29.13	22.74	20.98
Experience adjustments on plan liabilities	(1.52)	4.34	3.67	(5.64)	(2.78)
Experience adjustments on plan assets	0.01	(0.18)	(0.37)	(0.04)	0.01

### v) Employee Stock Option Scheme

- a) The Shareholders of the Company at the Annual General Meetings held on August 06, 2008 and September 20, 2010 had approved the Employee Stock Option Scheme (ESOP) 2008 and Employee Stock Option Scheme (ESOP) 2010 respectively and also approved Employee Stock Option Scheme (ESOP) 2012 on May 24, 2012 by way of Postal Ballot.
- b) During the financial year ended March 31, 2016, the following schemes were in operation :

#### A) Employee Stock Option Scheme 2010

<b>Particulars</b>	<b>Grant 1</b>	<b>Grant 2</b>	<b>Grant 3</b>	<b>Grant 4</b>
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, 2016	730,400	3,730,521	154,200	843,663
Number of options cancelled till March 31, 2016	241,700	846,381	33,870	202,818
Number of options lapsed till March 31, 2016	17,100	734,120	37,980	295,087
Number of options exercised till March 31, 2016	471,600	2,150,020	47,070	147,493
Net options outstanding as on March 31, 2016	-	-	35,280	198,265
Vesting period from the date of grant	4 years	4 years	4 years	4 years
Exercise period from the date of vesting	2 years	2 years	2 years	2 years

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

### B) Employee Stock Option Scheme 2010

Particulars	Grant 1	Grant 2	Grant 3	Grant 4
Date of Grant	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011
Date of the Board Approval	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011
Date of the Shareholders Approval	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010
Number of options granted till March 31, 2016	16,15,500	5,12,000	33,79,600	9,69,000
Number of options cancelled till March 31, 2016	7,56,240	1,73,840	12,10,661	-
Number of options lapsed till March 31, 2016	7,61,670	1,73,202	3,91,794	4,28,300
Number of options exercised till March 31, 2016	97,590	1,00,678	13,03,082	5,40,700
Net options outstanding as on March 31, 2016	-	64,280	4,74,063	-
Vesting period from the date of grant	3 years	3 years	3 years	3 years
Exercise period from the date of vesting	2 years	2 years	2 years	2 years

### C) Exercise period from the date of vesting

Particulars	Grant 1	Grant 2	Grant 3	Grant 4
Date of Grant	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014
Date of the Board Approval	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014
Date of the Shareholders Approval	May 24, 2012	May 24, 2012	May 24, 2012	May 24, 2012
Number of options granted till March 31, 2016	3,000,000	1,000,000	1,000,000	1,000,000
Number of options cancelled till March 31, 2016	240,442	156,390	334,630	-
Number of options lapsed till March 31, 2016	1,481,000	354,320	454,576	-
Number of options exercised till March 31, 2016	429,967	-	8,715	-
Net options outstanding as on March 31, 2016	848,591	489,290	202,079	1,000,000
Vesting period from the date of grant	3 years	3 years	3 years	3 years
Exercise period from the date of vesting	2 years	2 years	2 years	2 years

### c) The details of the options as on March 31, 2016 are as under:

(Nos. in million)

Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
<b>Financial Year 2014-15</b>			
<b>Options outstanding as on April 01, 2014</b>	<b>1.30</b>	<b>2.34</b>	<b>4.56</b>
Options granted from April 01, 2014 to March 31, 2015	Nil	Nil	1.00
Options cancelled till March 31, 2015	0.01	0.01	0.19
Options lapsed till March 31, 2015	0.16	0.34	0.10
Options exercised April 01, 2014 to March 31, 2015	0.44	0.39	0.15
<b>Options outstanding as on March 31, 2015</b>	<b>0.69</b>	<b>1.60</b>	<b>5.12</b>
<b>Financial Year 2015-16</b>			
<b>Options outstanding as on April 01, 2015</b>	<b>0.69</b>	<b>1.60</b>	<b>5.12</b>
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
<b>Options outstanding as on March 31, 2016</b>	<b>0.23</b>	<b>0.54</b>	<b>2.54</b>

