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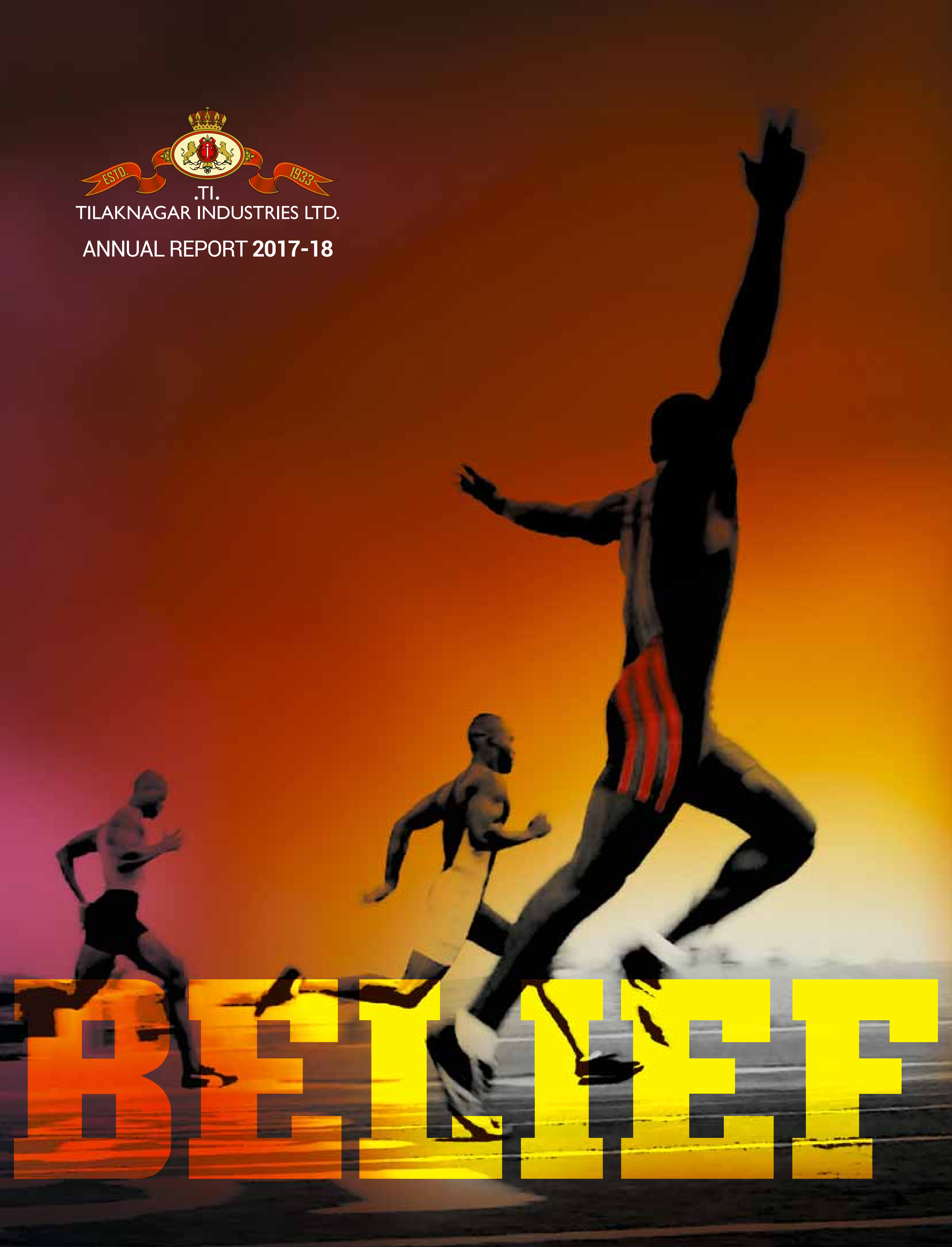
.TI.

TILAKNAGAR INDUSTRIES LTD.

ANNUAL REPORT **2017-18**



BELIEF

What's
INSIDE

The most successful organizations on this planet are the ones that put in decades of hard work to build their businesses and keep them going steady and strong even during unfavourable scenarios.

This is a clear reflection of BELIEF.

A BELIEF

IN THE BUSINESS MODEL.
IN THE STRATEGIES ADOPTED.
IN THE LONG-TERM VISION.

At Tilaknagar Industries Ltd. (also mentioned as 'TI' or 'the Company' hereinafter), this is precisely what we do. We empower beliefs to overcome challenges. We have a stronghold on our core business. We have a diverse product portfolio with profitable brands and acceptance across our areas of operations.

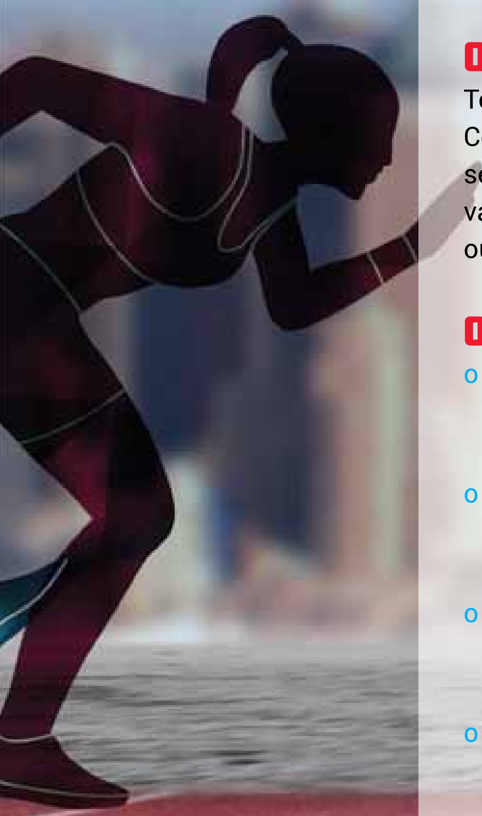
It's the culture of belief in oneself that has allowed the Company to move on the transformational path and remain optimistic about the positive turnaround going ahead.

59.2 Lacs
Cases sold in 2017-18

+15%
Growth YoY

Believing OURSELVES!

Established in 1933 as The Maharashtra Sugar Mills Limited, a manufacturer of sugar and allied products, the Company is amongst the leading alcoholic beverage Company in India. With over eight decades of expertise, the Company has built a strong and diverse portfolio of brands in various liquor categories including Brandy, Whisky, Vodka, Gin and Rum.



The Company has developed robust in-house processes which results in smooth co-ordination across functions and ensure efficient supply chain management. The Company keeps a complete track of the market trends and delivers as per the customer aspirations.

The Company has 17 owned/leased/tie up manufacturing facilities located all over India to cater the expanding demand in both, domestic and export markets. The distillery facility at Shrirampur has the capacity to produce 100 KLPD of molasses-based and 100 KLPD of grain based ENA. With a strong network base of distributors across India, the Company is present in all major market segments and geographies in Southern India.

Our Vision

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

Our Mission

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

Our Values

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

Belief in our CONVICTIONS

TI is the meaning behind the word Belief. Over the years, the Company has built a strong and diverse product portfolio, allowing itself to establish a strong hold in the end markets. Today, the Company possesses a diverse product portfolio spread over 16 iconic brands.

5
brands in Brandy

6
brands in Whisky

2
brands in Rum

3
brands in Vodka & Gin

Catering to the diverse needs, the Company has garnered experience and cherishes manufacturing alcoholic beverages of premium quality. Today, TI is one of India's oldest and leading manufacturer of Indian Made Foreign Liquor (IMFL) primarily dominating southern and western parts of India catering to all categories straddling across various price points to suit diverse pockets.

Brandy and Rum

TI's brands have shown an impeccable growth over the last few years. The Company has demonstrated the growth potential through its new age offerings like premium Brandy and Rum which is preferred across several celebratory occasions across the nation. The Company's marquee brands viz. 'Mansion House' Brandy, 'Courrier Napoleon' – Red & Green Brandy and 'White House' Rum are the most prominent names in this segment. Following its strong legacy, the Company holds a strong position in this segment of the IMFL industry in India. The Company is also aspiring to spread its wings in the Rum segment and further enhance its valuable offerings to the customers.

Whisky, Vodka and Gin

The Company has built a vivid customer experience through its rich portfolio of white and light brown brands of premium liquor across various IMFL categories. This segment presents a unique expansion and growth opportunity for the Company. The Company's 'Senate Royale' Whisky and 'Mansion House' Whisky lead the pack in the segment. With the existing portfolio of 'Volga' Vodka and 'Blue Lagoon' Gin, the Company is poised to grow in this space.

PRODUCT CATEGORY-WISE SALES VOLUME IN 2017-18

Belief in our INSIGHTS

The Company has been built on strong fundamentals combined with efficient operational and prudent premium strategies which translate as key drivers of belief.

REGION-WISE SALES PERFORMANCE IN 2017-18

[Quantity in Lac Cases]

Region/Category	Year ended 31.03.2017	Year ended 31.03.2018	Change (%)
South	40.6	49.1	20.94
Export & Institutions	8.0	7.5	(6.25)
East	1.9	1.9	0.00
West	0.8	0.7	(12.50)
Total	51.3	59.2	15.40

A robust portfolio of premium products leverage Company's unique enterprise strengths in terms of its deep consumer insight, intimate rural linkages, superior agri-sourcing, cutting-edge research & development, world-class manufacturing, brand building skills, extensive trade marketing, distribution and logistics network. These unique enterprise strengths enable TI to create multiple drivers of growth.

SEGMENT-WISE SALES PERFORMANCE

[Quantity in Lac Cases]

Segment	Year ended 31.03.2017	Year ended 31.03.2018	Change (%)
Brandy	42.1	49.8	18.29
Rum	5.5	5.9	7.27
Whisky	2.8	2.5	(10.71)
Vodka & Gin	0.9	1.0	11.11
Total	51.3	59.2	15.40

Belief in our ABILITY to reach out to CUSTOMERS

The Company has unique branding and marketing strategies, that have kept it going amidst uncertainties.

The Company has used various brand building strategies to enhance its visibility and ensure strong brand recall. During the year, the Company initiated several activities to enhance its mindshare amongst the customers. These include:

- Creating eye-catching and well-designed glow sign boards of 'Mansion House' and installing across the states of southern & western regions where the Company and its brand Mansion House have prominence
- Initiated promotional activities in the form of music events/sundowner/club parties namely 'Mansion House Party' in selected high-end bars and pubs across all major southern and western region cities

This has resulted in an increase in demand and sale of both the Mansion House Brandy and Whisky brand in the market.

The Company has also revamped its old website and made it more vibrant and user friendly with mobile responsive interface.

Belief in our PRESENCE

The Company has ultra-modern set up with robust manufacturing facilities, comprising of 1 owned facility, 3 operating liquor subsidiaries, 3 leased and 10 tie-up units strategically located across India. It has 100 KLPD molasses-based and 100 KLPD grain-based distillation plants and IMFL bottling plants at Shrirampur (Maharashtra).

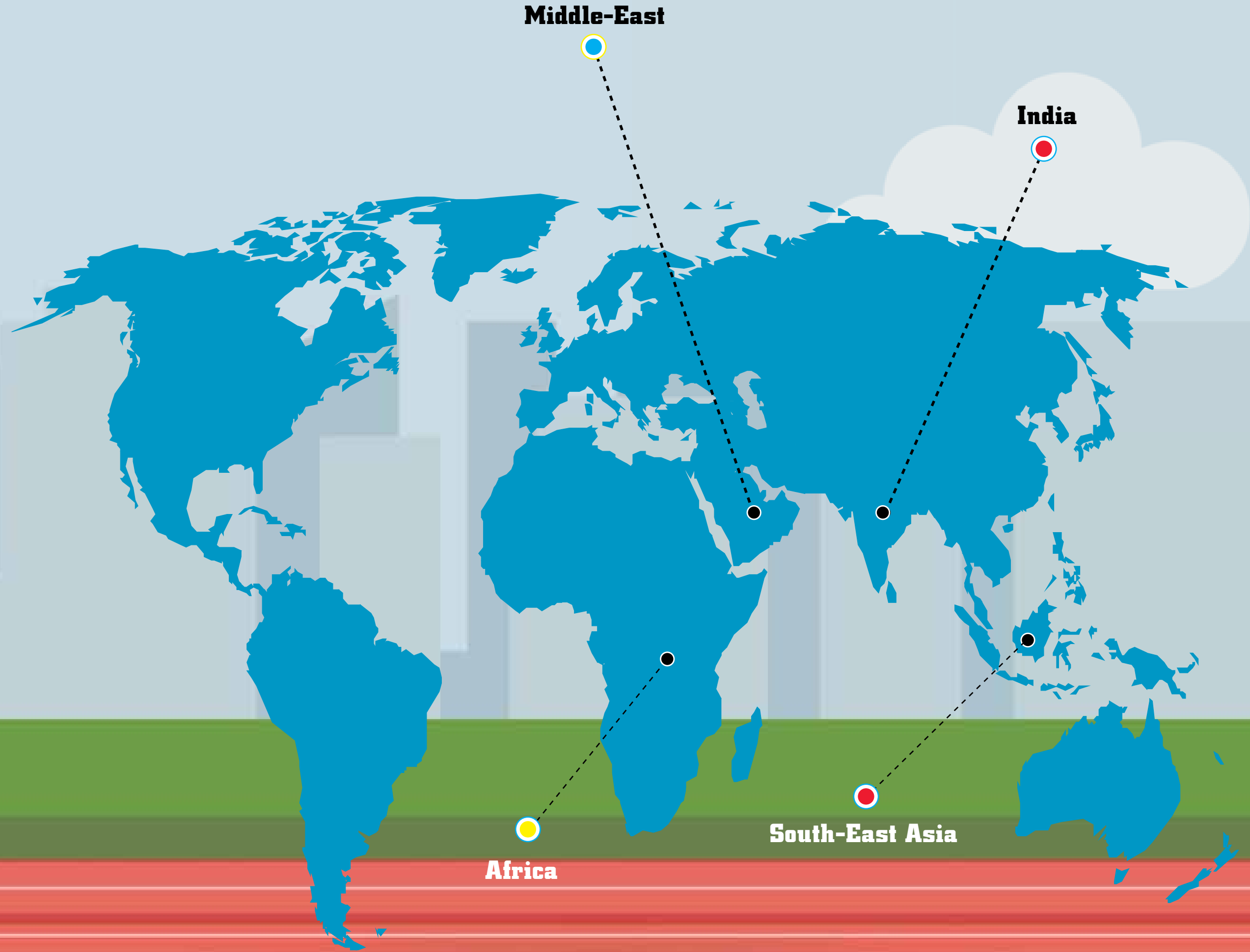
MANUFACTURING PRESENCE

1 Own Unit

3 Operating Subsidiaries

3 Leased Units

10 Tie-up Units



DISCLAIMER : MAP FOR REPRESENTATION PURPOSE ONLY.

MARKET PRESENCE ACROSS THE GLOBE

Regions	Countries
South-East Asia	INDIA & SINGAPORE
Africa	GUINEA, GHANA, NIGERIA, ANGOLA, CONGO, SOUTH SUDAN, UGANDA, RWANDA & KENYA

NEW EXPLORATIONS

Middle-East	UAE
Africa	MALAWI

Chairman's
Message

Dear Stakeholders,

The ability to learn and adapt at speed, especially during times of uncertainty, reflects our belief in our core and disciplined execution with improved agility that we have across our business.

The year 2017-18 (FY18) was the year of unpredictability – first it was the highway ban and then, alcohol exclusion in GST. There were uncertainties across the regions towards the fall out of both the regulations. Despite such a situation, we continued to build a stronger, more consistent and better performing company. During FY18, our sales volume increased by 15.40% to 59.2 lacs cases as compared to 51.3 lacs cases in FY17.

Some of the key liquor consuming states have provided price increase after 5 years, which has further helped in improving the realizations. However, the full impact of the price rise will be visible in the next fiscal.

Our strong underlying performance reflects our focus on driving superior growth by strengthening our core brands and expanding our reach to more consumers across the regions where we have stronghold, with an equal emphasis on premiumization.

Today, alcohol forms an integral part of any social activity or get-together. Besides, the demand for alcoholic beverages in India is largely attributable to the young population, changing lifestyles, drinking behaviour, rising income and aspirations. It is a part of the celebration and we are proud that our brands find acceptance across such occasions.

These governing beliefs reflect widely shared notions about customer preferences and the differentiation that we offer. This gives us the positivity to encounter the working capital challenges and makes us hopeful of achieving a favourable resolution within this fiscal. We have continuously reinforced our core with a sustainable business model and are prepared for long-term transformation. Our marketing team has been taking conscious efforts to enhance our brand visibility through installing display sign boards across strategic locations as well as reaching out to newer consumers by associating across events.

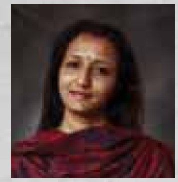
I am honoured to acknowledge the role played by our Board in framing the right strategy, executing strong leadership and building a culture to deliver at full potential. The unwavering commitment of our executive team remains the key pursuit of delivering value for all stakeholders. And lastly, and most importantly, I would like to mention on how I am always energised by the passion our people have for delivering our performance ambition. I would like to thank everyone associated with TI for their commitment and hard work during the year and would hope to receive such support going ahead.

Best Wishes,
Amit Dahanukar - *Chairman & Managing Director*

Board of DIRECTORS

Mr. Amit Dahanukar

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

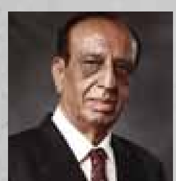


Mrs. Shivani Amit Dahanukar

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

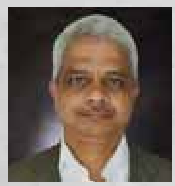
Dr. Ravindra Bapat

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



Mr. C.V. Bijlani

A post-graduate in Economics, Mr. C.V. Bijlani started his career as a Lecturer in Economics before joining banking industry. He possesses over five-decades of experience in banking and finance (project finance, capital structuring, merchant banking, investment banking, forex, mergers and acquisitions, industrial rehabilitation, joint ventures, external commercial borrowings, among others). He has held senior positions both with State Bank of India and IndusInd Bank. He was awarded Udyog Gaurav Award in 1992 by All India Organizational Entrepreneurial Confederation for his contribution towards the financial sector.



Mr. Kishorekumar G. Mhatre

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

Profile of Senior MANAGEMENT

Dr. Keshab Nandy

Director – Institutional Sales, 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 39 years of Industry experience. He is a prolific motivational speaker, author, actively associated with management research and is recipient of several awards.

Mr. Srijit Mullick

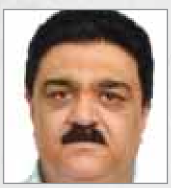
Chief Financial Officer

Mr. Srijit Mullick is both, a Chartered Accountant and Cost & Management Accountant and comes with over 39 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)

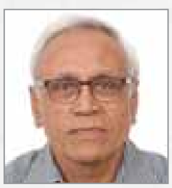
Mr. Benedict William holds a Masters degree in Agricultural Economics & Farm Management and a Diploma in Business Management and comes with over 35 years of experience in Sales in liquor industry.



Col. Bineet Walia (retd.)

Senior Vice President

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



Mr. Naresh Agnihotri

Vice President – Manufacturing Operations

Mr. Naresh Agnihotri is a graduate in Chemistry and has over 46 years of experience, of which 29 years is in liquor industry.

Mr. Ashutosh Sharma

Vice President

Mr. Ashutosh Sharma is M.Phil. from JNU, New Delhi and holds a degree of Executive Master of Business Administration from AIM, Manila and has over 27 years of experience across various sectors.

Profile of Senior MANAGEMENT

Mr. Gaurav Thakur

Company Secretary

Mr. Gaurav Thakur is a Company Secretary and Cost & Management Accountant and a post-graduate in Commerce, having over 18 years of experience in secretarial and legal functions across various sectors.

Mr. Ajit Sirsat

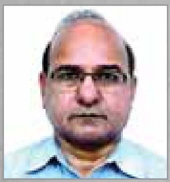
Assistant Vice President – Accounts & Finance

Mr. Ajit Sirsat is a Chartered Accountant and Cost & Management Accountant having 24 years of experience in Finance and Accounts across industries.

Ms. Ranjita Kumari

Assistant Vice President – Taxation and Accounts

Ms. Ranjita Kumari is a Chartered Accountant and has 20 years of experience in Taxation and Accounts.



Mr. Ashish Choudhury

Assistant Vice President – Sales

Mr. Ashish Choudhury is a graduate in Humanities from the Bengaluru University and has 38 years of experience in sales in different locations with leading IMFL companies.

Mr. C. R. Ramesh

General Manager – Operations & Quality

Mr. C. R. Ramesh has 36 years of experience in liquor manufacturing operations.

Mr. Rajesh Agrawal

General Manager – Sales (Maharashtra & Daman)

Mr. Rajesh Agrawal is a graduate in Humanities and has over 34 years of experience in IMFL industry. He possesses an in-depth knowledge of sales and distribution in the liquor industry.

Mr. Shankar Pawar

Deputy General Manager – Accounts & Finance

Mr. Shankar Pawar is a Chartered Accountant and has 14 years of experience in the areas of accounts, finance and taxation across various sectors.

Mr. S. Balakumar

Deputy General Manager – Production & Operations

Mr. S. Balakumar is a graduate in Commerce and holds a Masters degree in Business Finance from Indian Institute of Finance, New Delhi. He has over 24 years of experience in various sectors.

Mr. Dattatray More

Deputy General Manager – HR & IR

Mr. Dattatray More is a graduate in Commerce and holds Masters degree in Business Administration (Human Resource), MSW and has 23 years of experience in HR, IR, Legal and Administration in different reputed MNCs in various sectors.

Ms. Hemangi Joshi Naik

Deputy General Manager – Legal

Ms. Hemangi Joshi Naik is a graduate in Law from the Siddharth College of Law, University of Mumbai and has over 13 years of experience in corporate laws across various sectors.

Mr. Anand Kadam

Deputy General Manager – Materials Management

Mr. Anand Kadam is a graduate in Engineering (B.E. Production – Hons.) from University of Mumbai and a post-graduate in Materials Management having more than 26 years of experience in material management.

Mr. Vargheese P X

Deputy General Manager – Sales

Mr. Vargheese P X is a graduate in Sociology and holds a Master's degree in CRM and Operational Management. He has 25 years of experience in sales in liquor industry.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL ECONOMY OVERVIEW

The cyclical upswing that began since mid-2016 continued to strengthen global economy in Calendar Year (CY) 2017. The International Monetary Fund (IMF) pegged the global economy's growth rate at 3.8% with continued strengthening of fundamental factors. Importantly, the economic growth was widespread, with almost two-thirds of countries worldwide posting better numbers in CY2017.

The GDP growth was driven by an investment recovery in advanced economies, continued strong growth in emerging Asia, a notable upswing in emerging Europe and signs of recovery in several commodity exporters. Fiscal policy changes in the US and an improved external demand supported by favourable monetary policy in the Euro zone, supported the current momentum. The real volume growth in world trade in goods and services was reported at 4.7% in CY2017 compared with 2.5% in CY2016. Commodity producers such as Russia, Brazil and Saudi Arabia, which for the past few years have been facing depressed prices, benefitted from the upswing in demand.

Even as global growth and commodity prices have surged, inflation remained remarkably low, staying below 2% in the major advanced regions. Consequently, monetary policies in the US, Euro zone and Japan have remained highly accommodative. The growth momentum is expected to continue in the near term and the global economy is expected to register 3.9% growth in both CY2018 and CY2019.

INDIAN ECONOMY OVERVIEW

Financial Year (FY) 2017-18 witnessed India registering a growth rate of 6.7% and emerge as the world's fastest growing major economy. The lingering effects of demonetisation in FY 2016-17, along with the implementation of Goods and Services Tax (GST), had a near-term adverse effect on the economy. The economy suffered a loss of output and employment in the labour-intensive unorganised sector. However, normal monsoon witnessed record food grain production and sustained government expenditure provided support to aggregate demand.

The Government initiated various reform measures such as banking sector recapitalisation and the corporate insolvency code to strengthen the business landscape. There were continuous efforts to boost long-term growth prospects by bringing in a digital transformation. Further, India is projected to grow at 7.8% in FY2018-19, surpassing China.

GLOBAL SPIRITS MARKET

The global spirit market has been segmented into North America, Europe, Asia-Pacific and Rest of the World (RoW) region and consists of Brandy, Gin, Vodka, Rum, flavoured spirits, Tequila, natural spirits and Whisky, largely dominated by premium and super premium brands. The demand for alcoholic drinks is growing at a faster rate in emerging countries, like India, China, Indonesia and Singapore.

However, amongst all, Latin America is expected to display 5.4% CAGR* between CY2017 and CY2025. Beer held the dominant market share, owing to its gigantic consumption as compared to other alcoholic beverages. The market is driven by the increase in global young-adult demographic, coupled with high disposable income and consumer demand for premium and super-premium products.

BMI Research forecasts that upper-income households with a disposable income of USD 75,000+ in the US will account for 37.4% of total households in CY2022, up from 32% in CY2018.

Consumers in developed markets are increasingly interested in trying new brands, categories and are ready to pay more for superior quality and value. In emerging markets, consumers are also seeking to ‘trade up’ into international spirits brands backed by increasing wealth. The global alcoholic beverages market is expected to record a CAGR of 3.1%, during the time period CY 2018-2023. Rapid urbanization, high disposable income and the changing lifestyle and consumption habits of consumers are the dominant growth drivers.

*CAGR: Compounded Annual Growth Rate

IMFL MARKET TRENDS IN INDIA

Indian alcoholic beverage market is one of the biggest alcohol industries across the globe only behind two major countries viz. China and Russia. The Indian alcoholic beverage market is divided into three categories i.e. Spirits (IMFL and Country Liquor), Beer and Wine. IMFL (Indian made foreign liquor) market has been further bifurcated into Whisky, Rum, Brandy, Vodka and Gin.

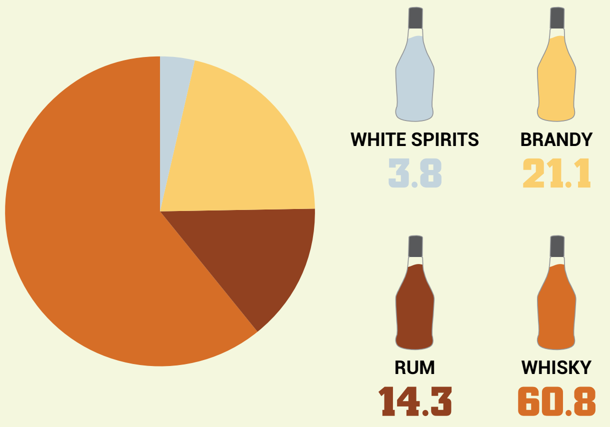
CY 2017 started with the lingering after-effects of demonetization. The industry received another shock in the form of implementation of Goods and Services Tax (GST) and the ban on alcohol sales within 500 meters of state and national highways. The Supreme Court later relaxed the national highway liquor ban to take city limits out of its purview. While Kerala relaxed its prohibition to allow spirits in three and four-star hotels, Bihar allowed spirit manufacturers to export products which were previously left unsold due to the ban. Uttar Pradesh recently announced a new excise policy to improve the operating environment.

The industry's focus on premium brands has enabled manufacturers to drive value growth. Some of the key liquor consuming States provided price increases, thereby improving margins for the manufacturers. According to Euromonitor, the overall IMFL volumes increased by 2.3% to 2,990 lacs cases of 9 litres each during CY2017.

Key Highlights

- Whisky, Brandy and Dark Rum have been the major contributors (96.2%) towards overall IMFL sales
- Whisky industry volumes increased by 2.9% during the year; being the largest segment with 60.8% of the sales volumes and 73.3% of the sales value
- White Spirits category, super-premium and premium Vodka continued to register growth with sales of 580 lacs cases during the year
- Rum as a category registered 0.9% decline in volumes over CY2012-CY2017, with premium category rum increasing by 2.3% over the same period

Sales in IMFL market - Volume (%): CY 2017



Sales in IMFL market - Value (%): CY 2017

(Source – Euromonitor)

GROWTH DRIVERS

Goldstein Research analyst forecast the Indian alcoholic beverages market to grow at a CAGR of 7.4% during the forecast period CY 2016-2024. Growing demand for alcoholic beverages in India is majorly attributed to the huge young population base and growing consumption of alcohol by the young generation as well as rising disposable income.

India is one of the largest consumer markets across the globe. It is demographically one of the youngest with around 50% of its population below the age of 25 and around 65% below the age of 35. The majority of alcohol volume is consumed by people between the age of 18 and 40. These demographic features are expected to fuel the growth of alcoholic beverages market at a rapid pace.

Indian alcohol industry is characterized by lower per capita consumption which poses a huge growth potential for the industry. Rising social acceptability, changing lifestyles and drinking behavior are leading to a rapid rise in the alcohol consumption across the country. Additionally, rapid urbanization is further fueling the growth with the alcoholic beverages market anticipated to reach USD 3,97,000 lacs by the end of CY 2024.

CHALLENGES

The Indian alcoholic beverages industry remains at the mercy of state-specific regulations, ever-increasing taxes, price control, distribution model changes and political interference.

The Supreme Court's decision to ban alcohol sales within 500 meters of State and National Highways impacted volumes for all suppliers with decrease in volumes in specific States. The second quarter of the year posed another challenge with the introduction of GST. ENA (Extra Neutral Alcohol), a key input in the alcoholic beverages, was out of the GST's purview. However, a marginal negative impact is expected on packaging material cost and trade promotions.

Finally, several state governments announced their decision to implement a new liquor distribution structure. West Bengal, for instance, turned from a free market into a regulated market which tends to restrict a company's abilities to drive demand via trade marketing.

Despite several regulatory and policy hurdles, domestic alcoholic drinks demand remained robust, with both the IMFL and beer category showing growth momentum in the second half of the year.

OPPORTUNITIES

Amidst several policy hurdles and rising taxation, the industry remains cognizant of rising disposable incomes, increasing social acceptance, high barriers to entry, push for premiumization and margin improvements.

From a raw material perspective, price of ENA has been relatively stable over FY18 with downward bias. With all time high sugarcane and sugar production for the season, prices of molasses-based ENA is expected to remain at a reasonable level. With the economic activities picking up followed by upcoming state and national elections and a prognosis of a good monsoon, the overall demand scenario is expected to remain healthy over the next year.

COMPANY OVERVIEW

Introduction

Tilaknagar Industries Ltd. (TI) is among the leading alco-bev business companies in the country with a portfolio of brands across the IMFL segment comprising Whisky, Brandy, Rum, Gin and Vodka. The Company has a predominant presence in South India and CSD stores. TI's brand collection, state-of-the-art manufacturing facilities and geographical reach enable it to deliver quality products and higher experience to its customers. Using innovative marketing skills, the Company is committed to build and sustain strong brands that play a positive role in society.

TI is presently exporting its products to South-East Asian and African countries. The Company aims to enrich its product mix with an emphasis on premium brands that are preferred by consumers owing to their quality and value addition.

THE TI ADVANTAGE

Product offerings

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

Capacity

The Company has ultra-modern set-up with robust manufacturing facilities, comprising of 1 owned facility, 3 operating liquor subsidiaries, 3 leased and 10 tie-up units strategically located across India. It has 100 KLPD molasses based and 100 KLPD grain based distillation plants and IMFL bottling plant at Shrirampur (Maharashtra).

During the financial year 2017-18, the grain based plant of the Company was not operational. The Company had applied to the State Government authorities for dual feed permission for manufacture of ENA through molasses as well as grain for the said plant. Permission has been received for operating the fermentation section for one year and permission for operating the distillation section is awaited.

Premium categories

Over the last few years, TI's focus and preference have been to strengthen business by promoting its premium brand portfolio, resulting in an increase by 15% in the total sales over the previous year.

IMPORTANT BRAND PORTFOLIO

Mansion House Brandy

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

Courrier Napoleon Brandy – Green

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

Courrier Napoleon Brandy – Red

Courrier Napoleon Brandy – Red 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.

Whisky

TI having seen such a momentous journey with its iconic Brandy brands transformed itself from being a Regular Whisky player to Premium one. The flawless and unique quality blend fetches TI's Whisky brands viz. Mansion House Whisky and Senate Royale Whisky a very distinct aroma and a rich and smooth flavour which is helping these brands in increasing their popularity and high brand recall value.

Vodka and Gin

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

BUSINESS PERFORMANCE

Despite a challenging environment in the industry, TI has made significant efforts to capture growth opportunities by focusing on its premium segment.

Financial Performance

The sales volume during the financial year ended March 31, 2018 has increased by 15.40 % to 59.2 lacs cases, on consolidated basis, as compared to 51.3 lacs cases during the financial year ended March 31, 2017. Revenue from operations (net of excise duty) during the financial year ended March 31, 2018, on consolidated basis, stood at ₹ 58,116.7 lacs as compared to ₹ 51,502.9 lacs during the financial year ended March 31, 2017. Finance Cost has, on consolidated basis, decreased from ₹ 15,724.3 lacs during the financial year ended March 31, 2017 to ₹ 15,194.0 lacs during the financial year ended March 31, 2018 on account of repayment of high cost debts and one time settlement with Axis Bank.

Due to price increase received in few major southern States and reduction in finance costs coupled with austerity measures and cost reduction initiatives and premiumization strategy adopted by the Company, the total comprehensive loss incurred, on consolidated basis, has decreased to ₹ 15,131.1 lacs during the financial year March 31, 2018 as compared to total comprehensive loss of ₹ 28,027.6 lacs during the financial year March 31, 2017.

Product Category-wise Sales Volume in FY18

CATEGORY	BRANDY	RUM	WHISKY	VODKA & GIN
SALES VOLUME (lacs cases)	49.8	5.9	2.5	1.0
SALES VOLUME (%)	84	10	4	2

Marketing and Branding

TI has invested in new age marketing initiatives to responsibly build aspirational brands that resonate with consumers. The Company is focused to create maximum value from the portfolio of its legacy brands that includes Mansion House Brandy and Whisky. Some of these initiatives include:

- To increase the visibility and brand awareness, eye catching and well-designed Glow Sign Boards of 'Mansion House' were installed across the States of southern & western region; resulting in an increase in demand and sale of both the Mansion House Brandy & Whisky brand
- To target millennials and increase the consumer base, promotional activities in the form of music events/sundowner/club parties, namely 'Mansion House Party' were organized under the brand umbrella of Mansion House in selected high-end bars and pubs across all major southern and western region cities; this boosted the brand image further
- Revamped the old website of the Company to make it more vibrant, user friendly and responsive

Distribution Network

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

Material Developments

While talks are on with the working capital and other lenders for settlement/restructuring of existing debts, settlement arrangements of the principal dues have been entered into with Axis Bank and Bank of India during the financial year 2017-18.

The Company has re-commenced the bottling operations in the State of Tamil Nadu during the financial year 2017-18 after entering into settlement terms for the pending dispute with the existing bottler.

During the financial year 2017-18, the Trademark License Agreement entered into by the Company with Vahni Distilleries Private Limited, wholly owned subsidiary of the Company ("Vahni") on October 27, 2016 whereby exclusive license was granted to Vahni for use of certain trademarks of the Company in the territories of Karnataka on royalty basis for a period of 15 years w.e.f. April 01, 2017 was cancelled.

During the financial year 2017-18, the Trademark License Agreement entered into by the Company with Punjab Expo Breweries Private Limited, wholly owned subsidiary of the Company ("Punjab Expo") on April 10, 2017 was modified to enable the Company also to manufacture its brands/products in the States of Andhra Pradesh, Telangana, Puducherry, Mahe & Karikal, where Punjab Expo was granted the right to sell, manufacture and distribute the licensed trademark of TI with effect from April 01, 2017.

With respect to the Corporate Insolvency Resolution Process (CIRP) under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code") in respect of Prag Distillery (P) Ltd., wholly owned subsidiary of the Company ('Prag'), National Company Law Tribunal vide its order delivered on August 09, 2018 has, inter-alia, directed for Prag's liquidation as a going concern.

RISK, CONCERNS, OPPORTUNITIES AND THREATS

Being an established and recognized player in the marketplace, TI has a strong and loyal following by millions of consumers who stand by its portfolio of alcoholic beverages. The vast numbers of young Indians coming of legal drinking age over the next few years is a tremendous advantage and a huge potential consumer base. TI expects that the young India will continue to be a sustained growth driver. However, despite these positives, TI is not impervious to certain risks or concerns that might challenge this industry from time to time. The Company's sound risk management framework drives better commercial decisions and resilient business operations.

The increasing levels of taxation coupled with stringent regulations have pushed taxes and duties to approximately three fifths of the retail prices of most of its products. Further, non-inclusion of liquor in the Goods and Services Tax (GST) regime 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. The recent judgment of the Supreme Court prohibiting sale of liquor on highways and within a distance of 500 metres from highways have affected the sale of liquor. To avoid the risk of losing market share to its competitors, the Company is taking various initiatives to ensure constant supply of its products to cater to the demand in different markets.

HUMAN RESOURCES

Today, the HR function has become the most critical catalyst for continuous transformation during a phase of rapid growth and transition; shaping not only processes, people and mindsets, but also creating a culture that epitomizes TI and unleashes innovation at every level within the organization.

TI's growth story is driven by its biggest asset - Its People. The Company is proud of the passion and commitment of its employees. As a closely-knit team of 295 dedicated employees, TI's HR function assumes a strategic and critically catalytic role.

