



# HAPPY HOURS

TILAKNAGAR INDUSTRIES LTD. (TI)  
Annual Report 2008-09



## Forward-looking statement

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind.

We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.

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Happiness is usually such a rarity that it is unfathomably special. The immeasurability of this emotion lends to it a coveted flavour which has glaringly escaped the mightiest of business models in the last year.

At TI, we are more focused on our objective of stimulating and disseminating happiness among our employees and other stakeholders. Our performance is a holistic offshoot of these objectives, and not just a blind pursuit of financial profits. The results are obvious, as we have returned our best ever performance in 2008-09 and at the same time, retained our essential DNA as a happy organisation.

At TI, we try to nurture happiness at every level of work and responsibility. In growth, in diversification and in the way we care for our people. We ingrain in our people the positivity of performance and its consequences. This enables us to manage our growth without any pangs of pain and pressure and at the same time create, not just value, but *Ananda*, the invaluable joy.

We maintain an unstinted commitment towards every possibility of impending success as also every opportunity to eliminate errors. Thereby, we strive to preserve and enshrine the joy of being a cohesive unit.

We, continue to be distinctly identified in our chosen domain of presence, through a sizeable and scalable portfolio based on a perpetual trajectory of growth and excellence. We stand as competent contenders in every possible market scenarios and have demonstrated our innate ability to operate and come out as winners in the most challenging markets at the highest profitability levels.

We do this as a part of our deep commitment to mankind while trying to create a more prosperous society, a contented and progressive community, engaged and motivated employees and a satisfied shareholder base. We do this through the simple mantra of ensuring that every year, every day and every hour, we create happiness.

Welcome to Happy Hours.







Tilaknagar Industries Ltd. (TI) is one of the leading players in the Indian alcoholic beverage industry and manufactures Indian Made Foreign Liquor (IMFL), with over 16 brands across a diverse range of price and product segments, and an ever growing, loyal customer base. TI markets its products across a large number of states in India, and is gradually assuming a pan-national presence. It also exports to Western Africa, the Middle East, the Far East and Caribbean countries.

Established in 1933 as Maharashtra Sugar Mills Ltd. (MSM), TI was named after the revered freedom fighter Bal Gangadhar Tilak and was one of Maharashtra's first private sugar factories, which served the nation for over five decades. A change in government stance effected the transition of TI to the alcoholic beverage business.

Tilaknagar Distilleries & Industries Ltd. was promoted as a 100 per cent subsidiary of The Maharashtra Sugar Mills Ltd. The year 1973 saw TI diversify into the businesses of Industrial Alcohol, Indian Made Foreign Liquor (IMFL) and Sugar Cubes. the company transitioned to the alcoholic beverage business in 1987. Both Maharashtra Sugar Mills Ltd. and Tilaknagar Distilleries & Industries Ltd were merged to form Tilaknagar Industries Ltd. (TI) with effect from August 6, 1993.



# Know TI better



## MANUFACTURING FACILITIES

TI has a total of 24 manufacturing units across India. TI's primary manufacturing facility is an ISO 9001:2000 plant located in the sugar rich belt of Shirampur, Maharashtra. A new 50,000 litres per day, state of the art, multipressure distillation plant will be in operation by September 2009. A new greenfield plant of 100,000 litres per day grain based ENA is also coming up at the same location, to be operational by December 2009. TI had acquired manufacturing locations last year in Karnataka (Surya Organic Chemicals (P) Ltd.) and Andhra Pradesh (Prag Distillery (P) Ltd.) and in addition, has 8 lease arrangements and 13 tie-up arrangements across the country for carrying out manufacturing and bottling activities. At these locations, input material like blends is provided by TI in strict adherence to quality norms, with TI's master blenders stationed at individual locations to monitor and ensure product consistency and quality compliance. The working capital for these units is also provided by TI.

## PRODUCT AND BRAND PORTFOLIO

TI manufactures, markets and sells a wide variety of alcoholic beverages across various price points catering to diverse segments and consumer classes.

WHISKY	BRANDY	RUM	GIN	VODKA
Mansion House Whisky	Mansion House Brandy	Castle Club Rum	Mansion House Dry Gin	Castle Club Vodka
Senate Royale Whisky	Senate Pure Grape Brandy	Senate Matured XXX Rum	Savoy Club Dry Gin	Classic Vodka
Senate Whisky	Courrier Napoleon Brandy	Savoy Club XXX Rum	Savoy Club Gin & Fresh Lime	
Royal Choice Whisky	Master Doctor Brandy	Royal Choice Rum	Royal Choice Duet Gin	
Castle Club Whisky		Shot Rock XXX Rum		
Classic Whisky		Madira XXX Rum		
Hottt Silk Whisky				
Hot Shot Super Whisky				
Shot Whisky				







## KEY MARKETS

### Retail

TI has a very strong presence in the Indian market, reaching out to 18 states through a well knit sales and distribution network. TI is very strong in markets such as Karnataka, Andhra Pradesh, Kerala and Puducherry and has recently entered Tamil Nadu successfully. It is also taking effective steps to establish itself in the North-Indian markets for an increased national presence.

### Institutional

Government Corporations	Distributors	Defence
Andhra Pradesh, Kerala, Orissa, Karnataka, Delhi and Chhattisgarh	Maharashtra, Goa, Daman, Silvassa, Puducherry, Mahe, Karaikal, Yanam, West Bengal, Sikkim, Assam, Meghalaya	Canteen Stores Department, Border Security Force, Central Reserve Police Force, Indo-Tibetan Border Police and National Security Guard

### Export

TI has a strong export presence in major global markets.

## WHAT WE ACHIEVED IN 2008-09

- Best ever operating and financial performance.
- Entry into the key market of Tamil Nadu, establishing foothold in major North Indian markets.
- Implemented organisation-wide ERP for better management control and quicker route-to-market.
- Continued with capital expenditure programme as per plan.

## OPERATING HIGHLIGHTS 2008-09

**31%** increase in **number of cases sold**  
(From 4.21mn cases in 2007-08 to 5.54 mn cases in 2008-09)

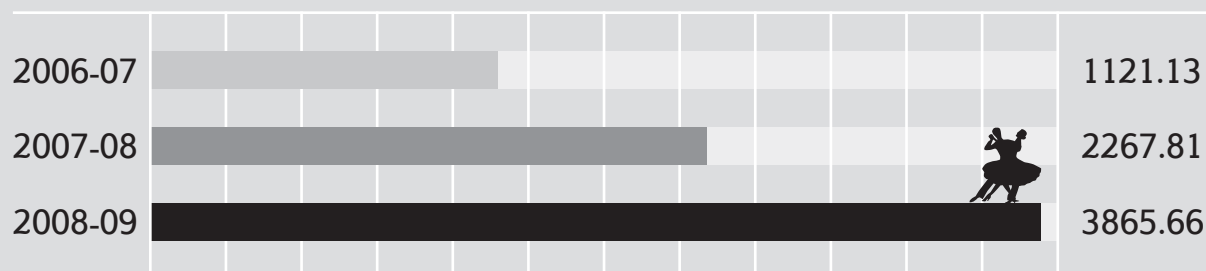
**70.48%** increase in **Sales**  
(From Rs. 2267.81 mn in 2007-08 to Rs. 3865.66 mn 2008-09)

**40%** increase in **Operating Profits**  
(From 291.02 mn in 2007-08 to Rs. 408.34 mn in 2008-09)

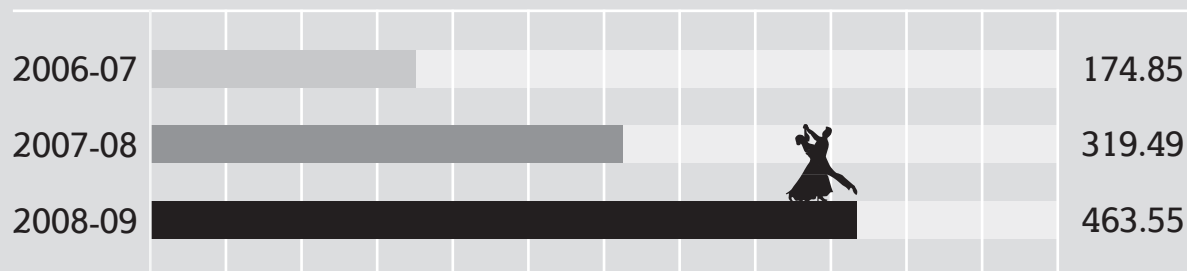
**31%** in increase in **Profits After Tax**  
(From 162.13 mn in 2007-08 to Rs. 212.48 mn in 2008-09)

## Highlights 2008-09

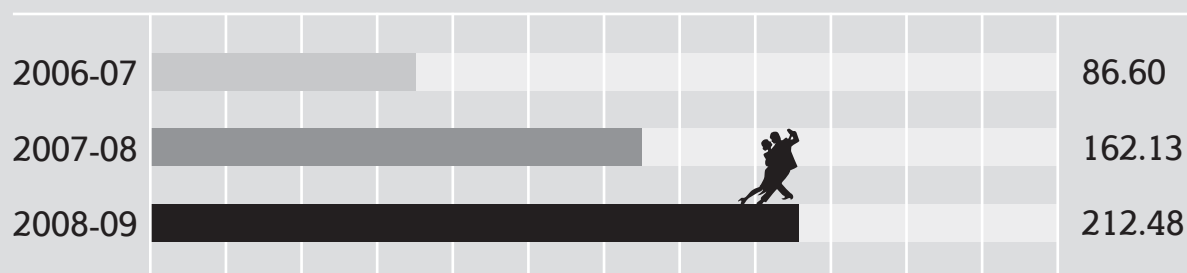
### Sales (Rs. in million)



### EBIDTA (Rs. in million)



### PAT (Rs. in million)

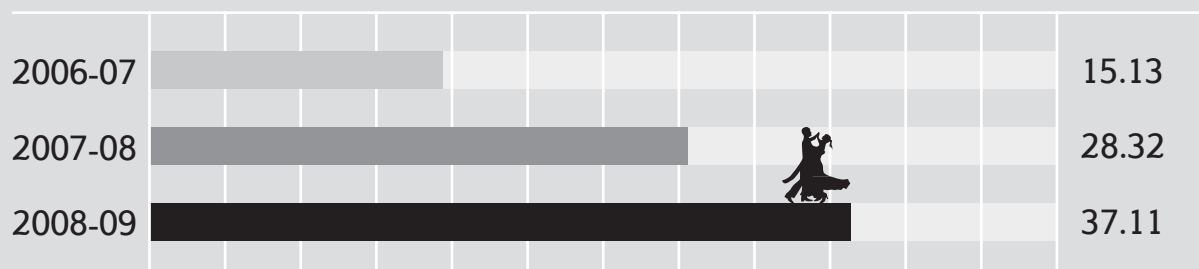


### OPERATING PROFITS (Rs. in million)

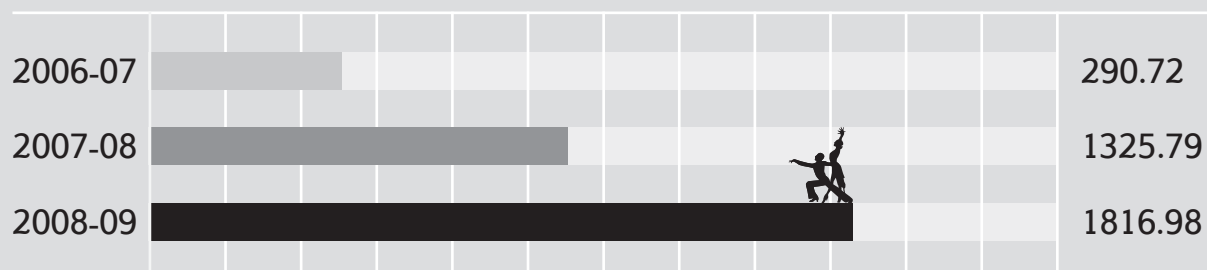




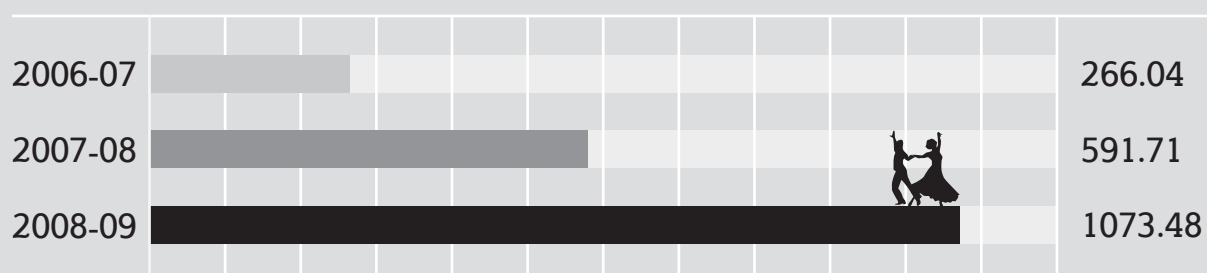
## BASIC EPS (Rs.)



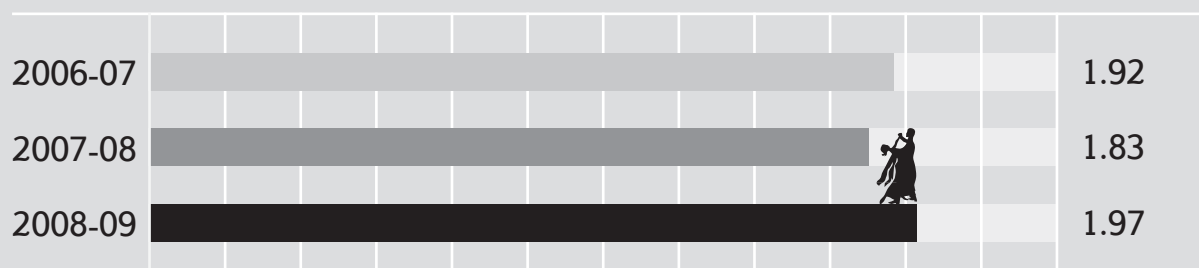
## GROSS BLOCK (Including Capital Work-In-Progress) (Rs. in million)



## WORKING CAPITAL (Rs. in million)



## CURRENT RATIO



## TI Brand Showcase



### SENATE ROYALE Whisky

Unique blend of finest scotch malts and select Indian spirits.



### SENATE Whisky

Fine blend of select imported Scotch whiskies.



### MANSION HOUSE Whisky

A unique blend perfected from Indian malts and select scotch whisky.



### CASTLE CLUB Whisky

A unique blend perfected from Indian malts and select Scotch whisky.



### COURRIER NAPOLEON Brandy

A blend made from selected grapes. Distilled in cognac pot stills of France. Positioned in premium segment.



### MANSION HOUSE Brandy

A blend of finest quality alcohol produced and blended with matured grape spirit.



### MADIRA XXX Rum

A blend made of first-generation sugarcane juice spirit and matured to a product with notable flavour and smooth taste.



### SAVOY CLUB XXX Rum

Full-bodied and dark, blended to perfection and matured in old oak casks.



### CLASSIC Whisky

A blend of finest Indian malt spirit with superior alcohol.



### ROYAL CHOICE Whisky

A blend of first generation of barley matured into a drink with notable flavour and smooth taste.



### SHOT Whisky

A blend of barley matured into a drink with notable flavor and smooth taste.



### HOTT SILK Whisky

A blend of barley matured into a drink with notable flavor and smooth taste.



### ROYAL CHOICE Rum

A blend made of first-generation sugarcane juice spirit and matured to a product with notable flavour and smooth taste.



### SAVOY CLUB GIN & FRESH LIME

Crafted from the finest botanicals, fruits and spices, picked at the peak of their freshness.



### CASTLE CLUB Vodka

Crisp, Superior and triple-distilled, Attractive family shaped, tall bottle.



### CLASSIC Vodka

A blend of finest triple distilled alcohol and natural ingredients, It comes in an attractive frosted bottle.





## Chairman's Message

*Dear Stakeholders,*

I had started my last year's message by saying we are a happy Company because of what we do and how we performed. I am here, once again, quite happy in reporting to you that we have continued doing that in the year gone by as well.

Happiness, as opposed to performance, is not quantifiable. In 2008-09, both were in remarkable short-supply across the world. Global economic adversity had a cascading effect on most industries. Low demand and even lower forecasts, cast a grim shadow of pessimism in most parts of the world. If at all things changed, it did in the most part, for the worse. However, for us at TI, it was an excellent opportunity to demonstrate the resilience of our business model and we emerged from the year with a reasonable growth across all parameters, a stronger balance sheet, and of course an even more determined approach for the future.

We therefore decided to express ourselves in the context of happiness, more than in the context of performance, given this backdrop, because at the end of the day, happiness lies at the core of our product promise.

Hence, we turned in our best ever performance, with sales growth of 31 per cent in volume terms and an even more impressive 70 per cent in value terms. Our profits grew, allowing us to report an enhanced earnings per share at Rs. 37.11 this year, compared to Rs. 28.32 in 2007-08.

But as I said, happiness transcends performance and during the year, we gave ourselves and our stakeholders many reasons to be happy. The biggest, as I see it, is the fact that we were able to successfully grow our scale to a more nationally relevant level. At TI, we have set ourselves unforgiving targets and with each passing

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year, our sights are set higher, as we move up levels in our journey.

In 2008-09, we extended our presence to newer markets, key among them being the large yet challenging territory of Tamil Nadu and established a foothold in the Northern states of Delhi, Rajasthan, Haryana, Himachal Pradesh and Chandigarh. This represents a large national breadth and will enable us in the years to come, to compete more effectively across all product segments, price points and territories.

Our brands pervade all market segments and are fast gaining recognition for their quality and consistency. Quite a lot of our brands are now assuming leadership positions in their respective markets, aided by a focused marketing and distribution strategy. We have implemented an ERP system to ensure better time-to-market and logistical planning. We have increased our presence on the ground with more incisive distribution and launched a dealer engagement programme that incentivized performance attractively.

We continued to create happiness for the people we employ and their families, through intensive programmes on training, personality development, economic security and rewards for performance. We are also making changes in the structural capital of the organisation to ensure that the working environment and efficiency improve further.

The developments of 2008-09 have given us a great deal of confidence to face the challenges of the future. We remain committed to maintaining our pace of growth, though the tightening of liquidity due to the global financial situation is a cause of concern. Even in these tough times, our capital expansion projects continued unabated and, on track. A new 50,000 litres per day, state of the art, multipressure distillation plant will be in

operation by September 2009. Our other major project, the 100,000 litres per day grain ENA facility will also be operational by the end of the calendar year, giving us a significant supply of ENA captively and also the ability to plan our production and dispatches better.

As you are aware, happiness is true ONLY when it is holistic. We seek to make the lives of those around us better – and that includes our society, our host community and care for our environment. We maintain progressive and consistent standards in our societal ventures. This accrues for us important social dividends and the coveted quotient of happiness.

I have no doubt that TI will continue on this path of happiness through performance and growth. We are spirited, committed and have demonstrated the results of our strategy. We, at TI will continue to create value for all our stakeholders and are grateful for the support we receive in this endeavour.

I also take this opportunity to thank the Board of Advisors, Board of Directors, all employees, our vendors, business partners, stakeholders and other well-wishers for their continued support, without which we would have not been able to achieve all that we did.

We hope this report and our performance brings joy to you as a stakeholder and that you continue to support and encourage us.

With best regards

**Amit Dahanukar**  
Chairman

“ A new 50,000 litres per day, state of the art, multipressure distillation plant will be in operation by September 2009. Our other major project, the 100,000 litres per day grain ENA facility will also be operational by the end of the calendar year.



## Happiness is “Unsurpassed Growth”

Every inch gained, every digit added and every coin in our pocket is a reason to smile. We, at TI continued undeterred in our efforts to make good of the distressing financial conditions and posted our best ever performance in volume and in value terms.

Happiness comes from growing consistently!

Our optimism stemmed from consistently increasing target base, increase in disposable income and a gradual alleviation of alcohol resistant behaviour especially among the young.

TI achieved sales of Rs. 3865.66 million as compared to Rs. 2267.81 million in 2007-08, thereby, registering an impressive growth of 70.48% in the turnover and earned a Net Profit of Rs. 212.48 million as compared to 162.13 million in 2007-08. Earnings Per Share has also increased substantially, from Rs. 28.32 in the 2007-08 to Rs. 37.11 in 2008-09. This growth was achieved on the back of an increase in sales volumes to 5.54 million cases during the year 2008-09 as against 4.21 million cases in the previous year, registering an impressive growth of 31 per cent.

TI recorded a healthy topline supported by a robust bottomline growth. Our careful strategy has been consistently shifting towards brands that command price points. The diversification in our product portfolio has made us nationally relevant and situationally competent.

Growth, therefore is an imperative for ‘happiness’. Growth, in all aspects is positively inclined and therefore brings forth fortunate tidings. To face challenges and grow despite an adverse business climate is, in itself a reason to feel rejuvenated. In a year befogged by recessionary shadows, we stand in stark contrast and are a Company striding forward with confidence.



**70.48%**  
Turnover Growth



“Our optimism stemmed from consistently increasing target base, increase in disposable income and a gradual alleviation of alcohol resistant behaviour especially among the young.



## Happiness Is “Reaching Out”

We love spreading happiness, the eternal *Ananda* that permeates the mind and spirit of all our stakeholders. We, at TI are always on the hunting grounds of opportunities for exponential growth and expansion.

We believe in happiness through reaching out!

With spiralling world population and concurrent growth of middle class with high disposable income, more and more people are turning spirit-friendly and alcoholic beverages are well under the purview of the average dinner table. Our strengths lie in researching markets, creating needs in people and customizing products to suit the taste of the target group. With expanded customer and distributor networks and strategic additions to our product portfolio, our reasons for being happy are on the upswing.

In 2008-09, we extended our presence to newer markets, key among them being the large yet challenging territory of Tamil Nadu and established a foothold in the Northern states of Delhi, Rajasthan, Haryana, Himachal Pradesh and Chandigarh. Our November entry into Tamil Nadu can be enlisted as one of our landmarks for the year. An exceedingly difficult area to penetrate, our brand, Mansion House has been exceedingly successful there. The significant spread has afforded us the opportunity to exploit catchment areas and engage in a process of customizing and marketing brands to serve higher price points.

For optimal exploitation of the market, we strive for maximum visibility of our brand basket. In order to achieve interaction and substantial spread, we have planned various customer centric activities. These include engaging our customers and creating a consumer pull through promotional events. This is further supplemented by a comprehensive visibility campaign across digital and electronic media.

The Indian alcoholic beverages industry is poised for a boom. With the IMFL segment accounting for 31% of the industry growing at CAGR 9.7%, we, at TI look forward to multiplying happiness through an expanding target group and healthy accruals.

Happiness, or the essential *Ananda* is accrued from achievement. We have imbibed in us the optimism to tread the journey forward by witnessing our spreading wings unto untapped areas.



established a presence in  
**Tamil Nadu**

“With spiralling world population and concurrent growth of middle class with high disposable income, more and more people are turning spirit-friendly and alcoholic beverages are well under the purview of the average dinner table.





## Happiness is “Sharing”

We share wonderful moments with our people. Being the keystone to our success, our team at TI mean a bundle of energy and optimism for us. We believe in two fold improvements in employability and skill. Our commitment to a competent work force is well exemplified by our constant efforts at providing a congenial work environment and our belief rooted in a merit based appraisal of talent.

Our happiness is in sharing!

A transparent and performance driven work culture ensures opportunities for the deserving. We, at TI are diligent in our commitment to induct and preserve the best talent and serve them with their prerequisites. Welfare schemes, insurance schemes to cover medical expenses, education expenses of children and basic amenities like food etc. along with rewards on fulfilling performance parameters have been introduced.

The performance incentive schemes accrue to cash benefits and foreign travel among others, which endows our employees with the spirit of healthy competition and striving for quantifiable achievements.

Regular training activities and field training are undertaken to ensure that the skill sets of our people remain at the cutting edge of contemporary knowledge. The judicious use of our feedback mechanism ensures comprehensive participation in an interactive environment.

We, at TI are continuously striving towards achieving the virtues of congeniality and harmonious conditions for our people. Our move to a new corporate office with promises of superlative reforms enshrines our philosophy.

Thus, sharing as is proverbially stated, multiplies happiness. Our responsibilities towards the people and the ardent devotion shown to spread congeniality, will and have afforded a healthy working culture and an inspired workforce. We, as a unit have and will endeavour to provide an inspiring and comfortable environment.



**Attractive**  
performance incentives

“We believe in twofold improvements in employability and skill. Our commitment to a competent work force is well exemplified by our constant efforts at providing a congenial work environment and our belief rooted in a merit based appraisal of talent.



## Happiness is “Foresightedness”

Planning for a safe future is an imperative of being comfortably placed. Investments for upcoming ventures and thinking beyond the present status, are integral for sustainable growth and the creation of value. We, at TI are in the process of building an organisation for the future. Investments in equipments, expanding capacities, product diversification and line extensions are part of our constant drive to push the benchmarks.

We find happiness in being prepared!

Our most ambitious expansion plan till date is on track. A new 50,000 litres per day, state of the art, multipressure distillation plant will be in operation by September 2009. This should help us improve ENA quality and also bring in operational efficiencies. Our other major project, 100,000 litres per day grain ENA facility will be operational by end of this calendar year.

We have installed and commissioned a Multiple Effect Evaporator Plant for further concentration of effluent. The concentrated effluent, when mixed with bagasse serves as fuel for the boiler. The evaporated water is condensed back for molasses dilution.