- d) The weighted average fair value of stock options granted during the financial year was ₹ (93.48) million (P.Y. ₹ 23.24 million). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

### A) Employee Stock Option Scheme 2008

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

### B) Employee Stock Option Scheme 2010

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

### C) Employee Stock Option Scheme 2012

Particulars	Grant 1	Grant 2	Grant 3	Grant 4
Dates of Grant	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014
Market Price (₹ per share) on the dates of grant	56.30	77.20	60.40	61.35
Volatility	61.31%	57.71%	55.67%	49.33%
Risk free rate	8.24%	7.95%	7.24%	8.52%
Exercise price	42	60	45	46
Time to maturity (years)	3	3	3	3
Dividend yield	1.84%	1.84%	1.83%	1.67%
Option fair value (₹ per share)	28.56	36.86	28.71	28.54

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, 2016	As at March 31, 2015
Net Profit as Reported available to Equity Share holders	(2,660.35)	(345.02)
Add: Employee stock compensation under intrinsic value	(47.01)	11.84
Less: Employee stock compensation under fair value method	(93.48)	23.24
Adjusted Net Profit	(2,613.88)	(356.42)
Earnings Per Share		
Basic: (₹)		
-As reported	(21.32)	(2.77)
-Adjusted	(20.95)	(2.86)
Diluted: (₹)		
-As reported	(21.32)	(2.77)
-Adjusted	(20.95)	(2.86)

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

### 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
- c) Company in which Key Managerial Personnel has substantial interest : M.L. Dahanukar & Co. Pvt. Ltd.  
: Arunoday Investments Pvt. Ltd.  
: Maharashtra Sugar Mills Pvt. Ltd.  
: Smt. Malati Dahanukar Trust
- d) Relative of Key Managerial Personnel : Dr. Priyadarshini A. Dahanukar

(₹ in million)

Nature of Transaction (excluding reimbursements)	Parties referred in (a) above		Parties referred in (b) above		Parties referred in (c) above		Parties referred in (d) above	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Sales</b>								
Prag Distillery (P) Ltd.	34.77	30.16	-	-	-	-	-	-
Vahni Distilleries Private Limited	4.83	25.34	-	-	-	-	-	-
Kesarval Springs Distillers Pvt. Ltd.	-	1.26	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	6.40	7.40	-	-	-	-	-	-
<b>Total</b>	<b>46.00</b>	<b>64.16</b>	-	-	-	-	-	-
<b>Purchase</b>								
Prag Distillery (P) Ltd.	1.83	4.18	-	-	-	-	-	-
Vahni Distilleries Private Limited	0.27	2.52	-	-	-	-	-	-
Kesarval Springs Distillers Pvt. Ltd.	0.26	-	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	2.66	12.53	-	-	-	-	-	-
<b>Total</b>	<b>5.02</b>	<b>19.23</b>	-	-	-	-	-	-