TI'S HR PHILOSOPHY:

- To be identified as a preferred employer and an employer of choice by prospective candidates
- To develop a culture based on open communication, trust, fairness and one that promotes equity

- To be an equal opportunity employer, promoting diversity across national, cultural and linguistic backgrounds
- To foster a culture which recognizes and promotes merit/performance-based compensation and rewards
- Building the organization from within, by grooming, mentoring and promoting its people to a large extent and resorting to external hires only to complement the existing skill/competency base or fill positions for which suitable internal resources are not available

Employee Friendly Organization

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

Training & Development

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

Dr. Keshab Nandy, Director – HR, a widely acclaimed management speaker and trainer, has conducted numbers of training and mentoring sessions for employees of the company at Shrirampur plant, other sites as well as in management education sector. At the same time, he has groomed a number of staff members on sustainable leadership fundamentals and on innovative motivational strategies at the Corporate Office and Shrirampur plant.

Wage Settlement with Tilaknagar Workers' Union:

The Company has signed a Bipartite Wage Settlement with its workers' union, which in addition to giving a decent raise in salary, also introduced 100% job flexibility at shop floor/workplace so as to increase productivity, quality and safety. As a hallmark of the Company's congenial industrial relations climate, the President of workers' union said, "***We are proud and lucky that we all are working with TI family, as our management takes good care of all of us as family members***."

INFORMATION TECHNOLOGY

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

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

Development of New Website

The Company has developed its new website which provides ease of use without html coding. New website has the ability of being developed rapidly with the help of Application Program Interface and has functionality wise plugins.

INTERNAL CONTROL SYSTEMS

The Company has effective, efficient and adequate systems of internal controls, which have been incorporated throughout the enterprise through SAP systems commensurate with the size and nature of the business. The Company's Internal and Statutory Auditors review the adequacy of internal controls on a periodical basis and thus help mitigate/avoid fraud or any other discrepancies in the daily operational activities. The Audit Committee periodically reviews the findings of Internal and Statutory Auditors and advises the management with corrective policies and controls to be adopted by the Company, consistent with the organizational requirements.

OUTLOOK

TI's ambition is to be one of the most trusted and respected companies in the industry. It is well-positioned to seize the opportunities presented by growing economy, demographic change, rising incomes and high aspirations that allow people to choose premium brands. These are trends that make alcoholic beverages a very attractive sector for growth. Despite a moderate growth during the year FY18, the core fundamentals for the Company remain strong.

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

FORWARD LOOKING STATEMENT

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

DIRECTORS' REPORT

Dear Members,

The Directors hereby present their 83rd Annual Report along with the audited financial statements of the Company for the financial year ended March 31, 2018.

1. FINANCIAL HIGHLIGHTS

The summary of the Company's financial results for the financial year ended March 31, 2018 is furnished below:

(₹ in Lacs)

		Standalone	
Sr. No.	**Particulars**	**Year ended 31.03.2018**	**Year ended 31.03.2017**
I	**Revenue from operations**	**39,674.77**	**62,578.01**
II	**Other Income**	3,142.14	393.09
III	**Total Income (I + III)**	**42,816.91**	**62,971.10**
IV	**Expenses**		
	(a) Cost of materials consumed	12,717.81	21,618.31
	(b) (Increase)/Decrease in Stock	635.38	2,083.60
	(c) Excise Duty	8,792.42	24,443.94
	(d) Employee benefits expense	1,770.42	2,599.08
	(e) Finance costs	13,369.52	15,318.07
	(f) Depreciation and amortization	3,560.33	3,624.71
	(g) Other expenses	22,035.06	20,824.08
	Total expenses	**62,880.94**	**90,511.79**
V	**Profit/(Loss) before exceptional items and tax (III-IV)**	**(20,064.03)**	**(27,540.69)**
VI	Exceptional items	**-**	**-**
VII	**Profit/(Loss) before tax (V-VI)**	**(20,064.03)**	**(27,540.69)**
VIII	**Tax Expense**		
	(a) Current tax	-	-
	(b) Taxes for earlier years	(265.30)	(729.84)
	(c) Deferred tax	-	-
	Total Tax Expense	**(265.30)**	**(729.84)**
IX	**Profit/(Loss) for the period (VII-VIII)**	**(19,798.73)**	**(26,810.85)**
X	**Other Comprehensive Income/(Loss)**		
	(a) Items that will not be reclassified to Profit & Loss		
	(i) Re-measurement gain/(loss) in respect of the defined benefit plans	(22.86)	(56.04)
	(ii) Deferred tax on re-measurement gain/(loss) in respect of defined benefit plans	-	-
	(b) Items that will be reclassified to Profit & Loss	-	-
	Total Other Comprehensive Income/(Loss) for the period [(a) +(b)]	**(22.86)**	**(56.04)**
XI	**Total Comprehensive Income/(Loss) for the period (IX+X)**	**(19,821.59)**	**(26,866.89)**

Finance cost has decreased from ₹ 15,318.07 lacs during the financial year ended March 31, 2017 to ₹ 13,369.52 lacs during the financial year ended March 31, 2018 on account of repayment of high cost debts and one time settlement with Axis Bank.

Due to price increase received in few major southern States and reduction in finance costs coupled with austerity measures and cost reduction initiatives and premiumization strategy adopted by the Company, the total comprehensive loss had decreased to ₹ 19,821.59 lacs during the financial year March 31, 2018 as compared to total comprehensive loss of ₹ 26,866.89 lacs during the financial year March 31, 2017.

The Company is actively exploring the possibilities of restructuring the existing debts, selling of non-performing assets and considering the feasibility of raising additional capital from affiliates or other investors. While the macro economic situation continues to present challenges, the Company, with the support of its strong, resilient business model and the effective implementation of the above plans, is persistent with its efforts to generate long term growth.

In view of loss incurred by the Company during the financial year 2017-18, no amount is proposed to be transferred to reserves.

2. OPERATIONAL REVIEW

Operations

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

During the financial year 2017-18, the Company faced liquidity constraints coupled with an inability to achieve breakeven sales volume due to constraints in the supply of Company's brands in key profitable States owing to shortage of working capital. The Company is making efforts to address these issues and improve its liquidity position to meet the requirement of funds.

Manufacturing Facilities

The Company has ultra-modern set up with robust manufacturing facilities, comprising of 1 owned facility, 3 operating liquor subsidiaries, 3 leased and 10 tie-up units strategically located across India. It has 100 KLPD molasses based and 100 KLPD grain based distillation plants and IMFL Bottling Plant at Shrirampur (Maharashtra).

During the financial year 2017-18, the grain based plant of the Company was not operational. The Company had applied to the State government authorities for dual feed permission for manufacture of ENA through molasses as well as grain for the said plant. Permission has been received for operating the fermentation section for one year and permission for operating the distillation section is awaited.

Sales and Distribution

The Company is an established player in the Brandy space in India and is committed to fortify its presence in the segment with a strong portfolio of brands including Mansion House Brandy and Courrier Napoleon Brandy.

During the financial year 2017-18, the sales volume increased by 15.40% to 59.2 lacs cases as compared to 51.3 lacs cases in the financial year 2016-17. Region-wise, the Company has registered sales volume of 49.1 lacs cases in southern region, 1.9 lacs cases in eastern region, 0.7 lacs cases in western region and 7.5 lacs cases in exports & institutions segment. Segment-wise, Brandy contributed 84%, followed by Rum, Whisky, Vodka & Gin segments, which have contributed 10%, 4%, 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.

The Company is presently exporting its products to Singapore in South-East Asia and Guinea, Ghana, Nigeria, Angola, Congo, South Sudan, Uganda, Rwanda & Kenya in Africa. It is also exploring to export its products to UAE in Middle-East and Malawi in Africa.

Both Mansion House Brandy and Courrier Napoleon Brandy continue to be consumer's most preferred brands across southern region. Dipstick studies conducted by internal teams of the Company indicated that both brands were on top of consumers' mind when it came to premium Brandies.

Material Developments

While talks are on with the working capital lenders and other lenders for settlement/restructuring of existing debts, settlement arrangements of the principal dues have been entered into with Axis Bank and Bank of India during the financial year 2017-18.

The Company has re-commenced the bottling operations in the State of Tamil Nadu during the financial year 2017-18 after entering into settlement terms for the pending dispute with the existing bottler.

During the financial year 2017-18, the Trademark License Agreement entered into by the Company with Vahni Distilleries Private Limited, wholly owned subsidiary of the Company ("Vahni") on October 27, 2016 whereby exclusive license was granted to Vahni for use of certain trademarks of the Company in the territories of Karnataka on royalty basis for a period of 15 years w.e.f. April 01, 2017 was cancelled.

During the financial year 2017-18, the Trademark License Agreement entered into by the Company with PunjabExpo Breweries Private Limited, wholly owned subsidiary of the Company ("PunjabExpo") on April 10, 2017 was modified to enable the Company also to manufacture its brands/products in the States of Andhra Pradesh, Telangana, Puducherry, Mahe & Karikal, where PunjabExpo was granted the right to sell, manufacture and distribute the licensed trademark of TI with effect from April 01, 2017.

With respect to the Corporate Insolvency Resolution Process (CIRP) under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code") in respect of Prag Distillery(P) Ltd., wholly owned subsidiary of the Company('Prag'), National Company Law Tribunal vide its order delivered on August 09, 2018 has, inter-alia, directed for Prag's liquidation as a going concern.

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, 2018.

4. SHARE CAPITAL

During the financial year 2017-18, there was no change in the authorized, issued, subscribed and paid-up share capital of the Company. As on March 31, 2018, the Company was having authorized share capital of ₹ 15,000 lacs comprising of 1,500 lacs equity shares of ₹ 10/- each out of which issued, subscribed and paid-up share capital was ₹ 12,475.61 lacs comprising of 1,247.56 lacs equity shares of ₹ 10/- each.

The Board of Directors, in its adjourned Meeting held on June 14, 2018, approved the allotment of 1,75,100 equity shares of ₹ 10/- each to the option grantees at an issue price of ₹ 13/- each under ESOP Scheme 2010 and ESOP Scheme 2012 of the Company. Post allotment, the post-issue paid-up equity share capital of the Company has become ₹ 12,493.12 lacs divided into 1,249.31 lacs 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 performance and financial position is presented herein below:

Sr. No.	Name of Subsidiary (Stake)	Performance
(A)	**OPERATING SUBSIDIARIES**	
1	**Prag Distillery (P) Ltd. (100%)**	The revenue from operations, during the financial year 2017-18, of Prag stood at ₹ 1,728.23 lacs as compared to ₹ 28,113.43 lacs in the previous year. It has incurred total comprehensive loss of ₹ 608.79 lacs during the financial year 2017-18 as compared to total comprehensive loss of ₹ 334.60 lacs in the previous year. With respect to the Corporate Insolvency Resolution Process (CIRP) under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code") in respect of Prag, National Company Law Tribunal vide its order delivered on August 09, 2018 has, inter-alia, directed for its liquidation as a going concern.
2	**Vahni Distilleries Private Limited (100%)**	The production capacity of Vahni's plant has been fully utilized in the financial year 2017-18. The revenue from operations, during the financial year 2017-18, of Vahni stood at ₹ 41,470.97 lacs as compared to ₹ 31,386.04 lacs in the previous year. It has incurred total comprehensive loss of ₹ 1,119.66 lacs during the financial year 2017 18 as compared to total comprehensive loss of ₹ 758.62 lacs in the previous year. The Trademark License Agreement entered into by the Company with Vahni on October 27, 2016 whereby exclusive license was granted to Vahni for use of certain trademarks of the Company in the territories of Karnataka on royalty basis for a period of 15 years w.e.f. April 01, 2017 was cancelled.
3	**PunjabExpo Breweries Private Limited (100%)**	The revenue from operations, during the financial year 2017-18, of PunjabExpo stood at ₹ 52,099.98 lacs as compared to ₹ 1,838.87 lacs in the previous year. It has incurred total comprehensive income of ₹ 356.73 lacs during the financial year 2017-18 as compared to total comprehensive loss of ₹ 57.12 lacs in the previous year. The Company has subscribed to 53,03,998 (Fifty Three Lacs Three Thousand Nine Hundred and Ninety Eight) Equity Shares of PunjabExpo having face value of ₹ 10/- (Rupees Ten Only) each at an issue price of ₹ 10/- (Rupees Ten Only) each amounting to ₹ 5,30,39,980/- (Rupees Five Crores Thirty Lacs Thirty Nine Thousand Nine Hundred and Eighty Only) on preferential basis through private placement. The Trademark License Agreement entered into by the Company with PunjabExpo on April 10, 2017 was modified to enable the Company also to manufacture its brands/products in the States of Andhra Pradesh, Telangana, Puducherry, Mahe & Karikal, where PunjabExpo was granted the right to sell, manufacture and distribute the licensed trademark of TI with effect from April 01, 2017.

Sr. No.	Name of Subsidiary (Stake)	Performance
(B)	**OTHER SUBSIDIARIES**	
4	**Kesarval Springs Distillers Pvt. Ltd. (100%)**	During the financial year 2017-18, no activities have been carried out by Kesarval and it has incurred total comprehensive loss of ₹ 5.99 lacs during the year as compared to total comprehensive loss of ₹ 8.35 lacs in the previous year.
5	**Mykingdom Ventures Pvt. Ltd. (100%)**	During the financial year 2017-18, no activities have been carried out by Mykingdom and it has incurred total comprehensive loss of ₹ 22.91 lacs during the year as compared to total comprehensive loss of ₹ 0.34 lac in the previous year.
6	**Studd Projects P. Ltd. (100%)**	During the financial year 2017-18, no activities have been carried out by Studd and it has incurred total comprehensive loss of ₹ 8.77 lacs during the year as compared to total comprehensive loss of ₹ 0.28 lac in the previous year.
7	**Srirampur Grains Pvt. Ltd. (100%)**	During the financial year 2017-18, no activities have been carried out by Srirampur and it has incurred total comprehensive loss of ₹ 2.18 lacs during the year as compared to total comprehensive loss of ₹ 0.39 lac in the previous year.
8	**Shivprabha Sugars Ltd. (90%)**	During the financial year 2017-18, no activities have been carried out by Shivprabha and it has incurred total comprehensive loss of ₹ 0.82 lac during the year as compared to total comprehensive loss of ₹ 0.99 lac in the previous year.

Apart from the above mentioned subsidiary companies, the Company is having one associate company falling under the purview of Section 2(6) of the Companies Act, 2013 viz. Mason and Summers Marketing Service Private Limited in which the Company is having 26% stake. During the financial year 2017-18, 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, 2018, prepared in accordance with the Companies Act, 2013 and Indian Accounting Standards (Ind AS) forms part of this Annual Report and same shall also be laid in the ensuing Annual General Meeting in accordance with the provisions of Section 129(3) of the Companies Act, 2013. Since, the Company doesn't have any obligation to fund the losses of the associate beyond the investments made, the share of loss of the associate company has not been considered in the consolidated financial statements.

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

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

During the financial year 2017-18, no company has become or ceased to be subsidiary of the Company and no material change in the nature of the business of the existing subsidiary and associate companies has taken place except with respect to the Corporate Insolvency Resolution Process (CIRP) under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code") in respect of Prag, National Company Law Tribunal vide its order delivered on August 09, 2018 has, inter-alia, directed for its liquidation as a going concern.

6. DIRECTORS

At the 82nd Annual General Meeting of the Company held on September 25, 2017, Mr. Amit Dahanukar, who retired by rotation in the said Annual General Meeting in accordance with the provisions of Section 152(6) of the Companies Act, 2013, was re-appointed as Director, liable to retire by rotation.

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

Dr. Ravindra Bapat and Mr. C.V. Bijlani were appointed as Independent Directors of the Company to hold office for a term of 5(Five) consecutive years commencing from April 01, 2014 and expiring on March 31, 2019, vide resolutions passed by the Members of the Company at the 79th Annual General Meeting held on September 27, 2014.

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of Directors and shall be eligible for re-appointment on passing of a Special Resolution by the Company.

In order to comply with the above statutory requirement, the proposals are placed in the ensuing Annual General Meeting for the re-appointment of Dr. Ravindra Bapat and Mr. C.V. Bijlani, who have given their consent pursuant to Section 160 of the Companies Act, 2013, as Independent Directors of the Company, not liable to retire by rotation for a second term of 5(Five) consecutive years commencing from April 01, 2019 and expiring on March 31, 2024.

The Board recommends their re-appointment as Independent Directors of the Company, not liable to retire by rotation under the provisions of Section 149 of the Companies Act, 2013 for a second term expiring on March 31, 2024. Information pursuant to Regulation 36(3) of the Listing Regulations with respect to Directors seeking re-appointment is appended to the Notice convening the ensuing Annual General Meeting.

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

7. NOMINATION, REMUNERATION AND EVALUATION POLICY

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

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

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

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

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

The contents of the abovementioned Policy have been elaborated in the Corporate Governance Report in accordance with the provisions of Section 134(3)(e) of the Companies Act, 2013. The Company has uploaded the Nomination, Remuneration and Evaluation Policy on its website, accessible at the weblink: http://www.tilind.com/wp-content/uploads/2017/09/NominationRemunerationandEvaluationPolicy.pdf.

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 27, 2018, in the manner given below:

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

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

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

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

The Nomination and Remuneration Committee reviewed the results of the annual performance evaluation carried out in the financial year 2017-18 in its Meeting held on June 12, 2018 and expressed overall satisfaction on the performance of the Independent Directors, Non-Independent Directors, Chairman and the Board as a whole (including its Committees). Accordingly, no corrective action was proposed to be taken pursuant to such evaluation results.

As results of the performance evaluation of the Independent Directors, Non-Independent Directors, Chairman and the Board as a whole (including its Committees) carried out in the financial year 2016-17 were also satisfactory therefore, no corrective action was required to be taken pursuant to such evaluation results.

9. NUMBER OF MEETINGS OF THE BOARD

The Board met 5 times during the financial year 2017-18, details thereof have been furnished as a part of the Corporate Governance Report.

10. COMPOSITION OF AUDIT COMMITTEE

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

11. KEY MANAGERIAL PERSONNEL

As on March 31, 2018, 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 2017-18.

12. AUDITORS

Statutory Auditors and Statutory Audit Report

At the 82nd Annual General Meeting ("AGM") held on September 25, 2017, M/s. M. M. Parikh & Co., Chartered Accountants (Firm Registration No. 107557W) were appointed as Statutory Auditors of the Company from the conclusion of the 82ndAGM till the conclusion of the 87th AGM, subject to ratification of their appointment by the Members at every AGM held after the 82nd AGM.

Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 as amended by the Companies (Amendment) Act, 2017 and the Companies (Audit and Auditors) Amendment Rules, 2018 respectively, does not contain the provisions relating to annual ratification of the appointment of the Statutory Auditors with effect from May 07, 2018. Therefore, the appointment of Statutory Auditors is not required to be ratified each year at the AGM and accordingly, M/s. M. M. Parikh & Co., Chartered Accountants (Firm Registration No. 107557W) hold office until the conclusion of the 87th Annual General Meeting without following the requirement of ratification of their appointment by the Members at the AGM every year.

No frauds have been reported by the Statutory Auditors during the financial year 2017-18 pursuant to the provisions of Section 143(12) of the Companies Act, 2013.

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

Cost Records, Cost Auditor and Cost Audit Report

The Company is required to maintain cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013 and accordingly, has made and maintained such accounts and records for the financial year 2017-18.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Board has, on the recommendation of the Audit Committee, appointed CMA Dr. Netra Shashikant Apte having Membership No. 11865 and Firm Registration No. 102229 as Cost Auditor for conducting the audit of cost accounting records maintained by the Company relating to manufacturing of the products covered under the Companies (Cost Records and Audit) Rules, 2014 at a remuneration of ₹ 1,50,000/- (Rupees One Lac Fifty Thousand Only) plus tax as applicable and reimbursement of out of pocket expenses as may be incurred by her for conducting the Cost Audit for the financial year 2018-19.

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

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

The Company has filed the Cost Audit Report for the financial year ended March 31, 2017 submitted by CMA Dr. Netra Shashikant Apte, Cost Auditor on October 13, 2017. The Cost Audit Report for the financial year ended March 31, 2018 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 2018-19.

The Secretarial Audit Report for the financial year ended March 31, 2018 is set out in Annexure 'A' to this Report.

The Board's responses with respect to the Secretarial Auditors' observations in their Secretarial Audit Report for the financial year ended March 31, 2018 are as under:

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

The un-audited financial results (consolidated and standalone) for the quarter and half year ended September 30, 2017 pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were filed by the Company on February 27, 2018 as against the due date of December 14, 2017 and the Company had paid the penalties of ₹ 18,37,921/- and ₹ 18,37,922/- to BSE and NSE respectively in this regard.

Board's Response: The abovementioned results could not be prepared within the stipulated timelines due to delay in configuration of the ERP system for implementation of the Goods and Service Tax provisions across Company's various units pan India.

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

The un-audited financial results (consolidated and standalone) for the quarter and nine months ended December 31, 2017 pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were filed by the Company on February 27, 2018 as against the due date of February 14, 2018 and the Company had paid the penalties of ₹ 1,53,400/- and ₹ 1,53,400/- to BSE and NSE respectively in this regard.

Board's Response: The abovementioned results could not be prepared within the stipulated timelines due to delay in configuration of the ERP system for implementation of the Goods and Service Tax provisions across Company's various units pan India.

Internal Auditors and Internal Audit Report

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

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

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

14. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

15. ANNUAL RETURN

In accordance with the provisions of Section 134(3)(a) of the Companies Act, 2013, the Company has uploaded the Annual Return for the financial year ended March 31, 2018 on its website, accessible at the weblink : https://www.tilind.com/investors/#disclosure.

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 2017-18.

A certificate from the Statutory Auditors of the Company as required under Regulation 13 of the SEBI (Share Based Employee Benefits) Regulations, 2014 shall be placed at the ensuing Annual General Meeting for inspection by the Members. The disclosures as required pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 read with Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 are set out in Annexure 'E' to this Report and are also uploaded on Company's website, accessible at the weblink : http://www.tilind.com/wp-content/uploads/2017/09/ESOP-disclosure.pdf.

17. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company is committed to ensure a healthy environment and empowered community around it and has, accordingly, adopted a triple bottom line approach of people, planet and profit. The Company has embraced the United Nation's (UN) Sustainable Development Goals (SDG) and is mainly directing its efforts towards health & nutrition, education & environment conservation. The details of the CSR programs or activities undertaken by the Company during the financial year 2017-18 are as follows:

i. Health & Nutrition Program

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

a) Mother and Child Nutrition Centres

Mother and Child nutrition centres (free of cost) are setup in Shrirampur, Loni hospital and outreach centres among different villages around Shrirampur. At these centres, our doctors, nutritionists along with local community workers support women in the community in practising the essential nutrition actions needed for the first 1000 days. Anthropometric assessments are conducted for the children to determine their nutritional status and mothers are counselled on correct feeding techniques. In 2017-18, 11 villages and hamlets benefited from these outreach centres. In total, 920 pregnant women and young children were benefited from this activity.

Taking this experience and expanding it further, a mother and child nutrition centre has been launched on 25th February 2018 in the urban slums of Ganesh Nagar, Dhobi Ghat, Mumbai.

b) Community nutrition raising activities

In addition to the Mother and Child nutrition centres, outreach activities viz. nutritional cooking demonstrations, health videos screening, talks, celebration of national nutrition week and world breastfeeding week etc. have been conducted during the financial year 2017-18 to raise awareness regarding maternal and child health among different villages and areas in and around the plant of the Company in Shrirampur.

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

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

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

The health and nutrition team successfully completed 5 training programs for 357 government frontline workers and NGO staff at various locations.

ii. Community kitchen

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

iii. Education

The Company continues to support the Dahanukar Vidyalay, Tilaknagar (DVT) school and the Balvarg. During the financial year 2017-18, Sarv Anandshala, a Multi grade Multi level (MGML) and Activity Base learning (ABL) teaching method was initiated for standard 1 under which students of different learning abilities, physical abilities and social classes learns together.

iv. Supply of R.O water

The Company supplies safe drinking (R.O) water to more than 10 wadis.

v. Sports outreach

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 are some of the activities carried out under sports outreach program by the Company. 3,675 students were benefited from this program that covered 32 ZP schools in the area. The Company has also organized inter school sports event which saw overwhelming response from students as well as parents with 20 schools participating with 832 students entering the various sporting competition.

The second activity that is carried out under the sports outreach program is "Kridamandal" aimed at engaging youth and unemployed in sports to keep them away from addiction towards tobacco, alcohol etc. Currently there are 10 Kridamandal groups, benefitting 190 youths.

vi. Environment Conservation

The Company believes in organic and sustainable farming and grows soybean, sugarcane, fruits, vegetables, maize, ginny grass, jowar grass in its land grounds besides maintaining a flower nursery. Additionally, with support of the in-house school students and the Company's employees, various tree plantation drives were undertaken and more than 2,000 trees were planted during the financial year 2017-18.

vii. Arunodaya Sanskruti Pratishthan

With an aim of reviving the Indian culture and study of Vedas, the Arunodaya Sanskruti Pratishthan Institute has been launched.

viii. Animal Welfare Centre

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

During the financial year 2017-18, the Company was not required to spend any amount on CSR activities as per the provisions of Section 135(5) of the Companies Act, 2013. However, a budget of ₹ 45 lacs was earmarked for spending on ongoing CSR Activities during the financial year 2017-18.

As against the budgeted amount of ₹ 45 lacs, the Company has spent ₹ 55.90 lacs on CSR activities during the financial year 2017-18.

The Annual Report on CSR activities as required under Section 134(3)(o) of the Companies Act, 2013 read with Rule 8 of the Companies (CSR Policy) Rules, 2014 is set out in Annexure 'F' to this Report. The Company has uploaded the CSR Policy and the Annual Report on CSR Activities for the financial year 2017-18 on its website, accessible at the weblinks: http://www.tilind.com/wp-content/uploads/2017/09/CSRpolicy120115.pdf and https://www.tilind.com/wp-content/uploads/2018/08/AnnualReportCSR-Activities-17-18.pdf respectively.

18. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

19. CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 34(3) of the Listing Regulations, Corporate Governance Report containing the details as required under Schedule(V)(C) of the said Regulations along with a certificate from the 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 complied with the provisions relating to the constitution of the Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [14 of 2013].

The Company has not received any complaint of sexual harassment during the financial year 2017-18.

22. FIXED DEPOSITS

As on April 01, 2017, the Company was not having any outstanding deposits falling under the scope of Chapter V of the Companies Act, 2013 and it has not accepted any deposits covered under said Chapter during the financial year 2017-18. As on March 31, 2018, the Company was not having any outstanding deposit falling under the scope of the said Chapter.

23. DETAILS OF UNCLAIMED BONUS SHARES IN THE SUSPENSE ACCOUNT

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

Particulars	Bonus Issue – 2009		Bonus Issue – 2010	
	No. of Members	No. of Shares	No. of Members	No. of Shares
Aggregate number of Members and the outstanding shares in the suspense account lying at the beginning of the year	1,109	61,636	1,173	1,95,856
Number of Members who approached the Company for transfer of shares from suspense account during the year	-	-	-	-
Number of Members to whom shares were transferred from suspense account during the year	-	-	-	-
Transferred to IEPF Authority	331	27,612	1#	3
Aggregate number of Members and the outstanding shares in the suspense account lying at the end of the year*	778	34,024	1,173	1,95,853

* The voting rights on the shares outstanding in the suspense account as on March 31, 2018 are frozen till the rightful owner claims such shares.

\# Partial shareholding of the Member was transferred to IEPF.

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

In accordance with the provisions of Section 124(5) of the Companies Act, 2013, dividend lying unclaimed in the unpaid dividend account for a period of 7 (seven) years is required to be transferred by the Company to the IEPF. Accordingly, an amount of ₹ 5,14,473 being dividend for the financial year 2009-10 lying unclaimed for a period of 7 years was transferred by the Company during the financial year 2017-18 to the Investor Education & Protection Fund ("IEPF").

Pursuant to Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules"), the Company is, also, required to transfer all shares in respect of which dividend has not been claimed for 7 (seven) consecutive years or more to the IEPF Authority. Accordingly, 1,00,687(One Lac Six Hundred and Eighty Seven) shares relating to financial year 2009-10 have been transferred by the Company during the financial year 2017-18 to the IEPF Authority.

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

Details of the unclaimed dividend lying with the Company as on September 25, 2017 (date of last Annual General Meeting) and shares/unclaimed dividend (for the financial year 2010-11) proposed to be transferred to IEPF as required under the provisions of the IEPF Rules have also been uploaded on the website of the Company i.e. www.tilind.com. The Company has sent individual notices to the Members through registered post and also published public notice in the newspapers to enable them to claim the dividend lying unclaimed.

25. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the financial year 2017-18, 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, no transactions have been entered into by the Company with related parties during the financial year 2017-18, qualifying as material transactions under the provisions of the Listing Regulations.

26. RISK MANAGEMENT

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

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

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

i. Regulatory Risk

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

ii. Strategic Risk

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

iii. Concentration Risk

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

27. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Board has laid down standards, processes and procedures for implementing the internal financial controls across the organization. After considering the framework of existing internal financial controls and compliance systems; work performed by the Internal, Statutory and Secretarial Auditors and external consultants; reviews performed by the Management and relevant Board Committees including the Audit Committee, the Board is of the opinion that the Company's internal financial controls with reference to the financial statements were adequate and effective during the financial year 2017-18.

28. VIGIL MECHANISM

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

The Policy allows the whistleblowers to have direct access to the Chairman of the Audit Committee in exceptional circumstances and also protects them from any kind of discrimination or harassment. During the financial year 2017-18, 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/wp-content/uploads/2017/09/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.

30. RESIDUARY DISCLOSURES

i. During the financial year 2017-18, the Company has not issued equity shares with differential rights as to dividend, voting or otherwise. Hence, disclosure under Rule 4(4) of the Companies (Share Capital and Debentures) Rules, 2014 is not applicable;

ii. During the financial year 2017-18, 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 2017-18, no significant material orders have been passed by any regulators or courts or tribunals which may impact the going concern status of the Company and its future operations. Hence, disclosure under Rule 8(5)(vii) of the Companies (Accounts) Rules, 2014 is not applicable;

iv. There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this Report; and

v. During the financial year 2017-18, 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 13, 2018

Amit Dahanukar
Chairman & Managing Director

ANNEXURE 'A' TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by **Tilaknagar Industries Ltd.** and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the Audit Period **April 01, 2017 to March 31, 2018** ('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, 2017 to March 31, 2018** according to the provisions of:

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

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

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

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

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

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

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

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during the Audit Period);**

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

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

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

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

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period);**

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

a) The Trade Marks Act, 1999;

b) Food Safety and Standards Act, 2006;

c) The Indian Boilers Act, 1923;

d) The Bombay Prohibition Act, 1949;

e) The Emblems and Names (Prevention of Improper Use) Act, 1950; and

f) Environments Laws.

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India;

2. The Listing Agreements entered into by the Company with BSE Limited ('BSE') & National Stock Exchange of India Limited ('NSE'), as specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

(i) ***the un-audited financial results (consolidated and standalone) for the quarter and half year ended September 30, 2017 pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were filed by the Company on February 27, 2018 as against the due date of December 14, 2017 and the Company had paid the penalties of ₹ 18,37,921/- and ₹ 18,37,922/- to BSE and NSE respectively in this regard; and***

(ii) ***the un-audited financial results (consolidated and standalone) for the quarter and nine months ended December 31, 2017 pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were filed by the Company on February 27, 2018 as against the due date of February 14, 2018 and the Company had paid the penalties of ₹ 1,53,400/- and ₹ 1,53,400/- to BSE and NSE respectively in this regard.***

We further report that:

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

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

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

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

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

Prag Distillery (P) Ltd., wholly owned subsidiary of the Company ('Prag') had been referred to National Company Law Tribunal ('NCLT') for Corporate Insolvency Resolution Process ('CIRP') under the provisions of the Insolvency and Bankruptcy Code, 2016 ('the Code') and accordingly a Resolution Professional ('RP') was appointed. The RP had invited bids for resolution in respect of the same. Since, there was no resolution plan agreed on till the end of the moratorium period and the extension period granted by the NCLT, the RP has filed an application before NCLT for liquidation of Prag after the expiry of the extension period. The said application is still pending before NCLT for order.

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

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

Place : Mumbai
Date : May 31, 2018

ANNEXURE 'B' TO THE DIRECTORS' REPORT

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

(A) CONSERVATION OF ENERGY

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

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

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

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

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

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

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

A statement of biogas generated, consumed and the resultant saving of coal during the financial year 2017-18 as compared to financial year 2016-17 is given herein below:

Sr. No.	Particulars	Unit	Year ended 31.03.2018	Year ended 31.03.2017
1	Biogas generation	Lac M^3	11.53	15.76
2	Spent-wash treated	Lac M^3	0.37	0.45
3	Ratio of biogas generation to spent-wash treated	M^3/M^3	32.00	35.02
4	Biogas utilization:			
	a. for steam generation in boiler	Lac M^3	7.71	13.88
	b. biogas flared during start-up & interruptions	Lac M^3	3.81	1.88
5	Coal saved:			
	a. quantity	MT	771	1388
	b. value	₹ (Lac)	51.58	79.44

(iii) Capital investment on energy conservation equipments:

During the financial year 2017-18, 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. **details of technology imported:** The Company has not imported any technology during the last three financial years.

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

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

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

(iv) Expenditure incurred on research and development:

During the financial year 2017-18, neither capital nor revenue expenditure was incurred by the Company on research and development.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the financial year 2017-18, the foreign exchange earned in terms of actual inflows was ₹ 109.8 Lacs (P.Y. ₹ 133.8 Lacs) and the foreign exchange outgo during the financial year 2017-18, in terms of actual outflows, was ₹ 21.93 Lacs (P.Y. ₹ 2.4 Lacs).

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 13, 2018

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 2017–18 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 2017-18:

Sr. No.	Name	Designation	Ratio of remuneration of each Director to median remuneration of Employees	Percentage increase / (decrease) in remuneration
1	Mr. Amit Dahanukar*	Chairman & Managing Director	35:1	(86.03)
2	Mrs. Shivani Amit Dahanukar#	Non-Executive Director	-	-
3	Dr. Ravindra Bapat#	Independent Director	-	-
4	Mr. C. V. Bijlani#	Independent Director	-	-
5	Mr. Kishorekumar G. Mhatre#	Independent Director	-	-
6	Mr. Srijit Mullick	Chief Financial Officer	Not Applicable	-
7	Mr. Gaurav Thakur	Company Secretary	Not Applicable	-

* The remuneration for the financial year 2017-18 was paid as per the Central Government's approval

\# The Non-Executive and Independent Directors were paid only sitting fees during the financial year 2017-18

(ii) The percentage increase in the median remuneration of employees in the financial year 2017-18:

The median remuneration of employees in the financial year 2017-18 has declined by 9% as compared to the previous year.

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

As on March 31, 2018, 295 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 2017-18, there was no increase in the managerial remuneration under Section 197 of the Companies Act, 2013 in view of the losses incurred by the Company.

In order to provide for increased cost of living/inflation, average percentile increase of 10.74% was made in the salaries of employees other than the managerial personnel during the financial year 2017-18, 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 2017-18 is as per the Remuneration Policy of the Company.