We have also installed and commissioned the Malt Spirit Manufacturing Plant. This is to enhance captive malt spirit production, bringing forth a consistent end product to be matured in Oak/Sal wood casks. The quality and output is as per expectations.

Risk mitigation is one of our priorities to avoid the future calamities. From harnessing resources, to setting up power turbines and expanding brand portfolio to meet marketing bottlenecks, we are a future ready organization.


Being prepared for us means being geared up for impending opportunities. Our dreams are supported by prudent investments, and are a reflection of our competence.



# 100,000

litres per day ENA facility to be  
operational by December 2009





“We, at TI are in the process of building an organisation for the future. Investments in equipments, expanding capacities, product diversification and line extensions are part of our constant drive to push the benchmarks.

## Happiness is a “Challenge”

Rare as it is, happiness is hard earned. It is a challenge that we at TI are answerable to. We are in the perpetual process of engaging in strategies, based on powerful insights and research to pave our way forward. Our enviable status in the area of acquiring markets and expanding distributor and dealer networks are pivotally dependant on our sales and operations strategy and their uncompromised execution.

Our happiness lies in thriving on challenges!

Maintaining our exponential rate of growth, especially when the IMFL segment does not forecast robust demand, will be our biggest challenge. We are spontaneous in incorporating transformations accruing to required investments being made to bolster a future ready infrastructure.

We have been judiciously following market trends and consumer behaviour as part of our intelligence studies to determine the plausible step forward. Riding on the success of the 90 ml pack of Mansion House, we have extended the same to Senate Royale, to maximize on the formulae for success. Further, we are exploring opportunities of getting into family shaped bottles for our flagship brand, Mansion House and relaunch it during this financial year.

Our promotions have been inspiring. Successes include our targeted campaign for ‘Hottt Silk’, the festive packaging for ‘Mansion House’ and ‘Courier Napoleon’ and “level up” campaign for ‘Senate Royale’.

Cross functional synergies were encouraged when on field training and management programmes required the HR to travel across departments to individuals in an attempt to motivate the sales team.

Our challenges are opportunities for excavating the joys of achievement.

Challenges are perpetually thrown at us and spontaneously handled. We base decisions on intelligent research and strong insights, thereby making sure that every step we take, takes us forward towards happiness.



## 90ml Pack

introduced in Mansion House and Senate Royale, met with very positive response.

“Cross functional synergies were encouraged when on field training and management programmes required the HR to travel across departments to individuals in an attempt to motivate the sales team.



## Happiness is “Responsibility”

Growth never comes singularly. We spread our happiness to the network we exist in. The people and the environment who are directly or indirectly in conjunction with our system are given their due respect and much needed comfort.

Happiness is shared prosperity!

Our duties as societal beings encompass investments in contemporary equipments to minimize release of harmful effluents to the environment. Also, we work towards promoting responsible consumption of our products as also rehabilitation endeavours for chronic alcoholics. We derive happiness from a comfortable society!

The host of anti-effluent devices installed include a 250m<sup>3</sup> Reverse Osmosis plant that treats effluents, returning 50% of its inputs as pure, reusable water. A 450m<sup>3</sup> bio digester converts the distillery's spent wash into purified gas, which is fed to special bio gas engines to produce almost 700kw of power.

We are responsible for tomorrow's India. We empower children with education, nourishment and dreams of better days ahead.

Our recycling initiatives include the recycling of water and use of green power from bio gas. The fortunate result is overcoming our dependence on the state.

Happiness is popularly known to be the art of giving back. We respect the system we exist in and are conscious of its health. Our joys therefore accrue from being responsible in disseminating happiness, the eternal *Ananda* all around.



**700kw power**  
produced through the new bio digester, using spent wash from distillery.



“Our duties as societal beings encompass investments in contemporary equipments to minimize release of harmful effluents to the environment.



## Profile of the Board of Directors & Advisors



Standing - (left to right) Dr. Ravindra Bapat, Mrs. Shivani Amit Dahanukar, Dr. Vishnu Kanhere & Mr. P. R. K. Reddy  
Sitting - (left to right) Mr. V. B. Haribhakti, Mr. Amit Dahanukar & Mr. S. V. Muzumdar

### Board of Directors

#### Amit Dahanukar

Mr. Amit Dahanukar is a graduate in Electrical Engineering and has a Masters degree in Engineering Management from Stanford University, U.S.A. He is responsible for spearheading the future initiatives of TI.

#### Shivani Amit Dahanukar

Mrs. Shivani Amit Dahanukar has a Masters in Business Administration from the University of San Francisco and is also a Law graduate from the Government Law College, University of Mumbai. She oversees the daily operations of TI.

#### S.V. Muzumdar

Mr. S.V. Muzumdar is a Law graduate. He has wide knowledge and experience in corporate taxation and management. He is on the Board of many reputed Companies and has been associated with TI for more than three decades.

### V. B. Haribhakti

Mr. V. B. Haribhakti is a Chartered Accountant and in practice for the past several years. A gold medalist in the final Chartered Accountants Examination, Mr. Haribhakti was the President of Institute of Chartered Accountants of India in the year 1967-68. He was also the member of the Council of the Institute of Chartered Accountants of India in the year 1961-73. With considerable experience in the field of accountancy and management, Mr. V. B. Haribhakti is TI's Non-Executive and Independent Director and is associated with the Company since March 1977.

### Dr. Vishnu Kanhere

Dr. Vishnu Kanhere is a practicing Chartered Accountant and a qualified Cost Accountant. He is a Certified Fraud Examiner [Association of Certified Fraud Examiners U.S.A], a Certified Information System Auditor [Information Systems Audit and Control Association, U.S.A] and ISO 9000:2000 quality system auditor. His various qualifications give him the financial, commercial and information technology background for providing valuable inputs to the Company.

### Dr. Ravindra Bapat

Dr. Ravindra Bapat is Emeritus Professor Department of Surgical Gastroenterology at the Seth G. S. Medical College and K.E.M Hospital, Parel, Mumbai. He is a member of the Governing Council of Tata Memorial Centre and Trustee of Yashwantrao Chavan Pratishthan, Ayurvidya Vardhini & Sanyog Trust, Mumbai. He is also Chairman of Haffkine Bio-pharmaceutical Corporation Ltd.

### P. R. K. Reddy

Mr. P.R.K. Reddy has a Masters in Business Administration from the Sukhadia University and he is also a qualified Chemical Engineer from Osmania University with over 35 years of experience. He was associated with manufacture of Single Malt Whisky for the first time in India. He has been co-opted as Whole Time Director of the Company in October 2008.

## Board of Advisors



### Anand P. Nair

Mr. Anand was President of TI during 2006-07 and continues to advise the Company on various strategic and operational issues. His contribution and ideas have proved invaluable on numerous occasions. Educationally qualified as an Architect, Mr. Anand wears various hats including those of an astrologer, designer, painter, sculptor, vastu consultant and venture capitalist.



### C. V. Bijlani

Mr. C.V. Bijlani, who started his career as Lecturer in Economics, is a banker with over 4 decades' experience, in India and abroad, in the areas of financial services. Mr. Bijlani has held senior management positions in reputed nationalized banks and financial institutions and advises TI on a wide range of financial issues including capital structuring, debt syndication and internal audit.

## Profile of the Management

### **Benedict William**

#### **Sr. Vice President (Sales & Marketing – South)**

Mr. William holds a Masters Degree in Rural Economics and Farm Management and a Diploma in Business Management. He is a high-performing marketing professional with more than 2 decades of experience in the liquor industry and has worked in leading domestic liquor companies. He has also been involved with this business at an international level.

### **Dr. Keshab Nandy**

#### **Sr. Vice President (HR & Legal) & Chief Vigilance Officer**

A graduate in multiple disciplines and a Post Graduate in English, Law and Management, Dr. Nandy also holds a Doctorate in Human Resources. He has expertise in several areas of Management with more than 28 years of industry experience. He oversees legal, HR, administration, industrial relations, security and other allied corporate matters.

### **Dr. Sukhbir Puri**

#### **Sr. Vice President (Operations)**

Dr. Puri has more than 36 years of extensive experience comprising of 8 years in marketing and 27 years in manufacturing operations. Dr. Puri has brought with him the rich experience of working in a multinational Company for over 10 years where he was looking after its India & Russia operations. He is also on BIS technical Committees of Food & Agriculture Division.

### **Bineet Walia**

#### **Sr. Vice President ( Sales & Marketing - North)**

A former Colonel of the Indian Army, Mr. Bineet Walia brings along with him vast experience of formulating strategies, managing operations and multifarious activities. He has a Masters in Management Science and Masters in Strategic Studies. He specializes in CSD and foreign trade.

### **R. M. Laghate**

#### **Head (Purchase)**

Mr. R. M. Laghate is qualified as a D.M.E., A.M.I.E. and Chartered Engineer. He also holds a Diploma in Financial Management. He has 33 years of experience out of which 22 years have been in the purchase & logistics functions.

### **Lalit Sethi**

#### **Head (Finance & Accounts)**

A Chartered Accountant having extensive experience in the field of corporate finance, accounting, taxation, legal and operations across various sectors. He oversees business finance functions for the TI group.

### **Ashok Kakru**

#### **Vice President (Projects)**

Mr. Ashok Kakru is a chemical engineer from UDCT, Mumbai and has more than 30 years of rich experience in the field of manufacturing, projects, industrial relations, human resource and general administration.

### **Smitha Singh**

#### **Company Secretary**

A commerce graduate and Company Secretary having more than 10 years of experience in secretarial and legal matters.

### **Gaurav Thakur**

#### **DGM (Secretarial)**

A post graduate in commerce and qualified Cost Accountant and Company Secretary having experience of more than 10 years in the areas of secretarial and legal functions across various sectors.



Benedict William

Dr. Keshab Nandy

Dr. Sukhbir Puri

Bineet Walia

R. M. Laghate

Lalit Sethi

Ashok Kakru

Smitha Singh

Gaurav Thakur



**Abhay Singh Chauhan****General Manager (Technical)**

A science graduate with Post Graduate Diploma in Industrial Fermentation & Alcohol Technology, DIFAT. He has more than 25 years of experience in alcohol manufacturing and liquor bottling units.

**C R Ramesh****General Manager (Liquor)**

Mr. Ramesh is a chemistry graduate with 27 years exposure in the liquor industry. He is fully conversant with all the aspects of liquor manufacturing and oversees the manufacturing operations in the Company.

**Collin Pal****Financial Controller**

A Chartered Accountant having experience of more than 25 years. His expertise spans the areas of accounts, banking, finance, mergers & acquisitions as well as liquor operations. He looks after the financial operations of the Liquor Division of the Company.

**G S Krishnan****DGM (Finance)**

Qualified as B.Sc. C.A.I.I.B (Indian Institute of Bankers), he has an experience of more than 28 years with nationalized and private sector banks in the area of financial services. He is looking after the day to day working capital requirement and financial functions of the Company.

**Manoj Mimani****DGM (Accounts)**

A commerce graduate and Company Secretary with an experience of more than 15 years in the areas of accounts, finance, taxation and secretarial functions across various sectors. He is looking after the accounts and taxation matters of the Company.

**M R K Nair****General Manager (Industrial Relations, HR & Legal)**

Mr. Nair has more than 40 years of rich experience in the areas of human resources, industrial relations and factory administration. At TI, he is responsible for administrative, legal and industrial relations related matters.

**S S Balaje****Zonal Sales Manager**

A Graduate in corporate secretaryship with an experience of more than 25 years in the areas of consumer research/innovations, sales and marketing of liquor, packaged and tinned foods. He looks after the operations of Tamilnadu, Kerala, Puducherry and Andaman.

**Venugopal Rao****Zonal Sales Manager**

A Graduate in industrial relations and personnel management from Andhra University. He has more than 20 years of experience in the marketing of liquor and FMCG with international exposure. He is presently heading the Karnataka operations of the Company.

**Mahesh Prabhakar Pawar****Assistant General Manager (Human Resources)**

An out-of-the-box thinker with distinction of having professional Human Resource Management degree and rich experience of more than 14 years in human resource management. He has led various general management assignments with reputed organizations.



# Management Discussion and Analysis

## INDIAN ALCOHOLIC BEVERAGES INDUSTRY

### Market Value

The Indian alcoholic drinks market grew by 11.2% in 2008 to reach a value of \$12.9 billion.

### Market Value Forecast

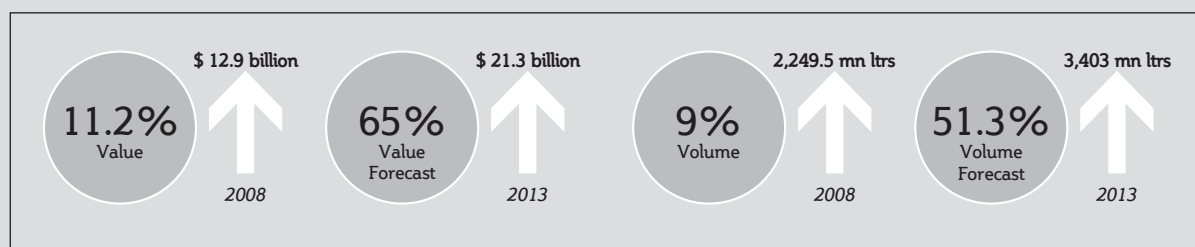
In 2013, the Indian alcoholic drinks market is forecasted to have a value of \$21.3 billion, an increase of 65% since 2008.

### Market Volume

The Indian alcoholic drinks market grew by 9% in 2008 to reach a volume of 2,249.5 million litres.

### Market Volume Forecast

In 2013, the Indian alcoholic drinks market is forecasted to have a volume of 3,403 million litres, an increase of 51.3% since 2008.



**74.6%**  
Segmentation I

### Market Segmentation I

Spirits dominate the Indian alcoholic drinks market with 74.6% of the market's value.

**8.9%**  
Segmentation II

### Market Segmentation II

India accounts for 8.9% of the Asia-Pacific alcoholic drinks market's revenue.

**3.7%**  
Distribution

### Distribution

On-trade sales account for 3.7% of the Indian alcoholic drinks distribution market's total volume.

Source: DATAMONITOR



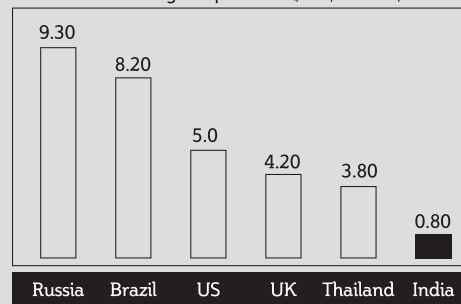
## OVERVIEW AND PERFORMANCE

The Indian alcoholic beverages industry is poised for a rapid growth in both value and volume terms in the times to come. The Indian alcoholic beverages industry is at its tipping point now, with high growth rates, across the entire spectrum of price points and categories. With more and more consumers (men and women) getting added into the alcohol consumption base every year, and with the rising disposable income of these consumers, the premium brands are doing exceedingly well and consequently, the Industry as a whole has begun to take strategic marketing of alcoholic beverage and its distribution much more seriously.

The Indian alcoholic drinks market generated total revenues of \$12.9 billion in 2008, representing a compound annual growth rate (CAGR) of 11.1% for the period spanning 2004-2008. In comparison, the Chinese and South Korean markets grew with CAGRs of 7.5% and 2.6%, respectively, over the same period, to reach respective values of \$49.2 billion and \$14.4 billion in 2008. Market consumption volumes increased with a CAGR of 8.6% between 2004-2008, to reach a total of 2.2 billion litres in 2008. The market's volume is expected to rise to 3.4 billion litres by the end of 2013, representing a CAGR of 8.6% for the 2008-2013 period.

Spirits sales proved the most lucrative for the Indian alcoholic drinks market in 2008, generating total revenues of \$9.6 billion, equivalent to 74.6% of the market's overall value. In comparison, sales of beer, cider and flavored alcoholic beverages generated revenues of \$3.1 billion in 2008, equating to 23.7% of the market's aggregate revenues.

Indian Made Foreign Liquor (per capita consumption in litres)



Source: DATAMONITOR

## CONSTITUTION AND PRODUCT SEGMENTS

However, the optimism stems from the following factors:

- Rapid induction of new consumers along with increasing urbanization will accelerate growth
- Spending on non basic discretionary items and personal consumption to grow at 9-10 % p.a.
- Disposable income to increase at an average of 8.5% p.a. up to 2015
- Working population to rise by 30% by 2013
- 150 million new customers likely to be added to target consumer group in this decade

## GROWTH DRIVERS

The Indian Alcoholic Beverages Industry is witnessing high growth traction owing to the following reasons:

### The Favorable Indian Demography

India is best placed demographically, with nearly 485 million people in the age group of 20-59 years in 2001, expected to increase to 636 million by 2011. Greater exposure to western media, lower inhibitions about consuming alcoholic beverages coupled with the lowest per capita global alcohol consumption clearly indicates huge potential in the market. These factors are likely to add another 150 million new consumers to the Indian alcoholic beverages industry in the coming years.



### Rising Disposable Incomes

Economic growth is leading to higher per capita income and the proportion of the 'consuming class' is increasing. The average per capita income has increased from US\$450 in FY01 to an estimated US\$790 in FY07. It is expected that the growing per capita income will increase disposable incomes which is expected to outperform the GDP growth and this will lead to an increased consumption of lifestyle products such as alcoholic beverages.

### Improving Regulatory Framework

There has been significant number of changes in the regulatory framework, each of them forward looking – that of further reforms. Several States have moved away from the practice of auctioning distribution rights to state-controlled distribution to free market, reducing prices by 20-25% together with improved product quality. Thus boosting demand significantly and increasing the profit margins of existing players.

State	Benefits
UP and Delhi	Resulted in 20-25% decline in liquor prices and sharp increase in demand  Lifting of restrictions on distribution has increased the number of retail points in Delhi from 85 to nearly 500 in the last 2 years
North Indian states of Punjab, Haryana and Chandigarh moved from private cartels to licensing	This has boosted demand manifold in the states
Gujarat, which has prohibited liquor consumption since the last 30 years, has announced a small relaxation	Liquor may be allowed at international conferences, which suggests that the operating environment for the liquor industry is improving
Maharashtra has allowed the sale of wine and beer at supermarkets	Expanding distribution reach and expanding our markets

### AN INDUSTRY FAVORING ESTABLISHED PLAYERS

There are several entry barriers that restrict the new players from entering the market, working therefore to the advantage of the existing players

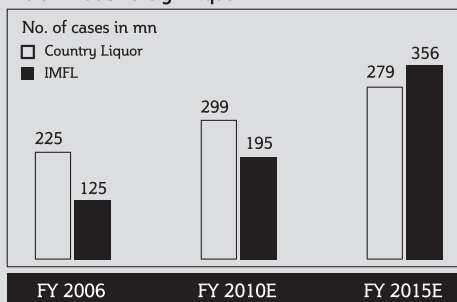
#### Major entry barriers

- Strong Existing Brands
- Ban on Advertising, *Surrogate Advertisement and Word-of-Mouth publicity*
- Strict Distribution Regulation
- Complex Logistics Framework
- Heavy taxes, duties and levies

### THE INDIAN MADE FOREIGN LIQUOR SEGMENT

The Indian Made Foreign Liquor Segment is a 125 million cases industry that is worth US\$ 2 billion. The IMFL segment constitutes 31 % of the total liquor market. The IMFL is expected to grow at a CAGR of 9.7%.

Indian Made Foreign Liquor



Source: DATAMONITOR

The IMFL segment comprises of Whisky, Brandy, Gin, Vodka and Rum which are expected to grow as follows:

	Cases in million							
	FY04	FY05	FY06	FY07	FY08	FY09	FY10	
Whisky	62.1	66.9	74.2	79.9	86.2	93.0	100.5	
Brandy	15.5	19.4	21.2	24.4	28.0	32.2	37.1	
Rum	30.3	32.1	32.6	35.2	38.0	41.0	44.3	
Vodka	1.0	1.4	2.3	3.2	4.5	6.3	8.8	
Gin	3.3	3.3	3.1	3.3	3.4	3.6	3.8	
<b>Total Market</b>	<b>112.5</b>	<b>123.5</b>	<b>133.7</b>	<b>146.4</b>	<b>160.6</b>	<b>176.8</b>	<b>195.4</b>	

Source: DATAMONITOR





Whisky is expected to constitute 55.2% of the market share going forward.

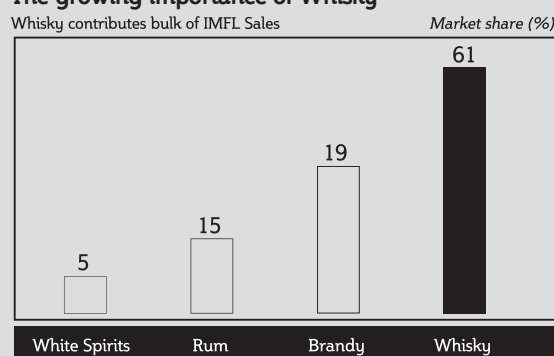
	(%)					
All India	North	South	East	West	Defense	All India
Whisky	81.9	47.0	72.5	58.0	27.1	55.2
Rum	9.8	23.9	18.9	19.9	65.2	23.9
Brandy	0.1	27.0	1.8	18.2	7.7	17.2
Gin	5.9	0.9	2.2	2.0	0.0	1.8
Vodka	2.4	1.1	4.7	2.0	0.0	1.8
Total IMFL	100	100	100	100	100	100

Source: DATAMONITOR

- 96% volumes cornered by Brown spirits (Whisky, Rum and Brandy).
- Market dominated by Whisky, Rum and Brandy.
- Brandy volumes concentrated in South and West.

#### The growing importance of Whisky

Whisky contributes bulk of IMFL Sales



Source: DATAMONITOR

#### Whisky expected to touch 200 million cases by FY 2012

Indian Made Foreign Liquor



Source: DATAMONITOR

The average per capita income has increased from US\$450 in FY01 to an estimated US\$790 in FY07. It is expected that the growing per capita income will increase disposable incomes which is expected to outperform the GDP growth and this will lead to an increased consumption of lifestyle products such as alcoholic beverages.

“There has been significant number of changes in the regulatory framework, each of them forward looking.



## COMPANY OVERVIEW

Tilaknagar Industries (TI) is driven by its long term vision of emerging as a formidable brand in the global alcoholic beverages industry. TI plans to continue with its proven strategy of expanding both its manufacturing presence and its marketing and distribution network, backed by strong, established brands and a consistent introduction of strategic brands in the overall product matrix.

## SUMMARY OF OPERATIONAL PERFORMANCE

TI reported a strong growth in its overall volumes at 5.54 million cases up 31 per cent from 4.21 million cases we sold in 2007-08. Resultantly, TI was able to achieve a sales of Rs. 3865.66 million compared to Rs. 2267.81 million in 2007-08, a growth of 70.48 per cent, the Global economic slowdown notwithstanding.

TI's current saleable product portfolio includes Brandy, Whisky, Rum, Vodka and Gin. In 2008-09, TI focused on not just growing volumes, but increasingly positioning itself in the higher priced segments of the market by introducing and encouraging brands that cater to the upwardly-mobile segment of the consuming population. This has been done by offering a diverse repertoire of quality products at highly competitive price points to create a strong brand identity for our products. This was supplemented by strong efforts to create a national presence for most of our brands, and in achieving this TI has entered into various leased and tied up bottling arrangements to establish quicker route-to-market and cost advantages.

## PRODUCT SEGMENT REVIEW

The current business of the Company is manufacturing, marketing and selling of Indian Made Foreign Liquor comprising of Brandy, Whisky, Gin, Vodka and Rum.

During the year the sales volume share of each of the product segments was as follows:

	(%)	
Product Segment	2008-09	2007-08
Brandy	42	36
Whisky	50	62
Others (Include Gin, Vodka and Rum)	8	2

Sales made by TI including its 100% subsidiary i.e. Prag Distillery (P) Ltd.

	(Cases sold in million)	
Product Segment (Cases Sold in Million)	2008-09	2007-08
Brandy	2.34	1.50
Whisky	2.77	2.63
Others (Include Gin, Vodka and Rum)	0.43	0.08
<b>Total Cases Sold</b>	<b>5.54</b>	<b>4.21</b>

While the focus of the Company will remain to manufacture, market and sell offerings of the Indian Made Foreign Liquor Segment, the thrust on Whisky is going to consistently increase. This is due to the fact that Whisky is the largest product group in the Indian IMFL segment at 56 per cent and its share is expected to rise even further.

Also, going forward it is the IMFL segment which is

### Spirits Industry 322 mn cases

IMFL 100 mn cases

Country Liquor 222 mn cases

Whisky : IMFL Share 59.5% Exp Growth - 10%

Rum : IMFL Share 17.6% Exp Growth - 8.9%

Brandy : IMFL Share 18.2% Exp Growth - 6.7%

Vodka : IMFL Share 1% Exp Growth - 30%

Gin : IMFL Share 3.5% Exp Growth - 0.1%

Source: Motilal Oswal Securities

“TI focused on not just growing volumes, but increasingly positioning itself in the higher priced segments of the market.



expected to outperform the country liquor segment. The IMFL segment is expected to grow at 9-10% p.a. (in volume terms) as against 6-7% p.a. growth in country liquor.

#### MANUFACTURING FACILITIES

The mainstay manufacturing hub of TI is located at Shrirampur, Maharashtra. The plant is an ISO 9001:2000 certified plant. A new 50,000 litres per day, state of the art, multipressure distillation plant will be in operation by September 2009. TI had acquired manufacturing locations last year in Karnataka and Andhra Pradesh and in addition, TI has 8 lease arrangements and 13 tie-up arrangements across the country for carrying out manufacturing and bottling activities. Hence, TI has in all 24 units in 18 States in the country.