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

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	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Donations</b>								
Smt. Malati Dahanukar Trust	-	-	-	-	1.64	3.82	-	-
<b>Total</b>	-	-	-	-	<b>1.64</b>	<b>3.82</b>	-	-
<b>Interest Income</b>								
Prag Distillery (P) Ltd.	-	75.50	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	-	20.89	-	-	-	-	-	-
<b>Total</b>	-	<b>96.39</b>	-	-	-	-	-	-
<b>Interest Expenses</b>								
Vahni Distilleries Private Limited	-	13.90	-	-	-	-	-	-
<b>Total</b>	-	<b>13.90</b>	-	-	-	-	-	-
<b>Expenses ( Bottling &amp; Commission)</b>								
Vahni Distilleries Private Limited	6.66	-	-	-	-	-	-	-
Prag Distillery (P) Ltd.	21.24	-	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	9.70	-	-	-	-	-	-	-
<b>Total</b>	<b>37.60</b>	-	-	-	-	-	-	-
<b>Brand Owners' Surplus ( Income)</b>								
Prag Distillery (P) Ltd.	337.68	-	-	-	-	-	-	-
Vahni Distilleries Private Limited	117.58	-	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	55.36	-	-	-	-	-	-	-
<b>Total</b>	<b>510.62</b>	-	-	-	-	-	-	-
<b>Payment to Key Managerial Personnel *</b>								
Mr. Amit Dahanukar	-	-	12.55	32.04	-	-	-	-
Mrs. Shivani Amit Dahanukar	-	-	8.27	20.47	-	-	-	-
<b>Total</b>	-	-	<b>20.82</b>	<b>52.51</b>	-	-	-	-
<b>Net Loans &amp; Advances given / (taken)</b>								
Prag Distillery (P) Ltd.	88.95	57.28	-	-	-	-	-	-
Vahni Distilleries Private Limited	128.01	(385.33)	-	-	-	-	-	-
Kesarval Springs Distillers Pvt. Ltd.	(81.69)	3.66	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	(1.18)	(22.65)	-	-	-	-	-	-
Mykingdom Ventures Pvt. Ltd.	0.03	0.40	-	-	-	-	-	-
Studd Projects P. Ltd.	0.02	0.11	-	-	-	-	-	-
Srirampur Grain Private Limited	0.03	0.02	-	-	-	-	-	-
Shivprabha Sugars Ltd.	0.04	0.27	-	-	-	-	-	-
<b>Total</b>	<b>134.21</b>	<b>(346.24)</b>	-	-	-	-	-	-

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

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	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Loan Taken</b>								
Mr. Amit Dahanukar	-	-	145.40	97.00	-	-	-	-
Mrs. Shivani Amit Dahanukar	-	-	-	10.50	-	-	-	-
M L Dahanukar and Co. Pvt. Ltd.	-	-	-	-	-	5.00	-	-
Arunoday Investments Pvt. Ltd.	-	-	-	-	-	73.00	-	-
Maharashtra Sugar Mills Pvt. Ltd.	-	-	-	-	-	12.00	-	-
<b>Total</b>	-	-	<b>145.40</b>	<b>107.50</b>	-	<b>90.00</b>	-	-
<b>Repayment of Loan</b>								
Mr. Amit Dahanukar	-	-	145.40	97.00	-	-	-	-
Mrs. Shivani Amit Dahanukar	-	-	-	10.50	-	-	-	-
M L Dahanukar and Co. Pvt. Ltd.	-	-	-	-	7.50	-	-	-
Arunoday Investments Pvt. Ltd.	-	-	-	-	4.00	79.80	-	-
Maharashtra Sugar Mills Pvt. Ltd.	-	-	-	-	-	0.01	-	-
<b>Total</b>	-	-	<b>145.40</b>	<b>107.50</b>	<b>11.50</b>	<b>79.81</b>	-	-
<b>Rent Payment</b>								
Mr. Amit Dahanukar	-	-	8.10	7.39	-	-	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	-	-	2.59	2.39
M L Dahanukar and Co. Pvt. Ltd.	-	-	-	-	0.72	0.72	-	-
<b>Total</b>	-	-	<b>8.10</b>	<b>7.39</b>	<b>0.72</b>	<b>0.72</b>	<b>2.59</b>	<b>2.39</b>
<b>Outstanding Payable</b>								
Vahni Distilleries Private Limited.	119.34	247.36	-	-	-	-	-	-
M L Dahanukar and Co. Pvt. Ltd.	-	-	-	-	-	7.50	-	-
Arunoday Investments Pvt. Ltd.	-	-	-	-	-	4.00	-	-
Maharashtra Sugar Mills Pvt. Ltd.	-	-	-	-	31.99	31.99	-	-
<b>Total</b>	<b>119.34</b>	<b>247.36</b>	-	-	<b>31.99</b>	<b>43.49</b>	-	-