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 13, 2018

Amit Dahanukar
Chairman & Managing Director

ANNEXURE 'D' TO THE DIRECTORS' REPORT

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

Sr. No.	Name	Designation	Remuneration (inclusive of employer's contribution to PF) (₹ in Lacs)	Nature of employment, whether contractual or otherwise	Qualifications	Total experience (Years)	Date of commencement of employment	Age (Years)	Last employment held	No. of shares held as on 31.03.2018	Relative of any Director or Manager
1	Mr. Amit Dahanukar	Chairman & Managing Director	82.4*	Contractual	B.E. (ELEC.), M.S. (U.S.A.)	17	07.11.2001	41	First Employment	2,98,44,552	Yes, Spouse of Mrs. Shivani Amit Dahanukar
2	Dr. Keshab Nandy	Director – Institutional Sales, Legal, HR, IT, IR, Vigilance & Safety	77.9	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.	39	03.09.2007	62	UTI Technology Services Ltd. - Sr. VP – HR, IR, Legal, Quality, Admin, Facility Mgt & CVO	1,56,466	No
3	Mr. Srijit Mullick	Chief Financial Officer	75.0	Permanent	B.Com., FCA, ACMA	39	05.10.2013	63	E City Ventures Group of Companies - Chief Financial Officer	Nil	No
4	Mr. Benedict William	Senior Vice President - Sales (South)	56.6	Permanent	M.A., Diploma in Business Management	35	19.08.2015	59	Consultant	Nil	No
5	Mr. Gaurav Thakur	Company Secretary	39.0	Permanent	M.Com., ACS, ACMA	18	15.01.2011	40	Gini & Jony Ltd.	Nil	No
6	Mr. Naresh Agnihotri	Vice President – Manufacturing Operations	36.4	Permanent	B.Sc. (Chem)	46	01.04.2011	69	Radico NV Distilleries Maharashtra Ltd.	13,086	No
7	Mr. Ajit Sirsat	Assistant Vice President – Finance & Accounts	36.3	Permanent	B.Com., ACA, Grad. CMA	24	22.06.2012	47	Raymond Apparel Ltd.	Nil	No
8	Mr. C. R. Ramesh	General Manager – Operations & Quality	29.4	Permanent	B.Sc.	36	15.04.2008	58	Radico Khaitan Ltd.	4,200	No
9	Mr. Rajesh Agrawal	General Manager – Sales (Maharashtra & Daman)	24.2	Permanent	B.A.	34	12.01.2010	52	Allied Blenders and Distillers Pvt. Ltd.	8,055	No
10	Mr. Anand Kadam	Deputy General Manager– Materials Management	18.4	Permanent	B.E. (Prod.-Hons.), Diploma in Materials Management	26	11.12.2006	51	Borosil Glass Works Ltd.	1,598	No

* The remuneration for the financial year 2017-18 was paid as per the Central Government's approval

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 13, 2018

Amit Dahanukar
Chairman & Managing Director

ANNEXURE 'E' TO THE DIRECTORS' REPORT

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

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)	51,36,363	48,46,500	60,00,088
3	Vesting requirements	Out of the total options granted, 10% options vest after 1st year, 20% after 2nd year, 30% after 3rd year and 40% after 4th year from the date of respective grant.	Out of the total options granted, 30% options vest after 1st year, 30% after 2nd year and 40% after 3rd year from the date of respective grant.	Out of the total options granted, 30% options vest after 1st year, 30% after 2nd year and 40% after 3rd year from the date of respective grant.
4	Pricing Formula	The exercise price shall be calculated at a discount of 75% of the average of the daily high and low of the prices for the Company's equity shares quoted on BSE Limited, during the 15 days preceding the date of vesting of stock options subject to minimum exercise price as given below: **Date of Grant – Minimum Exercise Price (₹)** July 02, 2009 – 13.33 January 28, 2010 – 25.00 June 25, 2010 – 36.67 August 07, 2010 – 50.00	The exercise price shall be calculated at a discount of 75% of the average of the daily high and low of the prices for the Company's equity shares quoted on BSE Limited, during the 15 days preceding the date of vesting of stock options subject to minimum exercise price as given below: **Date of Grant – Minimum Exercise Price (₹)** January 15, 2011 – 60.00 August 01, 2011 – 38.00 October 21, 2011 – 25.00 November 11, 2011 – 25.00 July 05, 2016 – 13.00	The exercise price shall be calculated at a discount of 75% of the average of the daily high and low of the prices for the Company's equity shares quoted on BSE Limited, during the 15 days preceding the date of vesting of stock options subject to minimum exercise price as given below: **Date of Grant – Minimum Exercise Price (₹)** May 28, 2012 – 42.00 February 04, 2013 – 60.00 May 30, 2013 – 45.00 May 26, 2014 – 46.00 July 05, 2016 – 13.00
5	Maximum term of stock options granted	4 years	3 years	3 years
6	Source of shares (primary, secondary or combination)	Primary	Primary	Primary
7	Variation in terms of stock options	Nil	Nil	Nil
8	Number of stock options outstanding at the beginning of the period	Nil	17,33,500	41,32,309

Sr. No.	Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
9	Number of stock options granted during the year	Nil	Nil	Nil
10	Number of stock options forfeited/ lapsed/cancelled during the year	Nil	1,85,800	12,65,239
11	Number of stock options vested during the year	Nil	5,30,900	9,96,400
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	Nil	Nil	Nil
15	Loan repaid by the Trust during the year from exercise price received	Not Applicable		
16	Number of stock options outstanding at the end of the year	Nil	15,47,700	28,67,070
17	Number of stock options exercisable at the end of the year	Nil	4,74,250	11,87,070
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 con-versions) of the Company at the time of grant	Nil	Nil	Nil
21	Disclosure in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant Accounting Standards	Refer Note 33 of the Notes to Accounts		
22	Diluted Earnings Per Share (EPS) on issue of shares pursuant to all the Schemes in accordance with Ind AS	Refer Note 33 of the Notes to Accounts		
23	Method used to account for ESOS – Intrinsic or fair value	Fair Value Method		
24	The difference between the intrinsic value of the stock options and the fair value of the stock options and its impact on profits and on EPS	Not Applicable		

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 33 of the Notes to Accounts		
26	A description of the method and significant assumptions used during the year to estimate the fair value of stock options, including the following information: a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model; b) the method used and the assumptions made to incorporate the effects of expected early exercise; c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as market condition.	Refer Note 33 of the Notes to Accounts		

In accordance with the provisions of Regulation 13 of the SEBI (Share Based Employee Benefits) Regulations, 2014, a certificate from M/s. M. M. Parikh & Co., Statutory Auditors of the Company shall be placed before the Members at the 83rd Annual General Meeting.

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 13, 2018

Amit Dahanukar
Chairman & Managing Director

ANNEXURE 'F' TO THE DIRECTORS' REPORT

Annual Report on Corporate Social Responsibility (CSR) Activities

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

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

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

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

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

A) Eradicate Extreme Poverty, Hunger and Malnutrition by:

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

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

iii. providing monthly pensions to poor and needy;

iv. managing clinics for treatment of malnutrition;

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

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

B) Promotion of Education by:

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

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

iii. undertaking various educational awareness activities;

iv. promoting sports and fitness among school children; and

v. promoting arts and culture among school children.

C) Promotion of Rural Sports by:

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

ii. undertaking sporting tournaments and training camps; and

iii. undertaking various sports awareness activities.

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

i. forming Self Help Groups to promote financial inclusion;

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

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

iv. promoting savings and increasing financial literacy; and

v. providing marketing support for existing rural micro enterprises.

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

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

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

iii. managing dispensaries and mobile clinics;

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

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

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

F) Ensuring Environmental Sustainability by:

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

ii. promoting environmental conservation through promotion of sustainable farming;

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

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

v. undertaking/promoting cultivation of organic foods; and

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

G) Animal Welfare by:

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

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

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

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

v. conducting medication and immunization for animals; and

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

Details of the CSR projects, programs or activities undertaken by the Company during the financial year 2017-18 are provided under the 'Corporate Social Responsibility' Section 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/wp-content/uploads/2017/09/CSRpolicy120115.pdf .

2. The Composition of the CSR Committee:

As on March 31, 2018, 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 Lacs)

3.	**Average net profit of the Company for last three financial years**	**:**	(18,764.70)
4.	**Prescribed CSR Expenditure [Rounded off] (two percent of the amount as in item 3 above)**	**:**	Nil
5.	**Details of CSR spent during the financial year 2017-18**	**:**	
a.	Total amount to be spent for the financial year	:	45.00
b.	Amount unspent, if any	:	Nil
c.	Manner in which the amount spent during the financial year 2017-18:	:	Refer Annexure

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

   During the financial year 2017-18, the Company was not required to spend any amount on CSR activities as per the provisions of Section 135(5) of the Companies Act, 2013. However, a budget of ₹ 45.00 lacs was earmarked for spending on ongoing CSR Activities during the financial year 2017-18. As against the budgeted amount of ₹ 45.00 lacs, the Company has spent ₹ 55.90 lacs on CSR activities during the financial year 2017-18.

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

Amit Dahanukar
Chairman & Managing Director

For and on behalf of the CSR Committee

Shivani Amit Dahanukar
Chairperson - CSR Committee

Place : Mumbai
Date : August 13, 2018

(5)c. Manner in which the amount spent during the financial year 2017-18 is detailed below:

(₹ in Lacs)

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs		Amount outlay (budget) project or program wise	Amount spent on the projects or programs		Cumulative expenditure up to reporting period i.e. March 31, 2018	Amount spent (Direct or through implementing agency)
			Local area or other	Specify the State and District where project or program was undertaken		Direct Expenditure on projects or programs	Overheads		
1	Community kitchen	Eradication hunger and poverty (Clause (i) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra	1.60	2.10	-	2.10	Direct
2	Malnutrition and health assessment camps and malnutrition clinic	Eradication Malnutrition (Clause (i) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra	13.20	19.80	-	19.80	Direct & Shrimati Malti Dahanukar Trust
3	Literacy	Promoting education (Clause (ii) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra	11.30	10.20	-	10.20	Direct & Shrimati Malti Dahanukar Trust
4	Healthcare Treatment/ Sponsorship and Awareness camps	Promoting healthcare including preventive health care (Clause (i) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra	0.50	0.80	-	0.80	Direct
5	Supply of R.O water	Sanitation and making available safe drinking water (Clause (i) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra	0.30	0.60	-	0.60	Direct
6	Sports and fitness to engage the unemployed youth	Promotion of rural sports (Clause (vii) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra	2.00	5.00	-	5.00	Shrimati Malti Dahanukar Trust
7	Waste management, tree plantation and organic production	Ensuring environmental sustainability (Clause (iv) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra	3.00	4.60	-	4.60	Direct
8	Animal welfare centre	Animal welfare (Clause (iv) of Schedule VII)	Local area	Shrirampur, Ahmednagar - Maharashtra	13.10	12.80	-	12.80	Direct
	TOTAL				**45.00**	**55.90**	**-**	**55.90**	

ANNEXURE 'G' TO THE DIRECTORS' REPORT

BOARD OF DIRECTORS' RESPONSES TO THE OBSERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS IN AUDITORS' REPORT ON THE STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[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, 2018, the Board of Directors provides its explanations/ comments as under:

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

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

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

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

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

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

Same observations have been given with respect to note 47 of the consolidated financial statements.

Board's response: In lieu of advances given to certain parties amounting to ₹ 6,074.08 lacs, the Company had received land from one of the group concerns of the parties. The land received has been registered in the name of the Company. The advances have not been adjusted pending certain formalities to be completed on the part of the said parties.

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

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

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

Board's response: An application for liquidation under Section 33 of the Insolvency & Bankruptcy Code, 2016 has been filed by the Resolution Professional(RP) before National Company Law Tribunal, Mumbai Bench seeking order requiring Prag Distillery (P) Ltd., wholly owned subsidiary of the Company ("Prag") to be liquidated "on going concern basis" in the manner laid down under Section 33 of the Code on 06.04.2018.

As at the time of approval of the financial statements, a resolution proposal was submitted by a third party for approval of the creditors subject to the directions /orders to be given by National Company Law Tribunal, Mumbai Bench, the management believed that no provision for the diminution in the value of investments in Prag was required pending the completion of the resolution process under the IBC code.

However, with respect to the Corporate Insolvency Resolution Process (CIRP) under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code") in respect of Prag, National Company Law Tribunal vide its order delivered on August 09, 2018 has, inter-alia, directed for Prag's liquidation as a going concern. Accordingly, necessary provision shall be made during the financial year 2018-19.

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

The management has not impaired Goodwill of ₹ 1,175.25 Lacs relating to its wholly owned subsidiary Prag Distillery (P) Ltd as required by Indian Accounting Standard (Ind AS 36) 'Impairment of Assets' though there is an indication of impairment as explained in Note 51 of the consolidated Ind AS financial statements.

Board's response: An application for liquidation under Section 33 of the Insolvency & Bankruptcy Code, 2016 has been filed by the Resolution Professional(RP) before National Company Law Tribunal, Mumbai Bench seeking order requiring Prag Distillery (P) Ltd., wholly owned subsidiary of the Company ("Prag") to be liquidated "on going concern basis" in the manner laid down under Section 33 of the Code on 06.04.2018.

As at the time of approval of the financial statements, a resolution proposal was submitted by a third party for approval of the creditors subject to the directions /orders to be given by National Company Law Tribunal, Mumbai Bench, the management believed that Goodwill relating to Prag was not impaired and the accounts were prepared on going concern basis pending the completion of the resolution process under the IBC code.

However, with respect to the Corporate Insolvency Resolution Process (CIRP) under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code") in respect of Prag, National Company Law Tribunal vide its order delivered on August 09, 2018 has, inter-alia, directed for Prag's liquidation as a going concern. Accordingly, necessary impairment shall be made during the financial year 2018-19.

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

We draw attention to note 52 in the standalone Ind AS financial statements that the Company has incurred net loss during the year and due to accumulated losses the net worth has been eroded. Further the current liabilities have exceeded the total assets. These events indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Same observations have been given with respect to note 52 of the consolidated financial statements.

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

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

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

Same observations have been given with respect to note 12(h) of the consolidated financial statements.

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

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

One of the Subsidiary of the Group namely Prag Distillery (P) Ltd has been referred to National Company Law Tribunal for Corporate Insolvency Resolution Process (CIRP) under the provisions of Insolvency and Bankruptcy Code 2016 (the Code). Further the Subsidiary has incurred net loss during the year ended March 31, 2018 and as of that date the business has reduced significantly. These events indicate that a material uncertainty exist that may cast significant doubt on the subsidiary Company's ability to continue as a going concern.

Board's response: An application for liquidation under Section 33 of the Insolvency & Bankruptcy Code, 2016 has been filed by the Resolution Professional(RP) before National Company Law Tribunal, Mumbai Bench seeking order requiring Prag Distillery (P) Ltd., wholly owned subsidiary of the Company ("Prag") to be liquidated "on going concern basis" in the manner laid down under Section 33 of the Code on 06.04.2018.

As at the time of approval of the financial statements of Prag, a resolution proposal was submitted by a third party for approval of the creditors subject to the directions /orders to be given by National Company Law Tribunal, Mumbai Bench, the accounts were prepared on going concern basis pending the completion of the resolution process under the IBC code.

However, with respect to the Corporate Insolvency Resolution Process (CIRP) under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code") in respect of Prag, National Company Law Tribunal vide its order delivered on August 09, 2018 has, inter-alia, directed for Prag's liquidation as a going concern. Accordingly, necessary steps in this regard shall be taken during the financial year 2018-19.

viii. Auditors' observations under paragraph 1[(vii)(a) and (viii)] of the Annexure-A to the Auditors' Report to the standalone financial statements:

1. vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted /accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Service tax, Customs Duty, Excise Duty, Goods and Services Tax ('GST'), Value Added Tax, Cess and any other material statutory dues, to the extent applicable, have generally been regularly deposited with the appropriate authorities during the year though there have been delays.

1. viii) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has defaulted in repayment of principal amount of loans and interest to banks and financial institutions. There were no outstanding dues to Government or any debenture holders anytime during the year.

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

ix. Auditors' observations under paragraph 'Other Matters' of Annexure - A to the Auditors' Report on consolidated financial statements:

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to seven Subsidiary Companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

In case of one Subsidiary and associate incorporated in India which were unaudited, we have not received the report of the auditors under Section 143 (3) (i) of the Act, hence we are unable to express an opinion on the establishment of adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2018.

Board's response: Due to suspension of the powers of the Board of Directors of Prag Distillery (P) Ltd., wholly owned subsidiary of the Company, its financial statements could not be approved and sent to Auditors for their Report.

Due to some dispute, the Company didn't get the financial statements for the financial year 2017-18 from Mason and Summers Marketing Service Private Limited, its associate Company for consolidation.

For and on behalf of the Board of Directors

Place : Mumbai
Date : June 14, 2018

Amit Dahanukar
Chairman & Managing Director

CORPORATE GOVERNANCE REPORT

The Report on Corporate Governance for the financial year ended March 31, 2018 containing, inter-alia, the matters as specified in Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is presented hereunder:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

The compliance with the applicable corporate governance requirements specified under Regulations 17 to 27 and 46(2)(b) to (i) of the Listing Regulations during the financial year ended March 31, 2018 is elaborated hereunder:

2. BOARD OF DIRECTORS

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

In line with the provisions of Regulation 17 of the Listing Regulations, the Company had 5 Directors as on March 31, 2018 with an optimum combination of Executive, Non-Executive, Independent and Woman Directors. The Company has disclosed profiles of its Directors on its website, accessible at the weblink: http://www.tilind.com/about-us/#leadership.

Composition of the Board along with the number of other Directorship/Committee positions held as on March 31, 2018 by the Directors is as follows:

Name of the Director	Director Identification Number	Category	No. of Directorship in other public companies*	No. of Committee positions held in other public companies#	
				Member	Chairperson
Mr. Amit Dahanukar	00305636	Chairman & Managing Director (E, P)	8	Nil	Nil
Mrs. Shivani Amit Dahanukar	00305503	Non-Executive Director (NE, P)	8	Nil	Nil
Dr. Ravindra Bapat	00353476	Director (NE, I)	2	2	Nil
Mr. C.V. Bijlani	02039345	Director (NE, I)	2	Nil	2
Mr. Kishorekumar G. Mhatre	07527683	Director (NE, I)	Nil	Nil	Nil

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

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

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

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 the weblink: http://www.tilind.com/wp-content/uploads/2018/08/Draft-Letter-of-Appointment-of-Independent-Director.pdf.

The Board has met 5 times during the financial year 2017-18 on May 29, 2017; August 07, 2017; September 14, 2017; December 27, 2017, and February 27, 2018 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 2017-18 and the last Annual General Meeting held on September 25, 2017 is as follows:

Name of the Director	Category	Attendance at the Meetings held during FY 2017-18	
		Board Meetings	Annual General Meeting
Mr. Amit Dahanukar	Chairman & Managing Director	5	Yes
Mrs. Shivani Amit Dahanukar	Non-Executive Director	3	Yes
Dr. Ravindra Bapat	Independent Director	5	Yes
Mr. C.V. Bijlani	Independent Director	3	No
Mr. Kishorekumar G. Mhatre	Independent Director	5	Yes

To enable the Board to discharge its responsibilities effectively and take informed decisions, comprehensive agenda notes along with background materials, wherever required, are circulated well in advance to the Directors in accordance with the applicable Secretarial Standard. The Board periodically reviews the compliance reports in respect of all laws and regulations applicable to the Company along with the minimum information prescribed under Part A of the Schedule (II) of the Listing Regulations placed before it on quarterly basis. The minutes of the Board meetings and all significant transactions and arrangements entered into by the subsidiary companies are also reviewed by the Board.

Performance Evaluation of the Directors

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

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

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

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

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

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

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

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

Remuneration of Directors

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 2017-18, 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 Non-Executive Directors and the Company except for the sitting fees paid to them during the year.

Mr. Amit Dahanukar, Chairman & Managing Director of the Company, is under contract of employment with the Company for a period of 3 years commencing from November 07, 2017. The service contract of Mr. Amit Dahanukar can be terminated by either party by giving 6 months' notice in writing or 6 months' salary in lieu thereof respectively. No severance fees is payable to him on termination of the service contract. During the financial year 2017-18, Mr. Amit Dahanukar was paid remuneration in accordance with the approval granted by the Central Government vide its letter no. G641290685/4/2017 - CL-VII dated August 03, 2017.

Remuneration paid to the Directors for the financial year 2017-18 is as follows:

(₹ in Lacs)

Name of the Director	Category	Salaries, Allowances & Perquisites	Contribution to SA/PF	Sitting Fees
Mr. Amit Dahanukar	Chairman & Managing Director	77.02	5.33	Nil
Mrs. Shivani Amit Dahanukar	Non-Executive Director	Nil	Nil	0.20
Dr. Ravindra Bapat	Independent Director	Nil	Nil	0.85
Mr. C.V. Bijlani	Independent Director	Nil	Nil	0.50
Mr. Kishorekumar G. Mhatre	Independent Director	Nil	Nil	0.60

Apart from the above remuneration, gratuity and leave encashment are payable to the Chairman & Managing Director as per rules of the Company. During the financial year 2017-18, no performance linked incentives were paid to the Directors of the Company.

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, 2018	As on March 31, 2017	As on March 31, 2018	As on March 31, 2017
Mr. Amit Dahanukar	Chairman & Managing Director	29,844,552	29,844,552	Nil	Nil
Mrs. Shivani Amit Dahanukar	Non-Executive Director	32,976,043	32,976,043	Nil	Nil
Dr. Ravindra Bapat	Independent Director	32,250	32,250	Nil	Nil
Mr. C.V. Bijlani	Independent Director	20,000	20,000	Nil	Nil
Mr. Kishorekumar G. Mhatre	Independent Director	Nil	Nil	Nil	Nil

Since, the Companies Act, 2013 prohibits grant of ESOPs to the Independent Directors, no ESOPs were granted to them during the financial year 2017-18.

Code of Conduct

The Code of Conduct applicable to all the Board Members and Senior Management Personnel, adopted by the Board in accordance with the provisions of Regulation 17(5) of the Listing Regulations, has been uploaded on the website of the Company, accessible at the weblink: http://www.tilind.com/wp-content/uploads/2017/09/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, 2018. A declaration to this effect signed by Mr. Amit Dahanukar, Chairman & Managing Director of the Company is annexed hereto and forms an integral part of this Report.

Codes under Prohibition of Insider Trading Regulations

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

Separate Meeting of Independent Directors

In accordance with the provisions of Regulation 25(3) of the Listing Regulations, a separate meeting of all the Independent Directors, chaired by Dr. Ravindra Bapat, was held on February 27, 2018, without the presence of Non-Independent Directors or members of the management, to review the performance of Non-Independent Directors, Chairman and the Board as a whole (including its Committees) and assess the quality, quantity and timeliness of flow of information between the management and the Board. All the Independent Directors were present at the Meeting.

Familiarization Programs for Independent Directors

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

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, 2018 having knowledge/expertise in the areas of accounting/financial management.

The Audit Committee met 5 times during the financial year 2017-18 on May 29, 2017; August 07, 2017; September 14, 2017; December 27, 2017 and February 27, 2018. The intervening period between the two meetings did not exceed one hundred and twenty days.

The composition of the Audit Committee as on March 31, 2018 and attendance of the Committee Members at the Audit Committee Meetings held during the financial year 2017-18 are as follows:

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

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

The terms of reference of the Committee are as follows:

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

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

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

- matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of Section 134(3) of the Companies Act, 2013;
- changes, if any, in accounting policies and practices and reasons for the same;
- major accounting entries involving estimates based on the exercise of judgment by management;
- significant adjustments made in the financial statements arising out of audit findings, if any;
- compliance with listing and other legal requirements relating to financial statements;
- disclosure of any related party transactions; and
- modified opinion(s) in the draft audit report, if any;

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

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

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

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

viii. scrutinizing inter-corporate loans and investments;

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

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

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

xii. reviewing the adequacy of internal audit function, including the structure of the internal audit department, if any, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

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

xiv. reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

xv. discussion with Statutory Auditors before the commencement of audit about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

xvi. looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

xvii. reviewing the functioning of the Whistle Blower mechanism;

xviii. approving the appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

xix. reviewing the following information:

- management discussion and analysis of financial conditions and results of operations;
- statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- management letters/letters of internal control weaknesses issued by the Statutory Auditors; and
- internal audit reports relating to internal control weaknesses;

xx. reviewing the appointment, removal and terms of remuneration of the Chief Internal Auditors, if any; 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, 2018.

The Stakeholders Relationship Committee met 4 times during the financial year 2017-18 on May 29, 2017; September14, 2017; December 27, 2017 and February 27, 2018.

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

The composition of the Stakeholders Relationship Committee as on March 31, 2018 and attendance of the Committee Members at the Stakeholders Relationship Committee Meetings held during the financial year 2017-18 are as follows:

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

The terms of reference of the Committee are as follows:

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

ii. ensuring expeditious redressal of shareholders' complaints regarding the following:

- non-receipt of share certificates lodged for transfer;
- non-receipt of dividend warrants;
- non-receipt of annual reports;
- non-receipt of demat rejected share certificates;
- non-receipt of demat credit of shares;
- non-receipt of bonus share certificates;
- non-receipt of remat share certificates; and

iii. resolving any other grievances of the security holders.

Statement of various complaints received and resolved during the financial year 2017-18 is as follows:

Nature of Complaint	Opening balance as on April 01, 2017	Received during the year	Resolved during the year	Closing balance as on March 31, 2018
Non-receipt of share certificates lodged for transfer	Nil	Nil	Nil	Nil
Non-receipt of dividend warrants	Nil	9	9	Nil
Non-receipt of annual reports	Nil	Nil	Nil	Nil
Non-receipt of demat rejected share certificates	Nil	Nil	Nil	Nil
Non-receipt of demat credit of shares	Nil	Nil	Nil	Nil
Non-receipt of bonus shares certificates	Nil	Nil	Nil	Nil
Non receipt of remat share certificates	Nil	Nil	Nil	Nil
SEBI/ROC/Stock Exchanges	Nil	3	3	Nil
Total	**Nil**	**12**	**12**	**Nil**

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

C) Nomination and Remuneration Committee

The Nomination and Remuneration Committee, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of the Listing Regulations, comprised of 3 Independent Directors as on March 31, 2018.

The Committee met once during the financial year 2017-18 on May 29, 2017.

The composition of the Nomination and Remuneration Committee as on March 31, 2018 and attendance of the Committee Members at the Nomination and Remuneration Committee Meeting held during the financial year 2017-18 are as follows:

Name of the Member	Designation	No. of Meetings attended
Mr. C.V. Bijlani	Chairman	1
Dr. Ravindra Bapat	Member	1
Mr. Kishorekumar G. Mhatre	Member	1

Mr. Gaurav Thakur, Company Secretary, is the Secretary to the Committee. Dr. Ravindra Bapat, Member of the Nomination and Remuneration Committee, duly authorized in writing by Mr. C.V. Bijlani, Chairman of the Nomination and Remuneration Committee (who was not able to attend the Annual General Meeting as he was abroad) was available to answer queries of the Members in the Annual General Meeting.

The terms of reference of the Committee are as follows:

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

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate them;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to Directors, Key Managerial Personnel and Senior Management Personnel involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;

ii. identification of persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommending to the Board their appointment and removal and specifying the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;

iii. devising a policy on diversity of Board of Directors; 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/wp-content/uploads/2017/09/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/wp-content/uploads/2017/09/BoardDiversityPolicy.pdf.

iii. Succession Policy

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

The Company has uploaded the Succession Policy on its website, accessible at the weblink: http://www.tilind.com/wp-content/uploads/2017/09/SuccessionPolicy.pdf.

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, 2018.

The Committee met once during the financial year 2017-18 on August 07, 2017.

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

The composition of the CSR Committee as on March 31, 2018 and attendance of the Committee Members at the CSR Committee Meeting held during the financial year 2017-18 are as follows:

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

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

i. to formulate and recommend to the Board, a Corporate Social Responsibility Policy (CSR Policy) which shall indicate, inter-alia, the CSR activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 as amended from time to time;

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

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

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

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

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

The Company has uploaded the CSR Policy and the Annual Report on CSR Activities for the financial year 2017-18 on its website, accessible at the weblinks: http://www.tilind.com/wp-content/uploads/2017/09/CSRpolicy120115.pdf and https://www.tilind.com/wp-content/uploads/2018/08/AnnualReportCSR-Activities-17-18.pdf respectively.

E) Compensation Committee

The Compensation Committee, constituted in accordance with the provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014, comprised of 3 Directors as on March 31, 2018.

The Committee met once during the financial year 2017-18 on May 29, 2017.

The composition of the Compensation Committee as on March 31, 2018 and attendance of the Committee Members at the Compensation Committee Meeting held during the financial year 2017-18 are as follows:

Name of the Member	Designation	No. of Meeting attended
Dr. Ravindra Bapat	Chairman	1
Mrs. Shivani Amit Dahanukar	Member	Nil
Mr. Kishorekumar G. Mhatre	Member	1

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

The terms of reference of the Committee are as follows:

i. granting of Stock Options to the eligible employees;

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

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

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

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

F) Risk Management Committee

The Company has voluntarily constituted the Risk Management Committee. The Committee met 4 times during the financial year 2017-18 on May 15, 2017, August 01, 2017, December 18, 2017 and February 02, 2018.

The composition of the Risk Management Committee as on March 31, 2018 and attendance of the Committee Members at the Risk Management Committee Meetings held during the financial year 2017-18 are as follows:

Name of the Member	Designation	No. of Meetings attended
Mr. Amit Dahanukar (Chairman & Managing Director)	Chairman	3
Mr. C.V. Bijlani (Independent Director)	Member	3
Mr. Srijit Mullick (Chief Financial Officer)	Member	4

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

The terms of reference of the Committee are as follows:

i. developing risk mitigation plans;

ii. implementing risk reduction/mitigation strategies; and

iii. reviewing the effectiveness of the Risk Management Policy.

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

G) Share Transfer Committee

The Share Transfer Committee, constituted in accordance with the provisions of Regulation 40(2) of the Listing Regulations, comprised of 3 Directors as on March 31, 2018.

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

The composition of the Share Transfer Committee as on March 31, 2018 is as follows:

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

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

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

4. SUBSIDIARY COMPANIES

The Company has 8 subsidiary companies and 2 of them i.e. Prag Distillery (P) Ltd. and Vahni Distilleries Private Limited were falling under the definition of "material subsidiary" during the financial year 2017-18. Mr. C.V. Bijlani and Dr. Ravindra Bapat, the Independent Directors of the Company are also the Independent Directors of the abovementioned material subsidiaries. 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.

With respect to the Corporate Insolvency Resolution Process (CIRP) under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code") in respect of Prag, National Company Law Tribunal vide its order delivered on August 09, 2018 has, inter-alia, directed for its liquidation as a going concern.

The Policy for determining 'material subsidiaries', adopted by the Board in accordance with the provisions of Regulation 16 of the Listing Regulations, has been uploaded on the website of the Company, accessible at the weblink: http://www.tilind.com/wp-content/uploads/2017/09/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, 2018 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 2017-18, 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 2017-18. 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 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, adopted by the Board in accordance with the provisions of Regulation 23(1) of the Listing Regulations, has been uploaded on the website of the Company, accessible at the weblink: http://www.tilind.com/wp-content/uploads/2017/09/RelatedPartyTransactionsPolicy.pdf.

B) Disclosure of Accounting Treatment

The Company has adopted Indian Accounting Standards ("IND-AS") with effect from April 01, 2017 with a transition date of April 01, 2016. The financial statements for the financial year ended March 31, 2018 have been prepared in accordance with recognition and measurement principles laid down in accordance with the Companies (Indian Accounting Standards) Rules, 2015 [IND-AS] prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Accordingly, the impact of transition has been provided in the opening equity as on April 01, 2016 and figures for the corresponding financial year ended March 31, 2017 have been prepared to comply with IND-AS.

C) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to Capital Markets, during the last three years

(i) During the financial year 2017-18, the un-audited financial results (consolidated and standalone) for the quarter and half year ended September 30, 2017 pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were filed by the Company on February 27, 2018 as against the due date of December 14, 2017 and the Company has paid the penalties of ₹ 18,37,921/- and ₹ 18,37,922/- to BSE and NSE respectively in this regard;

(ii) During the financial year 2017-18, the un-audited financial results (consolidated and standalone) for the quarter and nine months ended December 31, 2017 pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were filed by the Company on February 27, 2018 as against the due date of February 14, 2018 and the Company has paid the penalties of ₹ 1,53,400/- each to BSE and NSE in this regard; and

(iii) During the financial year 2016-17, the audited financial results (consolidated and standalone) for the financial year ended March 31, 2016 pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were filed by the Company on June 09, 2016 as against the due date of May 29, 2016 and the Company had paid the penalty of ₹ 57,500/- each to BSE and NSE in this regard.

D) Whistle Blower Policy

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

The Policy allows the whistleblowers to have direct access to the Chairman of the Audit Committee in exceptional circumstances and also protects them from any kind of discrimination or harassment. During the financial year 2017-18, 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/wp-content/uploads/2017/09/Whistleblower.pdf.

E) Disclosure by Senior Management Personnel

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

F) Reconciliation of Share Capital Audit

Reconciliation of Share Capital Audit Report pursuant to Regulation 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, 2018, 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 2017-18.

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

The Company has complied with all the applicable mandatory requirements relating to Corporate Governance as prescribed under the Listing Regulations as disclosed in the relevant sections of this Report except that the un-audited financial results (consolidated and standalone) for the quarter and half year ended September 30, 2017 and the quarter and nine months ended December 31, 2017 pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were filed beyond the prescribed timeline due to delay in configuration of the ERP system for implementation of the Goods and Service Tax provisions across Company's various units pan India.

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

i. The Board

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

ii. Shareholder Rights

The Company publishes its quarterly/half yearly and annual financial results in English and Marathi newspapers having wide circulation.

The financial results and significant events, if any, are communicated by the Company to the Stock Exchanges and are also uploaded on its website i.e. www.tilind.com. The same are not sent to the Members individually.

iii. Modified opinion(s) in audit report

There are certain observations, qualifications and adverse remarks in the Audit Reports submitted by the Statutory Auditors for the financial year ended March 31, 2018 which are disclosed in the Directors' Report along with explanation/comments of the Board thereon.

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

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

v. Reporting of Internal Auditor

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

8. GENERAL BODY MEETINGS

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

Financial Year	Day, Date & Time	Venue	Particulars of Special Resolutions passed
2016-17	Monday September 25, 2017 10:30 a.m.	P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413 720	Nil
2015-16	Wednesday September 14, 2016 10:30 a.m.	P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413 720	Nil
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.

Passing of Resolution by Postal Ballot

During the financial year 2017-18, no special resolution was passed through postal ballot. 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, Mumbai Lakshdeep and Kesari.

ii. Website

The Company posts its Quarterly/Half Yearly/Annual Results, Annual Report, official news releases, presentations made to investors and transcripts of the meetings with institutional investors/analysts on its website i.e. www.tilind.com. This website contains the basic information about the Company e.g. details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances and such other details as prescribed under Regulation 46 of the Listing Regulations. The Company ensures that the contents of its website are updated at all times.

iii. Designated e-mail id

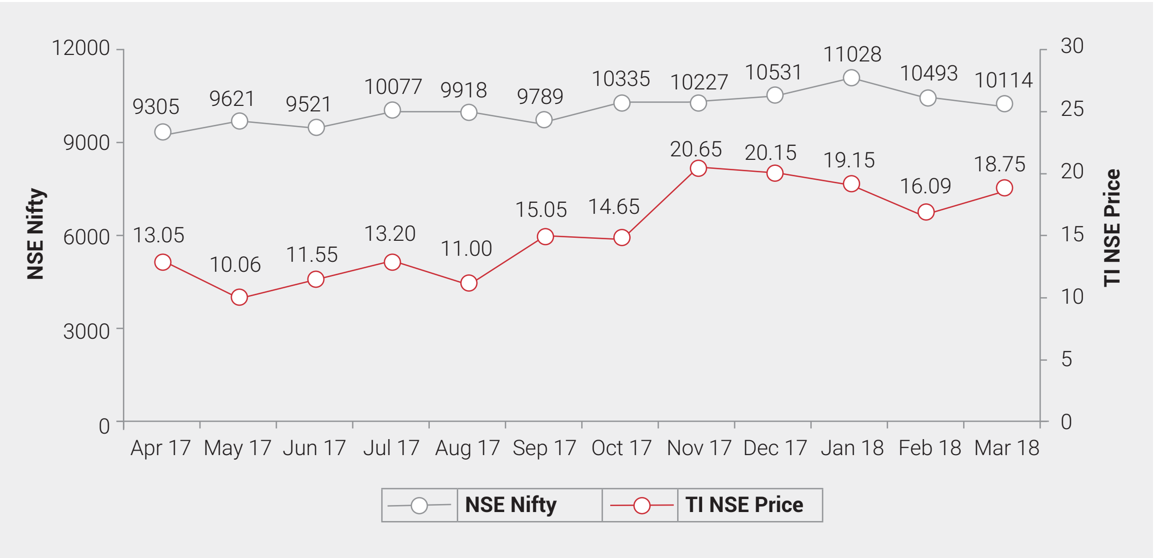
The Company has designated an e-mail id viz. investor@tilind.com to enable the Members to register their complaints, if any, for expeditious redressal.

10. GENERAL SHAREHOLDER INFORMATION

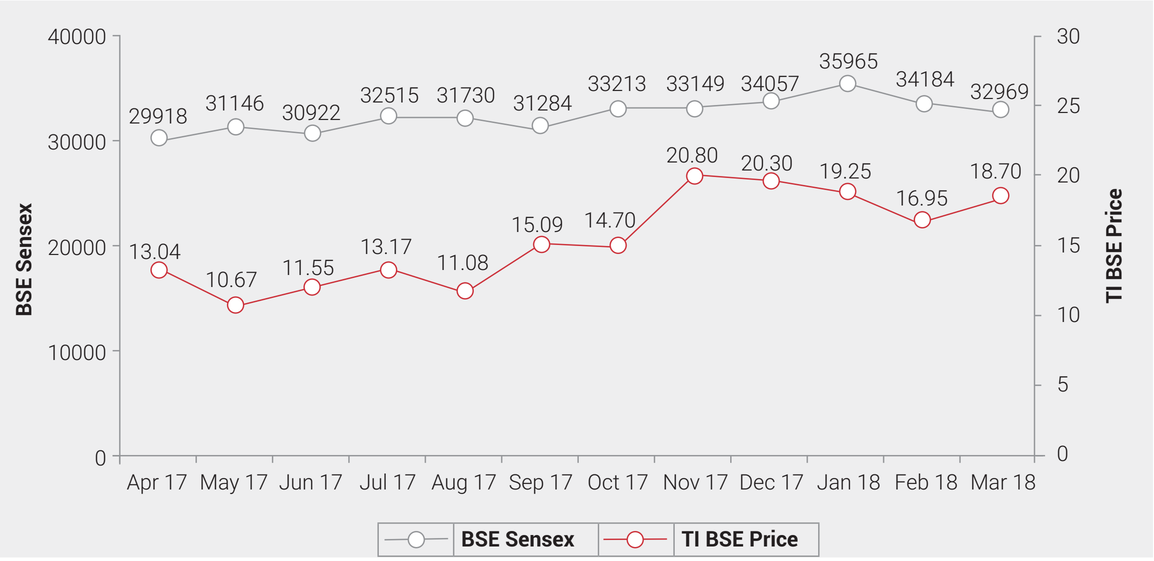
I	**83rd Annual General Meeting**		
	Day, Date and Time	:	Saturday, September 22, 2018 at 10.30 a.m.
	Venue	:	Registered Office of the Company i.e. P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413 720
II	**Financial Calendar**		
	Financial Year	:	1st April to 31st March
	Financial reporting of results		
	• Quarterly unaudited results (other than last quarter)	:	1st quarter – On or before August 14, 2018 2nd quarter – On or before November 14, 2018 3rd quarter – On or before February 14, 2019
	• Annual audited results	:	On or before May 29, 2019
III	**Book Closure Date**	:	No Book Closure. Cut-off date for determining the Members who are entitled to vote at the Meeting (including remote e-voting) is Saturday, September 15, 2018.
IV	**Dividend Payment Date**	:	The Directors have not recommended any Dividend for the financial year 2017-18.
V	**Registrar and Share Transfer Agents**	:	Bigshare Services Pvt. Ltd. Unit: Tilaknagar Industries Ltd. 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (E), Mumbai – 400 059 Ph: (022) 6263 8200 Fax: (022) 6263 8299 Email: investor@bigshareonline.com Website: www.bigshareonline.com
VI	**Share Transfer System**	:	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 fortnightly basis to approve the share transfers. All request(s) received for share transfer(s) are processed and share certificate(s) duly endorsed are returned within the period stipulated under Regulation 40(9) of the Listing Regulations, provided the documents are valid and complete in all respects. The Company obtains half-yearly certificate from M/s. Ragini Chokshi & Associates, Practicing Company Secretaries confirming the compliance by the Company of the timelines specified under Regulation 40(9) of the Listing Regulations for registering transfer/transmission etc. and files the same with the stock exchanges in the prescribed timeline.