#### STRATEGIC INITIATIVES AND CAPEX

- To meet the growing demands of the IMFL segment, TI has planned to invest in expanding the manufacturing capacity of its main plant together with investing in cost saving equipment.
- The Company has successfully commissioned its Malt Spirit plant at its factory at Shrirampur. It has capacity to produce 3000 litres per day.
- The Company has successfully commissioned MEE plant to reduce effluent quantity and recover usable water.
- The Company has successfully commissioned Gas engine for generation of electricity of 700 KW per hour.
- The Company is expected to commission its 50 KLPD wash to ENA Plant by September 2009
- The Company is also planning to commission grain based ENA Plant with the capacity of 100 KLPD by

end of the calendar year.

#### OPERATIONAL REVIEW

##### Sales and Marketing

During the year 2008-09, TI achieved a sales volume of 5.54 Million cases as against 4.21 Million cases in the previous year. The remarkable growth of over 30 per cent in adverse economic conditions was rendered even more impressive by a higher sales in the premium categories, which has resulted in a 70 per cent growth in turnover. A drive to increase national presence, increasing dominance in our traditional markets and a cohesive marketing strategy were instrumental in achieving this growth.

Senate Royale, which was launched as a flagship brand, has achieved a national presence including new markets such as Punjab, Haryana, Chandigarh, HP, Delhi, Orissa, Madhya Pradesh and Chattisgarh. Our Mansion House brand has been the fastest growing brand in the Canteen Stores Department, also contributing handsomely to the growth in turnover.

TI has invested heavily in communication and customer engagement. In our various efforts to reach out to the target audience for the entire basket of brands, and create a pan-India impact, we have planned various consumer centric programs, which are aimed at engaging the consumers, intercepting with their lives, creating multiple occasions of consumption and ultimately converting them to loyal consumers of our brands. We have planned various below the line outlet level activities in addition to a visibility campaign across electronic and digital media.

TI will continue to heavily focus on these key brands and expects to maintain the same momentum in the future.

“TI has successfully commissioned its Malt Spirit plant.



### Manufacturing Operations

TI's modern wash to ENA distillation plant at Shrirampur has continued to perform steadily.

The modernization initiatives at the distillery e.g. upgrading the fermentation process to improve alcohol recovery, installation of bio-gas digester, Combined Heat and Power (CHP) engines to generate power, bagasse based boiler and modern Multiple Effect Evaporator for effluent treatment have all led to higher efficiency and productivity at the plant.

### Environmental Compliance

TI is committed to minimize the impact of its operations on the environment and has taken many proactive steps to ensure that its manufacturing remains fully compliant with pollution control norms.

In this connection, the following are the key steps taken by the company:

- All the three bio-digesters installed and commissioned earlier are working satisfactorily. Bio-gas generated from these bio-digesters is utilized for electricity generation in bio-gas based Combined Heat and Power System and also used as fuel in boilers. This has resulted in substantial savings in the form of reduced electricity costs and reduced coal consumption in the boilers.
- Bio-gas based Combined Heat and Power System was commissioned in this financial year. In this system, bio-gas is used as fuel in bio-gas engines to generate electricity whereas heat from the exhaust gases of the bio-gas engines is utilized for steam generation in Waste Heat Recovery Boilers. Use of this steam in the distillery saves on costs of boiler feed water and boiler fuels.
- The Multiple Effect Evaporator (MEE) Plant was installed and commissioned in this financial year as a system to achieve zero-discharge of effluent. The

Reverse Osmosis and the MEE plant together have enabled the company to launch a pioneering concept of water treatment and resource conservation in Maharashtra.

- TI also installed an innovative water treatment and recycling plant in the bottle washing unit, which has controlled the water consumption.

### Capital Investments

The increasing volumes of TI's brands have increased the demand for Extra Neutral Alcohol (ENA). ENA produced by our distillery can cater to the production requirements of various leased and tie-up units. A new 50,000 litres per day, state of the art, multipressure distillation plant will be in operation by September 2009.

### RISK MANAGEMENT

As a risk averse corporate, TI follows prudent business principles in insulating its business, as far as possible, from external conditions. It adopts a holistic risk mitigation strategy to counter the effect of any possible adversity.

Primary risks are the risks prevalent in the market which encompass the following:

#### Availability of raw material risk

One of the most critical risks that the company may face is the availability of raw materials at any given point in time at an optimum price level.

#### Risk Mitigation

Molasses is the major raw material for ENA production. The main plant is situated in Shrirampur, which is the heart of cane growing region in Maharashtra and a number of Sugar factories are located here. Molasses being the by products of the Sugar factories, they are available in abundance at an optimum price level. TI has adequate molasses storage tanks which can store

“TI is committed to minimize the impact of its operations on the environment.





its molasses requirement for more than 6 months. Further, TI is putting in a new 100,000 litres per day grain ENA plant in order not to over-depend on molasses based spirit.

#### Adequate availability of power risk

Since, the power requirements for running a plant of such high standards are very high, ensuring availability of required power is critical.

#### Risk Mitigation

The existing power requirement of the plant is 550 KWH. The additional power requirements for capacity expansion would be 1650 KWH (including 600 KWH for Evaporator, 500 KWH for new Boiler). This is going to be met with the installation of turbine.

#### Marketing risk

A diverse target audience with different requirements and with various levels of disposable income makes the entire market and catering the same is a challenge.

#### Risk Mitigation

TI has a diverse product portfolio covering the entire gamut of the IMFL segment. Each of the products are of the highest quality standards and available at different price levels. Hence, the Company has the ability to reach out to the different market requirements better with its diverse product bouquet. Also, the strong and far reaching distribution network enables the Company to reach out to the markets better.

#### Human capital risk

Sourcing of the right professionals into the company and ensuring their retention despite presence of bigger existing players in the industry is a challenge.

#### Risk Mitigation

We have successfully built a strong management

team with the best talent pool available in the industry. This, we have achieved as we have been able to attract the right professionals into the organization owing to our continuing practice to recognize and reward talent. We have provided our employees a good work environment and understand that providing benefits to the employee families is as essential as providing the same to the employee.

#### FINANCIAL REVIEW AND ANALYSIS

TI witnessed a remarkable performance in its operations during the financial year 2008-09 which signifies greater efficiency, productivity, successful application of cost control methods and greater market demand for products. Below is the detailed Balance Sheet Analysis:

#### TI's Balance Sheet Analysis spanning 2007-2009

	2007-08	2008-09
<b>INVENTORIES</b>		
Raw Material	304.87 lacs	602.54 lacs
[Month's Consumption]	2.22	1.43
Work in process	78.33 lacs	349.42 lacs
[Month's Cost of production]	0.12	0.32
Finished Goods	798.13 lacs	2008.34 lacs
[Month's cost of goods]	1.37	2.00
Sundry Debtors	5504.95 lacs	6060.17 lacs
[Month's Sales]	3.31	2.00
Sundry creditors for goods	2118.35 lacs	1437.47 lacs
[Month's purchases]	5.66	2.36

#### Comments

- The Raw material holding has reduced from 2.22 months consumption to 1.43 months level showing effective inventory management
- The work in process has increased from 3-4 days to around 10 days. This is mainly on account of additional storage tanks installed during the current financial year.



- iii) The finished goods level has increased from 1.37 months level to 2 months level. This is mainly on account of various depots and increase in area of operation mainly in Chennai and Maharashtra.
- iv) The level of Sundry debtors have decreased due to effective follow up by our Company.
- v) The Sundry Creditors level has decreased on account of additional working capital funds availed from banks and the same has been utilised for payment of creditors. This resulted in better bargaining power with the Suppliers and improvement in bottom line.

#### Sales

TI achieved sales of Rs. 3865.66 million as compared to Rs. 2267.81 million in 2007-08 achieving impressive growth of 70.48% in the turnover and earned a Net Profit of Rs. 212.48 million as compared to 162.13 million in 2007-08. Earnings Per Share has also increased substantially, from Rs. 28.32 in the 2007-08 to Rs.37.11 in 2008-09.

Total sales volume has increased to 5.54 million cases during the year 2008-09 as against 4.21 million cases in the previous year, registering an impressive growth of 31 per cent.

#### Raw materials consumed

The raw materials cost and store consumables have increased from Rs. 487.22 million in 2007-08 to Rs.925.05million in 2008-09, an increase of 89.86 per cent.

#### Depreciation

The depreciation expenses have increased from Rs.18.54 million in 2007-08 to Rs.28.89 million in 2008-09 an increase of 55.83 per cent.

#### Employee Strength

During 2008-09, TI recruited 230 employees across the Board. The total strength of TI as on year ended March 31, 2009 stands at 603.

#### Key ratios

Particulars	2008-09	2007-08
EBITDA/Turnover	19.56	21.97
Profit After Tax/Turnover (%)	13.88	17.27
Debt to Equity	1.69	1.83
Return on Average Capital Employed (%)	24.05	28.60
Return on Equity (%)	371.15	283.19
Book Value per Share (Rs./Share)	123.66	72.18
Earnings per Share (Rs./Share)	37.11	28.32
Market Capitalization (Rs. Million) as on 31st March 2009	399.61	844.17

#### HUMAN CAPITAL OVERVIEW

One of the key drivers of the phenomenal growth at TI has been its increased focus on intellectual capital management and a focus on attracting, training and mentoring the best talent available in the industry. The drive to induct cutting-edge professionals into the organisation was further intensified this year and the company embarked on a full-fledged mentoring and empowerment programme for its people across all levels. The Company has successfully honed an organisational culture that rewards performance and efficiency in an exemplary manner. The Company's recruitment drive not only aims to bring on board seasoned professionals but also fresh management talent from various reputed B-schools in India.



## OUTLOOK

TI is strongly positioned in the Indian alcoholic beverages market, as a result of its impressive performance for the last couple of years and the consistent quality and acceptability of its brands, most of which are segment leaders. As a result, TI offers a strong outlook for the coming years, based on its multi-pronged strategy of increased manufacturing bandwidth, greater geographical reach, supplemented by introduction of new products and a strong marketing focus on its existing brands. Therefore, TI will continue to focus its energies on growing presence in the whisky market, while retaining its dominant position in brandy. TI seeks to climb up the value chain by an optimal product mix of high value as well as regular brands to ensure a good volume growth with higher profitability.

TI remains committed to expand profit margins, achieve robust growth going forward and increase its footprints globally. We aim to achieve this by increasing our efficiency level and stepping up our marketing efforts further for both our existing brands and the brands planned to be launched going forward.

TI is strongly positioned in the Indian alcoholic beverages market, as a result of its impressive performance for the last couple of years and the consistent quality and acceptability of its brands, most of which are segment leaders.



# Directors' Report

*Dear Members,*

Your Directors have pleasure in presenting the Seventy Fourth Annual Report along with the Audited Statement of Accounts of your Company for the financial year ended March 31, 2009.

## OPERATING RESULTS

The summary of standalone operating results for the year ended March 31, 2009 and appropriation of divisible profits is given below.

	<i>(Rs. in Million)</i>	
Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Gross income		
Net Sales	2,369.68	1,454.53
Other income	26.32	9.93
Total	2,396.00	1,464.46
Expenditure	1,932.45	1,144.97
Profit Before Interest, Depreciation & Tax	463.55	319.49
Interest	105.64	49.68
Depreciation	28.89	18.54
Profit before Tax	329.02	251.27
Less Provision for tax	(116.54)	(89.14)
Profit after Tax available for appropriations	212.48	162.13
<b>Appropriations</b>		
Transfer to general reserves	21.50	17.00
Proposed Dividend	14.45	12.02
Dividend Tax	2.46	2.04
Balance carried forward	387.78	213.70

TI's growth continued to be buoyant in the financial year 2008-09. This is the reflection of TI's efforts in creating brands with strong identities and market penetration initiatives. Despite the downturn in the Global Economy, your Company was able to achieve gross sales of Rs. 3865.66 million as compared to Rs. 2267.81 million in 2007-08 achieving impressive growth of 70.48% in the turnover and earned a Net Profit of Rs. 212.48 million as compared to 162.13 million in 2007-08. Earnings Per Share has also increased substantially, from Rs. 28.32 in 2007-08 to Rs.37.11 in 2008-09.

## DIVIDEND

Based on the Company's performance, your Directors are pleased to recommend a final dividend @12% on Preference Share Capital on pro-rata basis to the Preference Shareholders and final dividend of Rs. 2.50 per equity share to the equity shareholder for the financial year ended March 31, 2009 out of the net available profit after provision for taxation. The dividend, if declared, will involve an outflow of Rs. 16.91 million.

Your Directors propose to transfer Rs. 21.50 million to the general reserve. An amount of Rs. 387.78 million is to be retained in the Profit & Loss Account.





### SHIFTING OF THE REGISTERED OFFICE

In view of proposed expansion plans and the manifold increased activities of the Company and to facilitate better administration of the affairs of the Company in terms of proximity, easier accessibility of real time data and effective interface and supervision of operation in the mainstay manufacturing hub of the Company, your Board of Directors had approved the proposal of shifting of the Registered Office of the Company from 3<sup>rd</sup> Floor, Industrial Assurance Building, Churchgate, Mumbai – 400020 to its mother plant situated at P.O. Tilaknagar, Tal. Shirampur, Dist. Ahmednagar, Maharashtra – 413720. Requisite approval was obtained from the shareholders vide Special Resolution passed on October 14, 2008 through postal ballot and Confirmation Order from the Regional Director, Western Region, Ministry of Corporate Affairs was received on December 24, 2008.

### ISSUE OF 12% COMPULSORILY CONVERTIBLE CUMULATIVE PREFERENCE SHARES

To finance the requirement of funds for the ongoing expansion activities of the Company and to meet the gap of long term working capital requirements, the Company had mobilized funds from Mr. Anand P. Nair, Strategic Investor and Venture Capitalist to the tune of approx. Rs. 6.4 crores and the Promoters had also invested Rs. 2 crores in the Company against which the Company on March 26, 2009 had allotted 874,932–12% Compulsorily Convertible Cumulative Preference Shares of the Company of face value of Rs.94/- each as per details given below:

Names of the Allottees	Category	No. of Shares
Mr. Anand P. Nair	Person other than promoter group	674,932
Mr. Amit Dahanukar	Promoter	200,000
<b>TOTAL</b>		<b>874,932</b>

These Preference Shares shall be convertible into equivalent number of Equity Shares of Rs. 10/- each at premium of Rs. 84/- per share within 18 months from the date of allotment.

### INCREASE IN AUTHORISED CAPITAL

During the financial year, the Company has increased its

authorized capital from Rupees Thirty Crores to Rupees Thirty Eight Crore Forty Six Lacs by creation of Nine lacs Compulsorily Convertible Cumulative Preference Shares (CCPS) having face value of Rupees 94/- each convertible into equivalent number of Equity Shares within 18 months from the date of allotment to enable the Company to issue CCPS to the Promoters and Person other than promoter group on Preferential Allotment basis.

### SUBSIDIARIES

The Company has two wholly owned subsidiaries, viz: Prag Distillery (P) Ltd. and Surya Organic Chemicals (P) Ltd. Pursuant to the provisions of Section 212 of the Companies Act, 1956, the statement and accounts of the said subsidiaries forms part of the Annual Report. None of the above subsidiaries is a Material Non-Listed Subsidiary in terms of the Clause 49 of the Listing Agreement.

### CONSOLIDATED FINANCIAL STATEMENTS

As stipulated by Clause 32 of the Listing Agreement and in accordance with the requirements of Accounting Standard AS-21 prescribed by the Institute of Chartered Accountants of India, the Consolidated Financial Statements of the Company together with Auditors Report thereon are annexed to the Annual Report.

### DIRECTORS

During the financial year, Mr. P.R.K. Reddy was appointed as Additional Director and Whole Time Director of the Company with effect from October 14, 2008 and his appointment was confirmed by the Members in the Extra-Ordinary General Meeting of the Company held on March 16, 2009.

The tenure of the present term of Mr. Amit Dahanukar, Chairman and Managing Director and Mrs. Shivani Amit Dahanukar, Executive Director of the Company expires on November 6, 2009 and September 30, 2009, respectively. The Board of Directors in its Meeting held on May 14, 2009 has on the recommendation of the Remuneration Committee re-appointed Mr. Amit



Dahanukar as Chairman and Managing Director and Mrs. Shivani Amit Dahanukar as Executive Director of the Company for a further period of 3 years with effect from November 7, 2009 and October 1, 2009, respectively, subject to the approval of the Members of the Company at the ensuing Annual General Meeting of the Company.

Dr. Ravindra Bapat and Mr. S.V. Muzumdar, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

A brief profile of the Directors, the nature of their expertise in specific functional areas, the names of the Companies in which they hold Directorship and Membership of Committees of the Board is furnished as part of Corporate Governance Report.

Mr. Sandeep Junnarkar resigned from the Board of Directors with effect from May 05, 2009. Your Directors wish to place on record their sincere appreciation of the valuable contribution made by Mr. Junnarkar.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirements of Section 217 (2AA) of the Companies Act, 1956, and on the basis of the information furnished to them by the Statutory Auditors and Management, your Directors report that:

- a. in preparation of the annual accounts, the applicable Accounting Standards have been followed and there are no material departures.
- b. the Company has selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the accounting year and of the profit of the Company for the year.
- c. the Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.

- d. the Company has prepared annual accounts on going concern basis.

#### AWARDS

During the year the Company was conferred with following prestigious awards in recognition of its performance, achievements and contribution to the Society:

##### 1. Dun & Bradstreet Award

The Company was selected as the top Company in the Food and Agro Products sector under the medium revenue category for 'Dun & Bradstreet – Fullerton India SME Awards 2008'.

##### 2. Shahu Maharaj Award

The Chairman & Managing Director of the Company was awarded the 'Shahu Maharaj Award' by the hands of the Republican Party of India Leader Shri Ramdas Athawale at a function held at Shrirampur in recognition of Company's contribution towards the industrial development of Shrirampur.

#### QUALITY INITIATIVES

Your Company has joined the select group of Companies being awarded with the ISO 14001:2004. With this award, TI has reinforced its commitment to high levels of compliance of specified Environmental Standards and to provide healthy work environment for its employees.

#### FIXED DEPOSIT

The Company has not accepted any deposit within the scope of Section 58A of the Companies Act, 1956 during the financial year under review.

At the end of the year under review, there were 9 matured deposits for Rs. 8,14,000/-, which were not claimed by the depositors as on date of this Report. There were no deposits during the year, which were claimed but not paid by the Company.

There are no unclaimed deposits/interest on deposits lying with the Company for more than seven years which are to be transferred to Investor Education & Protection Fund as per Section 205C of the Companies Act, 1956.

“The Company was selected as the top Company in the Food and Agro Products sector under the medium revenue category for 'Dun & Bradstreet – Fullerton India SME Awards 2008'.



**AUDITORS**

M/s. Batliboi & Purohit, Statutory Auditors of the Company, shall retire at the conclusion of the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

The Board of Directors recommends their re-appointment as Statutory Auditors.

**COST AUDITORS**

M/s P. D. Phadke & Associates, Cost Accountants, Mumbai have been appointed as the Cost Auditors to conduct the audit of the Cost Accounts maintained by the Company for the financial year 2009-10.

**EMPLOYEES STOCK OPTION SCHEME**

The Company has not granted any stock option to the employees during the financial year ended March 31, 2009 under the TI's Employees Stock Option Scheme.

**CORPORATE GOVERNANCE**

The Report on Corporate Governance along with the Auditor's Certificate regarding compliance of the conditions of Corporate Governance pursuant to Clause 49 of the Listing Agreement are annexed hereto and form part of the report.

In terms of sub-clause (v) of Clause 49 of the Listing Agreement, a certificate from CMD & Head (Finance & Accounts), inter-alia, confirming the correctness of the financial statements, adequacy of internal control measures and reporting of matters to the Audit Committee in terms of the said Clause, is also enclosed as a part of the said Report.

A Management Discussion and Analysis Report outlining the key events of the year, industry scenario and risks and outlook is also annexed hereto and forms part of the report.

**LISTING OF EQUITY SHARES**

Your Company's equity shares are listed on The Bombay Stock Exchange Limited, Mumbai. The Company has

made application for listing of its equity shares on NSE. The application is under review at NSE.

**INFORMATION TECHNOLOGY**

In order to strengthen the IT infrastructure within the Company, commensurate with the increased scale of business activities and operations, the Company has commenced the process of ERP implementation in the Company and its tie-up/leased units.

**PARTICULARS OF EMPLOYEES, CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information required to be disclosed with respect to particulars of employees in accordance with Section 217(2A) of Companies Act 1956 is annexed. Details with respect to Conservation of Energy & Technology Absorption & Foreign Exchange, as required under Section 217(1)(e) is also annexed and the annexures form part of the Directors' report.

**ACKNOWLEDGEMENTS**

The Directors take this opportunity to thank all investors, business partners, clients, technology providers, vendors, financial institutions & banks, dealers & suppliers, regulatory & government authorities, auditors and stock exchange for their continued support during the year.

Your Directors place on record their appreciation of the contribution made by the employees of Tilaknagar Industries Ltd. at all levels for their commendable teamwork, dedicated and wholehearted efforts in continued growth of the Company.

**For and on behalf of the Board of Directors**

**Amit Dahanukar**  
Chairman & Managing Director

Place : Mumbai  
Date : May 14, 2009

“ In order to strengthen the IT infrastructure within the Company, commensurate with the increased scale of business activities and operations, the Company has commenced the process of ERP implementation in the Company and its tie-up/leased units.



# Annexure to Directors' Report

## ANNEXURE 'A' TO THE DIRECTORS REPORT

### A) CONSERVATION OF ENERGY

#### Measures taken:

1. All the three bio-digesters installed and commissioned earlier are working satisfactorily. Bio-gas generated from these bio-digesters is utilized for electricity generation in bio-gas based Combined Heat and Power System and also used as fuel in boilers. This has resulted in substantial savings in the form of reduced electricity costs and reduced coal consumption in the boilers.
2. Bio-gas based Combined Heat and Power System is commissioned in this financial year. In this system, bio-gas is used as fuel in bio-gas engines to generate electricity whereas heat from the exhaust gases of the bio-gas engines is utilized for steam generation in Waste Heat Recovery Boilers. Use of this steam in the distillery saves on costs of boiler feed water and boiler fuels.
3. Flash vessel is installed in this financial year at 20 KLPD distillery plant to recover flash steam that usually gets wasted through moisture traps installed on the steam line. Steam thus recovered is ploughed back in the system thereby reducing steam consumption. Besides, steam condensate recovery system installed earlier at 20 KLPD distillery is also giving consistent performance. Steam condensate is reused in the boiler which again saves on costs of boiler feed water as well as cost of boiler fuels.

### B) RESEARCH & DEVELOPMENT FOR NEW BRANDS

1. During the financial year, we have introduced two new IMFL brands, 'Hottt Silk' Whisky and 'Hot Shot' Whisky in the market, whereas 'Castle Club' Vodka, a brand that was away from the market for a short while, was reintroduced in the market. During this financial year, we have introduced our flagship brand 'Courrier Napoleon' Brandy in the CSD market. This brand has already carved a niche in Civil market.
2. We have entered into foreign market by exporting 'Senate' Whisky, our another flagship brand.
3. Malt Spirit production facility is commissioned in this financial year. In-house production of quality Malt Spirit will help us to enhance our production capacity in premium IMFL brands segment.
4. A new 50,000 litres per day, state of the art, multipressure distillation plant will be in operation by September 2009. This should help us improve ENA Quality and also bring in operational efficiencies. Our other major project, 100,000 litres per day grain ENA facility will be operational by end of this calendar year. Commissioning of molasses based distillery will cater to the growing needs of quality spirit for our IMFL brands. Whereas, establishment of grain distillery will help to expand our business in European countries where grain based spirit is preferred over molasses based spirit.
5. We have completed the fabrication of two molasses tanks, each having capacity of 7500

“During the financial year, we have introduced two new IMFL brands, 'Hottt Silk' Whisky and 'Hot Shot' Whisky in the market.





MT, to increase our molasses storage. Enhanced storage of molasses will help us to cope up with frequent fluctuations in price and availability of molasses.

#### C) TECHNOLOGY ABSORPTION/ INNOVATION AND ADOPTION

1. Reverse Osmosis Plant of 250 m<sup>3</sup>/day is being consistently operated from last financial year. 50% pure water thus separated from the effluent is being used as cooling tower make-up water thereby reducing fresh water intake.
2. We have installed and commissioned Multiple Effect Evaporator (MEE) Plant in this financial year as a system to achieve zero-discharge of effluent. In MEE plant, effluent is heated with the help of steam under vacuum to evaporate excess water thereby concentrating solids available in the effluent. Water thus evaporated is condensed to obtain 'MEE Process Condensate' which is reused in the distillery whereas condensed steam generates 'MEE Steam Condensate' which is reused in boilers, thus saves the precious fresh water resources. The effluent after evaporation of water is called 'MEE Process Concentrate', which is mixed with bagasse and used as fuel in bagasse-fired boilers, thereby reducing the bagasse requirement of the boilers.

Through the operation of Reverse Osmosis and MEE plant, Company has achieved zero discharge of effluent and we understand that we are the pioneers in Maharashtra State to adopt this technology.

3. New 1600 KVA transformer is commissioned during the financial year. This ensures consistent supply of electricity for all the manufacturing

facilities from a single source which will help us to curb escalation of electricity costs on account of maximum demand penalties.