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

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	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Outstanding Receivable</b>								
Prag Distillery (P) Ltd.	749.54	660.60	-	-	-	-	-	-
Kesarval Spring Distillers Pvt. Ltd.	-	81.69	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	158.92	160.09	-	-	-	-	-	-
Mykingdom Ventures Pvt. Ltd.	0.69	0.66	-	-	-	-	-	-
Studd Projects P. Ltd.	0.35	0.33	-	-	-	-	-	-
Srirampur Grains Private Limited	1.47	1.44	-	-	-	-	-	-
Shivprabha Sugars Ltd.	4.25	4.21	-	-	-	-	-	-
Mr. Amit Dahanukar	-	-	2.76	28.80	-	-	-	-
Mrs. Shivani Amit Dahanukar	-	-	-	14.47	-	-	-	-
M.L. Dahanukar & Co. Pvt. Ltd.	-	-	-	-	1.50	-	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	-	-	0.89	0.89
<b>Total</b>	<b>915.22</b>	<b>909.02</b>	<b>2.76</b>	<b>43.27</b>	<b>1.50</b>	<b>-</b>	<b>0.89</b>	<b>0.89</b>

\* Refer Note No. 29 (xviii)

- viii) In accordance with provision 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, 2016 estimated at ₹ 96.32 million (P.Y. ₹ 35.26 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)

	2015-16	2014-15
Provision for excise duty on finished goods at the beginning of the year	35.26	38.67
Provision for excise duty on finished goods at the end of the year	96.32	35.26
Provision for excise duty on finished goods charged in the Statement of Profit and Loss	<b>61.06</b>	<b>(3.41)</b>

- x) **Auditor's remuneration charged to accounts:**
- |  |             |             |
|--|-------------|-------------|
| a) Audit fees                              | 1.26        | 0.84        |
| b) Auditors remuneration in other capacity | 0.33        | 0.37        |
| c) Reimbursement of expenses               | 0.02        | 0.05        |
|  | <b>1.61</b> | <b>1.26</b> |

- 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.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

- 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)	
	2015-16	2014-15
Dues remaining unpaid as at 31 <sup>st</sup> March		
- Principal	53.68	59.87
- Interest on the above	8.13	5.49

	(₹ in million)	
	2015-16	2014-15
<b>xiii) Earnings Per Share:</b>		
Profit After Tax	(2,660.35)	(345.02)
Weighted average number of shares	124.76	124.43
Basic Earnings Per Share	(21.32)	(2.77)
Weighted average number of shares (adjusted for the effects of dilutive potential equity shares)	124.76	124.66
Diluted Earnings Per Share	(21.32)	(2.77)
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, 2016 are as under:

	Currency	March 31, 2016		March 31, 2015	
		FC in million	(₹ in million)	FC in million	(₹ in million)
Receivable - Debtors	USD	0.04	2.41	0.05	2.88

	(₹ in million)	
	2015-16	2014-15
<b>xv) CIF Value of Imports</b>		
Raw materials	-	-

<b>xvi) Earnings in Foreign Exchange</b>		
FOB value of exports	30.34	96.60

<b>xvii) Expenditure in Foreign Exchange</b>		
Professional Fees	0.40	3.69
Travelling Expenses	0.25	0.86
Interest	23.90	19.75
	<b>24.55</b>	<b>24.30</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2016

#### xviii) Managerial Remuneration:

Details of the Managerial Remuneration paid or provided during the financial year ended on March 31, 2016:

	2015-16	2014-15
(₹ in million)		
Remuneration to Managing Director and Whole-time Directors		
- Salaries and contribution to funds	20.82	52.51
- Commission	-	-
	<b>20.82</b>	<b>52.51</b>
Remuneration to Non-executive and Independent Directors		
- Commission	-	-

Consequent to the losses during the financial year 2014-15 in the Company, remuneration paid to the Managerial personnel and Directors was in excess of the limit prescribed under Companies Act, 2013 by ₹ 40.51 million subject to approval from Central Government. During the financial year 2015-16 the Central Government has approved the excess remuneration vide its letter dated March 30, 2016.