VII	**Corporate Identification Number (CIN)**	:	L15420PN1933PLC133303
VIII	**Listing on Stock Exchanges**	:	BSE Limited **(Scrip Code: 507205)** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai, Maharashtra - 400 001 National Stock Exchange of India Limited **(Scrip Code: TI)** Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra - 400 051 The Company has paid the annual listing fees for the financial year 2018-19 to the above mentioned stock exchanges in the prescribed timelines.
IX	**Dematerialization of Shares & Liquidity**	:	Trading in equity shares of the Company is permitted only in dematerialized form. The Company's shares are held in dematerialized form to the extent of 98.84% of the total issued and paid up shares as on March 31, 2018. The promoters hold their entire shareholding in dematerialized form.
X	**Demat ISIN For Equity Shares**	:	INE133E01013 The Company has paid the Annual custodian fees for the financial year 2018-19 to NSDL and CDSL in the prescribed timelines.
XI	**Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, Conversion date and likely impact on equity**	:	The Company does not have any outstanding GDRs/ADRs/Warrants/ Convertible Instruments as on March 31, 2018.
XII	**Plant Locations**	:	(i) Tilaknagar Industries Ltd., P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra - 413 720 (ii) Prag Distillery (P) Ltd., R.S. No. 199/1, 200/2, Bicca Bolu, Rajanagaram Road, Nallamilli, Rangampeta Mandal, East Godavari District, Andhra Pradesh – 533 343 (iii) Vahni Distilleries Private Limited, No. 140, Tavaregera Village, Kushtagi Taluka, Koppal District, Karnataka – 584 131 (iv) PunjabExpo Breweries Private Limited, Plot No. 237, 238, Village Jeoli, Tehsil Derabassi, Dist. Mohali, Punjab – 140 507
XIII	**Address for Correspondence**	:	Mr. Gaurav Thakur, Company Secretary & Compliance Officer Tilaknagar Industries Ltd., Corporate Office: 3rd Floor, Industrial Assurance Building, Churchgate, Mumbai - 400 020. Tel: (022) 2283 1716/18 Fax: (022) 2204 6904 Website: www.tilind.com Email: gthakur@tilind.com
XIV	**Commodity price risk or foreign exchange risk & hedging activities**	:	The Company's exposure towards commodity price risk is minimal. The Company manages the foreign exchange risk in accordance with its Foreign Exchange Risk Management Policy. With respect to trade liability of 74 Lacs due to Cargill International SA, Geneva, considering the forward cover charges and expected movement of dollar–rupee exchange rate, the said exposure was not hedged by the Company. The details of foreign exchange exposures as on March 31, 2018 are disclosed in the Notes to the financial statements.

XV Stock Performance in comparison to NSE Nifty



XVI Stock Performance in comparison to BSE Sensex



XVII Market Price Data

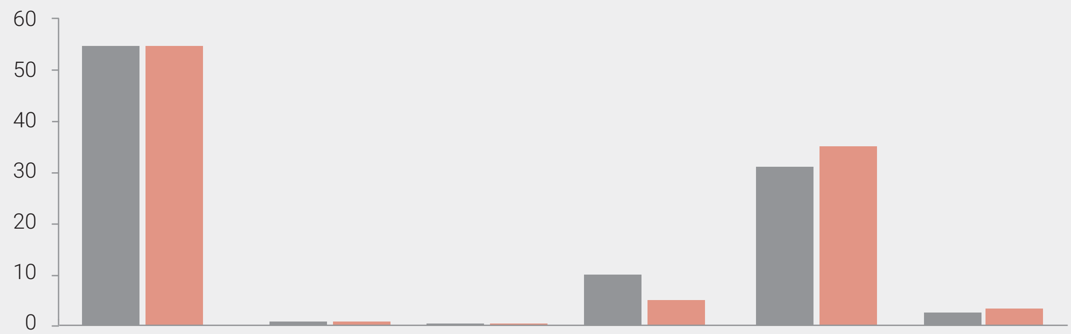
Monthly High and Low Quotes and Volume of Shares traded at BSE and NSE						
	BSE			NSE		
Period	High Price (₹)	Low Price (₹)	Volume (Nos.)	High Price (₹)	Low Price (₹)	Volume (Nos.)
2017						
April	15.40	12.59	1,111,839	15.40	12.25	3,745,482
May	13.15	10.33	856,179	13.20	10.20	3,022,636
June	13.00	10.50	1,937,376	13.00	10.40	5,990,207
July	14.75	11.51	2,378,648	14.75	11.55	7,907,994
August	13.58	10.65	576,391	13.75	10.25	3,007,416
September	16.30	10.95	1,896,818	16.25	10.90	7,191,784
October	16.50	13.65	1,508,676	16.50	13.60	5,602,385
November	25.20	14.26	4,649,589	25.00	14.30	19,468,552
December	23.15	19.00	1,862,899	23.20	19.00	5,632,400
2018						
January	22.90	17.50	1,153,528	22.90	17.50	3,397,459
February	19.65	16.80	640,969	19.70	16.50	1,465,403
March	20.00	15.20	1,194,495	20.00	15.10	2,431,932

XVIII Shareholding Pattern

Category	As on March 31, 2018*			As on March 31, 2017		
	No. of Shareholders	No. of Shares held	%	No. of Shareholders	No. of Shares held	%
Promoter Holding	**6**	**68,571,668**	**54.96**	**6**	**68,571,668**	**54.96**
Public Holding						
• Mutual Funds/UTI	0	0	0.00	0	0	0.00
• Financial Institutions/Banks	17	430,756	0.35	23	309,097	0.25
• Foreign Portfolio Investors	1	282,724	0.23	1	30,000	0.03
• Bodies Corporate	410	12,974,250	10.40	554	7,391,724	5.92
• Individuals	30,651	39,893,457	31.98	35,621	43,697,015	35.03
• Clearing Members	79	488,482	0.39	107	2,608,672	2.09
• NRI	273	1,770,493	1.42	321	1,789,167	1.43
• Overseas Bodies Corporate	0	0	0.00	0	0	0.00
• Trusts	1	50	0.00	2	650	0.00
• TI – Unclaimed Suspense Account	1	229,877	0.18	1	257,492	0.21
• IEPF	1	100,687	0.08	0	0	0.00
• NBFCs registered with RBI	5	13,671	0.01	6	100,630	0.08
Total Public Shareholding	**31,439**	**56,184,447**	**45.04**	**36,636**	**56,184,447**	**45.04**
Total Shareholding	**31,445**	**124,756,115**	**100.00**	**36,642**	**124,756,115**	**100.00**

* *Shareholding of Promoters and Public clubbed on the basis of PAN*

Shareholding Pattern



	Promoters	MF/FI/UTI/Banks	FIIs	Bodies Corporate	Individuals	Others
31-Mar-18	54.96	0.35	0.23	10.40	31.98	2.08
31-Mar-17	54.96	0.25	0.03	5.92	35.03	3.81

XIX Distribution of Shareholding as on March 31, 2018

Shareholding of nominal value (₹)	Share Holders		Share Amount	
	Number	% of total	(₹)	% of total
Upto-5,000	22,389	69.39	39,269,070	3.15
5,001-10,000	4,216	13.07	35,499,770	2.84
10,001-20,000	2,463	7.63	38,730,240	3.10
20,001-30,000	993	3.08	25,798,600	2.07
30,001-40,000	453	1.40	16,234,160	1.30
40,001-50,000	468	1.45	22,186,650	1.79
50,001-1,00,000	658	2.04	49,022,670	3.93
1,00,001 and above	625	1.94	1,020,819,990	81.82
Total	**32,265**	**100.00**	**1,247,561,150**	**100.00**

XX Top Ten Shareholders (other than Promoters) as on March 31, 2018

Sr. No.	Name of the Shareholders	No. of Shares held	% of Holding
1	Aqua Proof Wall Plast Private Limited	2,609,043	2.09
2	Ashari Agencies Ltd.	902,626	0.72
3	Sai Telecom Limited	797,795	0.64
4	Ravi Chug (HUF)	717,826	0.58
5	Dhruva Shumsher Rana	674,752	0.54
6	Warden Stimulation Services LLP	649,705	0.52
7	Jainam Share Consultants Pvt. Ltd.	630,007	0.50
8	Proficient Multitrade Private Limited	586,548	0.47
9	Shailendra Shrimal	550,002	0.44
10	Proficient Multitrade Pvt. Ltd.	500,000	0.40
Total		**8,618,304**	**6.90**

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, 2018 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

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

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

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

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

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : August 13, 2018

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, 2018 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, 2018 which are fraudulent, illegal or violative of the Company's Code of Conduct.

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

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

(i) significant changes, if any, in internal control over financial reporting during the financial year ended March 31, 2018;

(ii) significant changes, if any, in accounting policies during the financial year ended March 31, 2018 and that the same have been disclosed in the notes to the financial statements; and

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

For **Tilaknagar Industries Ltd.**

Amit Dahanukar
Chairman & Managing Director

For **Tilaknagar Industries Ltd.**

Srijit Mullick
Chief Financial Officer

Place : Mumbai
Date : June 14, 2018

DECLARATION ON CODE OF CONDUCT

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

Dear Sirs,

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

In accordance with the provisions of Schedule V(D) of the said Regulations, it is further confirmed that all Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended March 31, 2018, as envisaged in Regulation 26(3) thereof.

For **Tilaknagar Industries Ltd.**

Place : Mumbai
Date : August 13, 2018

Amit Dahanukar
Chairman & Managing Director

Independent Auditor's Report

To

The Members of

Tilaknagar Industries Ltd.

Report on the Audit of Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Tilaknagar Industries Ltd. (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and associate which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated statement of profit / loss including other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

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 the assets of the Group 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 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 Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 of the consolidated Ind AS financial statements 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS 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, as well as evaluating the overall presentation of the consolidated Ind AS 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 2 (a) of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Basis for Qualified Opinion

1 The management has not impaired one of the ENA plants as required by Indian Accounting Standard (Ind AS 36) 'Impairment of Assets', though there is an indication of impairment. Reference is invited to Note 46 of the consolidated Ind AS financial statements.

2 The Company has not made impairment of advances given to certain parties amounting to ₹ 6,074.08 Lacs, as required by Indian Accounting Standard (Ind AS 109) Financial Instruments. Reference is invited to Note 47 of the consolidated Ind AS financial statements.

3 The management has not impaired Goodwill of ₹ 1,175.25 Lacs relating to its wholly owned subsidiary Prag Distillery (P) Ltd. as required by Indian Accounting Standard (Ind AS 36) 'Impairment of Assets' though there is an indication of impairment as explained in Note 51 of the consolidated Ind AS 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 matters described in the Basis for Qualified Opinion paragraph above, and based on the consideration of reports of other auditors on separate Ind AS financial statements, the aforesaid consolidated Ind AS 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, 2018, and their consolidated loss including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Material Uncertainty related to Going Concern

We draw attention to Note 52 in the consolidated Ind AS financial statements that the Group has incurred net loss during the year and due to accumulated losses the net worth has been eroded. Further the current liabilities have exceeded the total assets. These events indicate that a material uncertainty exist that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

1 One of the Subsidiary of the Group namely Prag Distillery (P) Ltd. has been referred to National Company Law Tribunal for Corporate Insolvency Resolution Process (CIRP) under the provisions of Insolvency and Bankruptcy Code 2016 (the Code). Further the Subsidiary has incurred net loss during the year ended March 31, 2018 and as of that date the business has reduced significantly. These events indicate that a material uncertainty exist that may cast significant doubt on the subsidiary Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

2 We draw attention to Note 12 (h) in the consolidated Ind AS financial statements that the Group has defaulted in repayment of principal dues and interest payable to Banks and Financial Institutions. The Group has provided interest liability based on last available sanction letter on the principal outstanding and is actively in discussion with the Lenders for Debt restructuring / one time settlement. Pending the final outcome of the settlement with the lenders no further adjustment have been made in the consolidated Ind AS financial statements in respect of the principal amount of loan and interest provided thereon.

Our opinion is not qualified in respect of these matters.

Other Matters

a) We did not audit the Ind AS financial statements / financial information of seven subsidiaries, included in the consolidated Ind AS financial statements whose Ind AS financial statements / financial information reflect total assets of ₹ 21,434.56 Lacs as at March 31, 2018, total revenue of ₹ 93,964.03 Lacs and total comprehensive loss of ₹ 803.62 Lacs and net cash inflows amounting to ₹ 6,380.92 Lacs for the year ended on that date, as considered in the consolidated Ind AS financial statements.

These Ind AS 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 Ind AS 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) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

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

b) We did not audit the Ind AS financial statements / financial information of one subsidiary namely Prag Distillery (P) Ltd. whose Ind AS financial statements / financial information reflect total assets of ₹ 13,175.88 Lacs as at March 31, 2018 total revenue of ₹ 1,733.45 Lacs and total comprehensive loss of ₹ 608.79 Lacs for the year ended on that date as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit / loss of ₹ Nil for the year ended March 31, 2018 as considered in the consolidated Ind AS financial statements, in respect of one associate whose Ind AS financial statements and other financial information have not been audited by us.

These Ind AS financial statements / financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to amounts and disclosures included in respect of this subsidiary and associate and our report in terms of sub section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary and associate is based solely on such unaudited Ind AS financial statements / financial information. In our opinion and according to the information and explanations given to us by the management, these Ind AS financial statements / financial information are not material to the Group.

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

c) The consolidated Ind AS financial statements of the Group for the year ended March 31, 2017 and the transition date opening Balance Sheet as at April 01, 2016 were audited by another firm of Chartered Accountants which issued a modified opinion vide their audit report dated May 29, 2017 in respect of point no 1 and 2 described in Basis for Qualified Opinion paragraph above.

Report on Other Legal and Regulatory Requirements

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

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

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS 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 including Other Comprehensive Income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except for non-compliance with Ind AS 36 'Impairment of Assets' and Ind AS 109 'Financial Instruments' as mentioned in the Basis for Qualified Opinion paragraph.

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

f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018, 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, 2018 from being appointed as a Director of that Company in terms of sub-section 2 of Section 164 of the Act.

g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

h) 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

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

   i) The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 50 to the consolidated Ind AS 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, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Companies.

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

Kishor M. Parikh
Partner
Membership No.031110

Place : Mumbai
Date : June 14, 2018

Annexure - A to the Independent Auditors' Report

on the consolidated Ind AS financial statements of Tilaknagar Industries Ltd.

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

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

We have audited the internal financial controls over financial reporting of Tilaknagar Industries Ltd. ("the Company" or "the Holding Company"), its Subsidiary Companies and its associate company which are companies incorporated in India, as of March 31, 2018 in conjunction with our audit of the consolidated Ind AS financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the Subsidiary Companies and an associate company, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group'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 authorisation of management and directors of the Company.

3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to seven Subsidiary Companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

In case of one Subsidiary and associate incorporated in India which were unaudited, we have not received the report of the auditors under Section 143 (3) (i) of the Act, hence we are unable to express an opinion on the establishment of adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2018.

Our opinion is modified in respect of this matter.

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

Kishor M. Parikh
Partner
Membership No.031110

Place : Mumbai
Date : June 14, 2018

TILAKNAGAR INDUSTRIES LTD.

Consolidated Balance Sheet
as at March 31, 2018

(₹ in Lacs)

		Note No.	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
I	**ASSETS**				
	Non-Current assets				
	Property, Plant and Equipment	2	55,963.80	50,924.28	54,248.25
	Capital Work-in-Progress		11,324.59	12,412.55	12,440.78
	Goodwill		2,326.23	2,326.23	2,326.23
	Other Intangible Assets	2	458.27	907.71	1,360.07
	Financial Assets				
	Non-Current Investments	3	3.77	3.77	3.77
	Loans	4	4.99	7.91	15.35
	Other Financial Assets	5	10.89	25.02	11.27
	Income Tax Assets (Net)	28	179.31	891.94	811.08
	Other Non-Current Assets	6	7,632.95	1,446.30	1,950.37
			77,904.80	**68,945.71**	**73,167.17**
	Current Assets				
	Inventories	7	7,997.98	8,821.77	12,076.11
	Financial Assets				
	Trade Receivables	8	17,314.25	14,965.79	13,331.18
	Cash and Cash Equivalents	9 a	6,683.63	487.27	949.51
	Other Bank Balances	9 b	149.23	113.84	104.84
	Loans	4	3.73	5.41	12.64
	Other Financial Assets	5	10,003.79	10,839.80	13,850.91
	Other Current Assets	6	8,146.45	30,855.52	39,963.18
			50,299.06	**66,089.40**	**80,288.37**
	Total		**1,28,203.86**	**1,35,035.11**	**1,53,455.54**
II	**EQUITY AND LIABILITIES**				
	Equity				
	Equity Share Capital	10	12,475.61	12,475.61	12,475.61
	Other Equity	11	(25,479.53)	(10,431.61)	17,461.62
			(13,003.92)	**2,044.00**	**29,937.23**
	Share of Non-Controlling Interest		**-**	**-**	**-**
	Liabilities				
	Non-Current Liabilities				
	Financial Liabilities				
	Borrowings	12	11.62	-	-
	Other Financial Liabilities	13	10,807.08	4,979.42	6,757.94
	Provisions	14	318.54	319.92	298.48
	Deferred Tax Liabilities (Net)	15	-	-	72.57
			11,137.24	**5,299.34**	**7,128.99**
	Current Liabilities				
	Financial Liabilities				
	Borrowings	12	77,034.96	75,737.19	65,425.29
	Trade Payables	16	16,069.35	16,599.92	17,366.36
	Other Financial Liabilities	13	34,328.32	32,814.54	29,018.76
	Provisions	14	2,099.89	829.62	1,439.25
	Current Tax Liabilities (Net)	28	87.24	555.23	1,300.95
	Other Current Liabilities	17	450.78	1,155.27	1,838.71
			1,30,070.54	**1,27,691.77**	**1,16,389.32**
	Total		**1,28,203.86**	**1,35,035.11**	**1,53,455.54**
	Significant accounting policies	1			
	The accompanying notes are an integral part of the financial statements	2-54			

As per our Report of even date annexed.

For and on behalf of the Board

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

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : June 14, 2018

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Dr. Ravindra Bapat
Independent Director
(DIN:00353476)

Srijit Mullick
Chief Financial Officer

Shivani Amit Dahanukar
Non-Executive Director
(DIN:00305503)

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

Gaurav Thakur
Company Secretary

Consolidated Statement of Profit and Loss
for the year ended March 31, 2018

(₹ in Lacs)

	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
INCOME			
Revenue from Operations			
Sale of products (Gross)	18	1,24,292.30	1,14,134.99
Other Operating Income	18.1	5,208.56	195.29
Other Income	19	3,327.68	401.40
Total Income		**1,32,828.54**	**1,14,731.68**
EXPENSES			
Cost of Materials Consumed	20	29,021.28	32,876.76
(Increase) / Decrease in Stock	21	(588.71)	1,649.45
Excise duty		71,384.16	62,827.42
Employee Benefit Expense	22	2,201.28	2,828.05
Finance Cost	23	15,193.95	15,724.34
Depreciation and Amortisation	2	3,731.13	3,814.18
Other Expenses	24	27,170.00	23,797.82
Total Expenses		**1,48,113.09**	**1,43,518.02**
Profit / (Loss) before tax		**(15,284.55)**	**(28,786.34)**
Less : Tax expense			
1) Current Tax		93.39	-
2) Taxes for earlier years		(264.93)	(755.58)
3) Deferred Tax	15	-	(72.57)
Total Tax Expense		**(171.54)**	**(828.15)**
Profit / (Loss) after tax		**(15,113.01)**	**(27,958.19)**
Less : Share of Non-Controlling Interest		**-**	**-**
Profit / (Loss) after tax		**(15,113.01)**	**(27,958.19)**
Other Comprehensive Income			
Items that will not be reclassified to Statement of Profit and Loss			
Remeasurement of defined benefit plans		(18.10)	(69.38)
Total Other Comprehensive Income		**(18.10)**	**(69.38)**
Total Comprehensive Income for the year		**(15,131.11)**	**(28,027.57)**
Profit / (Loss) after tax for the year attributable to :			
Owners of the Company		(15,113.01)	(27,958.19)
Non-Controlling interest		-	-
Profit / (Loss) after tax for the year		**(15,113.01)**	**(27,958.19)**
Other Comprehensive Income for the year attributable to :			
Owners of the Company		(18.10)	(69.38)
Non-Controlling interest		-	-
Other Comprehensive Income for the year		**(18.10)**	**(69.38)**
Total Comprehensive Income for the year attributable to :		-	-
Owners of the Company		(15,131.11)	(28,027.57)
Non-Controlling interest		-	-
Total Comprehensive Income for the year		**(15,131.11)**	**(28,027.57)**
Earnings per equity share	42		
1) Basic		(12.11)	(22.41)
2) Diluted		(12.11)	(22.41)
Significant accounting policies	1		
The accompanying notes are an integral part of the financial statements	2-54		

As per our Report of even date annexed.

For and on behalf of the Board

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

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Shivani Amit Dahanukar
Non-Executive Director
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Kishor M. Parikh
Partner
Membership No. 031110

Dr. Ravindra Bapat
Independent Director
(DIN:00353476)

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

Place : Mumbai
Date : June 14, 2018

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

TILAKNAGAR INDUSTRIES LTD.

Statement of Changes in Equity
for the year ended March 31, 2018

(₹ in Lacs)

		As at March 31, 2018	As at March 31, 2017
A)	**Equity Share Capital**		
	Balance at the beginning of the reporting year	12,475.61	12,475.61
	Changes in Equity Share Capital during the year	-	-
	Balance at the end of the reporting year	12,475.61	12,475.61

B) Other Equity

(₹ in Lacs)

		Reserves and Surplus					
		Securities Premium Account	General Reserve	Capital Reserve	Share Based Payments Reserve	Retained Earnings	Total
	Balance as at April 01, 2016	**19,878.68**	**624.25**	**18.97**	**887.81**	**(3,948.09)**	**17,461.62**
a)	Profit / (Loss) for the year	-	-	-	-	(27,958.19)	**(27,958.19)**
b)	Remeasurement of defined benefit plans	-	-	-	-	(69.38)	**(69.38)**
c)	Transfer from Share Based Payment Reserve	-	496.73	-	-	-	**496.73**
d)	Transfer to General Reserve	-	-	-	(496.73)	-	**(496.73)**
e)	Transfer to Share Based Payment Reserve	-	-	-	136.62	-	**136.62**
f)	Transfer from Deferred Tax Asset (Liability)	-	-	-	-	(2.28)	**(2.28)**
g)	Deferred Tax on processing fees (net)	-	-	-	-	-	**-**
	Balance as at March 31, 2017	**19,878.68**	**1,120.98**	**18.97**	**527.70**	**(31,977.94)**	**(10,431.61)**
	Additions during the year :						
a)	Profit / (Loss) for the year	-	-	-	-	(15,113.01)	**(15,113.01)**
b)	Remeasurement of defined benefit plans	-	-	-	-	(18.10)	**(18.10)**
c)	Transfer from Share Based Payment Reserve	-	257.72	-	-	-	**257.72**
d)	Transfer to General Reserve	-	-	-	(257.72)	-	**(257.72)**
e)	Transfer on Employee Stock Options	-	-	-	83.19	-	**83.19**
	Balance as at March 31, 2018	**19,878.68**	**1,378.70**	**18.97**	**353.17**	**(47,109.05)**	**(25,479.53)**

As per our Report of even date annexed.

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

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : June 14, 2018

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Shivani Amit Dahanukar
Non-Executive Director
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Dr. Ravindra Bapat
Independent Director
(DIN:00353476)

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

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

Consolidated Statement of Cash Flow

for the year ended March 31, 2018

(₹ in Lacs)

		2017-2018		2016-2017	
A)	**Cash flow from Operating activities**				
	Net profit before tax		(15,284.55)		(28,786.34)
	Adjustment for:				
	Depreciation	3,731.13		3,814.18	
	Loss / (Profit) on sale of assets	7.55		239.85	
	Loss / (Profit) on sale of investments	(178.60)		-	
	Remeasurement of defined benefit plans	(18.10)		(69.38)	
	Amount written back on loan	(2,776.43)		-	
	Impairment for doubtful advances	5,199.50		1,552.30	
	Advances written off	1,194.84		2,490.60	
	Sundry balance written back	(1.93)		-	
	Gain from Foreign Currency	(21.02)		(221.33)	
	Expected Credit Loss	221.18		(1.36)	
	Employee stock option expenses	83.19		136.62	
	Interest expenses	15,193.95		15,724.34	
	Interest income	(338.79)		(166.61)	
	Operating Profit before working capital changes		22,296.47		23,499.21
	Adjustment for:				
	(Decrease)/ Increase in trade payables, current liabilities, provisions and other financial liabilities	823.85		(2,260.96)	
	(Increase) / Decrease in loans and advances and other assets	10,968.65		8,594.63	
	(Increase) / Decrease in inventories	823.80		3,254.34	
	(Increase) / Decrease in trade receivables	(2,569.63)	10,046.67	(1,635.39)	7,952.62
	Direct taxes refund / (paid)		416.19		(73.29)
	Net Cash from Operating activities		**17,474.78**		**2,592.20**
B)	**Cash Flow from Investing activities**				
	Purchase of property, plant and equipment	(1,282.50)		(388.21)	
	Sale of property, plant and equipment	3.58		8.93	
	(Increase) / Decrease in other bank balances	(35.39)		(9.01)	
	Purchase of investments	(6,000.00)		-	
	Sale of investments	6,178.60		-	
	Interest received	352.93		152.85	
	Net Cash from Investing Activities		**(782.78)**		**(235.44)**

(₹ in Lacs)

		2017-2018		2016-2017	
C)	**Cash Flow from Financing activities**				
	Proceeds from borrowings including current maturities	13,018.38		4,150.46	
	Repayment of borrowings including current maturities	(20,599.64)		(4,696.19)	
	Payment of dividend	(5.43)		(1.92)	
	Interest paid	(2,908.95)		(2,271.35)	
	Net Cash from Financing Activities		**(10,495.64)**		**(2,819.00)**
	Net increase in Cash & Cash equivalents		**6,196.36**		**(462.24)**
	Opening cash & cash equivalents		487.27		949.51
	Closing cash & cash equivalents		**6,683.63**		**487.27**

Notes :

(₹ in Lacs)

(a) Cash and cash equivalents comprises of	**As at March 31, 2018**	**As at March 31, 2017**
i) Balances with Banks	6,673.46	476.15
In Current Accounts	10.17	11.12
ii) Cash on Hand	**6,683.63**	**487.27**

(₹ in Lacs)

(b) Change in liability arising from financing activities	**As at April 01, 2017**	**Cash Flow (Net)**	**Amounts written back**	**Non-cash changes (Net)**	**As at March 31, 2018**
Borrowings	75,737.19	(10,929.73)	-	12,239.12	77,046.58
Other Financial Liabilities	36,454.53	427.66	(2,776.43)	2,803.77	36,909.53

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

As per our Report of even date annexed.

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

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : June 14, 2018

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Shivani Amit Dahanukar
Non-Executive Director
(DIN:00305503)

Dr. Ravindra Bapat
Independent Director
(DIN:00353476)

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

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

Notes to Consolidated Ind AS Financial Statements
for the year ended March 31, 2018

1 Basis of Consolidation

a) Subsidiaries

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

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

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

b) Non - controlling interests (NCI)

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

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

c) Associates

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

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

d) Equity method

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

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

e) Transactions eliminated on consolidation

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

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

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

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

g) Principles of consolidation :

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

2 Reporting Entity

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

3 Basis of preparation

a) Statement of compliance

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

The Group's financial statements up to and for the year ended March 31, 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

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

The financial statements were authorized for issue by the Company's Board of Directors on June 14, 2018.

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

b) Functional and presentation currency

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

c) Basis of measurement

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

d) Use of estimates and judgements

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

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

Judgements

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

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

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2018 is included in the following notes:

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

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

e) Measurement at fair values

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

The Group has an established control framework with respect to the measurement of fair values. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

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

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

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

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

4 Significant Accounting Policies

i) Property, plant and equipment

a) Recognition and measurement

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

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

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

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

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

b) Subsequent expenditure

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

c) Depreciation

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

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

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

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

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

ii) Intangible assets

a) Acquired intangible assets

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

b) Subsequent expenditure

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

c) Amortisation

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

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

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

iii) Inventories

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

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

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

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

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

Scrap is valued at net realisable value.

iv) Foreign currency transactions

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

Transactions and balances

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

v) Impairment of non-financial assets

An asset is deemed impairable when recoverable value is less than its carrying cost and the difference between the two represents provisioning exigency. Recoverable value is the higher of the 'Value in Use' and fair value as reduced by cost of disposal. Test of impairment of PPE, investment in subsidiaries / associates / joint venture and goodwill are undertaken under Cash Generating Unit (CGU) concept. For Intangible Assets and Investment Properties it is undertaken in asset specific context. Test of impairment of assets are generally undertaken based on indication

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

of impairment, if any, from external and internal sources of information. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

vi) Employee Benefits

a) Short-term employee benefits

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

b) Defined Contribution Plan

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

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

c) Defined Benefit Plan

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

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

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

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

d) Other long-term employee benefits

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

vii) Provisions and contingent liabilities

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A provision for onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

viii) Leases

Assets held under leases that do not transfer to the Group substantially all the risks and rewards of ownership (i.e. operating leases) are not recognized in the Group's Balance Sheet.

Payments made under operating leases are generally recognized in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessee

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership been classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflation.

ix) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of those property, plant and equipment which necessarily takes a substantial period of time to get ready for their intended use are capitalized. All other borrowing costs are expensed in the period in which they incur in the statement of profit and loss.

x) Revenue

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Based on the Educational Material on Ind AS 18 issued by the Institute of Chartered Accountants of India ("ICAI"), the Group has assumed that recovery of excise duty flows to the Group on its own account and hence is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty. However, sales tax/value added tax (VAT) is not received by the Group on its own account and is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of products

Revenue from the sale of products is recognized when the significant risks and rewards of ownership

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

of the goods have passed to the buyer. Revenue from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Sale of services

Royalty income is recognized, on an accrual basis, at agreed rate on sale of branded products by the licensee, in accordance with the terms of the agreement.

Income from contract manufacturing units

The Group evaluates its revenue arrangements with Contract Manufacturing Units ("CMUs") to identify agency relationship. The CMU is regarded as a principal when it has exposure to significant risks and rewards associated with the sale of products or rendering of services i.e., it has the primary responsibility for providing goods or services to the customer, has pricing latitude and is also exposed to inventory and credit risks. In all other cases, the CMU is regarded as an agent. Where CMU is regarded as a principal, net surplus from sale of TI brand products by CMU is recognized as income, as per the terms of respective agreement and on the basis of information provided by respective CMU. Such income is included under the head "Revenue from Operations" in the statement of profit and loss. Where CMU is regarded as an agent, revenue is recognized on sale of products by CMU to its customers. The related cost of sales is also recognized by the Group, as and when incurred by the CMU.

Interest

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. Interest income is included under the head "Other income" in the statement of profit and loss.

Dividend

Dividend income is recognized when the Group's right to receive the payment is established, which is generally when the shareholders approve the dividend.

xi) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is recognized in the statement of profit and loss on a systematic basis over the periods to which they relate. When the grant relates to an asset, it is treated as deferred income and recognized in the statement of profit and loss on a systematic basis over the useful life of the asset.

xii) Income tax

Income tax comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in other comprehensive income.

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognized or unrecognized are reviewed at each reporting date and are recognized / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Group offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

xiii) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjusting for the effects of all potential dilutive ordinary shares.

xiv) Statement of Cash Flow

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated. The Group considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

Amendment to Ind AS 7

Effective April 1, 2017, the Group adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

xv) Share based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognized, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

xvi) Financial instruments

a) Recognition and initial measurement

The Group initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

b) Classification and subsequent measurement

Financial assets

Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

c) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognized on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized

The Group assesses impairment based on expected credit losses (ECL) model at an amount equal to:-

• 12 months expected credit losses, or

• Lifetime expected credit losses

depending upon whether there has been a significant increase in credit risk since initial recognition. However, for trade receivables, the Group does not track the changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognized in the statement of profit and loss.

d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

xvii) Ind AS issued but not effective

Ind AS 115 - Revenue from contract with customers

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. In which, it has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration, which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This standard will come into force from April 01, 2018. As per the evaluation of the management of the Group, the effect on adoption of Ind AS 115 will not be material.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. In which, it has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration, which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This amendment will come into force from April 1, 2018. As per the evaluation of the management of the Group, the effect of this amendment will not be material.