4. 650 KVAR capacitor bank with automatic power factor panel is installed to maintain power factor at 0.98 to 1.
5. Auto tap changer panel is installed in the electrical system to regulate and maintain the voltage at 430 V. This is done to provide enhanced security to all electrical devices used in the production process.
6. Vacuum Circuit Breaker (VCB) system has been commissioned as a safety device for 1600 KVA transformer.
7. We have installed and commissioned an innovative water treatment and recycling plant in this financial year, through which, we are treating and purifying our bottles washing water making it suitable for reuse. Capacity of this plant is 5 m<sup>3</sup>/hr and it is giving consistent performance.

“ Reverse Osmosis Plant of 250 m<sup>3</sup>/day is being consistently operated from last financial year. 50% pure water thus separated from the effluent is being used as cooling tower make-up water thereby reducing fresh water intake.



**Form - A**

Total Energy consumption and energy consumption per unit of production.

A. Power And Fuel Consumption	Unit	Year 2008-09	Year 2007-08
1. Electricity			
Purchased-Units	'000	3,726	3,191
Total Amount	Rs. in Lac	166.47	129.63
Rate per unit	Rs.	4.47	4.06
2. Steam coal			
For generation of steam	Ton	5,502.63	7,061.58
Total Amount	Rs. in Lac	220.13	235.61
Average rate per MT	Rs/ MT	4,000.43	3,336.48
B. Consumption Per Unit of Production	Unit	Year 2008-09 Electricity units	Year 2007-08 Electricity units
Name of the product			
Diethyl Oxalate	KG	0.29	0.46

**D) FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year the foreign exchange outgo was Rupees 2.67 million and foreign exchange earnings were Rupees 81.46 million.



**ANNEXURE 'B' TO THE DIRECTORS REPORT**

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended March 31, 2009.

Sr No.	Name	Designation	Gross Remuneration (Rs.)/Month	Qualifications	Age (Years)	Total Experience (Years)	Date of Commencement of Employment	Last Name of Employment & Designation
1	Mr. Amit Dahanukar	Chairman & Managing Director	12,88,542	B.E (ELEC), M.S (U.S.A.)	33	8 Years	07.11.2001	First Employment
2	Mrs. Shivani Amit Dahanukar	Executive Director	8,28,819	M.B.A, L.L.B	32	3 Years	01.06.2006	First Employment
3	Mr. Benedict William	Sr. V. P. (Sales & Marketing)	8,33,334	M.B.A (R E & F M), P G (MARKETING)	51	25 Years	11.08.2006	Empee Distilleries Ltd - V P (Sales & Marketing)
4	Mr. Bineet Walia	Sr. V. P. (Sales & Marketing)	3,75,000	BSC, MSC. ACM, MMS	49	18 Years	08.01.2008	Indian Army - Colonel
5	Dr. Keshab Nandy	Sr.V. P. (Legal & HR) & Chief Vigilance Officer	3,33,333	B.A, M.A, M.H.R.M, PGDPM & I.R, LLB, DCM, M.PHILL, PH. D	53	30 Years	03.09.2007	UTI Technology Services Ltd - Sr.VP- HR, IR, Legal, Quality, Admin, Faculty MGT.& CVO
6	Mr. Lalit Sethi	Head (Finance & Accounts)	2,91,667	B.COM, FCA	43	21 Years	19.11.2007	High Polymer Labs Ltd - Dy.General Manager
7	Mr. Collin Pal	Financial Controller	2,25,000	B.COM, M.COM, LLB, CA	49	22 Years	01.12.2008	Mason & Summers- C.F.O.
8	Mr. P.R.K. Reddy	Whole-Time Director	2,08,333	B.TECH- CHEM, MBA	64	36 Years	30.09.2006	McDowell & Co. Ltd. - Head Manufacturing (West)
9	Mr. Ashok Kakru	V.P. (Projects)	3,33,334	BSC, BCHEM. ENGG.	57	31 Years	26.02.2009	Chitali Distilleries Ltd. - President (Works)

(Sr. V. P. - Senior Vice President)



# Corporate Governance Report

## 1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

Your Company firmly believes in good corporate governance. From the very inception, the fundamental philosophy of your Company has been to create wealth for all its stakeholders and to protect their interest. For the purpose of attaining this objective, your Company has consistently followed the principles of transparency, accountability and integrity and has well established systems, policies and practices that will uphold and sustain its corporate values.

Accordingly, your Company is in compliance with all the requirements of the Corporate Governance Code as listed out in Clause 49 of the Listing Agreement with Stock Exchange.

## 2. BOARD OF DIRECTORS

The composition of the Board of Directors of the Company meets with the requirements of Corporate Governance prescribed in the Listing Agreement. Presently the strength of the Board is seven Directors comprising of Chairman and Managing Director, who is an Executive Director, four Non-Executive & Independent Directors and two Executive Directors. All the Directors are eminent professionals having experience in business, finance, law, etc. Independent Directors do not have any pecuniary relationship with the Company, Promoters or Management which may affect their judgment in any manner.

During the financial year under review, the Board of Directors met 8 times on June 16, 2008, June 30, 2008, July 29, 2008, September 06, 2008, October 14, 2008, January 15, 2009, February 16, 2009 (Adjourned to February 17, 2009) and March 26, 2009.

### Attendance Of Directors At Board Meetings And General Meetings

Names of the Directors	Position/ Category	Number of Board Meetings held	Number of Board Meetings attended	Attendance at last AGM held on 06.08.2008	Attendance at last EGM held on 16.03.2009
Mr. Amit Dahanukar	Chairman & Managing Director	8	7	Yes	Yes
Mrs. Shivani Amit Dahanukar	Executive Director	8	6	Yes	Yes
Mr. S. V. Muzumdar	Director (NE, I)	8	7	No	No
Mr. V. B. Haribhakti	Director (NE, I)	8	5	Yes	No
Mr. S. H. Junnarkar*	Director (NE, I)	8	7	Yes	No
Dr. Vishnu Kanhere	Director (NE, I)	8	7	Yes	Yes
Dr. Ravindra Bapat	Director (NE, I)	8	7	Yes	Yes
Mr. P.R.K. Reddy#	Whole Time Director	8	2	N.A.	Yes

\* Resigned from the Directorship of the Company w.e.f. May 05, 2009.

# Appointed as Whole Time Director of the Company w.e.f. October 14, 2008.

NE – Non-Executive, I – Independent





**Membership in Board of Directors and Board Committees other than TI**

Names of the Directors	Membership in Board other than TI#	Chairmanship in Board Committees other than TI*	Membership in Board Committees other than TI*
Mr. Amit Dahanukar	Nil	Nil	Nil
Mrs. Shivani Amit Dahanukar	Nil	Nil	Nil
Mr. S. V. Muzumdar	4	1	4
Mr. V. B. Haribhakti	7	4	3
Mr. S. H. Junnarkar**	10	1	5
Dr. Vishnu Kanhere	2	2	Nil
Dr. Ravindra Bapat	2	Nil	Nil
Mr. P.R.K. Reddy***	Nil	Nil	Nil

# Only Directorship of Public Ltd. Company is considered.

\* Only Chairmanship/Membership of the Audit Committees and the Investor Grievance Committees constituted pursuant to Clause 49 of the Listing Agreement is considered.

\*\* Resigned from the Directorship of the Company w.e.f. May 05, 2009.

\*\*\* Appointed as Whole Time Director of the Company w.e.f. October 14, 2008.

**3. AUDIT COMMITTEE**

The Audit Committee, amongst other areas mentioned in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, covered the following areas during the year under review:

- ✓ Overseeing the Company's financial reporting process and disclosure of financial information.
- ✓ Recommending to the Board, the appointment,

re-appointment of Statutory Auditor, fixation of audit fees and approving payments for any other services.

- ✓ Reviewing with Management the annual and quarterly financial statements before submission to the Board.
- ✓ Reviewing with Management, performance of Statutory and Internal Auditors and adequacy of internal control systems.
- ✓ Reviewing the adequacy of internal audit function.
- ✓ Discussing with Internal Auditors of any significant findings and follow-ups thereon.
- ✓ Reviewing the findings of any internal investigations by the Internal Auditors.
- ✓ Reviewing the following information:
  - Management Discussion and Analysis of financial condition and results of operations;
  - Statement of significant related party transactions;
  - Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
  - Internal audit reports relating to internal control weaknesses;
  - The appointment, removal and remuneration of the Internal Auditor;

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

The Audit Committee comprises of experts specialized in accounting/financial Management. The Chairman of the Audit Committee is Mr. V.B. Haribhakti, Non-Executive and Independent Director and a renowned and experienced Chartered Accountant. The Executive Directors and the Head of Accounts & Finance and Internal Audit Departments and the Statutory Auditors are permanent invitees to the Meetings. The Cost Auditors are also invited to attend the Audit



Committee Meetings, as and when required.

During the year 2008-09, the Audit Committee met seven times on May 27, 2008, June 16, 2008, June 30, 2008, July 29, 2008, September 16, 2008, October 14, 2008 and January 15, 2009.

The Constitution of the Audit Committee and attendance of Committee Members is given below:

Name	Position/ Category	Qualification/ Profession	Number of Committee Meetings held	Number of Committee Meetings attended
Mr. V. B. Haribhakti	Chairman (NE, I)	Chartered Accountant	7	5
Mr. S. V. Muzumdar	Member (NE, I)	Bachelor of Law	7	6
Mr. S. H. Junnarkar*	Member (NE, I)	Solicitor B.Sc. (Hons), LL.B., (specialization in corporate laws & banking)	7	6
Dr. Vishnu Kanhere	Member (NE, I)	Chartered Accountant & Cost Accountant	7	6

\* Resigned from the Directorship of the Company w.e.f. May 05, 2009.  
NE – Non-Executive, I – Independent

Mrs. Smitha Singh, Company Secretary acts as the Secretary of the Committee.

#### 4. REMUNERATION COMMITTEE

The terms of reference of the Remuneration Committee involve determination of the Company's policies on specific remuneration packages for Executive Directors and Non Executive Directors. It also includes recommendation of revision in the remuneration of top Executives below the Board of Directors etc. The Recommendations of Remuneration Committee are considered and

approved by the Board subject to the approval of shareholders, wherever necessary.

The Chairman of the Remuneration Committee is Mr. V.B. Haribhakti, Non-Executive and Independent Director. During the year under review, the Committee met twice on June 16, 2008 and October 14, 2008.

The Constitution of the Remuneration Committee and attendance of the Committee Members is given below:

Names of the Directors	Position/ Category	Number of Committee Meetings held	Number of Committee Meetings attended
Mr. V. B. Haribhakti	Chairman (NE, I)	2	1
Mr. S. V. Muzumdar	Member (NE, I)	2	2
Dr. Vishnu Kanhere	Member (NE, I)	2	1

NE – Non-Executive, I – Independent

#### 5. COMPENSATION COMMITTEE

The Compensation Committee comprises of the following Members:

Names of the Directors	Position/ Category
Dr. Ravindra Bapat	(NE, I)
Dr. Vishnu Kanhere	(NE, I)
Mrs. Shivani Amit Dahanukar	(ED)

NE – Non-Executive, I – Independent, ED – Executive Director

The terms of reference of Compensation Committee involve ascertaining the detailed terms and conditions for issuing ESOPs and/or Sweat Equity Shares and deciding their entitlement and recommending the same to the Board of Directors of the Company, wherever necessary. The terms of reference of Compensation Committee also include administration of Employee Stock Option Scheme and exercising the powers and performing the



duties as prescribed under Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

No Meeting of the Committee was held in the year 2008-09.

#### Remuneration to Directors

Remuneration of Executive Directors is determined depending upon the performance of the Company, individual Director's performance and prevailing industry norms. Salary and commission paid to Executive Directors are within the limits prescribed under the Companies Act, 1956. In addition to the sitting fees, which is within the ceiling prescribed by Central Government, for attending Meetings of the Board of Directors, Audit and other Committee Meetings, the Non Executive Directors are remunerated with Commission not exceeding one percent of the net profits of the Company as computed in the manner provided by Section 198 (1) of the Companies Act, 1956. The payment of Commission to Non Executive Directors has been previously approved by the shareholders at the 72<sup>nd</sup> Annual General Meeting held on August 22, 2007. The Board has decided on the following quantum of Commission to the Non Executive Directors for the financial year 2008-09:

**Details of remuneration paid/to be paid to all Directors of the Company for the Financial Year 2008-09 are as follows:**

Names of the Directors	Salaries & Perquisites (Rs.)	Contribution to SA/ PF (Rs.)	Sitting Fees*** (Rs.)	Commission (Rs.)
Mr. Amit Dahanukar	14,483,304	979,200	Nil	968,765
Mrs. Shivani Amit Dahanukar	9,024,228	921,600	Nil	4,699,698

contd.

Names of the Directors	Salaries & Perquisites (Rs.)	Contribution to SA/ PF (Rs.)	Sitting Fees*** (Rs.)	Commission (Rs.)
Mr. S. V. Muzumdar	Nil	Nil	75,000	821,564
Mr. V. B. Haribhakti	Nil	Nil	55,000	821,564
Mr. S. H. Junnarkar*	Nil	Nil	65,000	—
Dr. Vishnu Kanhere	Nil	Nil	70,000	821,563
Dr. Ravindra Bapat	Nil	Nil	35,000	821,563
Mr. P. R. K. Reddy**	1,155,914	Nil	Nil	629,829

\* Resigned from the Directorship of the Company w.e.f. May 05, 2009.

\*\* Mr. P.R.K. Reddy was appointed as Whole Time Director with effect from October 14, 2008.

\*\*\* Sitting Fees includes payment to the Directors for attending Board Meetings and Committee Meetings.

**The particulars of Equity Shares of the Company held by the Directors are furnished below:**

Names of the Directors	Number of Equity Shares held	
	As on March 31, 2009	As on March 31, 2008
Mr. Amit Dahanukar	2,236,562	2,236,559
Mrs. Shivani Amit Dahanukar	250,282	250,282
Mr. S. V. Muzumdar	839	839
Mr. V. B. Haribhakti	1,000	1,000
Mr. S. H. Junnarkar*	Nil	Nil
Dr. Vishnu Kanhere	Nil	Nil
Dr. Ravindra Bapat	2,250	2,250
Mr. P.R.K. Reddy	Nil	Nil

\* Resigned from the Directorship of the Company w.e.f. May 05, 2009

Apart from the above mentioned Equity Shares, Mr. Amit Dahanukar and Mrs. Shivani Amit Dahanukar hold 4,500,000 convertible warrants of



the Company, carrying a right to apply for and be allotted 1 equity share for each warrant held within 18 months from the date of allotment.

During the year under review, Mr. Amit Dahanukar was allotted 200,000 – 12% Compulsorily Convertible Cumulative Preference Shares of the Company, convertible into equivalent number of Equity Shares within 18 months from the date of allotment. These Preference Shares were allotted in the Board Meeting held on March 26, 2009 after complying with the relevant SEBI Guidelines and after obtaining approval of shareholders in Extra-ordinary General Meeting and in-principle approval of The Stock Exchange, Mumbai (BSE) in this regard.

#### 6. SHAREHOLDERS'/INVESTOR GRIEVANCE COMMITTEE

The terms of reference of the Committee include specifically to look into the redressing of Shareholders' and Investors' complaints like non-receipt of balance sheet, non-receipt of share certificates upon transfer of shares, demat credit, rematerialisation, transfer, split, transmission of shares, etc.

During the year under review, the Committee met four times on June 16, 2008, July 29, 2008, October 14, 2008 and January 15, 2009.

The Constitution of the Shareholders/Investors Grievances Committee and attendance of the Committee Members is given below:

Names of the Directors	Position/ Category	Number of Committee Meetings held	Number of Committee Meetings attended
Mr. S. V. Muzumdar	Chairman (NE, I)	4	3
Mr. V. B. Haribhakti	Member (NE, I)	4	3
Mr. Amit Dahanukar	Member (E)	4	4

E – Executive, NE – Non-Executive, I – Independent

Mrs. Smitha Singh, Company Secretary is the Compliance Officer of the Company.

#### Statement of the various complaints received and resolved during the financial year 2008-09

Nature of Complaints	Received	Resolved	Pending
Non receipt of shares after transfer	9	9	Nil
Non receipt of dividend warrant	15	15	Nil
Non receipt of refund orders	Nil	Nil	Nil
Non receipt of annual reports	4	4	Nil
Non receipt of demat rejected s/c's	2	2	Nil
Non receipt of demat credit	3	3	Nil
Non receipt of share certificate against Indemnity	Nil	Nil	Nil
Non- receipt of Duplicate share certificate	1	1	Nil
<b>Total</b>	<b>34</b>	<b>34</b>	<b>Nil</b>

#### 7. SUBSIDIARY COMPANIES

The Company has two wholly owned subsidiaries i.e. Prag Distillery (P) Ltd. and Surya Organic Chemicals (P) Ltd. However, these are not "material non-listed Indian subsidiaries" as defined in Clause 49 of the Listing Agreement.

The Minutes of the Board Meeting of subsidiary companies are tabled at the subsequent Board Meetings of the Company.

#### 8. CODE OF CONDUCT

The Company has formulated and implemented a Code of Conduct for its Directors & Senior Management Personnel of the Company in compliance with Clause 49 of the Listing Agreement. The Board Members and Senior Management of the Company have confirmed compliance with the said Code.





## 9. DISCLOSURE PRACTICES FOR PREVENTION OF INSIDER TRADING

As required by the Securities and Exchange Board of India (Prohibition of Insider Trading Regulation (1992), the Company has adopted a Policy for Corporate Disclosure Practices for Prevention of Insider Trading with effect from December 1, 2002. The Policy is applicable to all the Directors and Designated Employees of the Company.

## 10. CMD/HEAD (FINANCE & ACCOUNTS) CERTIFICATION

In accordance with the requirement of Clause 49 (V) of the Listing Agreement, a certificate from the Chairman & Managing Director and the Head (Finance & Accounts) on the financial statements of the Company was placed before the Board and the same is annexed and forms part of this report.

## 11. GENERAL BODY MEETINGS

The Company's last three Annual General Meetings were held as per details given below :

Day, Date & Time	Venue	Special resolutions passed
Wednesday August 6, 2008 at 11.00 a.m.	Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce & Industry, K. Dubhash Marg, Mumbai-400 001	1(a) Authorisation for ESOP for employees of Tilaknagar Industries Ltd. (TI). 1(b) Authorisation for ESOP for employees of subsidiaries of Tilaknagar Industries Ltd. (TI). 2. Approving the revision in remuneration payable to Mr. Amit Dahanukar, Chairman & Managing Director.

Day, Date & Time	Venue	Special resolutions passed
Wednesday August 22, 2007 at 3.00 p.m.	Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce & Industry, K. Dubhash Marg, Mumbai-400 001.	3. Approving the revision in remuneration payable to Mrs. Shivani Amit Dahanukar, Executive Director. 4. Approval for issuance of Foreign Currency Convertible Bonds and/or Global Depository Receipts.
Wednesday August 6, 2008 at 11.00 a.m.	Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce & Industry, K. Dubhash Marg, Mumbai-400 001.	1. Approving the revision of remuneration of Mr. Amit Dahanukar, Chairman & Managing Director. 2. Approving the appointment of Mrs. Shivani Amit Dahanukar, Executive Director w.e.f. October 1, 2006. 3. Approving payment of Commission to Non Executive Directors. 4. Altering Article 3 of the Articles of Association of the Company.
Saturday, August 12, 2006 at 3.00 p.m.	Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce & Industry, K. Dubhash Marg, Mumbai 400 001.	1. Approving the appointment of Mrs. Shivani Amit Dahanukar as Vice President of the Company.

contd.



During the financial year, the Company also convened an Extra-ordinary General Meeting as per details given below:

Day, Date & Time	Venue	Special resolutions passed
Monday, March 16, 2009 at 10.30 a.m.	P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413720	<ol style="list-style-type: none"> <li>1. Approving the Amendment in Articles of Association consequent upon increase in the Authorized Capital of the Company.</li> <li>2. Approving the issue of 874,932 – 12% Compulsorily Convertible Cumulative Preference Shares on Preferential Allotment basis.</li> </ol>

#### Passing of Resolutions by Postal Ballot

During the financial year, a Special Resolution was passed on October 14, 2008 by way of Postal Ballot conducted under the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 for shifting of the Registered Office of the Company from 3rd Floor, Industrial Assurance Building, Churchgate, Mumbai- 400 020 to P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413720.

Mr. Chetan Dalal, Practising Chartered Accountant, Mumbai was appointed by the Board of Directors on September 06, 2008 as Scrutinizer for conducting the postal ballot process in a fair and transparent manner. The last date for receipt of the postal ballot form duly completed was fixed as Monday, October 13, 2008.

The result of the Postal Ballot as submitted by the scrutinizer is reproduced herein below:

Sr. No.	Particulars	Postal Ballots	Votes	% of Votes
i)	Total Postal Ballot Received	480	4059539	–
ii)	Postal Ballot - Invalid	104	23567	–
iii)	Postal Ballot - Valid	376	4035972	100.00
iv)	Valid Postal Ballot in favour of the Resolution	324	4021221	99.63
v)	Valid Postal Ballot Against the resolution	52	14751	00.37

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

## 12. DISCLOSURES

### a. Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large.

The related party transaction has been given in Note No. 2 (vi) of Notes to Accounts. However, these transactions are not likely to have any potential conflict with the interests of the Company.

### b. Risk Management Frame work

The Company has identified the major risk areas and the remedies available. It is in the process of laying down the risk minimization procedures to be periodically reviewed by the Board.

### c. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.



The Company has complied with all the provisions of Listing Agreement with Stock Exchange and regulations and guidelines of SEBI, as applicable from time to time. There were no instances of non-compliance of any matter related to the capital markets during the last three years.

**d. Under non-mandatory requirements of Corporate Governance, the Company has complied with the following.**

**i. The Board**

The Company has an Executive Chairman and his office, with required facilities, is provided and maintained by the Company. No policy has been fixed on tenure of Independent Directors.

**ii. Remuneration Committee**

Details are already given under the caption 'Remuneration Committee' in an earlier part of the Report.

**iii. Shareholders Rights**

In addition to publishing in leading English and Marathi newspaper having wide circulation, the Company publishes its quarterly results on its website [www.tilind.com](http://www.tilind.com). A quarterly declaration of financial performance including summary of the significant events is presently not being sent to shareholders individually.

**iv. Audit qualifications**

For the financial year 2008-09, there were no audit qualifications to the Company's financial statements. The Company continues to adopt best practices to ensure unqualified financial statements.

**v. Training to Board Members**

Considering the experience of the Members of the Board in their respective areas of specialization, no specific training programme is considered necessary for the

Board Members. However, the Board at its various Meetings is apprised of the business strategy, operations and technology of the Company, regulatory changes and various corporate actions which facilitates the Board Members to stay abreast with the changes in the business environment.

**vi. Mechanism for evaluating Non-Executive Board Members**

The Board at its discretion may consider such requirement in future.

**vii. Whistle Blower Policy**

The Management has always encouraged the employees of the Company to raise their concerns relating to fraud, malpractice or any other activity or event which is against the Company's interest. Every employee who observes unethical behaviour can bring to the attention of the immediate reporting officer who is required to report the same to the Chairman & Managing Director. Apart from that, any employee may report directly to the Chairman & Managing Director, any matter requiring immediate redressal.

### 13. MEANS OF COMMUNICATION

- i. The quarterly/half yearly/annual results are regularly submitted to the Stock Exchange in accordance with the provisions of the Listing Agreement and are published in newspapers like The Economic Times, The Times of India, Business Standard, The Financial Express, The Free Press Journal, Navashakti and Punyanagari. These are not sent individually to the Shareholders.

During the year under review, there was no official news released or presentation made to institutional investors and analysts by the Company.

- ii. Management Discussion and Analysis forms part of the Annual Report.



#### 14. GENERAL SHAREHOLDER INFORMATION

**i. Annual General Meeting :**

Date and Time : Saturday, August 01, 2009 at 11.00 a.m.  
Venue : P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413720.

**ii. Financial Calendar:**

Financial Year : April 1 to March 31.

**Financial reporting of results**

Quarterly unaudited results : Within one month from the end of the quarter.  
Annual audited results : Within three months from the end of the last quarter.

**iii. Book Closure date** : From : Saturday, July 25, 2009  
To : Saturday, August 01, 2009

**iv. Dividend Payment Date** : On or after August 01, 2009

**v. Listing on Stock Exchanges** : The Bombay Stock Exchange Limited (Scrip Code: 507205)  
The Company has paid the listing fees for the year 2009-10 to the said Stock Exchange.

**vi. Demat ISIN No. for Equity Shares** : INE133E01013  
The Company has paid custodian fees for the year 2009-10 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of number of beneficial accounts maintained by them as on March 31, 2009.

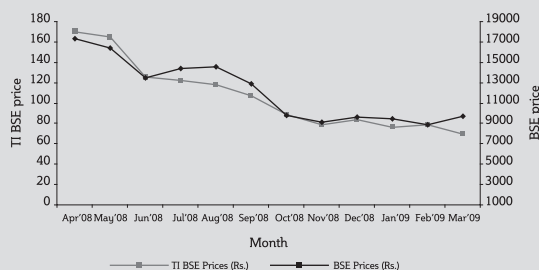
**vii. Market price data** : Monthly high & low quotations of shares traded at Bombay Stock Exchange for the year 2008-09 is furnished below:

Months	Month's High Price (Rs.)	Month's Low Price (Rs.)	Volume	BSE Sensex High	BSE Sensex Low
April, 2008	191	139	93374	17481	15298
May, 2008	187	159	58239	17736	16196
June, 2008	176	125	31611	16633	13406
July, 2008	139	110	40615	15130	12514
August, 2008	138	111	28648	15580	14002
September, 2008	135	97	59014	15107	12154
October, 2008	121	81	25934	13204	7697
November, 2008	102	74	16299	10945	8316
December, 2008	98	69	22344	10189	8467
January, 2009	97	72	32837	10470	8632
February, 2009	94	76	28224	9725	8619
March, 2009	89	60	140636	10127	8047

**Stock Performance in comparison to BSE SENSEX**

Performance of the Company's Share Price in Comparison to the BSE SENSEX is given below:

**Stock Performance**



**viii. Registrar & Transfer Agents**

Bigshare Services Pvt. Ltd.  
E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Sakinaka,  
Andheri (E), Mumbai – 400 072  
Ph: 022 2847 0652/53  
022 4043 0200  
Fax: 022 2847 5207





- ix. **Share Transfer System** Share transfers in physical form have to be lodged with the Registrar and Transfer Agents.