- 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)** Subsequent to the survey proceedings u/s 133 of the Income Tax Act initiated by the Department in the month of March 2013, the Company had filed an application before the Income Tax Settlement Commission for Assessment Years 2012-13 and 2013-14. During the financial year, the Settlement Commission has passed the order directing the Assessing Officer to recompute the tax liability based on its findings. The Company is awaiting the order from the Assessing Officer for the recomputed income tax liability. The estimated Income Tax liability arising thereof had been provided for in the accounts for the year ended March 31, 2014.
- xxi)** Other operating income for the year ended March 31, 2016 includes ₹ 258.92 million on account of entitlement of MVAT and CST refund as compared to ₹ 1,152.90 million included in the year ended March 31, 2015. 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

- a) The Company's glass manufacturing unit was given to Ramnath Glass Containers Pvt. Ltd. (RGCP) managed by Mehta Brothers on lease for carrying out their business, which had discontinued the operations in the year 2003 and handed over the unit back to the Company in totally unworkable conditions without fulfilling their legal obligations under the agreement. Due to this the Company had to pay the statutory liabilities and settle the dues of the workmen on behalf of RGCP / Mehta Brothers. The Company has initiated the legal action against the RGCP / Mehta Brothers for recovery of amount paid together with interest and damages amounting to ₹ 76.20 million. As on date, the Honourable Court has ordered for dismissal of the Company's suit on the grounds on non-joinder of RGCP as a party to the said suit.
- b) The Company's distributor Ding Dong Liquors had filed a suit pursuant to the Division Bench order of Bombay High Court for recovery of ₹ 41.20 million after their termination. The Company had filed a suit for recovery of ₹ 39.00 million for the sales proceeds not remitted by Ding Dong Liquors and also towards amount charges wrongly claimed by them. The Company entered into a settlement with Ding Dong vide an agreement dated October 12, 2015 pursuant to which ₹ 11.53 million was remitted to the Company from the deposit made with the Court.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

- c) Anupama Wine Distributors has filed a suit before the City Civil Court, Bangalore claiming ₹ 73.11 million towards refund of security deposit and other dues. The Hon'ble Court vide its Order dated December 22, 2007 dismissed their application for attachment of property for recovery of the above dues. The Company has filed a counter claim for ₹ 119.30 million against Anupama Wine Distributors and the matter is pending before City Civil Court, Bangalore. The matter is posted for filing evidence by Anupama Wine Distributors. 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.
- d) The Company had filed a winding up petition against its bottler and manufacturer Rhizome Distilleries Pvt. Ltd., Hyderabad at Hyderabad High Court for the recovery of its pending dues of ₹ 69.00 million against the sales proceeds received by them against Company's products which they have failed to provide to the Company and ₹ 9.00 million towards Earnest Money Deposit. The Company had also filed a separate civil suit against Rhizome Distilleries Pvt. Ltd. for the recovery. The complaints against the Rhizome Distillery Pvt. Ltd.'s directors under section 138 of Negotiable Instruments Act had also been filed regarding the bouncing of cheques which they had provided against our sales proceeds. The Company has entered into a settlement proposal with Rhizome Distilleries Pvt Ltd. on February 24, 2016 under which Rhizome has agreed to make a full and final payment of ₹ 20.00 million and provide the Company with all the pending C Forms. Accordingly, the Company has transferred the balance irrecoverable amount of ₹ 58.00 million to Bad Debts.
- e) 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)** Consequent to the financial difficulties faced by the major tie up unit of the Company in Tamilnadu, the Company has temporarily suspended its operations from the said tie up unit in Tamilnadu resulting in drop in sales turnover and adversely affecting the profitability. The Company is negotiating various options including third party equity participation and / or filing a legal suit for recovery and is confident that the major tie up unit shall commence its operations in the near future and that it will be able to recover its legitimate dues. The Company has outstanding advances in the normal course of business amounting to ₹ 463.00 million from all the tie up units of Tamilnadu. In view of the above facts, the advances have been considered good and recoverable and hence no provision is considered necessary in the books of accounts.