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

2 Property, Plant and Equipment

(₹ in Lacs)

	Gross Block				Depreciation / Amortisation				Net Block	
	As on April 01, 2017	Additions	Deductions	As at March 31, 2018	As on April 01, 2017	Deductions	For the year	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
TANGIBLE ASSETS										
Land	5,428.26	8,269.90	-	**13,698.16**	-	-	-	**-**	**13,698.16**	5,428.26
Buildings	10,080.29	-	-	**10,080.29**	2,345.22	-	277.14	**2,622.36**	**7,457.93**	7,735.07
Roads and Bridges	77.02	-	-	**77.02**	73.16	-	-	**73.16**	**3.86**	3.86
Leasehold Improvement	42.00	-	-	**42.00**	12.93	-	4.03	**16.96**	**25.04**	29.07
Plant and Equipment	51,181.20	17.29	-	**51,198.49**	15,211.97	-	2,724.74	**17,936.71**	**33,261.78**	35,969.23
Tools and Equipments	0.37	-	-	**0.37**	0.11	-	0.02	**0.13**	**0.24**	0.26
Furniture and Fixtures	337.39	-	-	**337.39**	176.72	-	31.96	**208.68**	**128.71**	160.67
Motor Vehicles	459.02	24.59	36.47	**447.14**	317.39	25.34	34.50	**326.55**	**120.59**	141.63
Office Equipment	307.66	7.57	-	**315.23**	280.43	-	8.89	**289.32**	**25.91**	27.23
Computers	894.98	3.58	-	**898.56**	834.02	-	14.42	**848.44**	**50.12**	60.96
Electrical Installations	1,841.12	-	-	**1,841.12**	473.33	-	176.58	**649.91**	**1,191.21**	1,367.79
Library Books	0.28	-	-	**0.28**	0.28	-	-	**0.28**	**-**	-
Live Stock	0.25	-	-	**0.25**	-	-	-	**-**	**0.25**	0.25
Total Tangible Assets	**70,649.84**	**8,322.93**	**36.47**	**78,936.30**	**19,725.56**	**25.34**	**3,272.28**	**22,972.50**	**55,963.80**	**50,924.28**
INTANGIBLE ASSETS										
Brands	3,345.07	-	-	**3,345.07**	2,478.12	-	450.76	**2,928.88**	**416.19**	866.95
Software	581.96	9.41	-	**591.37**	541.20	-	8.09	**549.29**	**42.08**	40.76
Product Development	173.94	-	-	**173.94**	173.94	-	-	**173.94**	**-**	-
Total Intangible Assets	**4,100.97**	**9.41**	**-**	**4,110.38**	**3,193.26**	**-**	**458.85**	**3,652.11**	**458.27**	907.71
Grand Total	**74,750.81**	**8,332.34**	**36.47**	**83,046.68**	**22,918.82**	**25.34**	**3,731.13**	**26,624.61**	**56,422.07**	51,831.99
Previous Year	**75,095.83**	**286.63**	**614.60**	**74,767.86**	**19,470.46**	**365.82**	**3,814.18**	**22,918.82**	**51,831.99**	

Notes to Consolidated Ind AS Financial Statements (Contd.)
for the year ended March 31, 2018

Property, Plant and Equipment (Contd.) [Schedule for the previous year 2016-2017]

(₹ in Lacs)

	Gross Block				Depreciation / Amortisation				Net Block	
	As on April 01, 2016	Additions	Deductions	As at March 31, 2017	As on April 01, 2016	Deductions	For the year	As at March 31, 2017	As at March 31, 2017	As at April 01, 2016
TANGIBLE ASSETS										
Land	5,428.26	-	-	**5,428.26**	-	-	-	**-**	**5,428.26**	5,428.26
Buildings	10,080.29	-	-	**10,080.29**	2,067.63	-	277.59	**2,345.22**	**7,735.07**	8,012.66
Roads and Bridges	77.02	-	-	**77.02**	58.44	-	14.72	**73.16**	**3.86**	18.58
Leasehold Improvement	42.00	-	-	**42.00**	8.90	-	4.03	**12.93**	**29.07**	33.10
Plant and Equipment	51,470.33	268.20	557.33	**51,181.20**	12,796.59	328.09	2,743.47	**15,211.97**	**35,969.23**	38,673.74
Tools and Equipments	0.37	-	-	**0.37**	0.09	-	0.02	**0.11**	**0.26**	0.28
Furniture and Fixtures	337.39	-	-	**337.39**	137.38	-	39.34	**176.72**	**160.67**	200.01
Motor Vehicles	514.41	-	55.39	**459.02**	306.26	36.44	47.57	**317.39**	**141.63**	208.15
Office Equipment	305.08	3.82	1.24	**307.66**	260.08	0.69	21.04	**280.43**	**27.23**	45.00
Computers	886.98	8.64	0.64	**894.98**	805.70	0.60	28.92	**834.02**	**60.96**	81.28
Electrical Installations	1,841.12	-	-	**1,841.12**	294.18	-	179.15	**473.33**	**1,367.79**	1,546.94
Library Books	0.28	-	-	**0.28**	0.28	-	-	**0.28**	**-**	-
Live Stock	0.25	-	-	**0.25**	-	-	-	**-**	**0.25**	0.25
Total Tangible Assets	**70,983.78**	**280.66**	**614.60**	**70,649.84**	**16,735.53**	**365.82**	**3,355.85**	**19,725.56**	**50,924.28**	**54,248.25**
INTANGIBLE ASSETS										
Brands	3,345.07	-	-	**3,345.07**	2,027.36	-	450.76	**2,478.12**	**866.95**	1,317.71
Software	575.99	5.97	-	**581.96**	533.63	-	7.57	**541.20**	**40.76**	42.36
Product Development	173.94	-	-	**173.94**	173.94	-	-	**173.94**	**-**	-
Total Intangible Assets	**4,095.00**	**5.97**	**-**	**4,100.97**	**2,734.93**	**-**	**458.33**	**3,193.26**	**907.71**	**1,360.07**
Grand Total	**75,078.78**	**286.63**	**614.60**	**74,750.81**	**19,470.46**	**365.82**	**3,814.18**	**22,918.82**	**51,831.99**	**55,608.32**
Previous Year	**74,140.30**	**1,335.76**	**380.32**	**75,095.83**	**15,825.90**	**210.81**	**3,855.47**	**19,470.46**	**55,608.32**	

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

(₹ in Lacs)

		As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
3	**Non-Current Investments**						
I)	**Investments measured at Cost**	**Nos.**		**Nos.**		**Nos.**	
	Investment in Associate (Unquoted)						
	Investment in Equity Instruments						
	Equity shares of ₹ 10/- each						
	Mason & Summers Marketing Services Pvt. Ltd.	1,30,000	169.00	1,30,000	169.00	1,30,000	169.00
	Less: Impairment in value of Investments		(169.00)		(169.00)		(169.00)
			-		-		-
II)	**Investments measured at Amortized Cost**						
	Investment in Government Securities (Unquoted)						
	7 Year National Savings Certificates (Certificates worth ₹ 44,000/- deposited with Government authorities)		0.51		0.51		0.51
	6 Year National Savings Certificates (deposited with Government authorities)		0.04		0.04		0.04
			0.55		**0.55**		**0.55**
III)	**Investments measured at Fair Value through other comprehensive income (FVOCI)**						
	Investment in Equity Instruments (Unquoted)						
	Equity shares of ₹ 100/- each						
	Mula Pravara Electric Co-operative Society Ltd.	2,462	2.53	2,462	2.53	2,462	2.53
	Shree Suvarna Sahakari Bank Ltd.	20	0.02	20	0.02	20	0.02
	Maharashtra State Financial Corporation	115	0.12	115	0.12	115	0.12
	Rupee Co-op Bank Ltd.	1,000	0.25	1,000	0.25	1,000	0.25
	Shamrao Vithal Co-operative Bank Ltd.	3,000	0.30	3,000	0.30	3,000	0.30
			3.22		**3.22**		**3.22**
			3.77		**3.77**		**3.77**
	Aggregate of unquoted investments		**3.77**		**3.77**		**3.77**
	Category wise Non-Current Investments						
	Financial Investments measured at Cost		169.00		169.00		169.00
	Financial Investments measured at Amortized Cost		0.55		0.55		0.55
	Financial Investments measured at Fair Value through other comprehensive income (FVOCI)		3.22		3.22		3.22
	Impairment in value of Investments		(169.00)		(169.00)		(169.00)
			3.77		**3.77**		**3.77**

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

(₹ in Lacs)

		Non-Current			Current		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
4	**Loans**						
	Unsecured, considered good						
	Employee Loan	4.99	7.91	15.35	3.73	5.41	12.64
		4.99	**7.91**	**15.35**	**3.73**	**5.41**	12.64

		Non-Current			Current		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
5	**Other Financial Assets**						
	Short-Term Bank Deposits (Maturity exceeding 12 months)	10.89	25.02	11.27	-	-	-
	Advance to Employees	-	-	-	22.73	22.72	22.11
	Deposits	-	-	-	4,917.23	4,144.70	3,059.33
	Other Financial Assets	-	-	-	449.14	449.14	449.14
	Advances with Tie-up Units	-	-	-	7,064.78	6,672.38	10,320.33
					12,453.88	**11,288.94**	**13,850.91**
	Less : Impairment for Other Financial Assets	-	-	-	(449.14)	(449.14)	-
	Less : Impairment for advances with tie up units	-	-	-	(2,000.95)	-	-
		10.89	**25.02**	**11.27**	**10,003.79**	**10,839.80**	**13,850.91**

		Non-Current			Current		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
6	**Other Assets**						
	Unsecured, considered good						
	Capital advances	6,565.54	481.12	1,031.01	-	-	-
	Balance with Government Authorities	975.08	823.71	772.06	717.16	15,965.64	17,732.95
	Deposits with Court	66.42	66.42	67.32	-	-	-
	Advances recoverable in cash or in kind or for value to be received	25.91	75.05	79.98	8,121.36	15,581.95	27,453.45
					8,838.52	**31,547.59**	**45,186.40**
	Less : Impairment for doubtful advances	-	-	-	(692.07)	(692.07)	(5,223.22)
		7,632.95	**1,446.30**	**1,950.37**	**8,146.45**	**30,855.52**	**39,963.18**

Notes to Consolidated Ind AS Financial Statements (Contd.)
for the year ended March 31, 2018

(₹ in Lacs)

		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
7	**Inventories**			
	(At lower of cost and net realizable value)			
	(Net of provision for non-moving and obsolete stocks)			
	Raw Materials	747.97	1,046.42	1,218.79
	Stores, Spares and Packing Materials	3,011.50	4,125.55	5,558.07
	Work-In-Progress	1,443.01	2,412.27	3,301.83
	Finished Goods	2,795.50	1,237.53	1,997.42
		7,997.98	**8,821.77**	**12,076.11**
8	**Trade Receivables**			
	Unsecured, considered good	17,535.43	14,987.66	13,354.41
	Unsecured, considered doubtful	92.44	92.44	92.44
		17,627.87	**15,080.10**	**13,446.85**
	Less: Expected Credit Loss	313.62	114.31	115.67
		17,314.25	**14,965.79**	**13,331.18**
9	**Cash and Bank Balances**			
	a) Cash and Cash Equivalents			
	i) Balances with Banks			
	In Current Accounts	6,673.46	476.15	889.74
	ii) Cash on Hand	10.17	11.12	59.77
		6,683.63	**487.27**	**949.51**
	b) Other Bank Balances			
	i) Earmarked Balances with Banks	26.29	31.72	33.64
	ii) Short-Term Bank Deposits (Maturity within 12 months)	122.94	82.12	71.20
		149.23	**113.84**	**104.84**
		6,832.86	**601.11**	**1,054.35**
10	**Equity Share Capital**			
	Authorized Shares			
	150,000,000 equity shares of ₹ 10/- each (P.Y. 150,000,000 equity shares of ₹ 10/- each)	**15,000.00**	**15,000.00**	**15,000.00**
	Issued, subscribed and paid up shares			
	124,756,115 equity shares of ₹ 10/- each fully paid up (P.Y. 124,756,115 equity shares of ₹ 10/- each fully paid up)	12,475.61	12,475.61	12,475.61
	Of the above shares :-			
	86,176,200 equity shares of ₹ 10/- each fully paid-up bonus shares issued by capitalization of share premium, capital reserve and general reserve			
		12,475.61	**12,475.61**	**12,475.61**

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

(₹ in Lacs)

		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a)	**Reconciliation of the number of shares outstanding**			
	Number of Equity Shares at the beginning	1,247.56	1,247.56	1,247.56
	Equity shares issued on exercise of employee stock options	-	-	-
	Number of Equity Shares at the end	**1,247.56**	**1,247.56**	**1,247.56**

b) Terms / rights attached to equity shares

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

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

(₹ in Lacs)

Name of the shareholder	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of equity shares	As a % of total holding	No. of equity shares	As a % of total holding	No. of equity shares	As a % of total holding
Shivani Amit Dahanukar	329.76	26	329.76	26	329.76	26
Amit Dahanukar	298.45	24	298.45	24	298.45	24
Total	**628.21**	**50**	**628.21**	**50**	**628.21**	**50**

Notes to Consolidated Ind AS Financial Statements (Contd.)
for the year ended March 31, 2018

(₹ in Lacs)

		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
11	**Other Equity**			
a)	**Securities Premium Account**			
	As per last Balance Sheet	**19,878.68**	**19,878.68**	**19,878.68**
b)	**General Reserve**			
	As per last Balance Sheet	1,120.98	624.25	624.25
	Transfer from Share Based Payment Reserve	257.72	496.73	-
		1,378.70	**1,120.98**	**624.25**
c)	**Capital Reserve**			
	As per last Balance Sheet	**18.97**	**18.97**	**18.97**
d)	**Share Based Payments Reserve Account**			
	As per last Balance Sheet	527.70	887.81	887.81
	Transfer to General Reserve	(257.72)	(496.73)	-
	Additions during the year	83.19	136.62	-
		353.17	**527.70**	**887.81**
e)	**Retained Earnings**			
	As per last Balance Sheet	(31,977.94)	(3,948.09)	(3,948.09)
	Add: Profit / (Loss) after tax for the year	(15,113.01)	(27,958.19)	-
	Add: Remeasurement of defined benefit plans	(18.10)	(69.38)	-
	Less: Transfer from Deferred Tax Asset / Liability	-	(2.28)	-
		(47,109.05)	**(31,977.94)**	**(3,948.09)**
		(25,479.53)	**(10,431.61)**	**17,461.62**

(₹ in Lacs)

	Non-Current			Current		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
12 Borrowings						
Secured Loans						
From Banks						
Hire Purchase Car Loans (with banker's lien on cars)	11.62	-	-	4.62	-	-
Cash Credit (including Working Capital Demand Loan)	-	-	-	75,328.34	69,330.16	59,796.73
Unsecured						
From Directors and related parties	-	-	-	12.45	12.45	319.90
From other parties	-	-	-	1,689.55	6,394.58	5,308.66
	11.62	**-**	**-**	**77,034.96**	**75,737.19**	**65,425.29**

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.

Notes to Consolidated Ind AS Financial Statements (Contd.)
for the year ended March 31, 2018

b) Foreign Currency term loans from banks carry interest @ Libor plus 3.45% . The loans are repayable in monthly / quarterly instalments each along with interest from the date of the loan.

c) The term loans for a subsidiary are secured against first charge on plant & equipment and other fixed assets of the Company situated at Biccavolu, East Godavari, Andhra Pradesh.

d) Secured loans from banks outstanding at the end of the financial year have been guaranteed by the personal guarantee of Chairman & Managing Director of the Company.

e) Loan taken from financial insitution is repayable in eighteen quarterly instalments after a moratorium of twenty one months from the commencement of the loan viz March 31, 2015. Interest is payable on monthly basis from the commencement of the loan and carry interest @ 13.05%.

f) Punjab National Bank, IFCI and Axis Bank Limited (only working capital) have assigned all the rights and interests in financial assistances granted to the Company in favour of Edelweiss Asset Reconstruction Company Limited (the "EARC") acting in its capacity as Trustee of EARC Trust vide assignment agreement executed in favour of EARC of March 30, 2017. Pursuant to the above, EARC has become the secured lender and all the rights, title and interest of above Banks have vested in EARC in respect of the above financial assistances. The Company is in active discussion with EARC for debt restructuring.

g) The Company entered into a One Time Settlement (OTS) with Bank of India at ₹ 9,500 Lacs in full and final settlement of its outstanding amount of ₹ 21,226 Lacs. The Company has paid ₹ 3,500 Lacs before March 31, 2018 in compliance with the payment schedule of the OTS. The Company continues to provide interest in books of accounts on the principal outstanding at original contracted rates.

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

The defaults in repayment of loans to banks and financial institutions included in borrowings and current maturities of term loans are as under:

Default in Interest *(₹ in Lacs)*

Bank	**Period of Default**	**Term Loan Interest**	**CC Interest**
EARC - (Loan take over from Axis Bank Limited)	March 2016 to March 2018	-	1,700.01
EARC - (Loan take over from IFCI)	December 2015 to March 2018	7,148.67	-
EARC - (Loan take over from Punjab National Bank)	October 2015 to March 2018	-	5,178.84
State Bank of India	January 2016 to March 2018	-	6,656.37
Bank Of India	October 2015 to March 2018	-	7,478.20
Industrial Development Bank of India	June 2016 to March 2018	-	1,042.60
Standard Chartered Bank	April 2016 to March 2018	112.23	-
Total		**7,260.90**	**22,056.02**

Default in Principal

Bank	**Period of Default**	**Term Loan Principal**	**CC Outstanding Amount**
EARC - (Loan take over from Axis Bank Limited)	March 2016 to March 2018	-	5,495.55
EARC - (Loan take over from Punjab National Bank)	October 2015 to March 2018	-	11,176.42
State Bank of India	January 2016 to March 2018	-	15,496.73
Bank Of India	October 2015 to March 2018	-	16,475.65
Industrial Development Bank of India	June 2016 to March 2018	-	2,499.71
Standard Chartered Bank	April 2016 to March 2018	1,341.53	-
Total		**1,341.53**	**51,144.06**

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

(₹ in Lacs)

		Non-Current			Current		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
13	**Other Financial Liabilities**						
	Trade Deposits & Others (Unsecured)	10,807.08	4,979.42	6,757.94	-	-	-
	Current maturities of Hire Purchase Car Loans	-	-	-	-	-	13.61
	Current maturities of Term Loans-Foreign Currency Loan	-	-	-	1,453.77	6,501.91	6,308.71
	Current maturities of Term Loans-Rupee Loans	-	-	-	24,648.67	24,973.20	21,047.61
	Payable for purchase of Fixed Assets	-	-	-	6,199.19	237.32	367.14
	Employee dues	-	-	-	95.88	540.19	718.72
	Unclaimed Dividend	-	-	-	26.29	31.72	33.64
	Other Payables	-	-	-	1,904.52	530.20	529.33
		10,807.08	**4,979.42**	**6,757.94**	**34,328.32**	**32,814.54**	**29,018.76**

		Non-Current			Current		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
14	**Provisions**						
	Provision for Gratuity	282.49	280.22	254.69	60.42	71.35	91.31
	Provision for Leave Encashment	36.05	39.70	43.79	28.93	63.15	50.09
	Provision for Excise Duty on Finished Goods	-	-	-	2,010.54	695.12	1,297.85
		318.54	**319.92**	**298.48**	**2,099.89**	**829.62**	**1,439.25**

		Non-Current			Current		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
15	**Deferred Tax Liabilities**						
	Deferred Tax Liability	-	-	72.57	-	-	-
		-	**-**	**72.57**	**-**	**-**	**-**

Movement in Deferred Tax : *(₹ in Lacs)*

Movement in deferred tax (assets)/ liability	Property Plant & Equipment	MAT Credit	Income Tax losses	Total
As at April 01, 2016	**72.57**	**-**	**-**	**72.57**
Charged / (Credited)				
To profit or loss	-	(2.28)	(70.29)	(72.57)
As at March 31, 2017	**72.57**	**(2.28)**	**(70.29)**	**-**
Charged / (Credited)				
To profit or loss	-	-		-
As at March 31, 2018	**72.57**	**(2.28)**	**(70.29)**	**-**

Notes to Consolidated Ind AS Financial Statements (Contd.)
for the year ended March 31, 2018

(₹ in Lacs)

	Non-Current			Current		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
16 Trade Payables						
Trade Payables [Refer Note 41]	-	-	-	16,069.35	16,599.92	17,366.36
	-	**-**	**-**	**16,069.35**	**16,599.92**	**17,366.36**

	Non-Current			Current		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
17 Other Liabilities						
Payable towards Statutory Liabilities	-	-	-	450.78	1,155.27	1,838.71
	-	**-**	**-**	**450.78**	**1,155.27**	**1,838.71**

(₹ in Lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
18 Revenue from Operations		
Sales of products	1,24,292.30	1,14,134.99
	1,24,292.30	**1,14,134.99**

	Year ended March 31, 2018	Year ended March 31, 2017
18.1 Other Operating Income		
Sale of by products, scrap and other income	192.28	194.33
Income from contract manufacturing and other income	278.81	0.96
Government Incentives [Refer Note 48]	4,737.47	-
	5,208.56	**195.29**

	Year ended March 31, 2018	Year ended March 31, 2017
19 Other Income		
Duty drawback on exports	1.72	11.89
Miscellaneous receipts	9.16	1.57
Sundry balance written back	1.93	-
Interest income on margin money / fixed deposits	338.79	166.61
Profit on Sale of Investments	178.60	-
Dividend on current investments	0.03	-
Amount written back on Loan [Refer Note 49]	2,776.43	-
Gain from Foreign Currency	21.02	221.33
	3,327.68	**401.40**

Notes to Consolidated Ind AS Financial Statements (Contd.)
for the year ended March 31, 2018

(₹ in Lacs)

			Year ended March 31, 2018	Year ended March 31, 2017
20	**Cost of Materials Consumed**			
	i)	Raw Material Consumption		
		Opening Stock	1,046.42	1,218.79
		Add : Purchases	14,488.75	14,757.28
		Less : Closing Stock	747.97	1,046.42
			14,787.20	**14,929.65**
	ii)	Packing Materials & Consumables	14,234.08	17,947.11
			29,021.28	**32,876.76**

			Year ended March 31, 2018	Year ended March 31, 2017
21	**(Increase) / Decrease in Stock**			
	Opening Stock			
	i)	Work-In-Progress	2,412.27	3,301.83
	ii)	Finished Goods	1,237.53	1,997.42
			3,649.80	**5,299.25**
	Less : Closing Stock			
	i)	Work-In-Progress	1,443.01	2,412.27
	ii)	Finished Goods	2,795.50	1,237.53
			4,238.51	**3,649.80**
	(Increase) / Decrease in Stock		**(588.71)**	**1,649.45**

		Year ended March 31, 2018	Year ended March 31, 2017
22	**Employee Benefit Expense**		
	Salary and wages	1,842.02	2,347.26
	Employee Stock Option Expenses	83.19	136.62
	Contribution to provident fund and family pension fund	117.79	156.57
	Staff welfare expenses	99.28	131.29
	Gratuity	59.00	56.31
		2,201.28	**2,828.05**

		Year ended March 31, 2018	Year ended March 31, 2017
23	**Finance Cost**		
	Interest on Term Loans	2,829.00	4,176.20
	Interest on Cash Credits / Working Capital Demand Loan	10,604.19	9,668.77
	Others	1,760.76	1,879.37
		15,193.95	**15,724.34**

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

(₹ in Lacs)

		Year ended March 31, 2018	Year ended March 31, 2017
24	**Other expenses**		
	Power and fuel	360.29	468.12
	Repairs & maintenance		
	i) Plant & Equipment	34.10	27.00
	ii) Buildings	0.45	-
	iii) Others	215.89	121.67
	Insurance	61.17	65.83
	Rent	112.77	216.14
	Contract manufacturing cost	2,536.77	1,750.60
	Legal and professional charges	1,551.43	571.68
	Auditor's Remuneration [Refer Note 39]	18.24	20.00
	Rates and taxes	2,724.55	2,173.41
	Freight, transport charges & other expenses	1,908.81	1,826.53
	Selling expenses [Sales Promotion & Advertising etc.]	9,945.53	11,024.30
	Travelling and conveyance expenses	136.42	79.10
	Printing and stationery	31.48	28.36
	Communication expenses	53.47	82.81
	Vehicle running expenses	36.17	31.61
	Director sitting fees	2.48	3.27
	Expected Credit Loss	221.18	(1.36)
	Loss on Sale of Assets	7.55	239.85
	Corporate Social Responsibility	63.08	63.92
	Impairment for doubtful advances	5,199.50	1,552.30
	Advances written off	1,194.84	2,490.60
	Miscellaneous expenses	753.83	962.08
		27,170.00	**23,797.82**

25 Financial Instruments - Accounting classification and fair value measurements

a) The fair value of the assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

b) The following methods and assumptions were used to estimate the fair value:

1) Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial instruments approximate their carrying amounts largely due to the short term maturities of these instruments.

2) Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rate and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

c) The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

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

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

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

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

The following table shows the carrying amounts and fair values of financial assets and financials liabilities, including their levels in the fair value hierarchy :

As at March 31, 2018 *(₹ in Lacs)*

	Carrying amount			
	FVOCI - Equity Instruments	**Financial assets - cost / amortized cost**	**Financial liabilities - cost / amortized cost**	**Total carrying amount**
Financial assets not measured at fair value				
Investments	3.22	0.55	-	3.77
Trade Receivables	-	17,314.25	-	17,314.25
Cash and Cash Equivalents	-	6,683.63	-	6,683.63
Other Bank Balances	-	149.23	-	149.23
Loans	-	8.72	-	8.72
Other Financial Assets	-	10,014.68	-	10,014.68
	3.22	**34,171.06**	**-**	**34,174.28**
Financial liabilities not measured at fair value				
Borrowings	-	-	77,046.58	77,046.58
Trade Payables	-	-	16,069.35	16,069.35
Other Financial Liabilities	-	-	45,135.40	45,135.40
	-	**-**	**1,38,251.33**	**1,38,251.33**

The Company has not disclosed the fair values for financial instruments such as investments, trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, borrowings, trade payables and financial liabilities because their carrying amounts are a reasonable approximation of fair value.

As at March 31, 2017 *(₹ in Lacs)*

	Carrying amount			
	FVOCI - Equity Instruments	**Financial assets - cost / amortized cost**	**Financial liabilities - cost / amortized cost**	**Total carrying amount**
Financial assets not measured at fair value				
Investments	3.22	0.55	-	3.77
Trade Receivables	-	14,965.79	-	14,965.79
Cash and Cash Equivalents	-	487.27	-	487.27
Other Bank Balances	-	113.84	-	113.84
Loans	-	13.32	-	13.32
Other Financial Assets	-	10,864.82	-	10,864.82
	3.22	**26,445.59**	**-**	**26,448.81**
Financial liabilities not measured at fair value				
Borrowings	-	-	75,737.19	75,737.19
Trade Payables	-	-	16,599.92	16,599.92
Other Financial Liabilities	-	-	37,793.96	37,793.96
	-	**-**	**1,30,131.07**	**1,30,131.07**

The Company has not disclosed the fair values for financial instruments such as investments, trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, borrowings, trade payables and financial liabilities because their carrying amounts are a reasonable approximation of fair value.

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

As at April 01, 2016 *(₹ in Lacs)*

	Carrying amount			
	FVOCI - Equity Instruments	**Financial assets - cost / amortized cost**	**Financial liabilities - cost / amortized cost**	**Total carrying amount**
Financial assets not measured at fair value				
Investments	3.22	0.55	-	3.77
Trade Receivables	-	13,331.18	-	13,331.18
Cash and Cash Equivalents	-	949.51	-	949.51
Other Bank Balances	-	104.84	-	104.84
Loans	-	27.99	-	27.99
Other Financial Assets	-	13,862.18	-	13,862.18
	3.22	**28,276.25**	**-**	**28,279.47**
Financial liabilities not measured at fair value				
Borrowings	-	-	65,425.29	65,425.29
Trade Payables	-	-	17,366.36	17,366.36
Other Financial Liabilities	-	-	35,776.70	35,776.70
	-	**-**	**1,18,568.35**	**1,18,568.35**

The Company has not disclosed the fair values for financial instruments such as investments, trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, borrowings, trade payables and financial liabilities because their carrying amounts are a reasonable approximation of fair value.

26 Financial risk management

Objectives and policies

Risk management framework

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company conducts yearly risk assessment activities to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has a system in place to ensure risk identification and ongoing periodic risk assessment is carried out. The Board of directors periodically monitors the risk assessment.

The Company has exposure to the following risks arising from financial instruments :

- Credit risk

- Liquidity risk

- Market risk

- Interest risk

a) Credit risk

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company generally doesn't have collateral.

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

The carrying amounts of financial assets represent the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date is as follows :-

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Trade receivables	17,314.25	14,965.79	13,331.18
Cash and cash equivalents	6,683.63	487.27	949.51
Other bank balances	149.23	113.84	104.84
Loans	8.72	13.32	27.99
Other financial assets	10,014.68	10,864.82	13,862.18
Total	**34,170.51**	**26,445.04**	**28,275.70**

Trade receivables

Customer credit risk is managed as per Company's established policy, procedures and control relating to customer credit risk management. Credit risk has always been managed by the Company through credit approvals, estabilishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

An impairment analysis is performed for all major customers at each reporting date on an individual basis. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several industries and operate in largely independent markets.

(₹ in Lacs)

		Contractual cash flows	
	Carrying amount	Less than Six months	More than Six months
As at March 31, 2018	17,314.25	17,114.18	200.07
As at March 31, 2017	14,965.79	14,765.72	200.07
As at April 01, 2016	13,331.18	13,131.11	200.07

Bank balances and deposits with banks

Credit risk from balances with banks is managed by the Company's finance department as per Company's policy. Investment of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Board of directors. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

As at March 31, 2018 *(₹ in Lacs)*

		Contractual cash flows	
	Carrying amount	**Less than One year**	**More than 1 year**
Borrowings	77,046.58	11,230.49	65,816.09
Trade payables	16,069.35	6,993.82	9,075.53
Other financial liabilities	45,135.40	19,801.37	25,334.03
	1,38,251.33	**38,025.68**	**1,00,225.65**

As at March 31, 2017

		Contractual cash flows	
	Carrying amount	**Less than One year**	**More than 1 year**
Borrowings	75,737.19	11,612.82	64,124.37
Trade payables	16,599.92	6,125.29	10,474.63
Other financial liabilities	37,793.96	1,320.31	36,473.65
	1,30,131.07	**19,058.42**	**1,11,072.65**

As at April 01, 2016

		Contractual cash flows	
	Carrying amount	**Less than One year**	**More than 1 year**
Borrowings	65,425.29	8,474.11	56,951.18
Trade payables	17,366.36	9,030.44	8,335.92
Other financial liabilities	35,776.70	1,608.85	34,167.85
	1,18,568.35	**19,113.40**	**99,454.95**

c) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows arising out of change in the price of a financial instrument. These include change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowing.

The Company manages market risk through a risk management committee engaged in, inter alia, evaluation and identification of risk factors with the object of governing / mitigation them accordingly to company's objectives and declared policies in specific context of impact thereof on various segments of financial instruments.

Currency risk

The Company is exposed to currency risk to the extent that there is mismatch between the currencies in which sales, purchase are denominated and the respective functional currencies of Company. The Company has export sales primarily denominated in US dollars.

Exposure to currency risk

The Company's exposure to currency risk as reported to the management is as follows:

(₹ in Lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	USD	**USD**	**USD**
Export receivables	0.08	0.22	0.36
Overseas payables	(94.91)	(170.81)	(170.81)
Total	**(94.83)**	**(170.59)**	**(170.45)**

Foreign currency sensitivity

1% increase or decrease in foreign exchange rates will have the following impact on profit before tax:

(₹ in Lacs)

	As at March 31, 2018	As at March 31, 2017
Increase / (decrease) in profit	(61.68)	(110.61)
Total increase / (decrease) in profit	**(61.68)**	**(110.61)**

A 1% increase in foreign exchange rates at the reporting date would have had equal but opposite effect on the amounts shown above, on the basis that all other variable remain constant.

d) Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The entity's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

(₹ in Lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Fixed rate instruments			
Financial liabilities			
Borrowings	1,705.79	6,394.58	5,308.66
Total	**1,705.79**	**6,394.58**	**5,308.66**
Variable-rate instruments			
Financial liabilities			
Borrowings	1,01,430.77	1,00,805.27	87,153.04
Total	**1,01,430.77**	**1,00,805.27**	**87,153.04**

Cash flow sensitivity analysis for variable-rate instruments

An increase of 100 basis points in interest rates at the reporting date would have decreased gain as at year end by the amounts shown below. This analysis assumes that all other variables remain constant.

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

(₹ in Lacs)

Particulars	Profit or loss
March 31, 2018	
Variable-rate instruments	(1,014.31)
Cash flow sensitivity	**(1,014.31)**
March 31, 2017	
Variable-rate instruments	(1,008.05)
Cash flow sensitivity	**(1,008.05)**

A decrease of 100 basis points in the interest rates at the reporting date would have had equal but opposite effect on the amounts shown above, on the basis that all other variable remain constant.

27 Explanation of transition to Ind AS

The Group has prepared its first financial statements in accordance with Ind AS. For the year ended March 31, 2016, the Group had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2018 including the comparative information for the year ended March 31, 2017 and the opening Ind AS balance sheet on the date of transition i.e. April 01, 2016.

In preparing its Ind AS balance sheet as at April 01, 2016 and in presenting the comparative information for the year ended March 31, 2017, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Group in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

A) Exemptions availed

Ind AS 101 allows first time adopters certain mandatory and voluntary exemptions from the retrospective application of certain requirments under Ind AS. The Group has applied the following exemptions:

a) Property, plant and equipment and intangible assets

As per Ind AS 101 carrying values of all its property, plant and equipment and intangible assets as at the date of transition to Ind AS, measured as per previous GAAP have been treated as their deemed costs as at the date of transition.

b) Investment in subsidiaries and associates

As permitted by Ind AS 101, the Group has elected to carry all investments in subsidiaries and associates at cost less impairment as determined in accordance with Ind AS 27.

B) Principal adjustments

a) Sale of goods

Under Indian GAAP, sale of products was presented as net of excise duty and differential excise duty on opening and closing stock of manufactured goods is adjusted from (Increase) / decrease in stock. However, under Ind AS, sale of goods includes excise duty and excise duty is separately presented on the face of statement of profit and loss.

b) Cash Discount

Under previous GAAP, the discount given on sales for early payment was recognized as an expense in the statement of profit and loss. However as per Ind AS, if the discount is known at time of transfer of risk and reward then the same needs to be adjusted through revenue.

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

c) Income from tie up units

The Group has entered into arrangements with certain distilleries and bottling units (tie up units) for manufacture and marketing of its own brands. The tie up units have necessary license and regulatory permits to manufacture alcohol. Under the previous GAAP the Group had recognized net surplus (total revenue over total expenses) from the operation through these tie up units under Revenue from operations. However, under Ind AS 18, the Group has aggregated the below mentioned amounts in its Statement of Profit and Loss with respect to these tie up units. Consequent to these changes, there is no impact on the total profit. For details, refer Note 44.

d) Revaluation Reserve

Under Indian GAAP the Group had revalued property, plant and equipment and was carrying the revaluation reserve in the financial statements. During the transition to Ind AS, the Group has elected to transfer the revaluation reserve to retained earnings.

C) Reconciliation of Equity as previously reported under Previous GAAP and that computed under Ind AS:

(₹ in Lacs)

Particulars	Note No.	March 31, 2017	April 01, 2016
Total Equity as per previous GAAP		(2,303.52)	25,577.13
Valuation of borrowings at amortized cost	a	69.71	153.94
Recognition of deferred tax asset	b	4,299.68	4,229.39
Expected Credit Loss	c	(21.87)	(23.23)
Total Equity as per Ind AS		**2,044.00**	**29,937.23**

Reconciliation between financial results as previously reported under Previous GAAP and Ind AS:

(₹ in Lacs)

Particulars	Note No.	March 31, 2017
Profit for the year under previous GAAP		(27,686.92)
Valuation of borrowings at amortized cost	a	(83.27)
Exchange fluctuation on financial liabilities	a	(0.95)
Deferred Tax impact	b	72.57
Expected Credit Loss	c	1.36
Share Based Payment measured at Fair value	d	(330.36)
Actuarial gain/(loss) in respect of defined benefit plans reclassified to OCI	e	69.38
Profit for the year under Ind AS		**(27,958.19)**

Notes to reconciliation

a) Processing fees

Under previous GAAP, transaction cost (processing fee) for borrowings taken for fixed asset were capitalized and amortized over useful life of the fixed asset. Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognized in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

b) Deferred Tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or a separate component of equity. The Group has recognized deferred tax assets on unabsorbed depreciation and business losses under income tax only to the extent there are deferred tax liabilities.

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

c) Expected Credit Loss

Under previous GAAP, provision is made for all the trade receivables aged beyond three years and in case of trade receivables aged below three years, provision is made for cases like bankruptcy, terminated agents. Under Ind AS 109 , the Group is required to apply expected credit loss model for recognising the allowances for doubtful debts. The Group has applied the simplified approach as a practical expedient to measure expected credit losses on its portfolio of trade receivables.

d) Share based payment

Under the previous GAAP, the cost of equity settled employee share based plan were recognized using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognized based on the fair value of the options as at the grant date. There is no impact on total equity.

e) Remeasurements of post employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in Other Comprehensive Income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

(₹ in Lacs)

	2017-2018	2016-2017
28 Income Taxes		
a) Income Tax recognized in the Statement of Profit and Loss		
Current Tax		
In respect of current year	93.39	-
Adjustments in respect of previous years	(264.93)	(755.58)
Deferred Tax		
In respect of current year	-	-
Adjustments in respect of deferred tax of previous years	-	(72.57)
b) Income tax expense recognized in Other Comprehensive Income		
Deferred tax expense on remeasurement of defined benefit plans	-	-
c) Current Tax Liabilities		
Provision for Taxation (Net of Advance Tax)	87.24	555.23
d) Current Tax Assets		
Advance Tax (Net of Provision for Taxation)	179.31	891.94

29 Capital Management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

The Group monitors capital based on the following ratio :-

(₹ in Lacs)

	March 31, 2018	March 31, 2017	April 01, 2016
Total Debt (Current maturities under Other Financial Liabilities)	19,281.19	30,873.99	26,315.56
Total Equity	(13,003.92)	2,044.01	29,937.23
Debt to Equity Ratio	(1.48)	15.10	0.88

Notes on Accounts

(₹ in Lacs)

	Particulars	As at March 31, 2018	As at March 31, 2017
30	**Contingent Liability not provided for:**		
	a) Bank guarantees issued on behalf of the Company	90.30	887.95
	b) In respect of disputed Income tax matters, pending before the appropriate Income tax authorities, contested by the Company		
	A.Y. 2009-2010	562.47	366.88
	c) In respect of disputed Sales tax matters, pending before the appropriate tax authorities, contested by the Company		
	F.Y. 2011-2012 (Central Sales Tax)	295.06	-
	F.Y. 2011-2012 (VAT-Kerala)	74.79	74.79
	F.Y. 2010-2011 (MVAT)	36.94	36.94
	F.Y. 2010-2011 (Central Sales Tax)	244.96	244.96
	F.Y. 2010-2011 (VAT-Kerala)	87.99	87.99
	F.Y. 2009-2010 (Central Sales Tax)	272.20	272.20
	F.Y. 2008-2009 (TOT- Kerala)	-	1.13
	F.Y. 2008-2009 (VAT- Kerala)	-	2.23
	F.Y. 2007-2008 (TOT- Kerala)	-	1.05
	F.Y. 2007-2008 (VAT- Kerala)	-	5.47

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

32 Operating Lease:

a) The Company has taken bottling units under cancellable operating lease at various locations and during the financial year ₹ 3.26 Lacs (P.Y. ₹ 57.91 Lacs) paid towards lease rentals has been charged to Statement of Profit and Loss.

b) The Company has taken various residential / commercial premises under cancellable operating lease. Lease rental expenses included in the Statement of Profit and Loss for the financial year is ₹ 112.77 Lacs (P.Y. ₹ 216.14 Lacs).

c) Except for escalation clauses contained in certain lease arrangements providing for increase in the lease payment by a specified percentage / amounts after completion of specified period, the lease terms do not contain any exceptional / restrictive covenants other than the prior approval of the lessee before the renewal of lease.

d) There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lessor is required for further leasing. There is no contingent rent payment.