All shares received for transfer are registered and returned within a period of thirty days from the date of lodgment, provided the documents are valid and complete in all respects.

In accordance with the SEBI guidelines, the Company offers the facility of transfer-cum-demat to shareholders after share transfers are affected in physical form.

x. **Shareholding Pattern as on March 31, 2009**

Category of Shareholders	No. of Shares held	% of holding
<b>Promoter Holding</b>		
Indian Promoters	3125841	54.60
<b>Public Holding</b>		
<i>Institutions</i>		
Financial Institutions / Banks	655015	11.44
<i>Non- Institutions</i>		
Bodies Corporate	285093	4.98
Individuals	1644253	28.72
Clearing Members	1646	0.03
NRI	13220	0.23
<b>TOTAL</b>	<b>5725068</b>	<b>100.00</b>

xi. **Distribution of Shareholding as on March 31, 2009**

Shareholding of nominal value of	Share Holders		Share Amount	
Rs.	Number	% to Total	In Rs.	% to Total
(1)	(2)	(3)	(4)	(5)
Upto 5,000	9330	94.46	6104070	10.66
5,001 - 10,000	281	2.84	2080360	3.63
10,001 - 20,000	126	1.28	1805730	3.15
20,001 - 30,000	39	0.39	946330	1.65
30,001 - 40,000	20	0.22	714230	1.26
40,001 - 50,000	19	0.19	876090	1.53
50,001 - 1,00,000	33	0.33	2159790	3.77
1,00,001 and above	29	0.29	42564080	74.35
<b>TOTAL</b>	<b>9877</b>	<b>100.00</b>	<b>57250680</b>	<b>100.00</b>

- xii. **Dematerialization of Shares** Trading in Equity Shares of the Company is permitted only in dematerialized form. The Company's shares are held in dematerialized form to the extent of 91.98% of the total no. of issued and paid up capital.

- xiii. **Outstanding GDR/Warrants or any Convertible instruments** A total of 4,500,000 convertible warrants were allotted on preferential basis on December 14, 2007 to the Promoter Group in accordance with SEBI (Disclosure and Investor Protection) Guidelines, 2000. Such warrants are exercisable within a maximum period of 18 months from the date of allotment, into an equal number of fully paid-up Equity Shares of the Company.

Apart from the above, a total of 874,932 – 12% Compulsorily Convertible Cumulative Preference Shares were allotted on preferential basis on March 26, 2009 to the Promoter Group and Strategic Investor. Such Preference Shares are convertible within a maximum period of 18 months from the date of allotment, into an equal number of fully paid Equity Shares of the Company.

- xiv. **Plant Locations** P. O. Tilaknagar, Tal. Shirampur, Dist. Ahmednagar, Maharashtra – 413 720

- xv. **Address for correspondence** Mrs. Smitha Singh, Company Secretary  
**Tilaknagar Industries Ltd.,**  
Corp. Office: 3rd Floor, Industrial Assurance Bldg., Churchgate, Mumbai 400 020.  
Tel. : 022 2283 1718 / 16  
Fax : 022 2204 6904  
Website : [www.tilind.com](http://www.tilind.com)  
Email : [ssingh@tilind.com](mailto:ssingh@tilind.com)



## DECLARATION ON CODE OF CONDUCT

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

Dear Sirs,

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has also been posted on the website of the Company.

It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2009, as envisaged in Clause 49 of the Listing Agreement with Stock Exchanges.

For Tilaknagar Industries Ltd.

Amit Dahanukar  
Chairman & Managing Director

Place : Mumbai

Date : May 14, 2009



**CMD & HEAD (FINANCE & ACCOUNTS) CERTIFICATION**

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

We hereby certify that:

- (a) We have reviewed financial statements for the year ended March 31, 2009 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 year which are fraudulent, illegal and violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee
  - (i) Significant changes in internal control during the year.
  - (ii) Significant changes in accounting policies during the year.
  - (iii) Instances of significant fraud of which we have become aware.

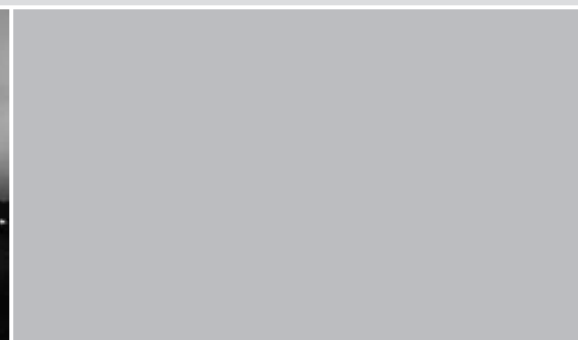
For Tilaknagar Industries Ltd.

**Amit Dahanukar**  
 Chairman & Managing Director

Place: Mumbai  
 Dated: May 14, 2009

For Tilaknagar Industries Ltd.

**Lalit Sethi**  
 Head (Finance & Accounts)



**AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER  
CLAUSE 49 OF THE LISTING AGREEMENT**

To the Members of  
Tilaknagar Industries Ltd.

We have examined the compliance of conditions of Corporate Governance by Tilaknagar Industries Ltd. ('The Company') for the year ended 31<sup>st</sup> March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange in India.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For **BATLIBOI & PUROHIT**  
Chartered Accountants

**K. A. Mehta**  
Partner  
Membership No. 111749

Place: Mumbai  
Dated: May 14, 2009





**DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT IN FORTHCOMING ANNUAL GENERAL MEETING**  
(In pursuance of Clause 49 of the Listing Agreement)

Names of the Directors	Mr. S.V. MUZUMDAR	DR. RAVINDRA BAPAT	MR. AMIT DAHANUKAR	MRS. SHIVANI AMIT DAHANUKAR
Date of Birth	December 10, 1928	June 2, 1942	November 6, 1976	June 28, 1977
Expertise in specific functional areas	Mr. S.V. Muzumdar is a law graduate. He has wide knowledge and experience in the corporate taxation and management. He is on the Board of many reputed Companies and has been associated with TI for more than three decades.	Dr. Ravindra Bapat is Emeritus Professor Department of Surgical Gastroenterology at the Seth G. S. Medical College and K.E.M Hospital, Parel, Mumbai. He is a member of the Governing Council of Tata Memorial Centre and Trustee of Yashwantrao Chavan Pratishthan, Ayurvedya Vardhini & Sanyog Trust, Mumbai. He is also Chairman of Haffkine Bio-pharmaceutical Corporation Ltd.	As the Chairman & Managing Director, Mr. Amit Dahanukar is hands on with the Management of the Company and provides strategic inputs and vision for ensuring continued success at TI.	Mrs. Shivani Amit Dahanukar strategises on operational issues and oversees the daily operations of the Company.
Qualifications	B.A., LL.B	M.S., M.B.A, F.I.S.C.	Mr. Amit Dahanukar holds a degree in Electrical Engineering and a Masters degree in Engineering Management from Stanford University, U.S.A.	Mrs. Shivani Amit Dahanukar holds a Masters degree in Business Administration from the University of San Francisco and is also a Law graduate from the Government Law College, University of Mumbai.
Public Companies in which Directorship is held as on March 31, 2009.	1. The Oudh Sugar Mills Ltd. 2. Indian Link Chain Mfrs. Ltd. 3. Phil Corporation Ltd. 4. Simon India Ltd.	1. Haffkine Bio-pharmaceutical Corporation Ltd. 2. Haffkine Ajintha Pharmaceuticals Ltd.	Nil	Nil
Chairman of Committees formed by Board of other Listed Companies on which he is a Director as on March 31, 2009.	1. The Oudh Sugar Mills Ltd	Nil	Nil	Nil
Member of Committees formed by Board of other Listed Companies on which he is a Director as on March 31, 2009.	1. The Oudh Sugar Mills Ltd. 2. Phil Corporation Ltd. 3. Simon India Ltd.	Nil	Nil	Nil
Shareholding in the Company (Equity)	839	2,250	2,236,562	250,282



## Corporate Social Responsibility



“Ensuring Economic Strength, a Healthy Environment  
and an Empowered Community”

At Tilaknagar Industries (TI), we have adopted a triple bottomline approach to ensure that our business affords sustainable benefits to all stakeholders.

**'We will keep helping and feeding people in need, till there comes a day when nobody needs it for free.'**

While we are always conscious of our financial success, we also work towards a healthy environment and an empowered community around us. Our pragmatic approach towards Corporate Social Responsibility (CSR) focuses on giving back to the community in which we operate and simultaneously adding value to the society around us. Fundamentally, this accrues to acting ethically and responsibly as individuals and as a Company. It also means being committed to helping the less privileged and making the society a better place to live in.

Our CSR Motto defines the TI Spirit and approach in reaching out to the community:

*'We will keep helping and feeding people in need, till there comes a day when nobody needs it for free.'*

With this objective, Tilaknagar Industries has formed an alliance with SHREE RAMANUGRAH TRUST to carry out various activities for the benefit of our brethren.

We have been carrying out many community development activities in and around the districts where our operations are centered. We also attempt to ensure the same triple bottomline approach is followed at its project sites all over the country.

In order to achieve its Corporate Social Responsibility goals, we focus on five main themes in our programmes:

#### HEALTH

Good Health has been identified as a primary objective in the community development process. Listed below are some of our community healthcare initiatives:

##### **Charitable Dispensaries**

TI runs a free dispensary named "Shree Swami Brahmanand Saraswati Charitable Dispensary" for villagers of Tilaknagar, Shrirampur. The honorary dispensary is well staffed with two doctors, three nurses and a ward assistant.

In addition to the dispensary at Tilaknagar, TI provides free medical services for underprivileged families at Dr Sharma's Ophthalmic Services clinic in Mumbai and Dr Roy's Nephrology Services clinic in Pune, Maharashtra. TI also sponsors surgeries at various clinics all over the country.

##### **Health Camps**

A health camp is conducted by the TI medical team every fortnight at any one of the 51 villages of Ahmednagar Taluka. The camps are usually set up in the village playschool with an out-patients area for routine examinations and vaccinations and a counter to administer medicines. Where necessary, blood tests are also conducted. Severe disease areas are identified for further attention and treatment. Health camps have been conducted so far in the disciplines of gynaecology, paediatrics and polio eradication.





### **Water Purification and Supply**

Another health and hygiene initiative at Tilaknagar has been the expansion of the water supply network to the Tilaknagar villages and the purification to enhance sanitation.

### **EDUCATION**

Education has been pivotal for TI's community development programmes in an endeavour to encourage empowerment and self sustenance among the needy and underprivileged.

#### ***Dahanukar English and Marathi Schools***

The company runs an English medium school and supports a Marathi medium school for the children of Shrirampur, Ahmednagar.

The Dahanukar English Medium High School was started in 1975. The school has a current strength of 621 students and 42 faculty members that include teachers. The school is inspired from the gurukul system and conducts classes on Vedic practices. The yajurveda is taught and a yogacharya acquaints the students with India's historical spiritual practices on auspicious days. The school has levels from primary to matriculation education. The students are well educated and many have gone on to establish themselves as doctors and engineers. Students are prepared for public exams such as Maharashtra Talent Search exam, NTS and Olympiad. Seven students from the school were nominated for the 8th standard All Maharashtra Scholarship Programme recently.

#### ***Vedic Education***

We support educational institutions that offer a mix of the ancient vedic and the contemporary secular education. Some examples are Ramdham Ashram at Bitthoor in UP, Brahmaswamadam in Trishur, Kerala and Shree Kateswami Ashram in Ahmednagar, Maharashtra.

#### ***Geriatric Homes/Orphanages***

TI regularly supports geriatric homes in various states in India .A support system initiative has been launched recently in Mumbai so that children and young adults are better sensitized and made aware of the needs of the older generations Support is extended to Guru Gayatrimadam in Mookambika, Karnataka in this context. Two boarding schools for girls - Anandvihar at Ahmednagar and Thayagam at Madurai, and three

boarding schools for boys - Our Lady of Health in Vishakapatnam and Mysore, and Brahmaswamadam in Kerala are caring centres for young destitute orphans and children from below poverty line families.

We also propose to set up degree colleges in Engineering, Pharmacy and Management in the near future.

### **SPONSORSHIPS / GRANTS**

#### ***Academics and Sports***

TI believes in identifying and nurturing talent across the country TI has been sponsoring youth with promising talent and abilities to help them achieve their optimum in their chosen fields of sports and academics.

#### ***Pensions and Medical Relief***

The aged and poor, the mentally and physically handicapped also benefit from TI charity. Across the country, we provide a monthly pension ranging from Rs.500 to Rs.2000 to many needy senior citizens and others who are poor and suffering from severe physical and mental handicaps.

Taking a step further, Tilaknagar Industries is planning to start a day-care centre at Shrirampur for the senior citizens.

### **ENVIRONMENT**

At TI we spread awareness on safeguarding our planet and advocate a responsible use of renewable energy. TI firmly believes in detoxifying wastes and recycling the reusable. A 250m3 Reverse Osmosis Plant treats effluents, returning 50 per cent of its inputs as pure, reusable water. A 450m3 bio-gas digester converts the distillery's spent wash into purified gas, which is fed into special bio-gas engines to produce almost 700kw of power. Multiple Effect Evaporation generates steam and bio-gas which are ploughed back into the production process. Sulphur isolated post-production is sold as manure to farmers in Shrirampur. Waste water from bottle washing is recycled and reused for bottle washing.

TI has been planting and cultivating plants and trees in and around its Shrirampur unit. One can find grand old trees here that are more than 75 years old. The current





drive is to plant 9000 saplings every month in chosen areas of dry and arid zones. We have also installed numerous solar street lights and solar home lighting systems to demonstrate and encourage the use of non-depleting sources of energy.

#### COMMUNITY

An essential component of our CSR activity portfolio is community development. We endeavour to make a positive contribution to underprivileged communities by supporting a wide range of socio-economic, educational and health initiatives. Many of the community projects and programmes are driven by active participation from our employees.

##### *Responsible Drinking Awareness Drive*

At TI, we are committed to promote responsible drinking. We conduct roadshows across cities and institutions, especially places frequented by youth, to spread the message of 'responsible and safe' drinking.

##### *Annakshetras*

TI's Maa Ananteshwari Annakshetra-at various places all over the country- has been functional for many years. It is an initiative to feed the starving and poor of India. The needy are given free food daily at the Annakshetra pandal set up for the purpose in Tilaknagar and our other business centres. Free food is also distributed at some of the villages which cannot avail of aid due to distance and terrain. Much of the groceries for the Annakshetra are sourced from the Consumer Stores that are fully funded by TI. Vegetables are home grown on our various properties across the country.

##### *Places of Worship*

TI has also supported the renovation and re-establishment of many spiritual institutions / structures like Shree Rameshwar temple and Shree Ramanagarh Ashram in UP, Darul Islam and Madrasa Eklehreh mosques in Maharashtra and Our Lady of Health Church in Vishakapatnam.

TI has also provided monetary support to the Jama Masjid Trust in Tilaknagar towards the construction of the Jama Masjid Tilaknagar Dargah and the Urdu medium school. TI has also sanctioned financial aid in the construction of the local Idgah and another small mosque at Tilaknagar.

##### *Gaushalas (Cattle Care Facilities)*

The Tilaknagar Gaushala at Shrirampur was set up in 2006 with a few cows and over the last three years has grown to a cattle strength of 153, including cows and calves. The Tilaknagar Gaushala is managed by two experienced cattle keepers and the milk produced by the cattle is first given free to all the children of the surrounding villages and then distributed to employees and the villagers.

The cattle yield at the Tilaknagar Gaushala has increased with recent measures taken by TI to enrich cattle feed. Cattle feed is produced in-house at a Cattle Feed Plant. The feed is not only a highly nutritious meal for the cattle at Tilaknagar, but is now being manufactured in larger quantities and sold to the neighbouring villages under the "Govardhan" brand name.

TI also maintains a Gaushala at Trishur, Kerala for the upkeep of the native cow species and its natural byproducts.

##### *Sports Club*

The TI Sports Club at Tilaknagar in Shrirampur was inaugurated over 40 years ago as a social initiative to encourage sports and physical education in the community. The club offers membership and a variety of sports facilities and equipment free of cost. The Sports Club is open both to children and adults and has a count of 150 members. Tournaments are conducted regularly. Lawn tennis, volley ball, badminton, table tennis, carrom and chess are played here. A small library within the club premises also inculcates a healthy reading habit among the young. Distinguished personnel from the Tilaknagar community are members of the club.

##### *Community Marriages*

We conduct regular community marriages for the poor at Shrirampur. Till date more than twenty couples have been married and the weddings were completely funded by TI. The company bore the expenses for the ceremony, the bride and groom's attire, the gold and other daily household items for the newlyweds which were given as gifts to the happy newly weds.



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# Auditors' Report

to the Members of Tilaknagar Industries Ltd.

- 1 We have audited the attached balance sheet of **TILAKNAGAR INDUSTRIES LTD.** ('the Company') as at 31st March 2009, and also the profit and loss account and the cash flow statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4 Further to our comments in the Annexure referred to above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - v) On the basis of written representations received from the directors as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India
    - a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2009;
    - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For BATLIBOI & PUROHIT**  
Chartered Accountants

**K. A. Mehta**  
Partner

Membership No. 111749

Place : Mumbai  
Dated : May 14, 2009

# Annexure

referred to in paragraph [3] of our Report of even date to the Members of Tilaknagar Industries Ltd. on the Accounts for the year ended 31st March, 2009.

- i) a) The Company has updated records showing full particulars, including quantitative details and situation of fixed assets.
- b) All fixed assets have been physically verified by the management during the year. As informed, no material discrepancies were noticed on such verification.
- c) There was no substantial disposal of fixed assets during the year.
- ii) a) As per the information furnished, the inventories have been physically verified by the management during the year. In our opinion, having regard to the nature and location of stocks, the physical verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- iii) a) As per the information furnished, the Company has granted loans and advances, to its two 100% subsidiary companies, covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 160.51 million and the year-end balance of loans granted to such parties was Rs.149.77 million.
- b) In our opinion and according to the information and explanations given to us, the terms and conditions for such loans are not prima facie prejudicial to the interest of the Company
- c) The loans granted are repayable on demand. As informed, the Company has not demanded repayment of loan during the year, thus there has been no default on the part of the parties to whom the money has been lent. The loan given is interest free.
- d) There is no over due amount of the loans granted to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- e) As per the information furnished, the Company has not taken any loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees Five lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regards.
- vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies



# Annexure

referred to in paragraph [3] of our Report of even date to the Members of Tilaknagar Industries Ltd. on the Accounts for the year ended 31st March, 2009.

Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

- ix) a) According to the information and explanations given to us and based on the books as produced and examined, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees state insurance, income tax, wealth tax, service tax, sales tax, customs duty and excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- c) According to the information and explanation given to us and based on the books produced and examined, the dues of Income tax, Wealth tax, Service tax, Sales tax, Excise duty and cess which have not been deposited on account of any dispute are as follows:

Name of the Statute	Nature of dues	Amount (Rs. in million)	Forum where the Dispute is pending
Sales Tax Act	Sales Tax	1.34	Sales Tax Tribunal

- x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
- xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution or bank. The Company has not issued any Debentures.
- xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 (as amended) are not applicable to the company.

xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.

xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the company, we report that no funds raised on short term basis have been used for long term investment.

xviii) The Company has made preferential allotment of preference shares to parties covered in the register maintained u/s. 301 of the Companies Act, 1956 and it has been issued at a price which is not prejudicial to the interest of the company.

xix) The Company did not have any outstanding debentures during the year.

xx) The Company has not raised any money by way of public issues during the year.

xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**For BATLIBOI & PUROHIT  
Chartered Accountants**

**K. A. Mehta**  
Partner

Membership No. 111749

Place : Mumbai  
Dated : May 14, 2009

# Balance Sheet

as at 31st March, 2009

(Rs.)			
	Schedule	As At 31st March, 2009	As At 31st March, 2008
<b>I SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a. Share capital	'A'	139,494,288	57,250,680
b. Share Warrant	'A1'	70,650,000	70,650,000
c. Reserves & surplus	'B'	1,273,683,984	1,108,183,688
		<b>1,483,828,272</b>	<b>1,236,084,368</b>
<b>2. Loan Funds</b>			
a. Secured loans	'C'	1,167,683,965	574,728,612
b. Unsecured loans	'D'	83,633,054	2,074,000
<b>3. Deferred Tax Liability</b>		57,361,970	34,021,970
		<b>2,792,507,261</b>	<b>1,846,908,950</b>
<b>II APPLICATION OF FUNDS</b>			
<b>1. Goodwill</b>		3,836,695	3,836,695
<b>2. Fixed Assets</b>	'E'		
a. Gross block		1,426,029,407	1,190,572,441
b. Less: Depreciation		162,929,138	104,121,284
		<b>1,263,100,269</b>	<b>1,086,451,157</b>
Add : Capital Work-In-Progress		390,951,954	135,223,569
		<b>1,654,052,222</b>	<b>1,221,674,726</b>
c. Less: Impairment of assets		1,704,564	1,704,564
		<b>1,652,347,658</b>	<b>1,219,970,162</b>
<b>3. Investments</b>	'F'	62,844,179	31,396,886
<b>4. Current Assets, Loans &amp; Advances</b>	'G'	2,179,420,516	1,302,925,282
Less: Current Liabilities & Provisions	'H'	1,105,941,787	711,220,075
<b>Net Current Assets</b>		<b>1,073,478,729</b>	<b>591,705,207</b>
<b>5. Miscellaneous Expenditure</b>	'H1'	–	–
(To the extend not adjusted or written off)		<b>2,792,507,261</b>	<b>1,846,908,950</b>
Significant accounting policies & Notes on accounts	'M'		

As per our Report of even date annexed.

For **Batliboi & Purohit**  
Chartered Accountants**K A Mehta**  
Partner  
Membership No. 111749Place : Mumbai  
Date : May 14, 2009

For and on behalf of the Board

**Amit Dahanukar**  
Chairman &  
Managing Director**Smitha Singh**  
Company Secretary**Shivani Amit Dahanukar**  
Executive Director**P. R. K. Reddy**  
Whole Time Director**S. V. Muzumdar**  
Director**V.B.Haribhakti**  
Director**Dr. Vishnu Kanhere**  
Director**Dr. Ravindra Bapat**  
Director

# Profit and Loss Account

for the year ended 31st March, 2009

			(Rs.)
	Schedule	for the year ended 31st March, 2009	for the year ended 31st March, 2008
<b>I INCOME:</b>			
Sales	`I'(1)	3,865,658,805	2,267,806,916
Less: Excise duty		1,495,977,427	813,274,030
		<b>2,369,681,378</b>	<b>1,454,532,886</b>
Other income:	`I'(2)	26,319,465	9,930,691
		<b>2,396,000,843</b>	<b>1,464,463,576</b>
<b>II EXPENDITURE :</b>			
(Increase) / Decrease in stocks	`I'(3)	(148,129,025)	(71,454,193)
Cost of materials	`I'(4)	1,073,181,413	558,677,390
Employees' remuneration and benefits	`J'	197,687,367	121,763,608
Manufacturing and other expenses	`K'	809,710,804	535,984,808
Interest		105,641,438	49,683,293
Depreciation / Amortization		28,890,324	18,540,343
		<b>2,066,982,321</b>	<b>1,213,195,248</b>
Profit before taxation		<b>329,018,522</b>	<b>251,268,328</b>
Less: Provision for taxation			
Current years'		87,500,000	82,500,000
Previous years'		3,944,203	–
Fringe Benefit Tax		<b>1,750,000</b>	<b>1,550,000</b>
Deferred Tax		23,340,000	5,090,983
		<b>116,534,203</b>	<b>89,140,983</b>
Profit after taxation		<b>212,484,319</b>	<b>162,127,345</b>
Add: Balance brought forward from previous year		213,695,905	82,634,450
Amount available for appropriations		<b>426,180,224</b>	<b>244,761,795</b>
<b>III APPROPRIATIONS:</b>			
Transferred to General Reserve		21,500,000	17,000,000
Proposed dividend		14,447,865	12,022,643
Dividend tax (including surcharge & cess)		2,455,415	2,043,248
Balance transferred to balance sheet		387,776,944	213,695,905
		<b>426,180,224</b>	<b>244,761,795</b>
Earnings Per Share (Rs.)	Basic	37.11	28.32
	Diluted	20.76	22.44
(Refer Note xviii of Schedule 'L')			
Significant accounting policies & Notes on accounts	`M'		

As per our Report of even date annexed.