**xxiv)** Disclosure required under Section 186 (4) of the Company's Act, 2013 for loans and advances and guarantees :

(₹ in million)

a) Loans and advances in the nature of loans to subsidiaries	2015-16		2014-15	
	Maximum amount outstanding	Balance as at the year end	Maximum amount outstanding	Balance as at the year end
Prag Distillery (P) Ltd.	749.54	749.54	660.60	660.60
Vahni Distilleries Private Limited	-	-	137.97	-
Kesarval Spring Distillers Private Ltd	81.69	-	81.69	81.69
Punjab Expo Breweries Pvt. Ltd.	160.09	158.92	197.19	160.09
Mykingdom Ventures Pvt. Ltd.	0.69	0.69	0.26	0.66
Studd Projects P. Limited	0.35	0.35	0.33	0.33
Srirampur Grain Pvt. Ltd.	1.47	1.47	1.44	1.44
Shivprabha Sugars Ltd.	4.25	4.25	4.21	4.21
<b>Total</b>	<b>998.08</b>	<b>915.22</b>	<b>1,083.33</b>	<b>909.02</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

	2015-16	2014-15
b) Guarantees		
Corporate guarantees issued to banks on behalf of Subsidiary Company	136.81	172.12

The above loans and guarantees have been given for general business purposes.

**xxv)** The group has made a provision for diminution for value of investments in the associate Company Mason & Summers Marketing Services Pvt. Ltd. (MSMSPL) of ₹ 16.90 million due to losses made by the associate.

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

As per our Report of even date annexed.

For and on behalf of the Board

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

**Amit Dahanukar**  
Chairman &  
Managing Director

**Shivani Amit Dahanukar**  
Non - Executive Director

**Dr. Vishnu Kanhere**  
Director

**Kaushal Mehta**  
Partner  
Membership No. 111749

**Dr. Ravindra Bapat**  
Director

**C. V. Bijlani**  
Director

Place : Mumbai  
Date : June 09, 2016

**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**

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Total Investments	Invest-ments	Turnover/ Total Income	Profit/ (Loss) Before Taxation	Provision for Taxation	Profit / (Loss) After Taxation	Proposed Dividend	% of Share-holding
1	Prag Distillery (P) Ltd.	INR	36.81	247.50	1,550.27	1,265.96	0.03	1,406.07	2.80	(90.11)	2.80	(92.91)	Nil	100%
2	Vahni Distilleries Private Limited	INR	149.81	(13.12)	555.09	418.40	-	1,913.74	4.37	(55.29)	4.37	(59.66)	Nil	100%
3	Kesarval Springs Distillers Pvt. Ltd.	INR	3.00	(39.02)	4.41	40.43	-	0.89	0.23	(16.80)	0.23	(17.03)	Nil	100%
4	PunjabExpo Breweries Private Limited	INR	2.96	(33.43)	163.27	193.74	-	186.51	-	(6.13)	-	(6.13)	Nil	100%
5	Mykingdom Ventures Pvt. Ltd.	INR	0.10	2.22	3.03	0.71	-	-	-	(0.03)	-	(0.03)	Nil	100%
6	Studd Projects P. Ltd.	INR	0.10	(0.27)	0.20	0.37	-	-	-	(0.02)	-	(0.02)	Nil	100%
7	Srirampur Grains Private Limited	INR	0.10	(1.58)	0.01	1.49	-	-	-	(0.03)	-	(0.03)	Nil	100%
8	Shivprabha Sugars Ltd.	INR	0.50	(14.55)	1.62	15.68	-	-	-	(14.06)	-	(14.06)	Nil	90%