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

33 The disclosure of Ind AS 19 "Employee Benefits" is as follows:

Defined Contribution Plan

The Company has charged in the Statement of Profit and Loss during the financial year an amount of ₹ 117.79 Lacs (P.Y. ₹ 156.57 Lacs) under defined contribution plan as employer's contribution to Provident Fund.

Defined Benefit Plan

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

The net value of the defined commitment is detailed below:

(₹ in Lacs)

	As at March 31, 2018		As at March 31, 2017	
	Funded Gratuity	Unfunded Gratuity	Funded Gratuity	Unfunded Gratuity
Present Value of obligation	344.10	46.74	353.87	42.23
Fair Value of Plans	47.93	-	44.53	-
Net Liability in the balance sheet	**296.17**	**46.74**	**309.34**	**42.23**
Defined Benefit Obligations				
Opening balance	353.87	42.23	362.20	24.93
Interest expenses	26.58	3.04	28.95	2.01
Current service cost	20.52	6.98	25.90	2.75
Past service cost	5.23	-	-	-
(Liability Transferred Out/ Divestments)	(0.82)	0.82	-	-
Benefit paid directly by the employer	(84.19)	(0.82)	(119.32)	(0.81)
Benefit paid directly from the fund	-	(0.76)	-	-
Actuarial (gain) / loss-Due to change in Financial assumptions	(5.85)	(3.06)	-	-
Actuarial (gain) / loss- Due to Experience	28.76	(1.69)	56.14	13.35
Closing balance	**344.10**	**46.74**	**353.87**	**42.23**
Plan Assets				
Opening balance	44.52	-	41.13	-
Interest Income	3.34	-	-	-
Expected return on plan assets	0.06	-	3.29	-
Paid Funds	-	-	-	-
Actuarial (gain) / loss	-	-	0.11	-
Closing balance	**47.92**	**-**	**44.53**	**-**
Return on Plan Assets				
Expected return on plan assets	0.06	-	3.29	-
Actuarial (gain) / loss	-	-	0.11	-
Actual Return on Plan Assets	**0.06**	**-**	**3.40**	**-**

Notes to Consolidated Ind AS Financial Statements (Contd.)
for the year ended March 31, 2018

(₹ in Lacs)

	As at March 31, 2018		As at March 31, 2017	
Expenses Recognized in the Statement of Profit or Loss on defined benefit plan				
Current service costs	20.52	6.98	25.90	2.75
Past service cost	5.23	-	-	-
Interest expense	26.58	3.04	28.95	2.01
Interest Income	(3.35)	-	-	-
Expected return on plan assets	-	-	(3.30)	-
Expenses Recognized	**48.98**	**10.02**	**51.55**	**4.76**
Expenses Recognized in the Other Comprehensive Income (OCI) on defined benefit plan				
Actuarial (gain) / loss	22.92	(4.75)	56.04	13.35
Expected return on plan assets	(0.06)	-	-	-
Net (Income)/ Expense for the period Recognized in OCI	**22.86**	**(4.75)**	**56.04**	**13.35**
Maturity Analysis of the Benefit Payments: From the Fund				
Projected Benefits Payable in Future Years From the Date of Reporting				
1st Following Year	80.76	1.43	-	-
2nd Following Year	28.98	1.48	-	-
3rd Following Year	32.22	1.54	-	-
4th Following Year	32.03	1.60	-	-
5th Following Year	39.04	1.72	-	-
Sum of Years 6 to 10	113.94	18.69	-	-
Sum of Years 11 and above	277.02	110.02	-	-
Sensitivity Analysis				
Projected Benefits Obligations on Current Assumptions	344.10	46.73	-	-
Delta Effect +1% Change in Rate of Discounting	(17.42)	(4.96)	-	-
Delta Effect -1% Change in Rate of Discounting	19.70	5.83	-	-
Delta Effect +1% Change in Rate of Salary Increase	20.06	5.94	-	-
Delta Effect -1% Change in Rate of Salary Increase	(18.02)	(5.13)	-	-
Delta Effect +1% Change in Rate of Employee Turnover	3.87	1.43	-	-
Delta Effect -1% Change in Rate of Employee Turnover	(4.27)	(1.61)	-	-

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

Investments Details	As at March 31, 2018		As at March 31, 2017	
	% Invested	% Invested	% Invested	% Invested
Funds Managed by Life Insurance Corporation	100	-	100	-
Public Sector Unit Bonds	-	-	-	-
State / Central Guaranteed securities	-	-	-	-
Special deposit schemes	-	-	-	-
Other (excluding bank balances)	-	-	-	-
	100	**-**	**100**	**-**

Actuarial assumptions	Funded Gratuity	Unfunded Gratuity	Funded Gratuity	Unfunded Gratuity
Mortality (LIC)	**2006-08 Ultimate**		**2006-08 Ultimate**	
Discount rate (per annum)	7.82%	7.83%	7.51%	7.20%
Expected rate of return on plan assets (per annum)	-	-	7.51%	-
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:

(₹ in Lacs)

Funded Gratuity for the year ended	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Present value of DBO	344.10	353.87	362.20	409.77	348.85
Fair value of plan assets	47.93	44.52	41.13	37.96	57.55
Deficit/(Surplus)	296.17	309.34	321.08	371.81	291.31
Experience adjustments on plan liabilities	46.89	46.89	(15.17)	43.38	36.66
Experience adjustments on plan assets	0.11	0.11	0.16	(1.76)	(3.72)

(₹ in Lacs)

Unfunded Gratuity for the year ended	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2014
Present value of DBO	46.74	42.23	24.93	22.41
Fair value of plan assets	-	-	-	-
Deficit/(Surplus)	46.74	42.23	24.93	22.41
Experience adjustments on plan liabilities	9.02	9.02	(1.67)	(1.54)
Experience adjustments on plan assets	-	-	-	-

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

34 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, 2018, 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, 2018	7,30,400	37,30,521	1,54,200	8,43,663
Number of options cancelled till March 31, 2018	2,41,700	8,46,381	33,870	2,02,818
Number of options lapsed till March 31, 2018	17,100	7,34,120	73,260	4,93,352
Number of options exercised till March 31, 2018	4,71,600	21,50,020	47,070	1,47,493
Net options outstanding as on March 31, 2018	-	-	-	-
Vesting period from the date of grant	4 years	4 years	4 years	4 years
Exercise period from the date of vesting	2 years	2 years	2 years	2 years

B) Employee Stock Option Scheme 2010

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5
Date of Grant	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011	July 5, 2016
Date of the Board Approval	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011	July 5, 2016
Date of the Shareholders Approval	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010
Number of options granted till March 31, 2018	16,15,500	5,12,000	33,79,600	9,69,000	21,50,000
Number of options cancelled till March 31, 2018	7,56,240	1,73,840	16,84,724	-	5,35,650
Number of options lapsed till March 31, 2018	7,61,670	2,37,482	3,91,794	4,28,300	66,650
Number of options exercised till March 31, 2018	97,590	1,00,678	13,03,082	5,40,700	
Net options outstanding as on March 31, 2018	-	-	-	-	15,47,700
Vesting period from the date of grant	3 years	3 years	3 years	3 years	3 years
Exercise period from the date of vesting	2 years	2 years	2 years	2 years	2 years

Notes to Consolidated Ind AS Financial Statements (Contd.)
for the year ended March 31, 2018

C) Employee Stock Option Scheme 2012

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5
Date of Grant	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014	July 5, 2016
Date of the Board Approval	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014	July 5, 2016
Date of the Shareholders Approval	May 24, 2012	May 24, 2012	May 24, 2012	May 24, 2012	May 24, 2012
Number of options granted till March 31, 2018	30,00,000	10,00,000	10,00,000	10,00,000	30,00,000
Number of options cancelled till March 31, 2018	2,40,442	1,56,390	3,34,630	1,21,200	6,00,000
Number of options lapsed till March 31, 2018	23,29,591	8,43,610	6,13,435	4,54,950	-
Number of options exercised till March 31, 2018	4,29,967	-	8,715	-	-
Net options outstanding as on March 31, 2018	-	-	43,220	4,23,850	24,00,000
Vesting period from the date of grant	3 years	3 years	3 years	3 years	3 years
Exercise period from the date of vesting	2 years	2 years	2 years	2 years	2 years

c) The details of the options as on March 31, 2018 are as under : *(Nos. in Lacs)*

Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
Financial Year 2016-17			
Options outstanding as on April 01, 2016	**2.34**	**5.38**	**25.40**
Options granted from April 01, 2016 to March 31, 2017	-	21.50	30.00
Options cancelled till March 31, 2017	-	4.07	3.13
Options lapsed till March 31, 2017	2.34	5.48	10.95
Options exercised April 01, 2016 to March 31, 2017	-	-	-
Options outstanding as on March 31, 2017	**-**	**17.34**	**41.32**
Financial Year 2017-18			
Options outstanding as on April 01, 2017	**-**	**17.34**	**41.32**
Options granted from April 01, 2017 to March 31, 2018	-	-	-
Options cancelled till March 31, 2018	-	1.29	4.08
Options lapsed till March 31, 2018	-	0.57	8.57
Options exercised April 01, 2017 to March 31, 2018	-	-	-
Options outstanding as on March 31, 2018	**-**	**15.48**	**28.67**

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

d) The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

A) Employee Stock Option Scheme 2008

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

B) Employee Stock Option Scheme 2010

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5
Dates of Grant	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011	Jul 05, 2016
Market Price (₹ per share) on the dates of grant	83.00	51.20	33.95	32.60	15.80
Volatility	66.25%	63.86%	63.63%	63.67%	51.21%
Risk free rate	7.97%	8.36%	8.58%	8.99%	6.57%
Exercise price	60	38	25	25	13
Time to maturity (years)	3	3	3	3	3
Dividend yield	2.24%	2.10%	2.10%	2.10%	0.91%
Option fair value (₹ per share)	41.89	26.23	17.50	16.55	7.04

C) Employee Stock Option Scheme 2012

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5
Dates of Grant	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014	Jul 05, 2016
Market Price (₹ per share) on the dates of grant	56.30	77.20	60.40	61.35	15.80
Volatility	61.31%	57.71%	55.67%	49.33%	51.21%
Risk free rate	8.24%	7.95%	7.24%	8.52%	6.57%
Exercise price	42	60	45	46	13
Time to maturity (years)	3	3	3	3	3
Dividend yield	1.84%	1.84%	1.83%	1.67%	0.91%
Option fair value (₹ per share)	28.56	36.86	28.71	28.54	7.04

35 Segment Reporting:

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

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

36 Related Party Disclosures:

The disclosures pertaining to the related parties as required by Ind AS 24 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India, as applicable, are as under:

a) Key Managerial Personnel
: Mr. Amit Dahanukar - Chairman & Managing Director
: Mr. Srijit Mullick - Chief Financial Officer
: Mr. Gaurav Thakur - Company Secretary
: Mr. C. V. Bijlani - Independent Director
: Mr. Kishorekumar Mhatre - Independent Director - (appointed as an Independent Director w.e.f. June 09, 2016)
: Dr. Ravindra Bapat - Independent Director
: Dr. Vishnu Kanhere - Independent Director - (resigned from the Directorship w.e.f June 30, 2016)
: Mrs. Shivani Amit Dahanukar - Non-Executive Director

b) Company in which Key Managerial Personnel has substantial interest
: M.L. Dahanukar & Co. Pvt. Ltd.
: Arunoday Investments Pvt. Ltd.
: Maharashtra Sugar Mills Pvt. Ltd.
: Smt. Malati Dahanukar Trust

c) Relative of Key Managerial Personnel
: Dr. Priyadarshini A. Dahanukar

(₹ in Lacs)

Nature of Transaction	Parties refered in (a) above		Parties refered in (b) above		Parties refered in (c) above	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Donations						
Smt. Malati Dahanukar Trust	-	-	26.24	28.93	-	-
Total	**-**	**-**	**26.24**	**28.93**	**-**	**-**
Payment to Key Managerial Personnel						
Mr. Amit Dahanukar	120.11	125.54	-	-	-	-
Mrs. Shivani Amit Dahanukar	22.25	-				
Mr. Srijit Mullick	72.36	107.78	-	-	-	-
Mr. Gaurav Thakur	38.03	41.68	-	-	-	-
Total	**252.75**	**275.00**	**-**	**-**	**-**	**-**
Payment to Independent Directors (Sitting Fees)						
Mr. C. V. Bijlani	0.50	0.80	-	-	-	-
Mr. Kishorekumar Mhatre	0.60	0.45	-	-	-	-
Dr. Ravindra Bapat	0.85	0.70	-	-	-	-
Dr. Vishnu Kanhere	-	0.20	-	-	-	-
Mrs. Shivani Amit Dahanukar	0.20	0.15	-	-	-	-
Total	**2.15**	**2.30**	**-**	**-**	**-**	**-**
Loan Taken						
Mr. Amit Dahanukar	220.00	235.00	-	-	-	-
Total	**220.00**	**235.00**	**-**	**-**	**-**	**-**

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

(₹ in Lacs)

Nature of Transaction	Parties refered in (a) above		Parties refered in (b) above		Parties refered in (c) above	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Repayment of Loan						
Mr. Amit Dahanukar	220.00	235.00	-	-	-	-
Maharashtra Sugar Mills Pvt. Ltd.	-	-	-	307.45	-	-
Total	**220.00**	**235.00**	**-**	**307.45**	**-**	**-**
Rent Deposit						
Mr. Amit Dahanukar	622.39	150.00	-	-	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	194.72	-
Total	**622.39**	**150.00**	**-**	**-**	**194.72**	**-**
Rent Payment						
Mr. Amit Dahanukar	22.56	91.50	-	-	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	17.43	29.64
Total	**22.56**	**91.50**	**-**	**-**	**17.43**	**29.64**
Outstanding Payable						
Maharashtra Sugar Mills Pvt. Ltd.	-	-	12.45	12.45	-	-
Total	**-**	**-**	**12.45**	**12.45**	**-**	**-**
Outstanding Receivable						
Mr. Amit Dahanukar	800.00	177.61	-	-	-	-
M.L.Dahanukar & Co. Pvt. Ltd.	-	-	15.00	15.00	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	203.66	8.94
Total	**800.00**	**177.61**	**15.00**	**15.00**	**203.66**	**8.94**

(₹ in Lacs)

Compensation of key management personnel of the Company **	2017-18	2016-17
Short-term employee benefits	252.75	275.00
Post-employment benefits	-	-
Termination benefits	-	-
Sitting fees	2.15	2.30
Share-based payments	-	-
Total compensation of key management personnel of the Company	**254.90**	**277.30**

**Key Managerial Personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognized as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

37 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.

38 Provision of excise duty on finished goods manufactured but yet to be cleared from the factory as at March 31, 2018 estimated at ₹ 2,010.54 Lacs (P.Y.₹ 695.12 Lacs) has been provided in the books and also been considered in valuation of closing stock of finished goods. Provision for excise duty on finished goods charged in the Statement of Profit and Loss for the financial year is as follows:

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

(₹ in Lacs)

	2017-18	2016-17
Provision for excise duty on finished goods at the beginning of the year	695.12	1,297.85
Provision for excise duty on finished goods at the end of the year	2,010.54	695.12
Provision for excise duty on finished goods charged in the Statement of Profit and Loss	**1,315.42**	**(602.73)**

(₹ in Lacs)

		2017-18	2016-17
39	**Auditor's remuneration charged to accounts:**		
	a) Audit fees	15.13	16.46
	b) Auditors remuneration in other capacity	2.85	3.28
	c) Reimbursement of expenses	0.26	0.26
		18.24	**20.00**

40 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.

41 Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below :

(₹ in Lacs)

	2017-18	2016-17
Dues remaining unpaid as at March 31		
- Principal	510.32	486.71
- Interest on the above	126.71	156.22

(₹ in Lacs)

		2017-18	2016-17
42	**Earnings Per Share:**		
	Profit After Tax	(15,113.01)	(27,958.19)
	Weighted average number of shares	1,247.56	1,247.56
	Basic Earnings Per Share	(12.11)	(22.41)
	Weighted average number of shares (adjusted for the effects of dilutive potential equity shares)	1,247.56	1,247.56
	Diluted Earnings Per Share	(12.11)	(22.41)
	Face Value per Equity Share	10.00	10.00

43 The Group has entered into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Group does not enter into any derivative instruments for trading or speculative purposes. The foreign currency exposure not hedged as at March 31, 2018 are as under:

		March 31, 2018		March 31, 2017	
	Currency	**FC Amount**	**(₹ in Lacs)**	**FC Amount**	**(₹ in Lacs)**
Receivable - Debtors	USD	0.08	5.13	0.22	15.52
Term Loans	USD	20.63	1,341.53	96.53	6,258.58
Payable - Creditors	USD	74.28	4,831.67	74.28	4,816.41

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

44 The Group has entered into arrangements with certain distilleries and bottling units (tie up units) for manufacture and marketing of its own brands. The tie up units have necessary license and regulatory permits to manufacture alcohol. Under the previous GAAP the Group had recognized net surplus (total revenue over total expenses) from the operation through these tie up units under Revenue from operations. However, under Ind AS 18, the Group has aggregated the below mentioned amounts in its Statement of Profit and Loss with respect to these tie up units. Consequent to these changes, there is no impact on the total profit.

(₹ in Lacs)

Particulars	Year ended 2017-2018	Year ended 2016-2017
	Audited	**Audited**
Revenue from operations	57,838.73	10,385.29
Other Income	2.99	-
Total Income	**57,841.72**	**10,385.29**
Cost of materials consumed /Changes in inventories of finished goods, stock-in-trade and work-in-progress	13,811.53	2,855.37
Excise Duty	33,350.03	6,604.01
Finance costs	0.14	-
Other expenses	1,469.21	392.72
Total expenses	**48,630.91**	**9,852.10**
Profit/(Loss)	**9,210.81**	**533.19**

(₹ in Lacs)

In Balance Sheet	March 31, 2018	March 31, 2017
	Audited	**Audited**
Increase (Decrease)		
Inventory	2,577.91	1,128.19
Trade Receivables	9,120.37	3,803.57
Cash and Bank Balances	257.91	5.32
Other Financial Assets	(9,339.69)	(4,490.62)
Other Assets	1,047.57	206.74
Total	**3,664.07**	**653.20**
Increase (Decrease)		
Trade Payables	2,809.85	484.72
Provisions	797.54	160.57
Other Liabilities	56.68	7.91
Total	**3,664.07**	**653.20**

45 The Company entered into a One Time Settlement (OTS) with Bank of India at ₹ 9,500 Lacs in full and final settlement of its outstanding amount of ₹ 21,226 Lacs. The Company has paid ₹ 3,500 Lacs before March 31, 2018 in compliance with the payment schedule of the OTS. The Company continues to provide interest in books of accounts on the principal outstanding at original contracted rates.

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

Notes to Consolidated Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

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

48 Other operating income for the year ended March 31, 2018 includes ₹ 4,737.47 Lacs (P.Y. ₹ Nil) on account of entitlement of MVAT and CST refund) .

49 The Company entered into a One Time Settlement (OTS) with Axis Bank Ltd at ₹ 2,500 Lacs in full and final settlement of its outstanding External Commercial Borrowing (ECB) of ₹ 5,276.43 Lacs pursuant to which the entire settlement amount has been paid before March 31, 2018 in accordance with the terms and conditions of the OTS. Hence, the Company has written back ₹ 2,776.43 Lacs in Other Income.

50 Other significant notes

a) Anupama Wine Distributors has filed a suit before the City Civil Court, Bangalore claiming ₹ 731.10 Lacs towards refund of security deposit and other dues. The Hon'ble Court vide its Order dated December 22, 2007 dismissed their application for attachment of property for recovery of the above dues. The Company has filed a counter claim for ₹ 1,193.00 Lacs against Anupama Wine Distributors and the matter is pending before City Civil Court, Bangalore. The matter is posted for filing evidence by Anupama Wine Distributors. The Company has filed a transfer petition to club both the matters related to Anupama Wine Distributors and Anupama Distributors as the evidences are the same.

b) A body corporate has filed a legal suit on the Company to obtain restraining order on the use of certain trademarks owned by the Company. An interim order was passed by the Bombay High Court upholding the ownership of the Company in the aforesaid trade marks and allowing the Company continuous and uninterrupted use of the said trademarks without any restraint.

51 Prag Distillery, wholly owned subsidiary of the Company had been referred to National Company Law Tribunal ("NCLT") for Corporate Insolvency Resolution Process (CIRP) under the provisions of the Insolvency and Bankruptcy Code, 2016("the Code") and accordingly a Resolution Professional (RP) was appointed. An application for liquidation under Section 33 of the Insolvency & Bankruptcy Code, 2016 has been filed by the Resolution Professional (RP) before The National Company Law Tribunal, Mumbai Bench seeking order requiring Prag Distillery (P) Ltd., to be liquidated "on going concern basis" in the manner laid down under Section 33 of the Code on April 06, 2018. However, a resolution proposal has since been submitted by a third party for approval of the creditors subject to the directions/orders to be given by the National Company Law Tribunal, Mumbai Bench. In view of this, the management believes that no impairment in Goodwill relating to Prag Distillery (P) Ltd. is required pending the completion of the resolution process under the IBC code.

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

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

54 The consolidated financial statements of the Group for the year ended March 31, 2017 and the transition date opening Balance Sheet as at April 01, 2016 were audited by another firm of Chartered Accountants.

As per our Report of even date annexed.

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

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : June 14, 2018

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Shivani Amit Dahanukar
Non-Executive Director
(DIN:00305503)

Dr. Ravindra Bapat
Independent Director
(DIN:00353476)

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

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

Independent Auditor's Report

To,

The Members of

Tilaknagar Industries Ltd.

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Tilaknagar Industries Ltd. ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Standalone Ind AS Financial Statements").

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the state of affairs, consolidated statement of profit and loss including other comprehensive income, statement of changes in equity and statement of cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 standalone Ind AS 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 Ind AS 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 of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

Basis for Qualified Opinion

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

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

3 The Company has not impaired for Equity Investment of ₹ 1,543.35 Lacs in its wholly owned subsidiary Prag Distillery (P) Ltd. as required by Indian Accounting Standard (Ind AS 36) 'Impairment of Assets' though the Subsidiary has been referred to National Company Law Tribunal for Corporate Insolvency Resolution Process (CIRP) under the provisions of Insolvency and Bankruptcy Code 2016 (the Code) by its creditors. Reference is invited to Note 50 of the standalone Ind AS 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 effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone Ind AS 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, 2018, and its loss including other comprehensive income, statement of changes in equity and its cash flows for the year ended on that date.

Material Uncertainty related to Going Concern

We draw attention to Note 52 in the standalone Ind AS financial statements that the Company has incurred net loss during the year and due to accumulated losses the net worth has been eroded. Further the current liabilities have exceeded the total assets. These events indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

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

Our opinion is not qualified in respect of this matter.

Other matter

The standalone financial statements of the Company for the year ended March 31, 2017 and the transition date opening Balance Sheet as at April 01, 2016 were audited by another firm of Chartered Accountants which issued a modified opinion vide their audit report dated May 29, 2017 in respect of point no 1 and 2 described in Basis for Qualified Opinion paragraph above.

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 '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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, except for non-compliance with Ind AS 36 'Impairment of Assets' and Ind AS 109 'Financial Instruments' as mentioned in the Basis for Qualified Opinion paragraph.

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

f) On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

h) 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'.

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

i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements. Refer Note 49 to the standalone Ind AS financial statements;

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

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

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

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : June 14, 2018

Annexure - A to the Independent Auditor's Report

on the standalone Ind AS 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. In our opinion the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and book records were not material.

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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Service tax, Customs Duty, Excise Duty, Goods and Services Tax ('GST'), Value Added Tax, Cess and any other material statutory dues, to the extent applicable, have generally been regularly deposited with the appropriate authorities during the year though there have been delays.

b) According to the information and explanations given to us, there are no undisputed dues in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Goods and Services Tax ('GST'), 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.

c) 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:

(₹ in Lacs)

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. 2009-2010	562.47	CIT (Appeals)
Sales Tax Laws	Central Sales Tax	F.Y. 2011-2012	295.06	Joint Commissioner (Appeals)
Sales Tax Laws	MVAT	F.Y. 2010-2011	36.94	Deputy Commissioner (Appeals)
Sales Tax Laws	Central Sales Tax	F.Y. 2010-2011	244.96	Deputy Commissioner (Appeals)
Sales Tax Laws	Central Sales Tax	F.Y. 2009-2010	272.20	Deputy Commissioner (Appeals)

viii) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has defaulted in repayment of principal amount of loans and interest to banks and financial institutions. There were no outstanding dues to Government or any debenture holders anytime during the year. The details of default are given below :

(₹ in Lacs)

Name of lenders	Nature of Loan	Particulars	Amount of default as at Balance Sheet date	Period of default
EARC - (Loan take over from Axis Bank Limited)	Cash Credit	Interest	1,700.01	March 2016 to March 2018
EARC - (Loan take over from IFCI)	Term Loan	Interest	7,148.67	December 2015 to March 2018
EARC - (Loan take over from Punjab National Bank)	Cash Credit	Interest	5,178.84	October 2015 to March 2018
State Bank of India	Cash Credit	Interest	6,656.37	January 2016 to March 2018
Bank of India	Cash Credit	Interest	7,478.20	October 2015 to March 2018
Industrial Development Bank of India	Cash Credit	Interest	1,042.60	June 2016 to March 2018
EARC - (Loan take over from Axis Bank Limited)	Cash Credit	Outstanding Amount	5,495.55	March 2016 to March 2018
EARC - (Loan take over from Punjab National Bank)	Cash Credit	Outstanding Amount	11,176.42	October 2015 to March 2018
State Bank of India	Cash Credit	Outstanding Amount	15,496.73	January 2016 to March 2018
Bank of India	Cash Credit	Outstanding Amount	16,475.65	October 2015 to March 2018
Industrial Development Bank of India	Cash Credit	Outstanding Amount	2,499.71	June 2016 to March 2018

ix) The Company did not raise any money by way of initial public offer or further public offer including debt instruments during the year. The Company has not taken any term loan from Banks during the year. According to the information and explanations given to us the term loans taken in the past have been defaulted as referred in point (viii) above.

x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi) In our opinion, managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 of the Act read with Schedule V to the Act.

xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable Indian 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 **M. M. Parikh & Co.**
Chartered Accountants
Firm Registration No.107557W

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : June 14, 2018

Annexure - B to the Independent Auditor's Report

on the Standalone Ind AS Financial Statements of Tilaknagar Industries Ltd.

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

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

We have audited the internal financial controls over financial reporting of Tilaknagar Industries Ltd. ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

1) pertain to the maintenance of records, that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company.

2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorisation of management and directors of the Company.

3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone Ind AS 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, 2018, 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 **M. M. Parikh & Co.**
Chartered Accountants
Firm Registration No.107557W

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : June 14, 2018

TILAKNAGAR INDUSTRIES LTD.

Standalone Balance Sheet
as at March 31, 2018

(₹ in Lacs)

	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
I ASSETS				
Non-Current assets				
Property, Plant and Equipment	2	53,642.37	48,472.99	51,659.85
Capital Work-in-Progress		1,496.07	1,496.07	1,534.55
Other Intangible Assets	2	457.73	907.17	1,359.45
Financial Assets		-	-	-
Non-Current Investments	3	4,763.85	4,233.45	4,233.45
Loans	4	4.99	7.91	15.35
Other Financial Assets	5	10.26	17.97	5.25
Income Tax Assets (Net)	27	133.62	860.37	764.55
Other Non-Current Assets	6	7,449.28	1,341.22	1,726.36
		67,958.17	**57,337.15**	**61,298.81**
Current Assets				
Inventories	7	5,032.31	7,038.12	10,269.98
Financial Assets				
Trade Receivables	8	6,772.09	8,612.43	9,549.34
Cash and Cash Equivalents	9 a	178.78	354.60	649.78
Other Bank Balances	9 b	96.89	82.10	100.34
Loans	4	3.73	5.41	12.64
Other Financial Assets	5	13,917.82	21,541.88	22,668.04
Other Current Assets	6	6,290.15	29,473.91	38,502.50
		32,291.77	**67,108.45**	**81,752.62**
Total		**1,00,249.94**	**1,24,445.60**	**1,43,051.43**
II EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	10	12,475.61	12,475.61	12,475.61
Other Equity	11	(31,008.66)	(11,270.26)	15,460.01
		(18,533.05)	**1,205.35**	**27,935.62**
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
Other Financial Liabilities	12	1,574.38	4,979.42	6,757.94
Provisions	13	265.83	276.66	272.89
		1,840.21	**5,256.08**	**7,030.83**
Current Liabilities				
Financial Liabilities				
Borrowings	14	74,243.65	72,706.70	62,795.13
Trade Payables	15	10,300.30	11,997.94	13,406.35
Other Financial Liabilities	12	31,668.22	31,369.19	27,585.72
Provisions	13	486.48	336.62	1,282.40
Other Current Liabilities	16	244.13	1,018.49	1,743.47
Current Tax Liabilities (Net)	27	-	555.23	1,271.91
		1,16,942.78	**1,17,984.17**	**1,08,084.98**
Total		**1,00,249.94**	**1,24,445.60**	**1,43,051.43**
Significant accounting policies	1			
The accompanying notes are an integral part of the financial statements	2-54			

As per our Report of even date annexed.

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

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : June 14, 2018

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Shivani Amit Dahanukar
Non-Executive Director
(DIN:00305503)

Dr. Ravindra Bapat
Independent Director
(DIN:00353476)

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

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

Standalone Statement of Profit and Loss

for the year ended March 31, 2018

(₹ in Lacs)

	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
INCOME			
Revenue from Operations			
Sale of products (Gross)	17	34,850.49	62,437.50
Other Operating Income	17.1	4,824.28	140.51
Other Income	18	3,142.14	393.09
Total Income		**42,816.91**	**62,971.10**
EXPENSES			
Cost of Materials Consumed	19	12,717.81	21,618.31
(Increase) / Decrease in Stock	20	635.38	2,083.60
Excise duty		8,792.42	24,443.94
Employee Benefit Expense	21	1,770.42	2,599.08
Finance Cost	22	13,369.52	15,318.07
Depreciation and Amortisation	2	3,560.33	3,624.71
Other Expenses	23	22,035.06	20,824.08
Total Expenses		**62,880.94**	**90,511.79**
Profit / (Loss) before tax		**(20,064.03)**	**(27,540.69)**
Less : Tax expense			
1) Current Tax		-	-
2) Taxes for earlier years		(265.30)	(729.84)
3) Deferred Tax		-	-
Total Tax Expense		**(265.30)**	**(729.84)**
Profit / (Loss) after tax		**(19,798.73)**	**(26,810.85)**
Other Comprehensive Income			
Items that will not be reclassified to Statement of Profit and Loss			
Remeasurement of defined benefit plans		(22.86)	(56.04)
Total Other Comprehensive Income		**(22.86)**	**(56.04)**
Total Comprehensive Income for the year		**(19,821.59)**	**(26,866.89)**
Earnings per equity share	41		
1) Basic		(15.87)	(21.49)
2) Diluted		(15.87)	(21.49)
Significant accounting policies	1		
The accompanying notes are an integral part of the financial statements	2-54		

As per our Report of even date annexed.

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

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : June 14, 2018

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

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

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

Statement of Changes in Equity
for the year ended March 31, 2018

(₹ in Lacs)

		As at March 31, 2018	As at March 31, 2017
A)	**Equity Share Capital**		
	Balance at the beginning of the reporting year	**12,475.61**	**12,475.61**
	Changes in Equity Share Capital during the year	-	-
	Balance at the end of the reporting year	**12,475.61**	**12,475.61**

(₹ in Lacs)

B)	**Other Equity**	Reserves and Surplus				
		Securities Premium Account	**General Reserve**	**Share Based Payments Reserve**	**Retained Earnings**	**Total**
	Balance as at April 01, 2016	**18,687.43**	**624.25**	**887.81**	**(4,739.48)**	**15,460.01**
a)	Profit / (Loss) for the year	-	-	-	(26,810.85)	**(26,810.85)**
b)	Remeasurement of defined benefit plans	-	-	-	(56.04)	**(56.04)**
c)	Transfer from Share Based Payment Reserve	-	496.73	-	-	**496.73**
d)	Transfer to General Reserve	-	-	(496.73)	-	**(496.73)**
e)	Transfer to Share Based Payment Reserve	-	-	136.62	-	**136.62**
f)	Deferred Tax on processing fees (net)	-	-	-	-	**-**
	Balance as at March 31, 2017	**18,687.43**	**1,120.98**	**527.70**	**(31,606.37)**	**(11,270.26)**
	Additions during the year :					
a)	Profit / (Loss) for the year	-	-	-	(19,798.73)	**(19,798.73)**
b)	Remeasurement of defined benefit plans	-	-	-	(22.86)	**(22.86)**
c)	Transfer from Share Based Payment Reserve	-	257.72	-	-	**257.72**
d)	Transfer to General Reserve	-	-	(257.72)	-	**(257.72)**
e)	Transfer on Employee Stock Options	-	-	83.19	-	**83.19**
	Balance as at March 31, 2018	**18,687.43**	**1,378.70**	**353.17**	**(51,427.96)**	**(31,008.66)**

As per our Report of even date annexed.

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

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : June 14, 2018

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Shivani Amit Dahanukar
Non-Executive Director
(DIN:00305503)

Dr. Ravindra Bapat
Independent Director
(DIN:00353476)

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

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

Standalone Statement of Cash Flow

for the year ended March 31, 2018

(₹ in Lacs)

		2017-2018		2016-2017	
A)	**Cash flow from Operating activities**				
	Net profit before tax				
	Adjustment for:		(20,064.03)		(27,540.69)
	Depreciation	3,560.33		3,624.71	
	Loss / (Profit) on sale of assets	7.55		239.85	
	Remeasurement of defined benefit plans	(22.86)		(56.04)	
	Amount written back on loan	(2,776.43)		-	
	Impairment for doubtful advances	11,302.37		1,552.30	
	Advances written off	154.00		2,028.51	
	Sundry balance written back	(1.93)		-	
	Gain from Foreign Currency	(21.02)		(221.33)	
	Expected Credit Loss	221.18		(1.36)	
	Employee stock option expenses	83.19		136.62	
	Interest expenses	13,369.52		15,318.07	
	Interest income	(331.88)		(158.33)	
	Operating Profit before working capital changes		25,544.02		22,463.00
	Adjustment for:				
	(Decrease)/ Increase in trade payables, current liabilities, provisions and other financial liabilities	(2,619.73)		(3,294.98)	
	(Increase) / Decrease in other financial assets and other assets	13,247.96		6,973.72	
	(Increase) / Decrease in inventories	2,005.82		3,231.86	
	(Increase) / Decrease in trade receivables	1,619.16	14,253.21	936.13	7,846.73
	Direct taxes refund / (paid)		436.82		(82.65)
	Net Cash from Operating activities		**20,170.02**		**2,686.39**
B)	**Cash Flow from Investing activities**				
	Purchase of property, plant and equipment	(2,339.68)		(319.48)	
	Sale of property, plant and equipment	3.58		8.93	
	(Increase) / Decrease in other bank balances	(14.80)		18.24	
	Purchase of investments	(530.40)		-	
	Interest received	339.59		145.61	
	Net Cash from Investing Activities		**(2,541.71)**		**(146.70)**

(₹ in Lacs)

		2017-2018		2016-2017	
C)	**Cash Flow from Financing activities**				
	Proceeds from borrowings including current maturities	1,415.07		4,027.03	
	Repayment of borrowings including current maturities	(17,947.47)		(5,009.66)	
	Payment of dividend	(5.43)		(1.92)	
	Interest paid	(1,266.30)		(1,850.32)	
	Net Cash from Financing Activities		**(17,804.13)**		**(2,834.87)**
	Net increase in Cash & Cash equivalents		**(175.82)**		**(295.18)**
	Opening cash & cash equivalents		354.60		649.78
	Closing cash & cash equivalents		**178.78**		**354.60**

Notes :

(₹ in Lacs)

(a)	**Cash and cash equivalents comprises of**	**As at March 31, 2018**	**As at March 31, 2017**
	i) Balances with Banks	175.04	347.08
	In Current Accounts	3.74	7.52
	ii) Cash on Hand	**178.78**	**354.60**

(₹ in Lacs)

(b)	**Change in liability arising from financing activities**	**As at April 01, 2017**	**Cash Flow (net)**	**Amounts written back**	**Non-cash changes (net)**	**As at March 31, 2018**
	Borrowings	72,706.70	(9,063.54)	-	10,600.49	74,243.65
	Other Financial Liabilities	35,061.71	(8,805.04)	(2,776.43)	2,742.82	26,223.06

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

As per our Report of even date annexed.

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

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : June 14, 2018

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Shivani Amit Dahanukar
Non-Executive Director
(DIN:00305503)

Dr. Ravindra Bapat
Independent Director
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C.V.Bijlani
Independent Director
(DIN:02039345)

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

Notes to Standalone Ind AS Financial Statements

for the year ended March 31, 2018

1 Reporting Entity

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

2 Basis of preparation

a) Statement of compliance

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

The Company's financial statements up to and for the year ended March 31, 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 26.