For **Batliboi & Purohit**  
Chartered Accountants**K A Mehta**  
Partner  
Membership No. 111749Place : Mumbai  
Date : May 14, 2009

For and on behalf of the Board

**Amit Dahanukar**  
Chairman &  
Managing Director**Smitha Singh**  
Company Secretary**Shivani Amit Dahanukar**  
Executive Director**P. R. K. Reddy**  
Whole Time Director**S. V. Muzumdar**  
Director**V.B. Haribhakti**  
Director**Dr. Vishnu Kanhere**  
Director**Dr. Ravindra Bapat**  
Director

# Schedules

forming part of accounts for the year ended  
31st March, 2009

	(Rs.)	
	As At 31st March, 2009	As At 31st March, 2008
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
30,000,000 equity shares of Rs. 10/- each (P.Y. 30,000,000 equity shares of Rs. 10/- each)	300,000,000	300,000,000
900,000 Compulsorily Convertible Cumulative Preference Shares of Rs.94/- each (P.Y. Nil)	84,600,000	–
<b>Issued, Subscribed and Paid Up :</b>		
5,725,068 equity shares of Rs. 10/- each fully paid up (P.Y. 5,725,068 equity shares of Rs. 10/- each)	57,250,680	57,250,680
Of the above shares :-		
a) 302,675 equity shares of Rs.10/- each fully paid-up bonus shares by capitalisation of reserves.		
b) 1,237,500 equity shares of Rs.10/- each were allotted as fully paid-up pursuant to a scheme of amalgamation.		
c) 44,696 equity Shares of 10/- each were allotted for consideration other than cash.		
874,932 12% Compulsorily Convertible Cumulative Preference Shares of Rs.94/- each fully paid up (P.Y. Nil) (Convertible into equity shares within 18 months from the date of allotment)	82,243,608	–
	<b>139,494,288</b>	<b>57,250,680</b>
<b>SCHEDULE 'A' (1)</b>		
<b>SHARE WARRANT</b>		
4,500,000 share warrants of Rs.157/- each - 10% paid up	70,650,000	70,650,000
	<b>70,650,000</b>	<b>70,650,000</b>
<b>SCHEDULE 'B'</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>1. Share Premium Account</b>		
As per last Balance Sheet	20,957,443	20,957,443
<b>2. General Reserve</b>		
As per last Balance Sheet	50,660,572	33,660,572
Transfer from Profit & loss account	21,500,000	17,000,000
	<b>72,160,572</b>	<b>50,660,572</b>
<b>3. Revaluation Reserve</b>	822,869,769	822,869,769
Less : Amortised	30,080,743	–
	<b>792,789,026</b>	<b>822,869,769</b>
<b>4. Profit &amp; Loss Account</b>	387,776,944	213,695,905
	<b>1,273,683,984</b>	<b>1,108,183,688</b>



# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

	(Rs.)	
	As At 31st March, 2009	As At 31st March, 2008
<b>SCHEDULE 'C'</b>		
<b>SECURED LOANS</b>		
<b>A. Long Term Loans</b>		
<b>Term Loans</b>		
<b>From Financial Institutions</b>	413,200,000	221,200,000
(Against First charge on the Fixed Assets of the Company situated at Shrirampur, Dist. Ahmednagar and Second charge on Current Assets.)		
<b>B. Short Term Loans</b>		
<b>Cash Credit (including working capital demand loan)</b>	748,160,609	348,566,273
(Against hypothecation of stock of raw materials, work-in-progress, finished goods, stores, chemicals & book debts and Second charge on the Fixed Assets of the Company situated at Shrirampur, Dist. Ahmednagar)		
Hire purchase Car loan (with Banker's lien on cars)	6,323,356	4,962,340
	<b>1,167,683,965</b>	<b>574,728,612</b>
<b>SCHEDULE 'D'</b>		
<b>UNSECURED LOANS</b>		
1. Fixed deposits - Shareholders & others	608,000	2,074,000
2. Unsecured loans		
From Financial Institution	49,958,582	–
From Others	33,066,472	–
	<b>83,633,054</b>	<b>2,074,000</b>

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

(Rs.)											
GROSS BLOCK				DEPRECIATION / AMORTIZATION				NET BLOCK			
As At 1st April, 2008	Addition	Ded- uction	Reval uation	As At 31st March, 2009	As At 1st April, 2008	Ded- uction	For the year	On Reval uation	As At 31st March, 2009	As At 31st March, 2008	As At 31st March, 2008
<b>SCHEDULE 'E': FIXED ASSETS</b>											
<b>Tangible Assets</b>											
Land	522,890,000	-	-	522,890,000	-	-	-	-	-	522,890,000	522,890,000
Buildings	145,689,495	10,746,046	-	156,435,541	16,596,450	-	2,753,001	10,478,360	29,827,812	126,607,729	129,093,045
Plant & Machinery	459,402,854	189,059,155	-	648,462,009	65,564,204	-	14,822,890	19,602,383	99,989,477	548,472,532	393,838,650
Furniture & Fixtures	16,309,975	2,184,193	-	18,494,168	5,596,305	-	2,112,525	-	7,708,830	10,785,338	10,713,670
Computers	4,613,217	24,301,246	-	28,914,463	1,891,254	-	2,880,374	-	4,771,628	24,142,834	2,721,963
Electrical Installation & Fittings	3,279,255	2,637,257	-	5,916,512	1,443,064	-	393,037	-	1,836,101	4,080,410	1,836,191
Motor Car and Transport Vehicles	18,238,736	7,275,057	745,987	24,767,806	5,576,200	163,213	3,965,722	-	9,378,709	15,389,097	12,662,536
Roads & Bridges	2,702,038	-	-	2,702,038	468,393	-	223,365	-	691,758	2,010,280	2,233,645
Library Books	27,773	-	-	27,773	27,773	-	-	-	27,773	-	-
Live Stock	25,000	-	-	25,000	-	-	-	-	-	25,000	25,000
<b>Intangible Assets</b>											
Product Development	17,394,097	-	-	17,394,097	6,957,639	-	1,739,410	-	8,697,049	8,697,048	10,436,458
	1,190,572,441	236,202,953	745,987	1,426,029,407	104,121,284	163,213	28,890,324	30,080,743	162,929,138	1,263,100,269	1,086,451,157
Capital WIP	135,223,569	255,728,385	-	390,951,954	-	-	-	-	-	390,951,954	135,223,569
Grand Total	1,325,796,010	491,931,338	745,987	1,816,981,361	104,121,284	163,213	28,890,324	30,080,743	162,929,138	1,654,052,222	1,221,674,726
Previous Year	260,909,803	107,772,414	979,545	1,325,796,010	86,137,761	556,819	18,540,342	-	104,121,284	1,221,674,726	204,578,081

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

		(Rs.)	
	Shares/ Units	As At 31st March, 2009	As At 31st March, 2008
<b>SCHEDULE 'F'</b>			
<b>INVESTMENTS</b>			
<b>I. Government Securities : (Unquoted)</b>			
7 Year National Savings Certificates of face value of Rs.51,400/- (Certificates worth Rs. 44,000/- deposited with Government authorities)		51,400	51,400
6 Year National Savings Certificates (Deposited with Government authorities)		4,250	4,250
		<b>55,650</b>	<b>55,650</b>
<b>II. Shares in Joint Stock Companies, etc. (Unquoted):</b>			
Mula Pravara Electric Co-operative Society Ltd.	Equity	252,070	252,070
Shree Suvarna Sahakari Bank Ltd.	Equity	2,000	2,000
Maharashtra State Financial Corporation	Equity	11,500	11,500
Rupee Co-op Bank Ltd	Equity	25,000	25,000
		<b>290,570</b>	<b>290,570</b>
<b>III. Investment in subsidiary</b>			
Surya Organic Chemicals (P) Ltd. (73,050 shares of Rs.100/- each)		8,362,904	7,181,000
Prag Distilleries (P) Ltd. (2,011,000 shares of Rs..10/- each)		54,135,055	23,869,666
		<b>62,844,179</b>	<b>31,396,886</b>
			(Rs.)
		As At 31st March, 2009	As At 31st March, 2008
<b>SCHEDULE 'G'</b>			
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
<b>Current Assets</b>			
<b>Inventory (at cost)</b>			
Raw materials		60,254,215	30,487,298
Stores, components		257,172,026	94,095,834
Work-in-process		34,941,699	7,833,137
Stock-in-trade		200,833,607	79,813,144
Stock-in-transit		3,970,555	—
		<b>557,172,102</b>	<b>212,229,413</b>
<b>Sundry debtors (unsecured, considered good)</b>			
a) Outstanding exceeding six months		84,167,548	72,086,786
b) Others		521,849,559	478,408,038
		<b>606,017,107</b>	<b>550,494,824</b>
<b>Cash and bank balances:</b>			
Cash and cheques on hand		13,309,076	7,302,873
In Current Accounts with Scheduled Banks		4,285,869	3,638,471
In Fixed Deposit with Scheduled Banks		25,527,250	9,558,454
		<b>43,122,196</b>	<b>20,499,798</b>
<b>Loans &amp; Advances</b>			
<b>(Unsecured considered good)</b>			
Advances recoverable in cash or in kind or for value to be received		225,477,227	131,476,467
Advances to Subsidiary Companies		202,266,293	151,870,011
Advance with Tie-up Units		205,918,192	60,300,942
Balance with Excise Authorities		12,874,620	9,506,230
Deposits		120,001,901	32,944,993
Deposit with Court		39,650,161	22,471,394
Advance Tax		166,920,718	111,131,210
		<b>973,109,111</b>	<b>519,701,247</b>
		<b>2,179,420,516</b>	<b>1,302,925,282</b>

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

	(Rs.)	
	As At 31st March, 2009	As At 31st March, 2008
<b>SCHEDULE 'H'</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors		
Small Scale Industries	6,281,606	4,663,524
Others	476,235,475	336,971,479
Unclaimed dividends	793,918	578,588
Unclaimed Deposits	814,000	24,000
Trade Deposits (Unsecured, interest free)	277,756,297	162,644,984
	<b>761,881,296</b>	<b>504,882,574</b>
<b>Provisions</b>		
Provision for Taxation	219,360,000	135,075,000
Dividend Payable	14,447,865	12,022,643
Dividend Tax	2,455,415	2,043,248
Provision for Gratuity	21,049,446	12,319,002
Provision for leave encashment	7,596,590	6,147,317
Other Provisions	79,151,175	38,730,290
	<b>344,060,491</b>	<b>206,337,500</b>
	<b>1,105,941,787</b>	<b>711,220,075</b>
<b>SCHEDULE 'H' (1)</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
Deferred Revenue Expenditure		
As per last Balance Sheet	–	2,910,089
Less: Written off during the year	–	(2,910,089)
	<b>–</b>	<b>–</b>
	<b>for the year ended 31st March, 2009</b>	<b>for the year ended 31st March, 2008</b>
<b>SCHEDULE 'I' (1)</b>		
<b>SALES</b>		
Sales of products	3,634,036,632	1,990,320,641
Other Income	14,522,571	5,956,498
Income from tie-up units	217,099,602	271,529,776
	<b>3,865,658,805</b>	<b>2,267,806,916</b>
<b>SCHEDULE 'I' (2)</b>		
<b>OTHER INCOME</b>		
Dividend	11	545,180
Duty drawback on exports	3,070,320	1,306,623
Miscellaneous receipts	20,584,269	7,237,219
Sundry Balance w/back	2,792,362	1,150,047
Gain/ (Loss) on exchange fluctuation	88,145	(234,791)
Profit / (Loss) on sale of assets	(215,642)	(73,587)
	<b>26,319,465</b>	<b>9,930,691</b>



# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

	(Rs.)	
	for the year ended 31st March, 2009	for the year ended 31st March, 2008
<b>SCHEDULE 'T' (3)</b>		
(INCREASE) / DECREASE IN STOCK		
Opening Stock		
i) Work-in-process	7,833,137	854,035
ii) Finished goods	79,813,144	15,338,053
	<b>87,646,281</b>	<b>16,192,088</b>
Less : Closing Stock		
i) Work-in-process	34,941,699	7,833,137
ii) Finished goods	200,833,607	79,813,144
	<b>235,775,306</b>	<b>87,646,281</b>
Net (Increase)/Decrease in Stock	<b>(148,129,025)</b>	<b>(71,454,193)</b>
<b>SCHEDULE 'T' (4)</b>		
<b>COST OF MATERIAL CONSUMED</b>		
Raw Material Consumption		
Opening Stock	30,487,298	20,889,839
Add: Purchases	536,114,050	174,528,361
Less: Closing Stock	60,254,215	30,487,298
	<b>506,347,133</b>	<b>164,930,902</b>
Stores Consumed	566,834,280	393,746,488
	<b>1,073,181,413</b>	<b>558,677,390</b>
<b>SCHEDULE 'J'</b>		
<b>EMPLOYEES' REMUNERATION &amp; BENEFITS</b>		
Salary and wages	166,315,464	97,865,558
Contribution to provident fund and family pension fund	10,041,144	5,212,061
Labour and staff welfare expenses	10,174,861	7,282,398
Gratuity	11,155,898	11,403,591
	<b>197,687,367</b>	<b>121,763,608</b>
<b>SCHEDULE 'K'</b>		
<b>MANUFACTURING AND OTHER EXPENSES:</b>		
Power and fuel	24,094,047	57,769,227
Excise Duty on Finished Goods	40,420,885	6,248,793
Repairs & maintenance	28,618,875	15,797,003
Insurance	6,349,667	5,184,551
Rent	127,942,136	41,456,203
Legal and professional charges	32,266,637	24,904,185
Audit Fees	380,941	231,240
Rates and taxes	50,146,103	40,314,170
Sales tax	18,184,644	579,191
Freight, transport charges & other expenses	79,509,895	44,687,904
Selling expenses [Discounts, Sales Promotion & Advertising etc.]	322,864,761	229,985,190
Travelling and conveyance expenses	10,274,953	6,212,840
Printing and stationery	3,087,896	1,574,283
Postage, telephone & telegram	7,062,910	4,650,802
Motor vehicle expenses	2,931,685	1,391,777
Miscellaneous expenses	51,988,515	49,235,678
Director Fees	300,000	339,000
Commission to Independent Directors	3,286,254	2,512,683
Deferred revenue expenditure	–	2,910,089
	<b>809,710,804</b>	<b>535,984,808</b>

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

	UOM	2008-2009		2007-2008	
		Quantity	Rupees	Quantity	Rupees
SCHEDULE 'I'					
ADDITIONAL INFORMATION					
1. Sales & Services					
Products					
i) Sales					
a) Indian Made Foreign Liquor - own unit	B.L.	5,194,386	838,526,655	3,401,384	356,881,656
b) Industrial Alcohol & Other Spirits	B.L.	1,911,432	43,438,748	4,378,050	80,098,948
c) Diethyl Oxalate/ Chemicals	Kgs	437,585	31,868,850	436,470	25,375,576
d) Indian Made Foreign Liquor - Lease units	B.L.	22,303,359	2,720,202,379	13,606,369	1,527,964,462
			3,634,036,632		1,990,320,641
ii) Income from Tie-Up Units			217,099,602		271,529,776
iii) Other Income			14,522,571		5,956,498
			3,865,658,805		2,267,806,915
2. Stock of Finished Goods					
i) Opening Stock					
Products					
a) Indian Made Foreign Liquor - own unit	B.L.	320,984	21,439,701	138,857	10,606,199
b) Industrial Alcohol & Other Spirits	B.L.	827,844	15,344,940	219,786	3,334,154
c) Diethyl Oxalate/ Chemicals	Kgs	10,895	501,529	32,200	1,397,700
d) Indian Made Foreign Liquor - Lease units	B.L.	242,414	42,526,975	-	-
			79,813,144		15,338,053
ii) Closing Stock					
Products					
a) Indian Made Foreign Liquor - own unit	B.L.	413,001	35,366,272	320,984	21,439,701
b) Industrial Alcohol & Other Spirits	B.L.	749,605	50,424,146	827,844	15,344,940
c) Diethyl Oxalate/ Chemicals	Kgs	9,300	771,800	10,895	501,529
d) Indian Made Foreign Liquor - Lease units	B.L.	633,780	114,271,389	242,414	42,526,975
			200,833,607		79,813,144
	UOM	Licensed Capacity per annum	Installed Capacity per annum	Quantity 2008-09	Quantity 2007-08
3. Particulars of Goods Manufactured					
Products					
a) Indian Made Foreign Liquor - own unit	B.L.	9,000,000	9,000,000	5,317,362	3,612,437
b) Industrial Alcohol & Other Spirits	B.L.	15,000,000	15,000,000	12,175,967	12,111,990
c) Diethyl Oxalate/ Chemicals	Kgs	2,400,000	2,400,000	494,190	462,070
d) Indian Made Foreign Liquor - Lease units	B.L.	45,371,250	45,371,250	22,694,725	11,251,304

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

	UOM	2008-2009		2007-2008	
		Quantity	Rupees	Quantity	Rupees
4. Raw Material Consumed					
a) Molasses	M.T.	44,728	263,773,879	44,342	96,618,993
b) Industrial Alcohol/Spirit	B.L.	10,295,939	147,775,755	2,070,840	38,393,374
c) Oxalic Acid/ Chemicals	Kgs	534,850	18,126,067	442,860	17,541,685
d) Others	Kgs	–	76,671,433	–	12,376,851
			506,347,133		164,930,902

\* Industrial Alcohol is inclusive of Captive Transfers and consumption

	UOM	2008-2009		2007-2008	
		Rupees	%	Rupees	%
5. Value of Imported & Indigenous Raw Material & Components Consumed					
i) Imported		–	–	–	–
ii) Indigenous		506,347,133	100	164,930,902	100
		506,347,133	100	164,930,902	100

<b>6. CIF Value of Imports</b>	–	–
<b>7. Earnings in Foreign Exchange (FOB Value of Exports)</b>	81,460,676	19,789,541
<b>8. Export through Third Parties</b>	–	–
<b>9. Expenditure in Foreign Currency</b>	2,666,708	930,753

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

Quantitative information and Income from operations through other distilleries/bottling units reflects the gross contribution made by these units and is detailed as under :

	UOM	2008-2009		2007-2008	
		Quantity	Rupees	Quantity	Rupees
Gross Sales	B.L.	6,901,920	1,115,179,328	19,870,230	1,119,955,829
Net Sales			561,241,577		563,952,521

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

## Schedule 'M': Significant Accounting Policies & Notes on Accounts

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### i) Basis of Presentation

The accounts have been prepared using historical cost convention and on the basis of going concern, in accordance with section 211(3C) and other provision of the Companies Act, 1956, with revenue recognized and expenses accounted on accrual basis. Insurance and other claims are accounted for as and when admitted by the appropriate authorities.

#### ii) Inventories

The valuation is done as per consistent practice followed by the Company.

- a) Raw materials, Stores, Components and Work-in-Process at cost.
- b) Finished goods at manufacturing cost or market price whichever is less. Excise duty payable on stocks in bond is added to the cost.

#### iii) Contingencies and events occurring after the Balance sheet date

- a) Accounting for contingencies (gains and losses) arising out of contractual obligations are made only on the basis of mutual acceptances.
- b) Material events occurring after the date of Balance Sheet are considered up to the date of approval of the accounts by the Board of Directors.

#### iv) Prior period adjustment

All items of income / expenditure pertaining to prior period in excess of Rs.10,000/- are accounted through prior period adjustment account.

#### v) Depreciation:

Depreciation is calculated on written down value basis at the rates prescribed in schedule XIV of the Companies Act, 1956

- a) On all assets acquired prior to 30th September, 1968
- b) On all assets acquired under amalgamation from erstwhile Tilaknagar Distilleries & Industries Ltd., prior to 1st April, 1980 and assets other than plant & machinery acquired after 1st April, 1980.

Depreciation is calculated on straight line method at the rates prescribed in schedule XIV of the Companies Act, 1956

- a) On all other assets other than those stated herein above.

Depreciation is provided on assets acquired during the year from the date they were put to use.

The Company had revalued Land, Building, and Plant & Machinery situated at Shrirampur as on 31st March, 2008. Revalued assets other than land will be amortized over a period of 10 years commencing from the year 2008-09

Live Stock is stated at cost.

#### vi) Accounting for Research and Development

The expenditure incurred on development of new product / brand is amortized over a period of 10 years taking into consideration its anticipated future benefits.

#### vii) Revenue Recognition

Sales are recognized on dispatch of goods to customer and are inclusive of central / state excise duty.

#### viii) Fixed Assets

The fixed assets are stated at cost of acquisition less accumulated depreciation. The value of assets purchased under Hire Purchase arrangements includes accounted inclusive of the expenditure incurred till the assets are put to use.

#### ix) Accounting for effects of changes in Foreign Exchange Rates

Foreign currency transactions are accounted at the rate of exchange prevailing on the date of transaction and the difference in exchange rate between the date of transaction and the date of realization is charged to revenue account.

#### x) Investments

- a) Long Term Investments (non-trade, unquoted) are stated at cost. Provision for diminution in value is made only if in the opinion of management such a decline is other than temporary.
- b) Short Term Investments are shown at cost / market value whichever is lower.

#### xi) Employee Benefits

- a) Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.



# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

## Schedule 'M': Significant Accounting Policies & Notes on Accounts

### b) Leave Encashment.

Leave encashment payable to employees on retirement is ascertained at the year-end and provided for in the accounts on actual liability basis.

certainty that the asset will be realized in future and deferred tax liabilities on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

### xii) Borrowing Cost

Borrowing costs attributable to the acquisition of Fixed Assets are capitalized.

### xv) Impairment of Assets

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

### xiii) Earning per Share

Earning per equity share (basic / diluted) is arrived at based on profit after tax divided by weighted average number of equity shares.

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

### xiv) Accounting for Taxes on Income

a) Provision for Income Tax (Current tax and fringe benefit tax) is determined on the basis of the estimated taxable income and amount to be paid to the tax authorities in accordance with the Provisions of the Income Tax Act, 1961.

### xvi) Provisions, contingent liabilities & contingent Assets

Contingent liabilities are not provided for and are disclosed by way of notes on accounts. However contingent assets are neither provided for nor disclosed.

b) Deferred Tax is recognized in respect of deferred tax assets (subject to the consideration of prudence) and to the extent there is virtual

## 2. NOTES ON ACCOUNTS

### i) Contingent liability not provided for

	As At 31st March, 2009	As At 31st March, 2008
a) Bank guarantees issued on behalf of the Company	6,200,000	6,865,000
b) In respect of sales tax matters, pending before the Sales tax tribunal, contested by the Company	1,340,750	1,340,750
c) In respect of Income tax matters, pending before the appropriate Income tax authorities, contested by the Company.		
For A.Y. 2005-06	–	70,364,730
For A.Y. 2004-05	–	16,662,214
For A.Y. 1992-93	1,000,000	1,000,000
d) Disputed matters under arbitrations pending disposal	20,137,685	–

ii) Estimated amount of contracts remaining to be executed on capital accounts and not provided for is approx Rs. 90 million (net of advances) (previous year Rs.43 million).

### iii) Interest comprises of:

	2008-09	2007-08
a) Interest on term loans	5,972,838	13,798,747
b) Interest on cash credits / WCDL	81,736,706	27,538,420
c) Others (net of interest received Rs. 1,456,361/- previous year (Rs. 599,302/-)	17,705,404	8,113,901
	105,414,948	49,451,068

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

## Schedule 'M': Significant Accounting Policies & Notes on Accounts

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

### Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expenses is Rs.9.00 million 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 benefit commitment is detailed below

	(Rs.)	
	Funded	Non Funded
	Gratuity	Leave
Present Value of Commitments	21,049,446	1,736,693
Fair Value of Plans	7,431,496	
Net Liability in the balance sheet	13,617,950	1,736,693
<b>Defined Benefit Commitments</b>		
Opening balance as at April 1, 2008	19,158,850	
Current Service Cost	2,134,619	
Interest expenses	1,703,478	
Paid benefits	—	
Actuarial (gain)/loss	(1,947,501)	
Transfer Received	—	
Closing balance as at March 31, 2009	21,049,446	
<b>Plan Assets</b>		
Opening balance as at April 1, 2008	6,839,849	
Expected return on scheme assets	547,188	
Contributions by the Company	—	
Paid Funds	—	
Actuarial gain/(loss)	44,459	
Transfer Received	—	
Closing balance as at March 31, 2009	7,431,496	
<b>Return on Plan Assets</b>		
Expected return on plan assets	547,188	
Actuarial gain/(loss)	44,459	
Actual return on plan assets	591,647	
<b>Expenses on defined benefit plan</b>		
Current service costs	2,134,619	
Past service cost	—	
Interest expense	1,703,478	
Expected return on investment	(547,188)	
Net actuarial (gain)/loss	(1,991,960)	
Expenses charged to the profit and loss account	1,298,949	

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

## Schedule `M': Significant Accounting Policies & Notes on Accounts

Investments Details	% invested 31st March, 2009
Funds Managed by Insurer	100
Public Sector Unit Bonds	–
State/Central Guaranteed securities	–
Special deposit schemes	–
Other (excluding bank balances)	–
	100

Actuarial assumptions	Gratuity (funded)
Mortality (LIC)	1994-96 Ultimate
Discount rate (per annum)	8%
Expected rate of return on plan assets (per annum)	8%
Rate of escalation in salary (per annum)	5%

### v) 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.

### vi) Related Party Disclosures

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

- a) Key Management Personnel of the Company and their remuneration is as under
  - i) Mr. Amit Dahanukar, Chairman & Managing Director: Remuneration paid during the year Rs.16.43 million (Previous Year Rs. 13.78 million)
  - ii) Mrs. Shivani Amit Dahanukar, Executive Director: Remuneration paid during the year Rs.14.64 million (Previous year Rs.11.35 million)
  - iii) Mr. P.R.K. Reddy, whole time Director : Remuneration paid during the year Rs.1.78 million (Previous year Rs. Nil as a whole time Director)
- b) For Rent and Services rendered
  - i) M L Dahanukar & Company: Rs. 0.72 million (previous year Rs. 0.72 million)
  - ii) Dr. Priyadarshini A Dahanukar Rs. 0.67 million (previous year Rs.0.18 million)
  - iii) Mr. Amit Dahanukar Rs.1.93 million (previous year Rs. Nil)

- vii) a) Current Tax: Provision for Income Tax has been computed in accordance with the provisions of Income Tax Act, 1961.