For and on behalf of the Board

**Amit Dahanukar**  
Chairman & Managing Director

**Shivani Amit Dahanukar**  
Non - Executive Director

**Dr. Vishnu Kanhere**  
Director

**Dr. Ravindra Bapat**  
Director

**C. V. Bijlani**  
Director

**Srijit Mullick**  
Chief Financial Officer

**Gaurav Thakur**  
Company Secretary

Place : Mumbai  
Date : June 09, 2016

**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

(₹ million)

Sr. No.	Name of Associate	Mason & Summers Marketing Services Pvt. Ltd.
1	<b>Latest audited Balance Sheet Date</b>	March 31, 2015
2	<b>Shares of Associate held by the Company on the year end</b>	
	i Number of Equity Shares	1,30,000
	ii Amount of Investment in Associate	16.90
	iii Extend of Holding %	26%
3	<b>Description of how there is significant influence</b>	Due to shareholding
4	<b>Reason why the associate/joint venture is not consolidated</b>	Refer Note below *
5	<b>Networth attributable to Shareholding as per latest audited Balance Sheet</b> (Limited to amount of investment in Associate)	-
6	<b>Profit / (Loss) for the year</b>	
	i Considered in Consolidation	-
	ii Not Considered in Consolidation	-

\* The group has made a provision for diminution for value of investments in the associate company Mason & Summers Marketing Services Pvt. Ltd. (MSMSPL) of ₹ 16.90 million 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

**Shivani Amit Dahanukar**  
Non - Executive Director

**Dr. Vishnu Kanhere**  
Director

**Dr. Ravindra Bapat**  
Director

**C. V. Bijlani**  
Director

Place : Mumbai  
Date : June 09, 2016

**Srijit Mullick**  
Chief Financial Officer

**Gaurav Thakur**  
Company Secretary







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# CORPORATE INFORMATION

## **Board of Directors**

### **Executive Director**

Mr. Amit Dahanukar  
*Chairman & Managing Director*

### **Non-Executive Director**

Mrs. Shivani Amit Dahanukar (*w.e.f. December 01, 2015*)

### **Independent Directors**

Dr. Ravindra Bapat  
Mr. C. V. Bijlani  
Mr. Kishorekumar G. Mhatre (*w.e.f. June 09, 2016*)

### **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 Auditors**

Dr. Netra Shashikant Apte  
*Cost & Management Accountant*

### **Solicitors**

W. S. Kane & Co.  
Parekh & Co.  
Advocate Umamaheshwar Rao  
Economic Laws Practice (ELP)  
Holla & Holla  
Inttl. Advocare  
Kunal Bhanage

## **Bankers/Financial Institutions**

State Bank of India  
Bank of India  
Punjab National Bank  
Axis Bank Ltd.  
IDBI Bank Ltd.  
IFCI Ltd.

## **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,  
3<sup>rd</sup> Floor, Churchgate, Mumbai - 400 020  
Tel.: (022) 22831716/18  
Fax.: (022) 22046904  
E-mail: tiliquor@tilind.com

## **Registrar & Share Transfer Agents**

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

## **Shares listed at**

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

## **Corporate Identification Number (CIN)**

L15420PN1933PLC133303

## **E-mail ID for Investor Correspondence**

investor@tilind.com

### **Annual General Meeting**

*81<sup>st</sup> Annual General Meeting is scheduled to be held on Wednesday, September 14, 2016 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

3<sup>rd</sup> Floor, Industrial Assurance Building,  
Churchgate, Mumbai 400 020.

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