The financial statements were authorized for issue by the Company's Board of Directors on June 14, 2018.

Details of the Company's accounting policies are included in Note 3.

b) Functional and presentation currency

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

c) Basis of measurement

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

d) Use of estimates and judgements

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

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

Judgements

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

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

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2018 is included in the following notes:

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

e) Measurement at fair values

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

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

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

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

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

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

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

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

3 Significant Accounting Policies

i) Property, plant and equipment

a) Recognition and measurement

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

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

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

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

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

b) Subsequent expenditure

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

c) Depreciation

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

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

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

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

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

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

ii) Intangible assets

a) Acquired intangible assets

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

b) Subsequent expenditure

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

c) Amortisation

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

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

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

iii) Inventories

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

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

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

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

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

Scrap is valued at net realisable value.

iv) Foreign currency transactions

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

Transactions and balances

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

v) Impairment of non-financial assets

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

vi) Employee Benefits

a) Short-term employee benefits

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

b) Defined Contribution Plan

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

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

c) Defined Benefit Plan

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

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

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

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

d) Other long-term employee benefits

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

vii) Provisions and contingent liabilities

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

A provision for onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

viii) Leases

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognized in the Company's Balance Sheet.

Payments made under operating leases are generally recognized in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership been classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflation.

ix) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of those property, plant and equipment which necessarily takes a substantial period of time to get ready for their intended use are capitalized. All other borrowing costs are expensed in the period in which they incur in the statement of profit and loss.

x) Revenue

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Based on the Educational Material on Ind AS 18 issued by the Institute of Chartered Accountants of India ("ICAI"), the Group has assumed that recovery of excise duty flows to the Group on its own account and hence is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty. However, sales tax/value added tax (VAT) is not received by the Company on its own account and is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of products

Revenue from the sale of products is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Sale of services

Royalty income is recognized, on an accrual basis, at agreed rate on sale of branded products by the licensee, in accordance with the terms of the agreement.

Income from contract manufacturing units

The Company evaluates its revenue arrangements with Contract Manufacturing Units ("CMUs") to identify agency relationship. The CMU is regarded as a principal when it has exposure to significant risks and rewards associated with the sale of products or rendering of services i.e., it has the primary responsibility for providing goods or services to the customer, has pricing latitude and is also exposed to inventory and credit risks. In all other cases, the CMU is regarded as an agent. Where CMU is regarded as a principal, net surplus from sale of TI brand products by CMU is recognized as income, as per the terms of respective agreement and on the basis of information provided by respective CMU. Such income is included under the head "Revenue from Operations" in the statement of profit and loss. Where CMU is regarded as an agent, revenue is recognized on sale of products by CMU to its customers. The related cost of sales is also recognized by the Company, as and when incurred by the CMU.

Interest

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. Interest income is included under the head "Other income" in the statement of profit and loss.

Dividend

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when the shareholders approve the dividend.

xi) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is recognized in the statement of profit and loss on a systematic basis over the periods to which they relate. When the grant relates to an asset, it is treated as deferred income and recognized in the statement of profit and loss on a systematic basis over the useful life of the asset.

xii) Income tax

Income tax comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in other comprehensive income.

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognized or unrecognized are reviewed at each reporting date and are recognized / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

xiii) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjusting for the effects of all potential dilutive ordinary shares.

xiv) Statement of Cash Flow

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

Amendment to Ind AS 7

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

xv) Share based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognized, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

xvi) Financial instruments

a) Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

b) Classification and subsequent measurement

Financial assets

Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

c) **Derecognition**

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

The Company assesses impairment based on expected credit losses (ECL) model at an amount equal to:-

• 12 months expected credit losses, or

• Lifetime expected credit losses

depending upon whether there has been a significant increase in credit risk since initial recognition. However, for trade receivables, the company does not track the changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognized in the statement of profit and loss.

d) **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

xvii) Ind AS issued but not effective

Ind AS 115 - Revenue from contract with customers

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. In which, it has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration, which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This standard will come into force from April 01, 2018. As per the evaluation of the management of the Company, the effect on adoption of Ind AS 115 will not be material.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. In which, it has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration, which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This amendment will come into force from April 1, 2018. As per the evaluation of the management of the Company, the effect of this amendment will not be material.

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

2 Property, Plant and Equipment

(₹ in Lacs)

	Gross Block				Depreciation / Amortisation				Net Block	
	As on April 01, 2017	Additions	Deductions	As at March 31, 2018	As on April 01, 2017	Deductions	For the year	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
TANGIBLE ASSETS										
Land	5,228.90	8,269.90	-	**13,498.80**	-	-	-	**-**	**13,498.80**	5,228.90
Buildings	8,617.41	-	-	**8,617.41**	1,960.64	-	232.64	**2,193.28**	**6,424.13**	6,656.77
Roads and Bridges	27.02	-	-	**27.02**	25.67	-	-	**25.67**	**1.35**	1.35
Lease Hold Improvement	42.00	-	-	**42.00**	12.83	-	4.03	**16.86**	**25.14**	29.17
Plant and Equipment	49,367.58	4.65	-	**49,372.23**	14,522.17	-	2,609.11	**17,131.28**	**32,240.95**	34,845.41
Furniture and Fixtures	331.38	-	-	**331.38**	171.79	-	31.76	**203.55**	**127.83**	159.59
Motor Vehicles	435.34	-	36.47	**398.87**	306.92	25.34	31.65	**313.23**	**85.64**	128.42
Office Equipment	298.40	3.86	-	**302.26**	272.84	-	8.26	**281.10**	**21.16**	25.56
Computers	851.31	3.58	-	**854.89**	798.80	-	12.13	**810.93**	**43.96**	52.51
Electrical Installations	1,797.55	-	-	**1,797.55**	452.49	-	171.90	**624.39**	**1,173.16**	1,345.06
Library Books	0.28	-	-	**0.28**	0.28	-	-	**0.28**	**-**	-
Live Stock	0.25	-	-	**0.25**	-	-	-	**-**	**0.25**	0.25
Total Tangible Assets	**66,997.42**	**8,281.99**	**36.47**	**75,242.94**	**18,524.43**	**25.34**	**3,101.48**	**21,600.57**	**53,642.37**	**48,472.99**
INTANGIBLE ASSETS										
Brands	3,345.07	-	-	**3,345.07**	2,478.21	-	450.76	**2,928.97**	**416.10**	866.86
Software	571.17	9.41	-	**580.58**	530.86	-	8.09	**538.95**	**41.63**	40.31
Product Development	173.94	-	-	**173.94**	173.94	-	-	**173.94**	**-**	-
Total Intangible Assets	**4,090.18**	**9.41**	**-**	**4,099.59**	**3,183.01**	**-**	**458.85**	**3,641.86**	**457.73**	**907.17**
Grand Total	**71,087.60**	**8,291.40**	**36.47**	**79,342.53**	**21,707.44**	**25.34**	**3,560.33**	**25,242.43**	**54,100.10**	**49,380.16**
Previous Year	**71,484.90**	**234.35**	**614.60**	**71,104.65**	**18,448.55**	**365.82**	**3,624.71**	**21,707.44**	**49,380.16**	

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

Property, Plant and Equipment (Contd.) [Schedule for the previous year 2016-2017]

(₹ in Lacs)

	Gross Block				Depreciation / Amortisation				Net Block	
	As on April 01, 2016	Additions	Deductions	As at March 31, 2017	As on April 01, 2016	Deductions	For the year	As at March 31, 2017	As at March 31, 2017	As at April 01, 2016
TANGIBLE ASSETS										
Land	5,228.90	-	-	**5,228.90**	-	-	-	**-**	**5,228.90**	5,228.90
Buildings	8,617.41	-	-	**8,617.41**	1,728.00	-	232.64	**1,960.64**	**6,656.77**	6,889.41
Roads and Bridges	27.02	-	-	**27.02**	25.67	-	-	**25.67**	**1.35**	1.35
Lease Hold Improvement	42.00	-	-	**42.00**	8.80	-	4.03	**12.83**	**29.17**	33.20
Plant and Equipment	49,702.18	222.73	557.33	**49,367.58**	12,220.72	328.09	2,629.54	**14,522.17**	**34,845.41**	37,481.46
Furniture and Fixtures	331.38	-	-	**331.38**	133.28	-	38.51	**171.79**	**159.59**	198.10
Motor Vehicles	490.73	-	55.39	**435.34**	298.57	36.44	44.79	**306.92**	**128.42**	192.16
Office Equipment	295.82	3.82	1.24	**298.40**	253.50	0.69	20.03	**272.84**	**25.56**	42.32
Computers	850.12	1.83	0.64	**851.31**	776.82	0.60	22.58	**798.80**	**52.51**	73.30
Electrical Installations	1,797.55	-	-	**1,797.55**	278.15	-	174.34	**452.49**	**1,345.06**	1,519.40
Library Books	0.28	-	-	**0.28**	0.28	-	-	**0.28**	**-**	-
Live Stock	0.25	-	-	**0.25**	-	-	-	**-**	**0.25**	0.25
Total Tangible Assets	**67,383.64**	**228.38**	**614.60**	**66,997.42**	**15,723.79**	**365.82**	**3,166.46**	**18,524.43**	**48,472.99**	**51,659.85**
INTANGIBLE ASSETS										
Brands	3,345.07	-	-	**3,345.07**	2,027.45	-	450.76	**2,478.21**	**866.86**	1,317.62
Software	565.20	5.97	-	**571.17**	523.37	-	7.49	**530.86**	**40.31**	41.83
Product Development	173.94	-	-	**173.94**	173.94	-	-	**173.94**	**-**	-
Total Intangible Assets	**4,084.21**	**5.97**	**-**	**4,090.18**	**2,724.76**	**-**	**458.25**	**3,183.01**	**907.17**	**1,359.45**
Grand Total	**71,467.85**	**234.35**	**614.60**	**71,087.60**	**18,448.55**	**365.82**	**3,624.71**	**21,707.44**	**49,380.16**	**53,019.30**
Previous Year	**70,361.25**	**1,335.76**	**212.31**	**71,484.90**	**14,865.94**	**77.49**	**3,659.94**	**18,448.55**	**53,019.30**	

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

(₹ in Lacs)

	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
3 Non-Current Investments						
I) Investments measured at Cost						
a) Investment in Subsidiaries (Unquoted) Investment in Equity Instruments	**Nos.**		**Nos.**		**Nos.**	
Equity shares of ₹ 100/- each						
Vahni Distilleries Private Limited	14,98,050	1,864.88	14,98,050	1,864.88	14,98,050	1,864.88
Kesarval Springs Distillers Pvt. Ltd.	30,000	150.00	30,000	150.00	30,000	150.00
Equity shares of ₹ 10/- each						
Prag Distillery (P) Ltd.	36,81,000	1,543.35	36,81,000	1,543.35	36,81,000	1,543.35
Punjab Expo Breweries Private Limited	56,00,000	1,080.40	2,96,002	550.00	2,96,002	550.00
Mykingdom Ventures Pvt. Ltd.	10,000	20.00	10,000	20.00	10,000	20.00
Studd Projects P. Ltd.	10,000	1.00	10,000	1.00	10,000	1.00
Srirampur Grains Private Limited	10,000	1.00	10,000	1.00	10,000	1.00
Shivprabha Sugars Ltd.	45,000	249.75	45,000	249.75	45,000	249.75
		4,910.38		**4,379.98**		**4,379.98**
Less: Impairment in value of Investments		(150.00)		(150.00)		(150.00)
		4,760.38		**4,229.98**		**4,229.98**
b) Investment in Associate (Unquoted Investment in Equity Instruments						
Equity shares of ₹ 10/- each						
Mason & Summers Marketing Services Pvt. Ltd.	1,30,000	169.00	1,30,000	169.00	1,30,000	169.00
Less: Impairment in value of Investments		(169.00)		(169.00)		(169.00)
		-		-		-
II) Investments measured at Amortized Cost Investment in Government Securities (Unquoted)						
7 Year National Savings Certificates (Certificates worth ₹ 44,000/- deposited with Government authorities)		0.51		0.51		0.51
6 Year National Savings Certificates (deposited with Government authorities)		0.04		0.04		0.04
		0.55		**0.55**		**0.55**
III) Investments measured at Fair Value through other comprehensive income (FVOCI)						
Investment in Equity Instruments (Unquoted)						
Equity shares of ₹ 100/- each						
Mula Pravara Electric Co-operative Society Ltd.	2,462	2.53	2,462	2.53	2,462	2.53
Shree Suvarna Sahakari Bank Ltd.	20	0.02	20	0.02	20	0.02
Maharashtra State Financial Corporation	115	0.12	115	0.12	115	0.12
Rupee Co-op Bank Ltd.	1,000	0.25	1,000	0.25	1,000	0.25
		2.92		**2.92**		**2.92**
		4,763.85		**4,233.45**		**4,233.45**

Notes to Standalone Ind AS Financial Statements (Contd.)
for the year ended March 31, 2018

(₹ in Lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Aggregate of unquoted investments	**4,763.85**	**4,233.45**	**4,233.45**
Category wise Non-Current Investments			
Financial Investments measured at Cost	5,079.38	4,548.98	4,548.98
Financial Investments measured at Amortized Cost	0.55	0.55	0.55
Financial Investments measured at Fair Value through other comprehensive income (FVOCI)	2.92	2.92	2.92
Impairment in value of Investments	(319.00)	(319.00)	(319.00)
	4,763.85	**4,233.45**	**4,233.45**

(₹ in Lacs)

		Non-Current			Current		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
4	**Loans**						
	Unsecured, considered good						
	Employee Loans	4.99	7.91	15.35	3.73	5.41	12.64
		4.99	**7.91**	**15.35**	**3.73**	**5.41**	**12.64**
5	**Other Financial Assets**						
	Short-Term Bank Deposits (Maturity exceeding 12 months)	10.26	17.97	5.25	-	-	-
	Advance to Employees	-	-	-	22.73	22.72	22.11
	Deposits	-	-	-	4,635.91	3,864.10	2,724.23
	Other Financial Assets	-	-	-	449.14	449.14	449.14
	Advance with Tie-up Units	-	-	-	7,064.78	6,672.38	10,320.33
	Advances to Subsidiary Companies*	-	-	-	10,298.22	10,982.68	9,152.23
					22,470.78	**21,991.02**	**22,668.04**
	Less : Impairment for Other Financial Assets	-	-	-	(449.14)	(449.14)	-
	Less : Impairment for advances with tie up units	-	-	-	(2,000.95)	-	-
	Less : Impairment for advances with Subsidiaries	-	-	-	(6,102.87)	-	-
		10.26	**17.97**	**5.25**	**13,917.82**	**21,541.88**	**22,668.04**

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

		Non-Current			Current		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
6	**Other Assets**						
	Capital advances	6,555.22	477.86	908.82	-	-	-
	Balance with Government Authorities	805.33	721.89	670.24	627.78	15,774.48	17,732.95
	Deposits with Court	66.42	66.42	67.32	-	-	-
	Advances recoverable in cash or in kind or for value to be received	22.31	75.05	79.98	6,096.44	14,133.50	25,506.77
					6,724.22	**29,907.98**	**43,239.72**
	Less : Impairment for doubtful advances	-	-	-	(434.07)	(434.07)	(4,737.22)
		7,449.28	**1,341.22**	**1,726.36**	**6,290.15**	**29,473.91**	**38,502.50**

Notes to Standalone Ind AS Financial Statements (Contd.)
for the year ended March 31, 2018

(₹ in Lacs)

		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
7	**Inventories**			
	(At lower of cost and net realisable value)			
	(Net of provision for non-moving and obsolete stocks)			
	Raw Materials	741.34	1,041.70	1,211.54
	Stores, Spares and Packing Materials	2,435.38	3,505.45	4,483.87
	Work-In-Progress	1,155.43	2,082.23	2,783.37
	Finished Goods	700.16	408.74	1,791.20
		5,032.31	**7,038.12**	**10,269.98**
8	**Trade Receivables**			
	Unsecured, considered good	6,993.27	8,634.30	9,572.57
	Unsecured, considered doubtful	92.44	92.44	92.44
		7,085.71	**8,726.74**	**9,665.01**
	Less: Expected Credit Loss	313.62	114.31	115.67
		6,772.09	**8,612.43**	**9,549.34**
9	**Cash and Bank Balances**			
	a) Cash and Cash Equivalents			
	i) Balances with Banks In Current Accounts	175.04	347.08	598.42
	ii) Cash on Hand	3.74	7.52	51.36
		178.78	**354.60**	**649.78**
	b) Other Bank Balances			
	i) Earmarked Balances with Banks	26.29	31.72	33.64
	ii) Short-Term Bank Deposits (Maturity within 12 months)	70.60	50.38	66.70
		96.89	**82.10**	**100.34**
		275.67	**436.70**	**750.12**
10	**Equity Share Capital**			
	Authorized Shares			
	150,000,000 equity shares of ₹ 10/- each (P.Y. 150,000,000 equity shares of ₹ 10/- each)	**15,000.00**	**15,000.00**	**15,000.00**
	Issued, subscribed and paid up shares			
	124,756,115 equity shares of ₹ 10/- each fully paid up (P.Y. 124,756,115 equity shares of ₹ 10/- each fully paid up)	12,475.61	12,475.61	12,475.61
	Of the above shares :-			
	86,176,200 equity shares of ₹ 10/- each fully paid-up bonus shares issued by capitalisation of share premium, capital reserve and general reserve			
		12,475.61	**12,475.61**	**12,475.61**
	a) Reconciliation of the number of shares outstanding			
	Number of equity shares at the beginning	1,247.56	1,247.56	1,247.56
	Equity shares issued during the period	-	-	-
	Number of equity shares at the end	**1,247.56**	**1,247.56**	**1,247.56**

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

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, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of equity shares	As a % of total holding	No. of equity shares	As a % of total holding	No. of equity shares	As a % of total holding
Shivani Amit Dahanukar	329.76	26	329.76	26	329.76	26
Amit Dahanukar	298.45	24	298.45	24	298.45	24
Total	**628.21**	**50**	**628.21**	**50**	**628.21**	**50**

(₹ in Lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
11 Other Equity			
a) Securities Premium Account			
As per last Balance Sheet	**18,687.43**	**18,687.43**	**18,687.43**
b) General Reserve			
As per last Balance Sheet	1,120.98	624.25	624.25
Transfer from Share Based Payment Reserve	257.72	496.73	-
	1,378.70	**1,120.98**	**624.25**
c) Share Based Payments Reserve Account			
As per last Balance Sheet	527.70	887.81	887.81
Transfer to General Reserve	(257.72)	(496.73)	-
Additions during the year	83.19	136.62	-
	353.17	**527.70**	**887.81**
d) Retained Earnings			
As per last Balance Sheet	(31,606.37)	(4,739.48)	(4,739.48)
Add: Profit / (Loss) after tax for the year	(19,798.73)	(26,810.85)	-
Add: Remeasurement of defined benefit plans	(22.86)	(56.04)	-
	(51,427.96)	**(31,606.37)**	**(4,739.48)**
	(31,008.66)	**(11,270.26)**	**15,460.01**

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

(₹ in Lacs)

		Non-Current			Current		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
12	**Other Financial Liabilities**						
	Trade Deposits & Others (Unsecured)	1,574.38	4,979.42	6,757.94	-	-	-
	Current maturities of Hire Purchase Car Loan	-	-	-	-	-	13.61
	Current maturities of Term Loans-Foreign Currency Loans	-	-	-	-	5,109.09	4,937.68
	Current maturities of Term Loans-Rupee Loans	-	-	-	24,648.67	24,973.20	21,047.61
	Payable for purchase of Fixed Assets	-	-	-	6,179.27	227.55	351.17
	Employee dues	-	-	-	69.39	518.06	698.19
	Unclaimed Dividend	-	-	-	26.29	31.72	33.64
	Other Payables	-	-	-	744.60	509.57	503.82
		1,574.38	**4,979.42**	**6,757.94**	**31,668.22**	**31,369.19**	**27,585.72**
13	**Provisions**						
	Provision for Gratuity	237.18	239.24	230.60	58.99	70.10	90.48
	Provision for Leave Encashment	28.65	37.42	42.29	25.31	61.04	49.18
	Provision for Excise Duty on Finished Goods	-	-	-	402.18	205.48	1,142.74
		265.83	**276.66**	**272.89**	**486.48**	**336.62**	**1,282.40**
14	**Borrowings**						
	Secured Loans						
	From Banks						
	Cash Credit (including Working Capital Demand Loan)	-	-	-	73,200.09	66,921.11	56,693.09
	Unsecured						
	From Directors and related parties	-	-	-	12.45	12.45	319.90
	From other parties	-	-	-	1,031.11	5,669.77	4,588.74
	Advances from subsidiary company	-	-	-	-	103.37	1,193.40
		-	**-**	**-**	**74,243.65**	**72,706.70**	**62,795.13**

a) The term loans are secured against first pari passu charge on all the fixed assets of the Company, both present and future excluding land and building on non plant area situated at Shrirampur, Dist. Ahmednagar and pari passu second charge on all current assets both present and future.

b) Foreign Currency term loans from banks carry interest @ Libor plus 3.45% . The loans are repayable in monthly / quarterly instalments each along with interest from the date of the loan.

c) 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 insitution is repayable in eighteen quarterly instalments after a moratorium of twenty one months from the commencement of the loan viz March 31, 2015. Interest is payable on monthly basis from the commencement of the loan and carry interest @ 13.05%.

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

e) Punjab National Bank, IFCI and Axis Bank Limited (only working capital) have assigned all the rights and interests in financial assistances granted to the Company in favour of Edelweiss Asset Reconstruction Company Limited (the "EARC") acting in its capacity as Trustee of EARC Trust vide assignment agreement executed in favour of EARC of March 30, 2017. Pursuant to the above, EARC has become the secured lender and all the rights, title and interest of above Banks have vested in EARC in respect of the above financial assistances. The Company is in active discussion with EARC for debt restructuring.

f) The Company entered into a One Time Settlement (OTS) with Bank of India at ₹ 9,500 Lacs in full and final settlement of its outstanding amount of ₹ 21,226 Lacs. The Company has paid ₹ 3,500 Lacs before March 31, 2018 in compliance with the payment schedule of the OTS. The Company continues to provide interest in books of accounts on the principal outstanding at original contracted rates.

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

The defaults in repayment of loans to banks and financial institutions included in borrowings and current maturities of term loans are as under:

Default in Interest

(₹ in Lacs)

Bank	Period of Default	Term Loan Interest	CC Interest
EARC - (Loan take over from Axis Bank Limited)	March 2016 to March 2018	-	1,700.01
EARC - (Loan take over from IFCI)	December 2015 to March 2018	7,148.67	-
EARC - (Loan take over from Punjab National Bank)	October 2015 to March 2018	-	5,178.84
State Bank of India	January 2016 to March 2018	-	6,656.37
Bank Of India	October 2015 to March 2018	-	7,478.20
Industrial Development Bank of India	June 2016 to March 2018	-	1,042.60
Total		**7,148.67**	**22,056.02**

Default in Principal

Bank	Period of Default	Term Loan Principal	CC Outstanding Amount
EARC - (Loan take over from Axis Bank Limited)	March 2016 to March 2018	-	5,495.55
EARC - (Loan take over from Punjab National Bank)	October 2015 to March 2018	-	11,176.42
State Bank of India	January 2016 to March 2018	-	15,496.73
Bank Of India	October 2015 to March 2018	-	16,475.65
Industrial Development Bank of India	June 2016 to March 2018	-	2,499.71
Total		**-**	**51,144.06**

(₹ in Lacs)

	Non-Current			Current		
	As at March 31, 2018	**As at March 31, 2017**	**As at April 01, 2016**	**As at March 31, 2018**	**As at March 31, 2017**	**As at April 01, 2016**
15 Trade Payables						
Trade Payables [Refer Note 40]	-	-	-	10,300.30	11,997.94	13,406.35
	-	**-**	**-**	**10,300.30**	**11,997.94**	**13,406.35**
16 Other Liabilities						
Payable towards Statutory Liabilities	-	-	-	244.13	1,018.49	1,743.47
	-	**-**	**-**	**244.13**	**1,018.49**	**1,743.47**

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

(₹ in Lacs)

		Year ended March 31, 2018	Year ended March 31, 2017
17	**Revenue from Operations**		
	Sales of products	31,192.57	54,117.83
	Income from tie-up units	3,657.92	8,319.67
		34,850.49	**62,437.50**
17.1	**Other Operating Income**		
	Sale of by products, scrap and other income	86.81	140.51
	Government Incentives [Refer Note 47]	4,737.47	-
		4,824.28	**140.51**
18	**Other Income**		
	Duty drawback on exports	1.72	11.89
	Miscellaneous receipts	9.16	1.54
	Sundry balance written back	1.93	-
	Interest income on margin money / fixed deposits	331.88	158.33
	Amount written back on Loan [Refer Note 48]	2,776.43	-
	Gain from Foreign Currency	21.02	221.33
		3,142.14	**393.09**
19	**Cost of Materials Consumed**		
	i) Raw Material Consumption		
	Opening Stock	1,041.70	1,211.54
	Add: Purchases	7,155.18	9,506.04
	Less: Closing Stock	741.34	1,041.70
		7,455.54	**9,675.88**
	ii) Packing Materials & Consumables	5,262.27	11,942.43
		12,717.81	**21,618.31**
20	**(Increase) / Decrease in Stock**		
	Opening Stock		
	i) Work-In-Progress	2,082.23	2,783.37
	ii) Finished Goods	408.74	1,791.20
		2,490.97	**4,574.57**
	Less : Closing Stock		
	i) Work-In-Progress	1,155.43	2,082.23
	ii) Finished Goods	700.16	408.74
		1,855.59	**2,490.97**
	(Increase) / Decrease in Stock	**635.38**	**2,083.60**
21	**Employee Benefit Expense**		
	Salary and wages	1,457.92	2,143.46
	Employee Stock Option Expenses	83.19	136.62
	Contribution to provident fund and family pension fund	94.57	142.01
	Staff welfare expenses	85.76	125.44
	Gratuity	48.98	51.55
		1,770.42	**2,599.08**

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

(₹ in Lacs)

		Year ended March 31, 2018	Year ended March 31, 2017
22	**Finance Cost**		
	Interest on Term Loans	2,716.77	4,176.19
	Interest on Cash Credits / Working Capital Demand Loan	10,366.76	9,449.26
	Others	285.99	1,692.62
		13,369.52	**15,318.07**

23	**Other Expenses**		
	Power and fuel	321.01	424.35
	Repairs & maintenance		
	i) Plant & Equipment	24.83	12.09
	ii) Buildings	-	-
	iii) Others	184.76	109.35
	Insurance	58.02	59.70
	Rent	105.57	216.14
	Contract manufacturing cost	1,388.66	1,767.01
	Legal and professional charges	1,113.48	547.74
	Auditor's Remuneration [Refer Note 38]	14.01	16.06
	Rates and taxes	1,835.31	1,617.79
	Freight, transport charges & other expenses	866.20	1,045.41
	Selling expenses [Sales Promotion & Advertising etc.]	3,717.58	10,392.49
	Travelling and conveyance expenses	85.08	74.00
	Printing and stationery	25.86	24.67
	Communication expenses	48.71	77.92
	Vehicle running expenses	31.25	29.03
	Director sitting fees	2.37	2.81
	Expected Credit Loss	221.18	(1.36)
	Loss on Sale of Assets	7.55	239.85
	Corporate Social Responsibility	55.91	58.41
	Impairment for doubtful advances	11,302.37	1,552.30
	Advances written off	154.00	2,028.51
	Miscellaneous Expenses	471.35	529.81
		22,035.06	**20,824.08**

24 Financial Instruments - Accounting classification and fair value measurements

a) The fair value of the assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

b) The following methods and assumptions were used to estimate the fair value:

1) Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilties, short term loans from banks and other financial instruments approximate their carrying amounts largely due to the short term maturities of these instruments.

2) Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rate and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

Notes to Standalone Ind AS Financial Statements (Contd.)
for the year ended March 31, 2018

c) **The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:**

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

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

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

The following table shows the carrying amounts and fair values of financial assets and financials liabilities, including their levels in the fair value hierarchy :

As at March 31, 2018 *(₹ in Lacs)*

	Carrying amount			
	FVOCI - Equity Instruments	**Financial assets - cost / amortized cost**	**Financial liabilities - cost / amortized cost**	**Total carrying amount**
Financial assets not measured at fair value				
Investments	2.92	4,760.93	-	4,763.85
Trade Receivables	-	6,772.09	-	6,772.09
Cash and Cash Equivalents	-	178.78	-	178.78
Other Bank Balances	-	96.89	-	96.89
Loans	-	8.72	-	8.72
Other Financial Assets	-	13,928.08	-	13,928.08
	2.92	**25,745.49**	**-**	**25,748.41**
Financial liabilities not measured at fair value				
Borrowings	-	-	74,243.65	74,243.65
Trade Payables	-	-	10,300.30	10,300.30
Other Financial Liabilities	-	-	33,242.60	33,242.60
	-	**-**	**1,17,786.55**	**1,17,786.55**

The Company has not disclosed the fair values for financial instruments such as investments, trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, borrowings, trade payables and financial liabilities because their carrying amounts are a reasonable approximation of fair value.

As at March 31, 2017 *(₹ in Lacs)*

	Carrying amount			
	FVOCI - Equity Instruments	**Financial assets - cost / amortized cost**	**Financial liabilities - cost / amortized cost**	**Total carrying amount**
Financial assets not measured at fair value				
Investments	2.92	4,230.53	-	4,233.45
Trade Receivables	-	8,612.43	-	8,612.43
Cash and Cash Equivalents	-	354.60	-	354.60
Other Bank Balances	-	82.10	-	82.10
Loans	-	13.32	-	13.32
Other Financial Assets	-	21,559.85	-	21,559.85
	2.92	**34,852.83**	**-**	**34,855.75**
Financial liabilities not measured at fair value				
Borrowings	-	-	72,706.70	72,706.70
Trade Payables	-	-	11,997.94	11,997.94
Other Financial Liabilities	-	-	36,348.61	36,348.61
	-	**-**	**1,21,053.25**	**1,21,053.25**

The Company has not disclosed the fair values for financial instruments such as investments, trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, borrowings, trade payables and financial liabilities because their carrying amounts are a reasonable approximation of fair value.

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

As at April 01, 2016 *(₹ in Lacs)*

	Carrying amount			
	FVOCI - Equity Instruments	**Financial assets - cost / amortized cost**	**Financial liabilities - cost / amortized cost**	**Total carrying amount**
Financial assets not measured at fair value				
Investments	2.92	4,230.53	-	4,233.45
Trade Receivables	-	9,549.34	-	9,549.34
Cash and Cash Equivalents	-	649.78	-	649.78
Other Bank Balances	-	100.34	-	100.34
Loans	-	27.99	-	27.99
Other Financial Assets	-	22,673.30	-	22,673.30
	2.92	**37,231.28**	**-**	**37,234.20**
Financial liabilities not measured at fair value				
Borrowings	-	-	62,795.13	62,795.13
Trade Payables	-	-	13,406.35	13,406.35
Other Financial Liabilities	-	-	34,343.66	34,343.66
	-	**-**	**1,10,545.14**	**1,10,545.14**

The Company has not disclosed the fair values for financial instruments such as investments, trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, borrowings, trade payables and financial liabilities because their carrying amounts are a reasonable approximation of fair value.

25 Financial risk management

Objectives and policies

Risk management framework

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company conducts yearly risk assessment activities to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has a system in place to ensure risk identification and ongoing periodic risk assessment is carried out. The Board of directors periodically monitors the risk assessment.

The Company has exposure to the following risks arising from financial instruments :

- Credit risk

- Liquidity risk

- Market risk

- Interest risk

a) Credit risk

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company generally doesn't have collateral.

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

The carrying amounts of financial assets represent the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date is as follows :-

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Trade receivables	6,772.09	8,612.43	9,549.34
Cash and cash equivalents	178.78	354.60	649.78
Other bank balances	96.89	82.10	100.34
Loans	8.72	13.32	27.99
Other financial assets	13,928.08	21,559.85	22,673.29
Total	**20,984.56**	**30,622.30**	**33,000.74**

Trade receivables

Customer credit risk is managed as per Company's established policy, procedures and control relating to customer credit risk management. Credit risk has always been managed by the Company through credit approvals, estabilishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

An impairment analysis is performed for all major customers at each reporting date on an individual basis. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several industries and operate in largely independent markets.

(₹ in Lacs)

		Contractual cash flows	
	Carrying amount	Less than Six months	More than Six months
As at March 31, 2018	6,772.09	6,572.02	200.07
As at March 31, 2017	8,612.43	8,412.36	200.07
As at April 01, 2016	9,549.34	9,349.27	200.07

Bank balances and deposits with bank

Credit risk from balances with banks is managed by the Company's finance department as per Company's policy. Investment of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Board of directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

As at March 31, 2018

(₹ in Lacs)

		Contractual cash flows	
	Carrying amount	**Less than one year**	**More than 1 year**
Borrowings	74,243.65	11,108.26	63,135.39
Trade payables	10,300.30	2,732.35	7,567.95
Other financial liabilities	33,242.60	9,333.25	23,909.35
	1,17,786.55	**23,173.86**	**94,612.69**

As at March 31, 2017

		Contractual cash flows	
	Carrying amount	**Less than one year**	**More than 1 year**
Borrowings	72,706.70	11,597.02	61,109.68
Trade payables	11,997.94	3,294.59	8,703.35
Other financial liabilities	36,348.61	1,231.28	35,117.33
	1,21,053.25	**16,122.89**	**1,04,930.36**

As at April 01, 2016

		Contractual cash flows	
	Carrying amount	**Less than one year**	**More than 1 year**
Borrowings	62,795.13	7,826.74	54,968.39
Trade payables	13,406.35	6,238.96	7,167.39
Other financial liabilities	34,343.66	1,565.76	32,777.90
	1,10,545.14	**15,631.46**	**94,913.68**

c) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows arising out of change in the price of a financial instrument. These include change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowing.

The Company manages market risk through a risk management committee engaged in, inter alia, evaluation and identification of risk factors with the object of governing / mitigation them accordingly to Company's objectives and declared policies in specific context of impact thereof on various segments of financial instruments.

Currency risk

The Company is exposed to currency risk to the extent that there is mismatch between the currencies in which sales, purchase are denominated and the respective functional currencies of Company. The Company has export sales primarily denominated in US dollars.

Exposure to currency risk

The Company's exposure to currency risk as reported to the management is as follows:

(₹ in Lacs)

	As at March 31, 2018	**As at March 31, 2017**	**As at April 01, 2016**
	USD	**USD**	**USD**
Export receivables	0.08	0.22	0.36
Overseas payables	(74.28)	(150.18)	(150.18)
Total	**(74.20)**	**(149.96)**	**(149.82)**

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

Foreign currency sensitivity

1% increase or decrease in foreign exchange rates will have the following impact on profit before tax:

(₹ in Lacs)

	As at March 31, 2018	As at March 31, 2017
Increase / (decrease) in profit	(48.27)	(97.24)
Total increase / (decrease) in profit	**(48.27)**	**(97.24)**

A 1% increase in foreign exchange rates at the reporting date would have had equal but opposite effect on the amounts shown above, on the basis that all other variable remain constant.

d) Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The entity's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

(₹ in Lacs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Fixed rate instruments			
Financial liabilities			
Borrowings	1,031.11	5,669.77	4,588.74
Total	**1,031.11**	**5,669.77**	**4,588.74**
Variable-rate instruments			
Financial liabilities			
Borrowings	97,848.77	97,003.39	82,678.38
Total	**97,848.77**	**97,003.39**	**82,678.38**

Cash flow sensitivity analysis for variable-rate instruments

An increase of 100 basis points in interest rates at the reporting date would have decreased gain as at year end by the amounts shown below. This analysis assumes that all other variables remain constant.

(₹ in Lacs)

Particulars	**Profit or loss**
March 31, 2018	
Variable-rate instruments	(978.49)
Cash flow sensitivity	**(978.49)**
March 31, 2017	
Variable-rate instruments	(970.03)
Cash flow sensitivity	**(970.03)**

A decrease of 100 basis points in the interest rates at the reporting date would have had equal but opposite effect on the amounts shown above, on the basis that all other variable remain constant.

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

26 Explanation of transition to Ind AS

The Company has prepared its first financial statements in accordance with Ind AS. For the year ended March 31, 2016, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2018 including the comparative information for the year ended March 31, 2017 and the opening Ind AS balance sheet on the date of transition i.e. April 01, 2016.

In preparing its Ind AS balance sheet as at April 01, 2016 and in presenting the comparative information for the year ended March 31, 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cashflows.

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

A) Exemptions availed

Ind AS 101 allows first time adopters certain mandatory and voluntary exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

a) Property, plant and equipment and intangible assets

As per Ind AS 101 carrying values of all its property, plant and equipment and intangible assets as at the date of transition to Ind AS, measured as per previous GAAP have been treated as their deemed costs as at the date of transition.

b) Investment in subsidiaries and associates

As permitted by Ind AS 101, the Company has elected to carry all investments in subsidiaries and associates at cost less impairment as determined in accordance with Ind AS 27.