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

## Schedule 'M': Significant Accounting Policies & Notes on Accounts

viii) b) Deferred Tax Liability (Net): The break up as at 31st March, 2009 is as under

	(Rs.)		
	Deferred Tax liability as As At 1st April, 2008	Charge/Credit During the year	Deferred Tax liability as As At 31st March, 2009
Deferred Tax Liability			
a) On depreciation differences	31,929,222	27,727,345	59,656,567
b) Product Development cost	3,547,352	(591,225)	2,956,127
c) Retirement Benefit & Others	(1,454,604)	(3,796,120)	(5,250,724)
	<b>34,021,970</b>	<b>23,340,000</b>	<b>57,361,970</b>

ix) Managerial remuneration has been paid/ provided as per provisions of Schedule XIII.

Computation of profit u/s 349 and u/s 350 of The Companies Act, 1956

Particular	(Rs.) 2008-09
Profit as per profit & loss account (Before Managerial Remuneration other than Commission)	338,603,068
Add: managerial remuneration other than commission	25,955,461
Add: loss on sale of assets	215,642
Profit under section 349	364,774,171
Ceiling on remuneration 11% as per schedule XIII	36,148,792

Remuneration to Managing Director & Executive Director	(Rs.) 2008-09	2007-08
Salary	26,564,246	9,169,200
Perquisites	—	—
Commission	6,298,292	15,957,633
	<b>32,862,538</b>	<b>25,126,833</b>

Remuneration to Independent Directors	(Rs.) 2008-09	2007-08
Commission	3,286,254	2,512,683
	<b>3,286,254</b>	<b>2,512,683</b>

x) Auditor's remuneration charged to accounts

	(Rs.) 2008-09	2007-08
a) Audit Fees	151,686	151,686
b) Auditors remuneration in other capacity	81,843	75,848
	<b>233,529</b>	<b>227,534</b>



# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

## Schedule 'M': Significant Accounting Policies & Notes on Accounts

- xi) Excise duty payable on finished goods is accounted for on the clearance of the goods from the factory. Such excise duty payable on finished goods manufactured but yet to be cleared from the factory as at 31st March, 2009 estimated at about Rs. 79.15 million (Previous Year Rs. 6.25 million) has been provided in the books and also considered in valuation of closing stock of finished goods. However, this will not affect the results under review.
- xii) 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.
- xiii) a) The Award given by Honorable Arbitrator in the matter of Company's dispute with M/s. Rairu Distilleries Ltd was contested before the Bombay High Court by writ petition. Upon dismissal of the writ by the single judge, the Company has preferred an appeal before the Division Bench, which has been admitted with a direction to deposit the awarded amount in the court. The Company has deposited Rs.20.14 million with the court and shown as an advance under the head Advance recoverable in cash or in kind or for value to be received. The amount is not provided in the books as the matter is sub-judice.
- b) The Company's glass manufacturing unit was given to Ramnath Glass Containers Pvt. Ltd (RGCPL) managed by Mehta Brothers on lease for carrying out their business, which had discontinued the operations in the year 2003 and handed over the unit back to the Company in totally unworkable conditions without fulfilling their legal obligations under the agreement. Due to this the Company had to pay the statutory liabilities and settle the dues of the workmen on behalf of RGCPL / Mehta Brothers. The Company has initiated the legal action against the RGCPL / Mehta Brothers (for recovery of amount paid together with interest and damages amounting to Rs.76.2 million).
- xiv) a) The Company's distributor Ding Dong Liquors has filed a winding up petition on the Company in the High Court of Judicature of Bombay for recovery of Security Deposit of Rs.25 million. The Company withheld the Security Deposit on the grounds that Ding Dong Liquors had failed to deliver the 'C' Forms and did not pay the Company Rs.12.30 million for goods purchased from the Company. The Hon'ble High Court vide its Order directed the Company to deposit a sum of Rs.12.70 million out of the total amount claimed by Ding Dong Liquors. The Company has deposited the above sum with the Court and filed an appeal against the said Order.
- Further, the Company has filed a separate suit for recovery of dues of Rs.39 million against Ding Dong Liquors.
- b) Anupama Wine Distributors has filed a suit before the City Civil Court, Bangalore claiming Rs.74.60 million towards refund of security deposit and other dues. The Hon'ble Court vide its Order dated 22.12.2007 dismissed their application for attachment of property for recovery of the above dues. The Company has filed a counter claim for Rs.119.30 million against Anupama Wine Distributors and the matter is pending for hearing. During the current Financial year Anupama Wine Distributor has filed a company petition before Bombay High Court and against that the Hon'ble Bombay High Court has vide order dated 16th March, 2009 directed to the Company to Deposit a sum of Rs.42.10 millions against which Company has filed an appeal which is pending for hearing.

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

## Schedule 'M': Significant Accounting Policies & Notes on Accounts

- xv) Small Scale Industrial undertakings (SSIs) to whom amounts are due have been determined based on the information available with the Company and are given below :

Rudra Flexible Cartons (P) Ltd., Chivas Packaging Pvt. Ltd., Popular Enterprises, John S Pack, Colour Packs Pvt. Ltd., Borkar Packaging Pvt. Ltd., Kaushal Arts Pvt. Ltd., Surface Graphics Ltd.

The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been made.

### xvi) Earnings per share

	2008-09	2007-08
Profit After Tax (Rs.)	212,484,319	162,127,345
Less : Dividend on Preference Shares	135,195	–
Profit after Tax and after Preference Dividend	212,349,124	162,127,345
Weighted average number of shares	5,725,068	5,725,068
Basic Earnings Per Share. (Rs.)	37.11	28.32
Weighted average number of shares (adjusted for the effects of dilutive potential equity shares)	10,237,053	7,225,068
Diluted Earnings Per Share (Rs.)	20.76	22.44
Face Value per Equity Share (Rs.)	10	10

- xvii) Previous Year's figures are regrouped / reclassified wherever necessary.

As per our Report of even date annexed.

For **Batliboi & Purohit**  
Chartered Accountants

**K A Mehta**  
Partner  
Membership No. 111749

Place : Mumbai  
Date : May 14, 2009

For and on behalf of the Board

**Amit Dahanukar**  
Chairman &  
Managing Director

**Smitha Singh**  
Company Secretary

**Shivani Amit Dahanukar**  
Executive Director

**P. R. K. Reddy**  
Whole Time Director

**S. V. Muzumdar**  
Director

**V.B.Haribhakti**  
Director

**Dr. Vishnu Kanhere**  
Director

**Dr. Ravindra Bapat**  
Director

# Cash Flow Statement

for the year ended 31st March, 2009

	(Rs.)	
	2008-2009	2007-2008
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	329,018,522	251,268,328
Adjustment for:		
Depreciation	28,890,324	18,540,343
(Surplus) / Loss on sale of assets	215,642	73,587
Provision for taxes of earlier years	–	–
Miscellaneous expenses written off	–	2,910,089
Interest (nett)	105,641,438	49,683,293
Dividend received	(11)	(545,180)
	<b>134,747,393</b>	<b>70,662,132</b>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		
Adjustment for:		
(Increase) / Decrease in inventory	(344,942,689)	(136,708,305)
(Increase) / Decrease in trade receivables	(55,522,283)	(368,689,118)
(Increase) / Decrease in loans and advances	(453,407,864)	(251,850,848)
(Decrease) / Increase in trade payable and provisions	394,721,712	420,693,403
	<b>(459,151,124)</b>	<b>(336,554,868)</b>
Tax provision	(93,194,203)	(84,050,000)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(88,579,412)</b>	<b>(98,674,407)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(491,931,338)	(213,189,946)
Sale of fixed assets	367,134	349,140
Increase in investments	(31,447,293)	19,464,169
Dividend received	11	545,180
Interest received	1,456,362	599,302
	<b>(521,555,124)</b>	<b>(192,232,155)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	82,243,608	70,650,000
Proceeds from borrowings	592,955,353	274,950,483
Repayment of amount borrowed	81,559,054	(1,236,000)
Interest paid	(107,097,800)	(50,282,595)
Dividend and tax thereon	(16,903,280)	(14,065,891)
<b>NET CASH FROM FINANCIAL ACTIVITIES</b>	<b>632,756,935</b>	<b>280,015,997</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENT</b>	<b>22,622,398</b>	<b>(10,890,565)</b>
Opening cash & cash equivalents	20,499,798	31,390,363
Closing cash & cash equivalents	<b>43,122,196</b>	<b>20,499,798</b>

As per our Report of even date annexed.

For **Batliboi & Purohit**  
Chartered Accountants**K A Mehta**  
Partner  
Membership No. 111749Place : Mumbai  
Date : May 14, 2009

For and on behalf of the Board

**Amit Dahanukar**  
Chairman &  
Managing Director**Smitha Singh**  
Company Secretary**Shivani Amit Dahanukar**  
Executive Director**P. R. K. Reddy**  
Whole Time Director**S. V. Muzumdar**  
Director**V.B.Haribhakti**  
Director**Dr. Vishnu Kanhere**  
Director**Dr. Ravindra Bapat**  
Director





# Statement Pursuant to Section 212 of the Companies Act., 1956

Name of Subsidiary Companies		Surya Organic Chemicals (P) Ltd.	Prag Distillery (P) Ltd.
1.	The Financial Year of the Subsidiary Companies ended on	31-03-2009	31-03-2009
2.	Date from which they became Subsidiary Companies	15-02-2008	06-02-2008
3. a)	Number of shares held by Tilaknagar Industries Ltd. with its nominees in the subsidiaries at the end of the financial year of the Subsidiary Companies	73,050 Equity shares of the face value of Rs.100/- each fully paid-up	20,11,000 Equity shares of the face value of Rs.10/- each fully paid-up
b)	Extent of Interest of Holding Company at the end of the financial year of the Subsidiary Companies	100%	100%
4.	The net aggregate amount of the Subsidiary Companies Profit / (Loss) so far it concerns the members of the Holding Company		
a)	Not dealt with in the Holding Company's accounts		
i)	For the financial year ended 31st March, 2009	Rs.(121.80) lacs	Rs.(24.03) lacs
ii)	For the previous financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	Rs.(391.70) lacs	Rs.(17.36) lacs
b)	Dealt with in the Holding Company's accounts		
i)	For the financial year ended 31st March, 2009	Nil	Nil
ii)	For the previous financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	Nil	Nil

For and on behalf of the Board

**Amit Dahanukar**  
Chairman &  
Managing Director

**Shivani Amit Dahanukar**  
Executive Director

**Dr. Vishnu Kanhere**  
Director

**P. R. K. Reddy**  
Whole Time Director

**Dr. Ravindra Bapat**  
Director

**Smitha Singh**  
Company Secretary

**S. V. Muzumdar**  
Director

**V.B.Haribhakti**  
Director

Place : Mumbai  
Date : May 14, 2009

# Directors' Report

## Prag Distillery (P) Ltd.

*Regd. Office: P. O. Tilak Nagar, Tal. Shrirampur,  
Dist. Ahmednagar, Maharashtra - 413720*

Dear Members,

Your Directors have the pleasure in presenting the 4<sup>th</sup> Annual Report of the Company together with Audited Statement of Accounts of your Company for the financial year ended March 31, 2009.

### FINANCIAL RESULTS

During the year under review, the Company has incurred Net Loss of Rs. 24,02,969/- after providing for Depreciation of Rs. 36,06,758/-.

The Directors are hopeful of consolidating operations of your Company during the coming years.

### DIVIDEND

In view of the loss incurred by the Company during the financial year under review, your Directors do not recommend any dividend.

### DIRECTORS

Mr. Amit Dahanukar, Mrs. Shivani Amit Dahanukar, Dr. Keshab Nandy and Mrs. Smitha Singh, Additional Directors were appointed as Directors of the Company liable to retire by rotation in the Extraordinary General Meeting held on August 30, 2008.

Mrs. Shivani Amit Dahanukar, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

### HOLDING COMPANY

Your Company is wholly owned subsidiary of Tilaknagar Industries Ltd.

### CHANGE OF REGISTERED OFFICE

With a view to have centralized decision-making, better control and co-ordination of the activities of the Company and to reduce the cost of operations, the Registered Office of the Company was shifted to P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413720, where the mother plant of our Holding Company i.e. Tilaknagar Industries Ltd. is situated.

The Requisite approval was obtained from the Shareholders vide Special Resolution passed at the Extraordinary General Meeting held on August 30, 2008 and Confirmation Order from the Company Law Board, Southern Region, Chennai Bench in this regard was received on February 19, 2009.

### DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 217(2AA) of the Companies Act, 1956, on the basis of the information furnished to them by the Statutory Auditors and Management, your Directors report that:

- a) in preparation of the Annual Accounts, the applicable Accounting Standards have been followed and there are no material departures.
- b) the Company has selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the accounting year and of the profit of the Company for the year.
- c) the Company has taken proper and sufficient care for the maintenance of adequate Accounting Records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
- d) the Company has prepared Annual Accounts on going concern basis.

### PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956

The Company did not have any employees who were in receipt of remuneration which in aggregate amounted to Rs. 24,00,000/- or more if employed throughout the year or Rs. 2,00,000/- per month if employed for part of the year.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO

Details with respect to Conservation of Energy and Technology Absorption, as required under Section 217(1)(e) of the Companies Act, 1956 are furnished hereunder:

#### A) CONSERVATION OF ENERGY

The Company is making continuous effort to reduce energy consumption by judicious use and preventive maintenance of the plants and by optimising the use of energy through improved operational methods.

##### Form - A

**Total Energy consumption and energy consumption per unit of production:**

A. Power and Fuel Consumption	Unit	Year 2008-09	Year 2007-08
<b>1 Electricity</b>			
Purchased-Unit	'000	63.95	121.24
Total Amount	Rs. in lacs	4.36	7.12
Rate per unit	Rs.	6.82	5.88
<b>2 Steam Coal</b>			
For generation of steam	Ton	Nil	Nil
Total Amount	Rs. in lacs	Nil	Nil
Average rate per MT	Rs./MT	Nil	Nil
B. Consumption per unit of production	Unit	Year 2008-09 Electricity units:	Year 2007-08 Electricity units:
Name of the product			
IMFL	BL	0.03	0.02

#### B) TECHNOLOGY ABSORPTION/INNOVATION AND ADOPTION/ RESEARCH AND DEVELOPMENT

Since business and technologies are changing

constantly and continuously, investment in Research and Development activities is of paramount importance. Your Company is continuously undertaking Research & Development activities and taking steps for quality upgradation on a continuous basis.

#### C) FOREIGN EXCHANGE EARNING OUTGO

The Company has not earned any income or incurred any expenses in foreign exchange.

#### FIXED DEPOSITS

The Company has not accepted any fixed deposits from public during the year.

#### AUDITORS

The Company is in receipt of a special notice from a Member of the Company, in terms of section 225(1) of the Companies Act, 1956, signifying his intention to propose the appointment of M/s. Batliboi & Purohit, Chartered Accountants as the Statutory Auditors of Company in place of the M/s. B. Naga Bhushan & Co., retiring Statutory Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be fixed by the Board of Directors of the Company.

M/s. Batliboi & Purohit, Chartered Accountants have also expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

#### APPRECIATION

Your Directors wish to place on record their sincere thanks and appreciation for the devoted service rendered by the employees of the Company at all levels.

**For and on behalf of the Board of Directors**

**Amit Dahanukar**  
Chairman

Place : Mumbai  
Date : May 14, 2009

# Auditors' Report

to the members of  
Prag Distillery (P) Ltd.

- 1 We have audited the Balance sheet of PRAG DISTILLERY (P) LTD. as at March 31, 2009 and the related statement of Profit & loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
- 4 Further to our comments in the Annexure referred to above we report that:
  - i) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit.
  - ii) In our opinion proper books of accounts as required by Law, have been kept by the Company, so far as appears from our examination of those books.
  - iii) The Balance sheet, Profit & Loss Account and Cash flow Statement dealt with by this report are in agreement with the books of accounts.
  - iv) In our opinion, the Balance sheet, Profit & Loss Account and Cash flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
  - v) In our opinion as per the information provided by the company none of the Directors is disqualified as on 31.03.2006 from being appointed as Director in terms of clause (g) of sub section (1) of Section 274 of Companies Act, 1956.
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009 and
    - b) In the case of Profit & Loss account for the year ended as on 31st March, 2009
    - c) In the case of the Cash Flow Statement, of the cash flows for year on that date.

**For B. NAGA BHUSHAN & CO.,**  
**Chartered Accountants**

**B. Naga Bhushan**  
Partner  
Membership No. 28574

Place : Hyderabad  
Dated : May 14, 2009

# Annexure

to Audit Report  
(Referred to in paragraph 4 of our report of even date)

## i) In respect of Fixed assets

- a) The Company has maintained proper records to show full particulars including quantitative details and situation of its Fixed Assets.
- b) The Fixed Assets of the Company were physically verified by the management at reasonable intervals and no material discrepancies between the books/records and the physical inventory were noticed on such verification.
- c) In our opinion, the Company has not disposed any of its fixed assets during the year.

## ii) In respect of inventories

- a) The inventory has been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
- c) The Company is maintaining proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to book records.

## iii) In respect of loans, secured or unsecured , granted or taken by the Company to/ from Companies, firms or other parties covered in the register maintained under Section 301 of the Company's Act, 1956.

- a) The Company has not granted any loans to Companies, firms or other parties covered in the register maintained under section 301 of the Act

. Consequently the requirements of clause 4(iii) (a),(b),(c),(d) are not applicable.

- b) The Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under Section 301 of the Act except from two parties. The year end balance as on 31.03.2009 is Rs. 15.40 crores.

- c) In our opinion and according to the information and explanations given to us, the terms and conditions for such loans are not prima facie prejudicial to the interest of the Company

- d) As no agreement is on record in respect of the loan taken, the same is repayable on demand and therefore the question of overdue does not arise.

## iv) In our opinion and according to the information and explanation given to us, the Company has an adequate internal control procedure commensurate with the size and nature of business of the company for the purchase of inventory, fixed assets and the sale of goods and services. In view of this, the question of failure to correct weakness in internal control does not arise

- v) a) In our opinion and according to the information and explanation given to us, contracts or arrangements, particulars of which need to be entered in the Register maintained under Section 301 of the Companies Act, 1956, has been entered .

- b) In our opinion and according to the information and explanations given to us, these transactions have been made at prices which are reasonable.



# Annexure

to Audit Report  
(Referred to in paragraph 4 of our report of even date)

- vi) According to the information and explanation given to us, the Company has not accepted any deposits contemplated under Sec. 58A of the Companies Act, 1956 from the public. Therefore, the provisions of clause 4(vi) of the order are not applicable.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have been informed that the Central Government has not prescribed maintenance of cost records U/s 209 (I)(d) of the Companies Act, 1956 (1 of 1956) for the Company's product.
- ix) In respect of Statutory dues
  - a) As informed to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues. According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty and excise duty were in arrears as at March 31, 2009 for a period of more than six months from the date they became payable.
  - b) According to the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- x) The Company has no accumulated losses as at March 31, 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi) Based on the audit procedures, and according to the information and explanation given to us, we are of the opinion that the Company has not availed any financial assistance from banks and financial institutions. Consequently clause 4(xi) is not applicable.
- xii) In our opinion and according to the explanation given to us and based on the information available, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) In our opinion, the Company is not a Chit Fund, Nidhi or Mutual Benefit fund / Societies. Therefore the provisions clause (xiii) of paragraph 4 of the order are not applicable to the Company.
- xiv) The Company is not dealing or trading in shares, securities, debentures .
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.

# Annexure

to Audit Report  
(Referred to in paragraph 4 of our report of even date)

xvi) In our opinion and according to the explanation given to us and based on the information available, the Company has not taken any term loans during the year. Consequently, clause (xvi) of the order is not applicable.

xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow statement, no funds were raised on short term basis. Consequently, clause (xvii) of the order is not applicable.

xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.

xix) The Company has not issued any debentures.

xx) The Company has not raised any money by way of public issues during the year.

xxi) In our opinion and according to the explanation given to us, no fraud, on or by the Company, has been noticed or reported during the year.

**For B. NAGA BHUSHAN & CO.,**  
**Chartered Accountants**

**B. Naga Bhushan**  
Partner  
Membership No. 28574

Place : Hyderabad  
Dated : May 14, 2009

# Balance Sheet

as at 31st March, 2009

		(Rs.)	
	Schedule	As At 31st March, 2009	As At 31st March, 2008
<b>I SOURCES OF FUNDS</b>			
1. Shareholders' Funds	'A'		
a. Share capital		20,110,000	20,110,000
b. Reserves & Surplus		239,303	2,747,950
2. Loan Funds	'B'		
a. Secured loans		—	—
b. Unsecured loans		153,996,961	107,399,690
3. Deferred Tax Liability		4,996,973	3,369,671
		<b>179,343,237</b>	<b>133,627,311</b>
<b>II APPLICATION OF FUNDS</b>			
1. Fixed Assets	'C'		
a. Gross Assets		112,408,053	109,585,235
b. Less: Provision for Depreciation		9,571,625	5,964,867
		<b>102,836,428</b>	<b>103,620,368</b>
2. Deposits		—	1,077,000
3. Current Assets, Loans & Advances	'D'		
Inventories		32,113,965	1,804,684
Sundry debtors		47,998,213	9,326,174
Cash Bank Balances		4,428,382	88,773
Loans & Advances		17,514,302	18,142,160
<b>Total (a)</b>		<b>102,054,862</b>	<b>29,361,791</b>
Less: Current Liabilities & Provisions	'E'		
Current Liabilities		25,491,311	—
Provisions		108,602	535,568
<b>Total (b)</b>		<b>25,599,913</b>	<b>535,568</b>
<b>Net Current Assets (a-b)</b>		<b>76,454,949</b>	<b>28,826,223</b>
4. Miscellaneous Expenditure	'F'		
Preliminary Expenses to the extent not written off		51,860	103,720
		<b>179,343,237</b>	<b>133,627,311</b>
Significant accounting policies & Notes on accounts	'M'		

As per our Report of even date annexed.

For **B. Naga Bhushan & Co.**  
Chartered Accountants**B. Naga Bhushan**  
Partner  
Membership No. 28574Place : Mumbai  
Date : May 14, 2009

For and on behalf of the Board

**Amit Dahanukar**  
Chairman &  
Managing Director**Gaurav Thakur**  
Company Secretary**Shivani Amit Dahanukar**  
Director**Dr. Keshab Nandy**  
Director**Smitha Singh**  
Director

# Profit and Loss Account

for the year ended 31st March, 2009

			(Rs.)
	Schedule	for the year ended 31st March, 2009	for the year ended 31st March, 2008
<b>I INCOME:</b>			
Sales	'G'	70,724,160	–
Other income	'G' (1)	90,136	30,031,442
Increase & Decrease in Stocks	'H'	5,274,741	–
		<b>76,089,037</b>	<b>30,031,442</b>
<b>II EXPENDITURE :</b>			
Cost of material consumed	'I'	56,602,379	–
Manufacturing Expenses	'J'	8,558,654	16,719,668
Administrative Expenses	'K'	7,844,890	4,276,419
Financial Expenses	'L'	91,561	5,522,463
Preliminary & Pre-op. Expenses w/o		51,860	51,860
Depreciation		3,606,758	3,061,801
		<b>76,756,102</b>	<b>29,632,211</b>
<b>III PROFIT &amp; LOSS BEFORE TAX</b>		(667,065)	399,231
Provision for Tax			
Current tax		–	41,120
Deferred Tax Liability /(Asset)		1,627,302	2,073,578
Provision for FBT		108,602	20,973
<b>IV PROFIT &amp; LOSS AFTER TAX</b>		<b>(2,402,969)</b>	<b>(1,736,440)</b>
<b>V PROFIT / (LOSS) BROUGHT FORWARD</b>		2,747,950	4,484,390
Add: Prior Period Expenses (net)		105,678	–
<b>IV PROFIT / (LOSS) C/F TO BALANCE SHEET</b>		<b>239,303</b>	<b>2,747,950</b>
Significant accounting policies & Notes on accounts	'M'		
As per our Report of even date annexed.			

As per our Report of even date annexed.