B) Principal adjustments

a) Sale of goods

Under Indian GAAP, sale of products was presented as net of excise duty and differential excise duty on opening and closing stock of manufactured goods is adjusted from (Increase) / decrease in stock. However, under Ind AS, sale of goods includes excise duty and excise duty is separately presented on the face of statement of profit and loss.

b) Cash Discount

Under previous GAAP, the discount given on sales for early payment was recognized as an expense in the statement of profit and loss. However as per Ind AS, if the discount is known at time of transfer of risk and reward then the same needs to be adjusted through revenue.

c) Income from tie up units

The Company has entered into arrangements with certain distilleries and bottling units (tie up units) for manufacture and marketing of its own brands. The tie up units have necessary license and regulatory permits to manufacture alcohol. Under the previous GAAP the Company had recognized net surplus (total revenue over total expenses) from the operation through these tie up units under Revenue from operations. However, under Ind AS 18, the Company has aggregated the below mentioned amounts in its Statement of Profit and Loss with respect to these tie up units. Consequent to these changes, there is no impact on the total profit. For details, refer Note 43.

d) Revaluation Reserve

Under Indian GAAP the Company had revalued property, plant and equipment and was carrying the revaluation reserve in the financial statements. During the transition to Ind AS, the Company has elected to transfer the revaluation reserve to retained earnings.

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

C) Reconciliation of Equity as previously reported under Previous GAAP and that computed under Ind AS:

(₹ in Lacs)

Particulars	Note No.	March 31, 2017	April 01, 2016
Total Equity as per previous GAAP		(2,972.38)	23,675.03
Valuation of borrowings at amortized cost	a	69.73	153.95
Recognition of deferred tax asset	b	4,129.87	4,129.87
Expected Credit Loss	c	(21.87)	(23.23)
Total Equity as per Ind AS		**1,205.35**	**27,935.62**

Reconciliation between financial results as previously reported under Previous GAAP and Ind AS:

(₹ in Lacs)

Particulars	Note No.	March 31, 2017
Profit for the year under previous GAAP		(26,453.67)
Valuation of borrowings at amortized cost	a	(83.27)
Exchange fluctuation on financial liabilities	a	(0.95)
Expected Credit Loss	c	1.36
Share Based Payment measured at Fair value	d	(330.36)
Actuarial gain/(loss) in respect of defined benefit plans reclassified to OCI	e	56.04
Profit for the year under Ind AS		**(26,810.85)**

Notes to reconciliation

a) Processing fees

Under previous GAAP, transaction cost (processing fee) for borrowings taken for fixed asset were capitalized and amortized over useful life of the fixed asset. Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognized in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

b) Deferred Tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or a separate component of equity. The Company has recognized deferred tax assets on unabsorbed depreciation and business losses under income tax only to the extent there are deferred tax liabilities.

c) Expected Credit Loss

Under previous GAAP, provision is made for all the trade receivables aged beyond three years and in case of trade receivables aged below three years, provision is made for cases like bankruptcy, terminated agents. Under Ind AS 109 , the Company is required to apply expected credit loss model for recognising the allowances for doubtful debts. The Company has applied the simplified approach as a practical expedient to measure expected credit losses on its portfolio of trade receivables.

d) Share based payment

Under the previous GAAP, the cost of equity settled employee share based plan were recognized using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognized based on the fair value of the options as at the grant date. There is no impact on total equity.

e) Remeasurements of post employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in Other Comprehensive Income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

27 Income Taxes

(₹ in Lacs)

	Particulars	2017-2018	2016-2017
a)	**Income Tax recognized in the Statement of Profit and Loss**		
	Current Tax		
	In respect of current year	-	-
	Adjustments in respect of previous years	(265.30)	(729.84)
	Deferred Tax		
	In respect of current year	-	-
	Adjustments in respect of deferred tax of previous years	-	-
b)	**Income tax expense recognized in Other Comprehensive Income**		
	Deferred tax expense on remeasurement of defined benefit plans	-	-
c)	**Applicable corporate tax rate**	34.608%	34.608%
d)	**Current Tax Liabilities**		
	Provision for Taxation (Net of Advance Tax)	-	555.23
e)	**Current Tax Assets**		
	Advance Tax (Net of Provision for Taxation)	133.62	860.37

28 Capital Management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

The Group monitors capital based on the following ratio :-

(₹ in Lacs)

	March 31, 2018	March 31, 2017	April 01, 2016
Total Debt (Current maturities under Other Financial Liabilities)	24,924.34	30,518.98	26,749.02
Total Equity	(18,533.05)	1,205.35	27,935.62
Debt to Equity Ratio	(1.34)	25.32	0.96

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

Notes on Accounts

29 Contingent Liability not provided for:

(₹ in Lacs)

		As at March 31, 2018	As at March 31, 2017
a)	Corporate guarantees issued to banks on behalf of Subsidiary Company	1,341.53	1,337.30
b)	Bank guarantees issued on behalf of the Company	41.10	848.60
c)	In respect of disputed Income tax matters, pending before the appropriate Income tax authorities, contested by the Company		
	A.Y. 2009-2010	562.47	366.88
d)	In respect of disputed Sales tax matters, pending before the appropriate tax authorities, contested by the Company		
	F.Y. 2011-2012 (Central Sales Tax)	295.06	-
	F.Y. 2010-2011 (MVAT)	36.94	36.94
	F.Y. 2010-2011 (Central Sales Tax)	244.96	244.96
	F.Y. 2009-2010 (Central Sales Tax)	272.20	272.20
	F.Y. 2008-2009 (TOT- Kerala)	-	1.13
	F.Y. 2008-2009 (VAT- Kerala)	-	2.23
	F.Y. 2007-2008 (TOT- Kerala)	-	1.05
	F.Y. 2007-2008 (VAT- Kerala)	-	5.47

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

31 Operating Lease:

a) The Company has taken bottling units under cancellable operating lease at various locations and during the financial year ₹ NIL (P.Y. ₹ 22.00 Lacs) paid towards lease rentals has been charged to Statement of Profit and Loss.

b) The Company has taken various residential / commercial premises under cancellable operating lease. Lease rental expenses included in the Statement of Profit and Loss for the financial year is ₹ 105.57 Lacs (P.Y. ₹ 216.14 Lacs).

c) Except for escalation clauses contained in certain lease arrangements providing for increase in the lease payment by a specified percentage / amounts after completion of specified period, the lease terms do not contain any exceptional / restrictive covenants other than the prior approval of the lessee before the renewal of lease.

d) There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lessor is required for further leasing. There is no contingent rent payment.

32 The disclosure of Ind AS 19 "Employee Benefits" is as follows:

Defined Contribution Plan

The Company has charged in the Statement of Profit and Loss during the financial year an amount of ₹ 94.57 Lacs (P.Y. ₹ 142.01 Lacs) under defined contribution plan as employer's contribution to Provident Fund.

Defined Benefit Plan

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

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

The net value of the defined commitment is detailed below:

(₹ in Lacs)

	As at March 31, 2018 Funded Gratuity	As at March 31, 2017 Funded Gratuity
Present Value of obligation	344.10	353.87
Fair Value of Plans	47.93	44.53
Net Liability in the balance sheet	**296.17**	**309.34**
Defined Benefit Obligations		
Opening balance	353.87	362.20
Interest expenses	26.58	28.95
Current service cost	20.52	25.90
Past service cost	5.23	-
(Liability Transferred Out/ Divestments)	(0.82)	-
Benefit paid directly by the employer	(84.19)	(119.32)
Actuarial (gain) / loss-Due to change in Financial assumptions	(5.85)	-
Actuarial (gain) / loss- Due to Experience	28.76	56.14
Closing balance	**344.10**	**353.87**
Plan Assets		
Opening balance	44.53	41.13
Interest Income	3.34	-
Expected return on plan assets	0.06	3.29
Paid Funds	-	-
Actuarial (gain) / loss	-	0.11
Closing balance	**47.93**	**44.53**
Return on Plan Assets		
Expected return on plan assets	0.06	3.29
Actuarial (gain) / loss	-	0.11
Actual Return on Plan Assets	**0.06**	**3.40**
Expenses Recognized in the Statement of Profit or Loss on defined benefit plan		
Current service costs	20.52	25.90
Past service cost	5.23	-
Interest expense	26.58	28.95
Interest Income	(3.35)	-
Expected return on plan assets	-	(3.30)
Expenses Recognized	**48.98**	**51.55**
Expenses Recognized in the Other Comprehensive Income (OCI) on defined benefit plan		
Actuarial (gain) / loss	22.92	56.04
Expected return on plan assets	(0.06)	-
Net (Income)/ Expense for the period Recognized in OCI	**22.86**	**56.04**
Maturity Analysis of the Benefit Payments: From the Fund		
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	80.76	-
2nd Following Year	28.98	-
3rd Following Year	32.22	-
4th Following Year	32.03	-
5th Following Year	39.04	-
Sum of Years 6 to 10	113.94	-
Sum of Years 11 and above	277.02	-

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

(₹ in Lacs)

	As at March 31, 2018 Funded Gratuity	As at March 31, 2017 Funded Gratuity
Sensitivity Analysis		
Projected Benefits Obligations on Current Assumptions	344.10	-
Delta Effect +1% Change in Rate of Discounting	(17.42)	-
Delta Effect -1% Change in Rate of Discounting	19.70	-
Delta Effect +1% Change in Rate of Salary Increase	20.06	-
Delta Effect -1% Change in Rate of Salary Increase	(18.02)	-
Delta Effect +1% Change in Rate of Employee Turnover	3.87	-
Delta Effect -1% Change in Rate of Employee Turnover	(4.27)	-

Investments Details	As at March 31, 2018	As at March 31, 2017
	% Invested	% Invested
Funds Managed by Life Insurance Corporation	100	100
Public Sector Unit Bonds	-	-
State / Central Guaranteed securities	-	-
Special deposit schemes	-	-
Other (excluding bank balances)	-	-
	100	**100**

Actuarial assumptions	Funded Gratuity	Funded Gratuity
Mortality (LIC)	**2006-08 Ultimate**	**2006-08 Ultimate**
Discount rate (per annum)	7.82%	7.51%
Expected rate of return on plan assets (per annum)	-	7.51%
Rate of escalation in salary (per annum)	5.00%	5.00%
Attrition rate (per annum)	16.00%	16.00%

Defined Contribution Plan

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

(₹ in Lacs)

Funded Gratuity for the year ended	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Present value of DBO	344.10	353.87	362.20	409.77	348.85
Fair value of plan assets	47.93	44.52	41.13	37.96	57.55
Deficit/(Surplus)	296.17	309.34	321.08	371.81	291.31
Experience adjustments on plan liabilities	-	46.89	(15.17)	43.38	36.66
Experience adjustments on plan assets	-	0.11	0.16	(1.76)	(3.72)

Notes to Standalone Ind AS Financial Statements (Contd.)
for the year ended March 31, 2018

33 Employee Stock Option Scheme

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

b) During the financial year ended March 31, 2018, 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, 2018	7,30,400	37,30,521	1,54,200	8,43,663
Number of options cancelled till March 31, 2018	2,41,700	8,46,381	33,870	2,02,818
Number of options lapsed till March 31, 2018	17,100	7,34,120	73,260	4,93,352
Number of options exercised till March 31, 2018	4,71,600	21,50,020	47,070	1,47,493
Net options outstanding as on March 31, 2018	-	-	-	-
Vesting period from the date of grant	4 years	4 years	4 years	4 years
Exercise period from the date of vesting	2 years	2 years	2 years	2 years

B) Employee Stock Option Scheme 2010

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5
Date of Grant	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011	July 5, 2016
Date of the Board Approval	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011	July 5, 2016
Date of the Shareholders Approval	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010	Sept 20, 2010
Number of options granted till March 31, 2018	16,15,500	5,12,000	33,79,600	9,69,000	21,50,000
Number of options cancelled till March 31, 2018	7,56,240	1,73,840	16,84,724	-	5,35,650
Number of options lapsed till March 31, 2018	7,61,670	2,37,482	3,91,794	4,28,300	66,650
Number of options exercised till March 31, 2018	97,590	1,00,678	13,03,082	5,40,700	
Net options outstanding as on March 31, 2018	-	-	-	-	15,47,700
Vesting period from the date of grant	3 years	3 years	3 years	3 years	3 years
Exercise period from the date of vesting	2 years	2 years	2 years	2 years	2 years

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

C) Employee Stock Option Scheme 2012

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5
Date of Grant	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014	July 5, 2016
Date of the Board Approval	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014	July 5, 2016
Date of the Shareholders Approval	May 24, 2012	May 24, 2012	May 24, 2012	May 24, 2012	May 24, 2012
Number of options granted till March 31, 2018	30,00,000	10,00,000	10,00,000	10,00,000	30,00,000
Number of options cancelled till March 31, 2018	2,40,442	1,56,390	3,34,630	1,21,200	6,00,000
Number of options lapsed till March 31, 2018	23,29,591	8,43,610	6,13,435	4,54,950	-
Number of options exercised till March 31, 2018	4,29,967	-	8,715	-	-
Net options outstanding as on March 31, 2018	-	-	43,220	4,23,850	24,00,000
Vesting period from the date of grant	3 years	3 years	3 years	3 years	3 years
Exercise period from the date of vesting	2 years	2 years	2 years	2 years	2 years

c) The details of the options as on March 31, 2018 are as under : *(Nos. in Lacs)*

Particulars	ESOP Scheme 2008	ESOP Scheme 2010	ESOP Scheme 2012
Financial Year 2016-17			
Options outstanding as on April 01, 2016	**2.34**	**5.38**	**25.40**
Options granted from April 01, 2016 to March 31, 2017	-	21.50	30.00
Options cancelled till March 31, 2017	-	4.07	3.13
Options lapsed till March 31, 2017	2.34	5.48	10.95
Options exercised April 01, 2016 to March 31, 2017	-	-	-
Options outstanding as on March 31, 2017	**-**	**17.34**	**41.32**
Financial Year 2017-18			
Options outstanding as on April 01, 2017	**-**	**17.34**	**41.32**
Options granted from April 01, 2017 to March 31, 2018	-	-	-
Options cancelled till March 31, 2018	-	1.29	4.08
Options lapsed till March 31, 2018	-	0.57	8.57
Options exercised April 01, 2017 to March 31, 2018	-	-	-
Options outstanding as on March 31, 2018		**15.48**	**28.67**

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

d) The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

A) Employee Stock Option Scheme 2008

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

B) Employee Stock Option Scheme 2010

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5
Dates of Grant	Jan 15, 2011	Aug 01, 2011	Oct 21, 2011	Nov 11, 2011	Jul 05, 2016
Market Price (₹ per share) on the dates of grant	83.00	51.20	33.95	32.60	15.80
Volatility	66.25%	63.86%	63.63%	63.67%	51.21%
Risk free rate	7.97%	8.36%	8.58%	8.99%	6.57%
Exercise price	60	38	25	25	13
Time to maturity (years)	3	3	3	3	3
Dividend yield	2.24%	2.10%	2.10%	2.10%	0.91%
Option fair value (₹ per share)	41.89	26.23	17.50	16.55	7.04

C) Employee Stock Option Scheme 2012

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5
Dates of Grant	May 28, 2012	Feb 04, 2013	May 30, 2013	May 26, 2014	Jul 05, 2016
Market Price (₹ per share) on the dates of grant	56.30	77.20	60.40	61.35	15.80
Volatility	61.31%	57.71%	55.67%	49.33%	51.21%
Risk free rate	8.24%	7.95%	7.24%	8.52%	6.57%
Exercise price	42	60	45	46	13
Time to maturity (years)	3	3	3	3	3
Dividend yield	1.84%	1.84%	1.83%	1.67%	0.91%
Option fair value (₹ per share)	28.56	36.86	28.71	28.54	7.04

34 Segment Reporting:

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

Notes to Standalone Ind AS Financial Statements (Contd.)
for the year ended March 31, 2018

35 Related Party Disclosures:

The disclosures pertaining to the related parties as required by Ind AS 24 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India, as applicable, are as under:

a) List of Subsidiary Companies	:	Prag Distillery (P) Ltd.	
	:	Vahni Distilleries Private Limited	
	:	Kesarval Springs Distillers Pvt. Ltd.	
	:	PunjabExpo Breweries Private Limited	
	:	Mykingdom Ventures Pvt. Ltd.	
	:	Studd Projects P. Ltd.	
	:	Srirampur Grains Private Limited	
	:	Shivprabha Sugars Ltd.	
b) Key Managerial Personnel	:	Mr. Amit Dahanukar	- Chairman & Managing Director
	:	Mr. Srijit Mullick	- Chief Financial Officer
	:	Mr. Gaurav Thakur	- Company Secretary
	:	Mr. C. V. Bijlani	- Independent Director
	:	Mr. Kishorekumar Mhatre	- Independent Director - (appointed as an Independent Director w.e.f. June 09, 2016)
	:	Dr. Ravindra Bapat	- Independent Director
	:	Dr. Vishnu Kanhere	- Independent Director - (resigned from the Directorship w.e.f June 30, 2016)
	:	Mrs. Shivani Amit Dahanukar	- Non-Executive Director
c) Company in which Key Managerial Personnel has substantial interest	:	M.L. Dahanukar & Co. Pvt. Ltd.	
	:	Arunoday Investments Pvt. Ltd.	
	:	Maharashtra Sugar Mills Pvt. Ltd.	
	:	Smt. Malati Dahanukar Trust	
d) Relative of Key Managerial Personnel	:	Dr. Priyadarshini A. Dahanukar	

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

(₹ in Lacs)

Nature of Transaction (excluding reimbursements)	Parties refered in (a) above		Parties refered in (b) above		Parties refered in (c) above		Parties refered in (d) above	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Sales								
Prag Distillery (P) Ltd.	11.96	318.68	-	-	-	-	-	-
Vahni Distilleries Private Limited	77.90	38.19	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	541.72	43.89	-	-	-	-	-	-
Total	**631.58**	**400.76**	**-**	**-**	**-**	**-**	**-**	**-**
Purchase								
Prag Distillery (P) Ltd.	15.79	4.99	-	-	-	-	-	-
Vahni Distilleries Private Limited	8.05	6.82	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	57.03	20.60	-	-	-	-	-	-
Total	**80.87**	**32.41**	**-**	**-**	**-**	**-**	**-**	**-**
Donations								
Smt. Malati Dahanukar Trust	-	-	-	-	26.24	28.93	-	-
Total	**-**	**-**	**-**	**-**	**26.24**	**28.93**	**-**	**-**
Expenses (Bottling & Commission)								
Vahni Distilleries Private Limited	292.58	104.96	-	-	-	-	-	-
Prag Distillery (P) Ltd.	14.63	687.79	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	314.12	98.54	-	-	-	-	-	-
Total	**621.33**	**891.29**						
Brand Owners' Surplus (Income)								
Prag Distillery (P) Ltd.	90.49	5,444.51	-	-	-	-	-	-
Vahni Distilleries Private Limited	1,865.06	2,307.69	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	1,702.37	567.47	-	-	-	-	-	-
Total	**3,657.92**	**8,319.67**						
Royalty and Interest Income								
PunjabExpo Breweries Private Limited	237.23	-	-	-	-	-	-	-
Mykingdom Ventures Pvt. Ltd.	19.16	-	-	-	-	-	-	-
Studd Projects P. Ltd.	11.51	-	-	-	-	-	-	-
Srirampur Grain Pvt. Ltd.	1.36	-	-	-	-	-	-	
Total	**269.26**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

(₹ in Lacs)

Nature of Transaction (excluding reimbursements)	Parties refered in (a) above		Parties refered in (b) above		Parties refered in (c) above		Parties refered in (d) above	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Payment to Key Managerial Personnel								
Mr. Amit Dahanukar	-	-	82.35	125.54	-	-	-	-
Mr. Srijit Mullick	-	-	72.36	107.78	-	-	-	-
Mr. Gaurav Thakur	-	-	38.03	41.68	-	-	-	-
Total	**-**	**-**	**192.74**	**275.00**	**-**	**-**	**-**	**-**
Payment to Independent Directors (Sitting fees)								
Mr. C.V.Bijlani	-	-	0.50	0.80	-	-	-	-
Mr. Kishorekumar Mhatre	-	-	0.60	0.45	-	-	-	-
Dr. Ravindra Bapat	-	-	0.85	0.70	-	-	-	-
Dr. Vishnu Kanhere	-	-	-	0.20	-	-	-	-
Mrs. Shivani Amit Dahanukar	-	-	0.20	0.15	-	-	-	-
Total	**-**	**-**	**2.15**	**2.30**	**-**	**-**	**-**	**-**
Net Loans & Advances given / (taken)								
Prag Distillery (P) Ltd.	(3,328.02)	1,935.44	-	-	-	-	-	-
Vahni Distilleries Private Limited	3,787.26	1,090.02	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	(1,052.54)	(100.99)	-	-	-	-	-	-
Mykingdom Ventures Pvt. Ltd.	1.80	(4.88)	-	-	-	-	-	-
Studd Projects P. Ltd.	6.33	0.11	-	-	-	-	-	-
Srirampur Grains Private Limited	3.27	0.11	-	-	-	-	-	-
Shivprabha Sugars Ltd.	0.81	0.66	-	-	-	-	-	-
Total	**(581.09)**	**2,920.47**	**-**	**-**	**-**	**-**	**-**	**-**
Loan Taken								
Mr. Amit Dahanukar	-	-	220.00	235.00	-	-	-	-
Total	**-**	**-**	**220.00**	**235.00**	**-**	**-**	**-**	**-**
Repayment of Loan								
Mr. Amit Dahanukar	-	-	220.00	235.00	-	-	-	-
Maharashtra Sugar Mills Pvt. Ltd.	-	-	-	-	-	307.45	-	-
Total	**-**	**-**	**220.00**	**235.00**	**-**	**307.45**	**-**	**-**
Rent Deposit								
Mr. Amit Dahanukar	-	-	622.39	150.00	-	-	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	-	-	194.72	-
Total	**-**	**-**	**622.39**	**150.00**	**-**	**-**	**194.72**	**-**
Rent Payment								
Mr. Amit Dahanukar	-	-	22.56	91.50	-	-	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	-	-	17.43	29.64
Total	**-**	**-**	**22.56**	**91.50**	**-**	**-**	**17.43**	**29.64**

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

(₹ in Lacs)

Nature of Transaction (excluding reimbursements)	Parties refered in (a) above		Parties refered in (b) above		Parties refered in (c) above		Parties refered in (d) above	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Outstanding Payable								
Vahni Distilleries Private Limited	-	103.37	-	-	-	-	-	-
Maharashtra Sugar Mills Pvt. Ltd.	-	-	-	-	12.45	12.45	-	-
Total	**-**	**103.37**	**-**	**-**	**12.45**	**12.45**	**-**	**-**
Outstanding Receivable								
Prag Distillery (P) Ltd.*	6,102.87	9,430.89	-	-	-	-	-	-
Vahni Distilleries Private Limited	3,683.89	-	-	-	-	-	-	-
PunjabExpo Breweries Private Limited	435.64	1,488.18	-	-	-	-	-	-
Mykingdom Ventures Pvt. Ltd.	3.80	2.00	-	-	-	-	-	-
Studd Projects P. Ltd.	9.98	3.65	-	-	-	-	-	-
Srirampur Grains Private Limited	18.09	14.82	-	-	-	-	-	-
Shivprabha Sugars Ltd.	43.95	43.14	-	-	-	-	-	-
Mr. Amit Dahanukar	-	-	800.00	177.61	-	-	-	-
M.L. Dahanukar & Co. Pvt. Ltd.	-	-	-	-	15.00	15.00	-	-
Dr. Priyadarshini A. Dahanukar	-	-	-	-	-	-	203.66	8.94
Total	**10,298.22**	**10,982.68**	**800.00**	**177.61**	**15.00**	**15.00**	**203.66**	**8.94**

* The Company has impaired advances with Prag Distillery (P) Ltd. for (₹) 61,02.87 Lacs for the year ended March 31, 2018.

(₹ in Lacs)

Compensation of key management personnel of the Company **	2017-18	2016-17
Short-term employee benefits	192.74	275.00
Post-employment benefits	-	-
Termination benefits	-	-
Sitting fees	2.15	2.30
Share-based payments	-	-
Total compensation of key management personnel of the Company	**194.89**	**277.30**

**Key Managerial Personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognized as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

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

37 Provision of excise duty on finished goods manufactured but yet to be cleared from the factory as at March 31, 2018 estimated at ₹ 402.18 Lacs (P.Y. ₹ 205.48 Lacs) has been provided in the books and also been considered in valuation of closing stock of finished goods. Provision for excise duty on finished goods charged in the Statement of Profit and Loss for the financial year is as follows:

(₹ in Lacs)

	2017-18	2016-17
Provision for excise duty on finished goods at the beginning of the year	205.48	1,142.74
Provision for excise duty on finished goods at the end of the year	402.18	205.48
Provision for excise duty on finished goods charged in the Statement of Profit and Loss	**196.70**	**(937.26)**

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

38 Auditor's remuneration charged to accounts:

(₹ in Lacs)

		2017-18	2016-17
a)	Audit fees	11.00	12.65
b)	Auditors remuneration in other capacity	2.85	3.28
c)	Reimbursement of expenses	0.16	0.13
		14.01	**16.06**

39 There are no amounts outstanding in respect of unpaid dividend / fixed deposits for more than seven years to be transferred to Investor Education & Protection Fund.

40 Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below :

(₹ in Lacs)

	2017-18	2016-17
Dues remaining unpaid as at March 31		
- Principal	299.82	486.71
- Interest on the above	59.86	156.22

41 Earnings per share:

(₹ in Lacs)

	2017-18	2016-17
Profit After Tax	(19,798.73)	(26,810.85)
Weighted average number of shares	1,247.56	1,247.56
Basic Earnings Per Share	(15.87)	(21.49)
Weighted average number of shares (adjusted for the effects of dilutive potential equity shares)	1,247.56	1,247.56
Diluted Earnings Per Share	(15.87)	(21.49)
Face Value per Equity Share	10.00	10.00

42 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, 2018 are as under:

		March 31, 2018		March 31, 2017	
	Currency	FC Amount	(₹ in Lacs)	FC Amount	(₹ in Lacs)
Receivable - Debtors	USD	0.08	5.13	0.22	15.52
Term Loans	USD	-	-	75.90	4,921.28
Payable - Creditors	USD	74.28	4,831.67	74.28	4,816.41

Notes to Standalone Ind AS Financial Statements (Contd.)

for the year ended March 31, 2018

43 The Company has entered into arrangements with certain distilleries and bottling units (tie up units) for manufacture and marketing of its own brands. The tie up units have necessary license and regulatory permits to manufacture alcohol. Under the previous GAAP the Company had recognized net surplus (total revenue over total expenses) from the operation through these tie up units under Revenue from operations. However, under Ind AS 18, the Company has aggregated the below mentioned amounts in its Statement of Profit and Loss with respect to these tie up units. Consequent to these changes, there is no impact on the total profit.

(₹ in Lacs)

Particulars	**Year ended 2017-2018 Audited**	**Year ended 2016-2017 Audited**
Revenue from operations	12,101.89	7,699.52
Other Income	1.93	-
Total Income	**12,103.82**	**7,699.52**
Cost of materials consumed /Changes in inventories of finished goods, stock-in-trade and work-in-progress	3,174.26	2,421.28
Excise Duty	7,997.18	4,777.56
Finance costs	0.01	-
Other expenses	446.16	372.70
Total expenses	**11,617.61**	**7,571.54**
Profit/(Loss)	**486.21**	**127.98**

(₹ in Lacs)

In Balance Sheet	**March 31, 2018 Audited**	**March 31, 2017 Audited**
Increase (Decrease)		
Inventory	1,365.88	1,079.31
Trade Receivables	2,845.16	2,904.48
Cash and Bank Balances	0.18	5.32
Other Financial Assets	(3,456.57)	(3,435.53)
Other Assets	306.82	206.74
Total	**1,061.47**	**760.32**
Increase (Decrease)		
Trade Payables	766.80	594.04
Provisions	288.75	160.57
Other Liabilities	5.92	5.71
Total	**1,061.47**	**760.32**

44 The Company entered into a One Time Settlement (OTS) with Bank of India at ₹ 9,500 Lacs in full and final settlement of its outstanding amount of ₹ 21,226 Lacs. The Company has paid ₹ 3,500 Lacs before March 31, 2018 in compliance with the payment schedule of the OTS. The Company continues to provide interest in books of accounts on the principal outstanding at original contracted rates.

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

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

Notes to Standalone Ind AS Financial Statements (Contd.)
for the year ended March 31, 2018

47 Other operating income for the year ended March 31, 2018 includes ₹ 4,737.47 Lacs (P.Y. ₹ Nil) on account of entitlement of MVAT and CST refund).

48 The Company entered into a One Time Settlement (OTS) with Axis Bank Ltd at ₹ 2,500 Lacs in full and final settlement of its outstanding External Commercial Borrowing (ECB) of ₹ 5,276.43 Lacs pursuant to which the entire settlement amount has been paid before March 31, 2018 in accordance with the terms and conditions of the OTS. Hence, the Company has written back ₹ 2,776.43 Lacs in Other Income.

49 Other significant notes

a) Anupama Wine Distributors has filed a suit before the City Civil Court, Bangalore claiming ₹ 731.10 Lacs towards refund of security deposit and other dues. The Hon'ble Court vide its Order dated December 22, 2007 dismissed their application for attachment of property for recovery of the above dues. The Company has filed a counter claim for ₹ 1,193.00 Lacs against Anupama Wine Distributors and the matter is pending before City Civil Court, Bangalore. The matter is posted for filing evidence by Anupama Wine Distributors. The Company has filed a transfer petition to club both the matters related to Anupama Wine Distributors and Anupama Distributors as the evidences are the same.

b) A body corporate has filed a legal suit on the Company to obtain restraining order on the use of certain trademarks owned by the Company. An interim order was passed by the Bombay High Court upholding the ownership of the Company in the aforesaid trade marks and allowing the Company continuous and uninterrupted use of the said trademarks without any restraint.

50 Prag Distillery, wholly owned subsidiary of the Company had been referred to National Company Law Tribunal ("NCLT") for Corporate Insolvency Resolution Process (CIRP) under the provisions of the Insolvency and Bankruptcy Code, 2016("the Code") and accordingly a Resolution Professional (RP) was appointed. An application for liquidation under Section 33 of the Insolvency & Bankruptcy Code, 2016 has been filed by the Resolution Professional (RP) before The National Company Law Tribunal, Mumbai Bench seeking order requiring Prag Distillery (P) Ltd., to be liquidated "on going concern basis" in the manner laid down under Section 33 of the Code on April 06, 2018. However, a resolution proposal has since been submitted by a third party for approval of the creditors subject to the directions/orders to be given by The National Company Law Tribunal, Mumbai Bench. In view of this, the management believes that no impairment for the diminution in the value of investments in Prag Distillery (P) Ltd. is required pending the completion of the resolution process under the IBC code.

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

(₹ in Lacs)

		2017-18		2016-17	
		Maximum amount outstanding	**Balance as at the year end**	**Maximum amount outstanding**	**Balance as at the year end**
a)	**Advances to subsidiaries**				
	Prag Distillery (P) Ltd.*	9,430.89	6,102.87	9,430.89	9,430.89
	Vahni Distilleries Private Limited	3,930.98	3,683.89	-	-
	PunjabExpo Breweries Private Limited	3,442.21	435.64	1,600.93	1,488.18
	Mykingdom Ventures Pvt. Ltd.	(17.83)	3.80	(18.00)	2.00
	Studd Projects P. Ltd.	503.90	9.98	3.65	3.65
	Srirampur Grains Private Limited	18.09	18.09	14.82	14.82
	Shivprabha Sugars Ltd.	43.95	43.95	43.14	43.14
	Total	**17,352.19**	**10,298.22**	**11,075.43**	**10,982.68**

* The Company has impaired advances with Prag Distillery (P) Ltd. for (₹) 61,02.87 Lacs for the year ended March 31, 2018

		2017-18	2016-17
b)	**Guarantees**		
	Corporate guarantees issued to banks on behalf of Subsidiary Company	1,341.53	1,337.30

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

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

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

54 The standalone financial statements of the Company for the year ended March 31, 2017 and the transition date opening Balance Sheet as at April 01, 2016 were audited by another firm of Chartered Accountants.

As per our Report of even date annexed.

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

Kishor M. Parikh
Partner
Membership No. 031110

Place : Mumbai
Date : June 14, 2018

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Shivani Amit Dahanukar
Non-Executive Director
(DIN:00305503)

Dr. Ravindra Bapat
Independent Director
(DIN:00353476)

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

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES

FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Lacs)

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Invest-ments	Gross Total Income	Profit / (Loss) Before Taxation	Provision for Taxation	Profit / (Loss) After Taxation	Other Compre-hensive Income	Total Compre-hensive Income	Proposed Dividend	% of Share-holding
1	Prag Distillery (P) Ltd.	INR	368.10	1,704.85	13,175.88	11,102.93	0.30	1,733.45	(613.54)	-	(613.54)	4.75	(608.79)	Nil	100%
2	Vahni Distilleries Private Limited	INR	1,498.05	(2,009.29)	8,324.68	8,835.92	-	41,569.65	(1,119.66)	-	(1,119.66)	-	(1,119.66)	Nil	100%
3	Kesarval Springs Distillers Pvt. Ltd.	INR	30.00	(404.51)	23.59	398.10	-	-	(5.99)	-	(5.99)	-	(5.99)	Nil	100%
4	PunjabExpo Breweries Private Limited	INR	560.00	(17.38)	13,145.76	12,603.14	-	52,177.13	448.83	(92.10)	356.73	-	356.73	Nil	100%
5	Mykingdom Ventures Pvt. Ltd.	INR	1.00	(1.05)	22.70	22.75	-	-	(22.91)	-	(22.91)	-	(22.91)	Nil	100%
6	Studd Projects P. Ltd.	INR	1.00	(11.74)	1.90	12.64	-	4.49	(7.39)	(1.39)	(8.78)	-	(8.78)	Nil	100%
7	Srirampur Grains Private Limited	INR	1.00	(18.40)	1.06	18.46	-	-	(2.18)	-	(2.18)	-	(2.18)	Nil	100%
8	Shivprabha Sugars Ltd.	INR	5.00	(147.35)	15.90	158.25	-	-	(0.55)	(0.27)	(0.82)	-	(0.82)	Nil	90%

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Shivani Amit Dahanukar
Non-Executive Director
(DIN:00305503)

Dr. Ravindra Bapat
Independent Director
(DIN:00353476)

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

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

Place : Mumbai
Date : June 14, 2018

FORM AOC-1 (Contd.)

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(₹ in Lacs)

Sr. No.	Name of Associate		Mason & Summers Marketing Services Pvt. Ltd.
1	**Latest audited Balance Sheet Date**		March 31, 2017
2	**Shares of Associate held by the Company on the year end**		
	i	Number of Equity Shares	1,30,000
	ii	Amount of Investment in Associate	169.00
	iii	Extend of Holding %	26%
3	**Description of how there is significant influence**		Due to shareholding
4	**Reason why the associate/joint venture is not consolidated**		Refer Note below *
5	**Networth attributable to Shareholding as per latest audited Balance Sheet**		-
	(Limited to amount of investment in Associate)		
6	**Profit / (Loss) for the year**		
	i	Considered in Consolidation	-
	ii	Not Considered in Consolidation	-

* The group made an impairment in value of investments in the associate company Mason & Summers Marketing Services Pvt. Ltd. (MSMSPL) of ₹ 169.00 Lacs, in its books of accounts during the financial year 2015-2016 due to losses made by the associate. The group does not have any obligation to fund the losses of the associate beyond the investments made and hence the group's share of profit / loss in the associate company has not been considered in the consolidated financial statements.

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director
(DIN:00305636)

Shivani Amit Dahanukar
Non-Executive Director
(DIN:00305503)

Dr. Ravindra Bapat
Independent Director
(DIN:00353476)

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

Place : Mumbai
Date : June 14, 2018

Srijit Mullick
Chief Financial Officer

Gaurav Thakur
Company Secretary

Corporate INFORMATION

BOARD OF DIRECTORS

Executive Director
Mr. Amit Dahanukar
Chairman & Managing Director

Non-Executive Director
Mrs. Shivani Amit Dahanukar

Independent Directors
Dr. Ravindra Bapat
Mr. C. V. Bijlani
Mr. Kishorekumar G. Mhatre

CHIEF FINANCIAL OFFICER
Mr. Srijit Mullick

COMPANY SECRETARY
Mr. Gaurav Thakur

STATUTORY AUDITORS
M. M. Parikh & Co.
Chartered Accountants

INTERNAL AUDITORS
Devdhar Joglekar & Srinivasan
Chartered Accountants

COST AUDITOR
Dr. Netra Shashikant Apte
Cost & Management Accountant

SECRETARIAL AUDITORS
Ragini Chokshi & Co.
Company Secretaries

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

BANKERS/FINANCIAL INSTITUTIONS
State Bank of India
Bank of India
IDBI Bank Ltd.
Edelweiss Asset Reconstruction Company Limited

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National Stock Exchange of India Limited (TI)

CORPORATE IDENTIFICATION NUMBER (CIN)
L15420PN1933PLC133303

E-MAIL ID FOR INVESTOR CORRESPONDENCE
investor@tilind.com

ANNUAL GENERAL MEETING
83rd Annual General Meeting is scheduled to be held on Saturday, September 22, 2018 at 10.30 a.m.
at the Registered Office of the Company at P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra - 413 720

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TILAKNAGAR INDUSTRIES LTD.

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