For B. Naga Bhushan & Co.  
Chartered AccountantsB. Naga Bhushan  
Partner  
Membership No. 28574Place : Mumbai  
Date : May 14, 2009

For and on behalf of the Board

Amit Dahanukar  
Chairman &  
Managing DirectorGaurav Thakur  
Company SecretaryShivani Amit Dahanukar  
DirectorDr. Keshab Nandy  
DirectorSmitha Singh  
Director

# Schedules

forming part of accounts for the year ended  
31st March, 2009

	(Rs.)	
	As At 31st March, 2009	As At 31st March, 2008
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
3,000,000 Equity Shares of Rs.10/- each	30,000,000	30,000,000
<b>Issued ,Subscribed and Paid Up Capital</b>		
2,011,000 Equity Shares of 10/- each	20,110,000	20,110,000
	20,110,000	20,110,000
<b>SCHEDULE 'B'</b>		
<b>UNSECURED LOANS</b>		
Loan from Holding Company	153,996,961	106,329,690
Others	–	1,070,000
	153,996,961	107,399,690

	(Rs.)								
	GROSS BLOCK			DEPRECIATION / AMORTIZATION			NET BLOCK		
	As At 1st April, 2008	Addition	Ded- uction	As At 31st March, 2009	As At 1st April, 2008	For the year	As At 31st March, 2009	As At 31st March, 2009	As At 31st March, 2008
<b>SCHEDULE 'C': FIXED ASSETS</b>									
Land	17,616,765	–	–	17,616,765	–	–	–	17,616,765	17,616,765
Plant & Machinery	21,879,284	–	–	21,879,284	2,662,454	1,155,227	3,817,681	18,061,603	19,216,830
Factory Building	68,739,738	2,822,818	–	71,562,556	3,168,928	2,371,903	5,540,831	66,021,725	65,570,810
Electrical Equipment	587,070	–	–	587,070	40,707	27,886	68,593	518,477	546,363
Motor Cycle	38,154	–	–	38,154	7,687	3,625	11,312	26,842	30,467
Furniture & Fixtures	413,247	–	–	413,247	42,382	26,159	68,541	344,706	370,865
Computers	23,000	–	–	23,000	6,845	3,729	10,574	12,426	16,155
Office Equipment	287,977	–	–	287,977	35,864	18,229	54,093	233,884	252,113
	109,585,235	2,822,818	–	112,408,053	5,964,867	3,606,758	9,571,625	102,836,428	103,620,368
Previous Year	71,350,934	38,234,301	–	109,585,235	2,903,066	3,061,801	5,964,867	103,620,368	68,447,868



# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

		(Rs.)	
	As At 31st March, 2009	As At 31st March, 2008	
<b>SCHEDULE 'D'</b>			
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
<b>A. Current Assets,</b>			
Inventory	32,113,965	1,804,684	
I	32,113,965	1,804,684	
<b>B. Sundry Debtors</b>			
Outstanding for less than six months	47,998,213	9,326,174	
Outstanding for more than six months	—	—	
II	47,998,213	9,326,174	
<b>C. Cash &amp; Bank balances</b>			
Cash In Hand	32,168	38,715	
Balance With Banks	688,587	50,058	
Fixed Deposits with Scheduled Banks	3,707,627	—	
III	4,428,382	88,773	
<b>D. Loans &amp; Advances</b>			
E M D with APBCL	11,720,000	14,620,000	
Other Deposits	1,577,000	—	
Prepaid Expenses	4,138,189	3,522,160	
Others	79,113	—	
IV	17,514,302	18,142,160	
(I + II + III + IV)	102,054,862	29,361,791	
<b>SCHEDULE 'E'</b>			
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
Trade Creditors	23,780,754	—	
Outstanding Liabilities	1,710,557	—	
Provision for FBT	108,602	—	
Provision for Current Tax	—	535,568	
Provisions for Taxes	—	—	
	25,599,913	535,568	
<b>SCHEDULE 'F'</b>			
<b>MISCELLANEOUS EXPENDITURE</b>			
Preliminary Expenses & Pre- op. exp	103,720	155,580	
Less: Written off	51,860	51,860	
	51,860	103,720	
	for the year ended 31st March, 2009	for the year ended 31st March, 2008	
<b>SCHEDULE 'G'</b>			
<b>INCOME</b>			
IML Sales	133,405,551	—	
Less: Excise Duty	62,681,391	—	
Sales Net of Excise	70,724,160	—	

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

	(Rs.)	
	for the year ended 31st March, 2009	for the year ended 31st March, 2008
<b>SCHEDULE 'G' (I)</b>		
OTHER INCOMES		
Lease & Other Income	–	24,940,000
Round off balances	1,135	–
Misc. income	89,001	5,091,442
	<b>90,136</b>	<b>30,031,442</b>
<b>SCHEDULE 'H'</b>		
INCREASE / DECREASE IN STOCKS:		
Closing stock of Finished Goods	5,274,741	–
Less: Opening stock of Finished goods	–	10,728,528
	<b>5,274,741</b>	<b>(10,728,528)</b>
<b>SCHEDULE 'I'</b>		
RAW MATERIALS & CONSUMABLES CONSUMED		
Opening stock	1,804,684	1,804,684
Add: Purchases	81,636,919	–
	<b>83,441,603</b>	<b>1,804,684</b>
Less: Closing Stock	26,839,224	1,804,684
	<b>56,602,379</b>	<b>–</b>
<b>SCHEDULE 'J'</b>		
MANUFACTURING EXPENSES		
Consumables , stores and spares	51,247	955
Finished Stock Written Off	–	10,728,528
Excise Duty	–	422,295
License Fee	3,522,160	2,500,000
EALs Charges	913,811	–
Diesel	104,953	127,069
Wages	1,528,199	1,635,152
Workers Welfare	237,563	100,797
Power Charges	434,425	852,544
Label Approval fee	650,000	–
Security Service Charges	1,004,836	–
ENA Escort Charges & testing expenses	87,450	–
Factory Maintenance	21,569	179,624
Carriage inwards	2,441	69,610
Insurance	–	103,094
	<b>8,558,654</b>	<b>16,719,668</b>

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

	(Rs.)	
	for the year ended 31st March, 2009	for the year ended 31st March, 2008
<b>SCHEDULE 'K'</b>		
<b>ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Staff Salaries	715,714	1,387,504
Advertisement	284,230	–
Advocate Fee	40,841	–
Bottling Charges	8,207	–
Employers Contribution to PF	114,531	217,191
Frieght Charges	2,399,400	–
Business Promotion	1,054,082	224,130
Staff Welfare	157,372	111,115
Courier Charges	4,633	3,344
Rent	108,500	144,000
Office maintenance	62,255	223,622
Printing & Stationery	40,605	10,019.50
Audit Fees	85,000	75,000
Rates & Taxes	78,938	178,576
Professional Tax	6,324	–
Sitting fees	47,277	–
Petrol & Conveyance	19,300	86,661
Sales Commission	139,430	–
Sales Promotion expenses	20,000	8,407.50
Telephone Charges	42,781	31,615
Loading & Unloading Charges	146,073	141,819
Consultancy Charges	228,948	163,970
Machinery Maintenance	461,050	–
Travelling expenses	373,594	270,943
Vehicle maintenance	11,685	95,782
Donations	2,000	354,200
Discounts	–	514,100
APBCL Cash Discount	907,947	–
Misc. Expenses	593	12,020
APBCL Depot Breakages	283,580	–
	<b>7,844,890</b>	<b>4,276,419</b>
<b>SCHEDULE 'L'</b>		
<b>FINANCE CHARGES</b>		
Bank Charges	91,561	104,363
Interest on Cash Credit	–	387,886
Interest on Term Loan	–	5,030,214
	<b>91,561</b>	<b>5,522,463</b>

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

## 1. SIGNIFICANT ACCOUNTING POLICIES

### i) Accounting Conventions

The Financial statements are prepared on the accrual basis under the historical convention in accordance with applicable accounting standards issued by the Institute of Chartered Accountants of India.

### ii) Fixed Assets

Fixed assets are recorded at the cost of acquisition less accumulated depreciation. Cost is inclusive of freight, duties, taxes and other directly attributable costs incurred to bring the assets to their working condition for intended use.

Machinery spares & maintenance materials are charged out as expenses in the year of purchase

### iii) Depreciation

Depreciation on Fixed Assets has been provided on Straight Line method as per the Rates Specified in Schedule XIV to the Companies Act, 1956.

### iv) Inventories

Raw Materials, Packing Materials, stores and spares etc., are valued at cost. Finished goods are valued at Cost or market value, whichever is lower.

Cost of conversion for the purpose of valuation of Finished goods includes Fixed & Variable production overheads incurred in converting the material into their present condition & location.

### v) Sales

Sale of goods is recognized at the point of dispatch of finished goods to the Andhra Pradesh Beverage Corporation Ltd. Gross sales are inclusive of applicable Excise Duty and freight but are exclusive of sales tax.

### vi) Taxes on Income

Current tax is determined in accordance with the provisions of the Income Tax Act, 1961.

### vii) Deferred Tax Liability

Deferred tax liability as per AS22 of ICAI has been provided for the current year at the

current rate of tax, on timing difference being the difference between the taxable income and accounting income that originate in one period due to depreciation rates and also disallowance as per income tax and are capable of reversal in one or more in subsequent years. The deferred tax liability as at 31.03.09 is Rs.49,96,973 . As a result of the adoption of this policy, the profit for the current year is lower by Rs. 16,27,302. The Company has created Rs.16,27,302 as deferred tax liability for the year 2008-09

## 2. NOTES TO THE ACCOUNTS

viii) Stock transfers to the holding Company and the associate units were done at the cost price. The same have been accounted as purchase/ sales respectively.

ix) In view of insufficient information from suppliers regarding their status as SSI Units, amount due to such undertakings could not be ascertained.

x) The Previous years figures have been regrouped wherever necessary.

xi) Balance of Creditors and Debtors are subject to confirmations and reconciliation's.

xii) Preliminary & pre-operative expenses to be written of over a period of five year commencing from 2004-05.

xiii) Particulars of amount paid to Auditors

(Rs.)		
Fees	2008-09	2007-08
Audit Fees	85,000	75,000
Other consultancy	140,450	84,270

xiv) Contingent Liabilities - Nil

### xvi) Related party Disclosures

(Rs. lacs)		
Name of the party	Relationship	Transaction
Tilak Nagar Industries Ltd. – Current account	Holding Co.	Loans and advances
Tilak Nagar Industries Ltd. – Loan	Holding Co.	–
Soaring Spirits (P) Ltd.	Associate Unit	Purchases
Rhizome Distilleries Pvt. Ltd.	Associate Unit	Purchases
Malt Spirits India Pvt. Ltd.	Associate Unit	Purchases
		Amount
		1539.97
		45.88
		37.73
		28.18
		0.42

xvii) Additional information pursuant to paragraphs 3 & 4 of part ii of Schedule VI to the companies act, 1956 as certified by management.

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

## a) Capacities of Production

	Licensed Capacity Cases	Installed Capacity Cases	Actual Production Cases
	2008-09	2008-09	2008-09
Total	600,000	600,000	211,414
Hunters Pride Whisky	–	–	71,644
Hottt Silk Whisky	–	–	118,026
Ti-Mansion House Brandy	–	–	21,744

## b) Turnover Particulars

	Quantity (Ltrs) 2008-09	Value (Rs.) 2008-09
Hunters Pride Whisky	71,644	40,665,134
Hottt Silk Whisky	112,071	70,615,937
Ti-Mansion House Brandy	18,592	22,124,480

## c) Opening Stock of Finished Goods

	Quantity (Ltrs) 2008-09	Value (Rs.) 2008-09
Hunters Pride Whisky	–	–
Hottt Silk Whisky	–	–
Ti-Mansion House Brandy	–	–

## d) Closing Stock of Finished Goods & Semi Finished Goods

	Quantity (Ltrs) 2008-09	Value (Rs.) 2008-09
FINISHED GOODS		
Hunters Pride Whisky	–	–
Hottt Silk Whisky	5,955	1,790,075
Ti-Mansion House Brandy	3,152	1,362,262
	<b>9,107</b>	<b>3,152,337</b>
Semi Finished Goods	n.a.	2,122,404

## e) Raw Material consumed

		Quantity (Ltrs) 2008-09	Value (Rs.) 2008-09
Ena /Mms	BL's	612,850	27,353,885
Brandy Conct.	BL's	1,851	304,038
Bottles	No's	7,664,039	23,821,206
Caps	No's	10,734,956	40,41,513
Labels	No's	7,146,527	916,427
Other Misc	No's	6,861	165,310
		<b>612,850</b>	<b>56,602,379</b>

Note: Previous year figures are not given as the entire factory was given on lease.

Particulars of Foreign Exchange Earnings and outgo	
Foreign Exchange out go	Nil
Foreign exchange inflows	Nil

As per our Report of even date annexed.

For **B. Naga Bhushan & Co.**  
Chartered Accountants

**B. Naga Bhushan**  
Partner  
Membership No. 28574

Place : Mumbai  
Date : May 14, 2009

For and on behalf of the Board

**Amit Dahanukar**  
Chairman &  
Managing Director

**Gaurav Thakur**  
Company Secretary

**Shivani Amit Dahanukar**  
Director

**Dr. Keshab Nandy**  
Director

**Smitha Singh**  
Director



# Cash Flow Statement

for the year ended 31st March, 2009

	(Rs.)	
	2008-2009	2007-2008
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	(772,743)	212,097,852
Adjustment for:		
Depreciation	3,606,758	18,838,979
(Surplus) / Loss on sale of assets	–	73,587
Provision for taxes of earlier years	–	–
Miscellaneous expenses written off	51,860	2,910,089
Interest (nett)	91,561	49,683,293
Dividend received	–	(545,180)
	<b>3,750,179</b>	<b>70,960,768</b>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
Adjustment for:		
(Increase) / Decrease in inventory	(30,309,281)	(136,708,305)
(Increase) / Decrease in trade receivables	(38,672,039)	(368,689,118)
(Increase) / Decrease in loans and advances	1,704,858	(253,360,223)
(Decrease) / Increase in trade payable and provisions	25,064,345	418,437,853
	<b>(42,212,117)</b>	<b>(340,319,793)</b>
Tax provision	(108,602)	(84,050,000)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(39,343,283)</b>	<b>(141,311,173)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(2,822,818)	(213,189,946)
Sale of fixed assets	–	349,140
Increase in investments	–	19,464,169
Dividend received	–	545,180
Interest received	–	599,302
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(2,822,818)</b>	<b>(192,232,155)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	–	70,650,000
Proceeds from borrowings	46,597,271	320,490,804
Repayment of amount borrowed	–	(3,774,500)
Interest paid	(91,561)	(50,282,595)
Dividend and tax thereon	–	(14,065,891)
<b>NET CASH FROM FINANCIAL ACTIVITIES</b>	<b>46,505,710</b>	<b>323,017,818</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENT</b>	<b>4,339,609</b>	<b>(10,525,510)</b>
Opening cash & cash equivalents	88,773.00	31,416,681
Closing cash & cash equivalents	<b>4,428,382</b>	<b>20,891,171</b>

As per our Report of even date annexed.

For **B. Naga Bhushan & Co.**  
Chartered Accountants**B. Naga Bhushan**  
Partner  
Membership No. 28574Place : Mumbai  
Date : May 14, 2009

For and on behalf of the Board

**Amit Dahanukar**  
Chairman &  
Managing Director**Gaurav Thakur**  
Company Secretary**Shivani Amit Dahanukar**  
Director**Dr. Keshab Nandy**  
Director**Smitha Singh**  
Director

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	Date	Month	Year																

Public Issue      

			N	I	L			
--	--	--	---	---	---	--	--	--

      Rights Issue      

					N	I	L
--	--	--	--	--	---	---	---

Bonus Issue      

			N	I	L			
--	--	--	---	---	---	--	--	--

Total Liabilities         2 0 4 9 4 3      Total Assets        2 0 4 9 4 3

Deferred Tax liability					4	9	9	7	Current Liabilities				2	5	6	0	0
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Accumulated Losses						N	I	L
--------------------	--	--	--	--	--	---	---	---

	+	-	Basic				
Earning per Share (in Rs.)		✓			0	.	3 3

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# Directors' Report

## **Surya Organic Chemicals (P) Ltd.**

*Regd. Office: P. O. Tilak Nagar, Tal. Shrirampur,  
Dist. Ahmednagar, Maharashtra - 413720*

Dear Members,

Your Directors have the pleasure in presenting the 17<sup>th</sup> Annual Report together with Audited Statement of Accounts of your Company for the financial year ended March 31, 2009.

### **FINANCIAL RESULTS**

During the year under review, the Company has incurred Net Loss of Rs. 1,21,80,446/- after providing for Depreciation of Rs. 2,63,403/-.

The Directors are hopeful of consolidating operations of your Company during the coming years.

### **DIVIDEND**

In view of the loss incurred by the Company during the financial year under review, your Directors do not recommend any dividend.

### **DIRECTORS**

Dr. Keshab Nandy was appointed as an Additional Director of the Company with effect from October 5, 2008, pursuant to Section 260 of the Companies Act, 1956, to hold office up to the conclusion of the ensuing Annual General Meeting subject to the approval of the Members in the ensuing Annual General Meeting. The Members are requested to confirm his appointment. The Company has received Notice under Section 257 of the Companies Act, 1956 from a Member proposing the appointment of Dr. Keshab Nandy as Director of the Company.

Mr. Anand P. Nair has resigned from the Directorship of the Company with effect from October 5, 2008. The Board places on record its appreciation for the services rendered by Mr. Anand P. Nair during his tenure as Director of the Company.

Mrs. Shivani Amit Dahanukar, Director of the Company,

retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

### **HOLDING COMPANY**

Your Company is wholly owned subsidiary of Tilaknagar Industries Ltd.

### **CHANGE OF REGISTERED OFFICE**

With a view to have centralized decision-making, better control and co-ordination of the activities of the Company and to reduce the cost of operations, the Registered Office of the Company was shifted to P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413720, where the mother plant of our Holding Company i.e. Tilaknagar Industries Ltd. is situated.

The Requisite approval was obtained from the Shareholders vide Special Resolution passed at the Extraordinary General Meeting held on September 06, 2008 and Confirmation Order from the Company Law Board, Southern Region, Chennai Bench in this regard was received on January 21, 2009.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

As stipulated in Section 217(2AA) of the Companies Act, 1956, on the basis of the information furnished to them by the Statutory Auditors and Management, your Directors report that:

- a) in preparation of the Annual Accounts, the applicable Accounting Standards have been followed and there are no material departures.
- b) the Company has selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the accounting year and of the profit of the Company for the year.
- c) the Company has taken proper and sufficient care for the maintenance of adequate Accounting Records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company

and preventing and detecting fraud and other irregularities.

- d) the Company has prepared Annual Accounts on going concern basis.

#### **PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956**

The Company did not have any employees who were in receipt of remuneration which in aggregate amounted to Rs. 24,00,000/- or more if employed throughout the year or Rs. 2,00,000/- per month if employed for part of the year.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO**

Since there was no manufacturing activity carried on by the Company, there was no conservation of energy, technology absorption and foreign exchange earnings outgo.

#### **FIXED DEPOSITS**

The Company has not accepted any fixed deposits from public during the year.

#### **AUDITORS**

The Company is in receipt of a special notice from a Member of the Company, in terms of Section 225(1) of the Companies Act, 1956, signifying his intention to propose the appointment of M/s. Batliboi & Purohit, Chartered Accountants as the Statutory Auditors of the Company in place of Mr. Neelakant Naidu, the retiring Statutory Auditor, to hold office from the conclusion of this Annual General Meeting upto of the conclusion of the next Annual General Meeting the Company, on such remuneration as may be fixed by the Board of Directors of the Company.

M/s. Batliboi & Purohit, Chartered Accountants have furnished a Certificate to the effect that their proposed appointment, if made, will be in accordance with the limits specified u/s 224(1B) of the Companies Act, 1956.

#### **COMPLIANCE CERTIFICATE UNDER SECTION 383A**

The Company has obtained Compliance Certificate as required under Section 383A of the Companies Act, 1956.

#### **APPRECIATION**

Your Directors wish to place on record their sincere thanks and appreciation for the devoted service rendered by employees of the Company at all levels.

**For and on behalf of the Board of Directors**

**Amit Dahanukar**  
Chairman

Place : Mumbai

Date : May 14, 2009

# Auditors' Report

to the shareholders of  
M/s. Surya Organic Chemicals (P) Ltd.

- 1 I have examined the attached Balance Sheet of "M/S SURYA ORGANIC CHEMICALS (P) LTD" as at 31st March 2009 and the Profit and Loss Account for the year ended on that date, annexed hereto. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit and reports that:
  - a) I have obtained all the information and explanation which to the best of my knowledge and belief were necessary for the purpose of my Audit.
  - b) In my opinion, the company has kept proper books of account as required by law so far as it appears from my examination of such books.
  - c) The Balance sheet and the Profit and Loss Account referred to in this report are in agreement with Books of Accounts.
  - d) In my opinion, the Balance sheet and Profit and loss account dealt by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - e) On the basis of written representations received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, I report that none of the directors is disqualified as on 31st march 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the companies Act, 1956.
  - f) In my opinion, and to the best of my information and according to the explanations given to me, the said statement of accounts read together with the Company's Accounting Policies and the Notes thereto gives information as required by The Companies Act, 1956 in the manner so required and give a true and fair view:
    - i) In the case of the Balance Sheet, of the state of Affairs of the Company as at 31st March 2009.
    - ii) In the case of the profit and loss Account, of the loss for the year ended on that date.
- 2 I have conducted my audit in accordance with Audit Standards generally accepted in India. Those standards required that I plan and perform the Audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit also includes assessing the accounting principles used and significant estimates made by Management as well as evaluating the overall financial statement presentation.

I believe that my audit provides a reasonable basis for my opinion.
- 3 As required by The Companies (Auditors Report) Order, 2003 issued by The Central Government of India in terms of sub-section (4A) of section 227 of The Companies Act, 1956, I am Enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 4 Further to the above and subject to my comments in the Annexure referred to in paragraph 1 above, I stated that:
  - a) I have obtained all the information and explanation which to the best of my knowledge and belief were necessary for the purpose of my Audit.
  - b) In my opinion, the company has kept proper books of account as required by law so far as it appears from my examination of such books.

**K. S. Neelakanta Naidu**  
**Chartered Accountants**  
Membership No. 200800

Place : Bangalore.  
Dated : May 14, 2009



# Annexure

forming part of the Auditor's Report  
(Referred to in paragraph 3 of my report of even date)

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The company has a program for physical verification of fixed assets at periodic intervals. In my opinion the period of verification is reasonable having regard to The size of the company and the nature of its assets. The discrepancies reported On such verification have been properly dealt with in the books of accounts
- c) During the year, in my opinion, the company has not disposed off a substantial part of fixed assets.
- ii) a) The inventories has been physically verified during the year by the management. in my opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size the company and the nature of its business.
- c) The company is maintaining proper records of inventory, the discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) a) The Company has neither granted but taken loan from its holding company M/s Tilak nagar industries Ltd, to Rs. 45739007 was as unsecured loan except this there were any secured or unsecured, to companies, firms or other parties listed in the Register maintained under section 301 of The Companies Act, 1956. As the company has not granted or taken any loans, secured or unsecured, to or from parties listed in the registers maintained under section 301 of the companies act 1956 clauses iii(b),iii (c), iii(d) of the paragraph 4 of the order, are not applicable.
- iv) In my opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of my audit, I have not observed any continuing failure to correct major weaknesses in internal controls.
- v) a) According to the information and explanations given to me, I am of the opinion that the transactions that need to be entered into the register maintained under section 301 of the companies Act, 1956 have been so entered.
- b) In my opinion and according to the information and explanations given to me, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the companies act 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) In my opinion and according to the information and explanations given to me, the company has not

## Annexure

to Audit Report  
(Referred to in paragraph 4 of our report of even date)

accepted any public deposit from the public within the provisions of sections 58A and 58 AA or any other relevant provisions of the companies Act, 1956 and The rules framed there under.

vii) In my opinion, the company has an internal audit system commensurate with the size and nature of its business.

viii) provisions relating to the maintenance of cost records under section 209(1)(d) of the companies act 1956 do not apply.

ix) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to its.

b) According to the information and explanations given to me, no undisputed amounts payable in respect of income tax, wealth tax, customs duty, excise duty and cess were in arrears, as at 31.3.2009 for a period of more than six months from the date they became payable.

c) According to the information and explanation given to me, there are no dues of sale tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.

x) In my opinion, the accumulated losses of the company are not more than fifty percent of its net worth. The company has incurred cash losses during the financial year covered by our audit and incurred cash losses the immediately preceding financial year.

xi) In my opinion and according to the information and explanations given to me the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In my opinion, the company is not a chit fund or a Nidhi, mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.

xiv) In my opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

# Annexure

to Audit Report  
(Referred to in paragraph 4 of our report of even date)

xv) The company has not obtained any term loans during the year. Accordingly clause 4 (xvi) of the companies (Auditor's Report) order, 2003 is not applicable.

xvi) According to the information and explanations given to me and on an overall examination of the balance sheet of the company, I report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.

xvii) According to the information and explanations given to me, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies Act 1956.

xviii) According to the information and explanations given to me, during the period covered by our audit report, the company had not issued any debentures. Accordingly clause 4 (xix) of the companies (Auditors report) order 2003 is not applicable.

xix) The company has not raised any money by public issues during the year. Accordingly, clause 4(xx) of the companies (auditors report) order 2003 is not applicable.

xx) According to the information and explanations given to me, no fraud on or by the company has been noticed or reported during the course of our audit.

**K. S. Neelakanta Naidu**  
**Chartered Accountants**  
Membership No. 200800

Place : Bangalore

Dated : May 14, 2009

# Balance Sheet

as at 31st March, 2009

(Rs.)			
	Schedule	As At 31st March, 2009	As At 31st March, 2008
<b>I SOURCES OF FUNDS</b>			
1. Shareholders' Funds			
a. Share capital	'I'	7,305,000	7,305,000
b. Reserves & Surplus	'II'	1,897,150	1,897,150
		<b>9,202,150</b>	<b>9,202,150</b>
2. Loan Funds			
a. Unsecured loans	'III'	45,739,007	45,540,321
		<b>54,941,157</b>	<b>54,742,471</b>
<b>II APPLICATION OF FUNDS</b>			
1. Fixed Assets	'IV'		
a. Gross Assets		10,720,023	10,720,023
b. Less: Depreciation		8,576,101	8,312,698
		<b>2,143,922</b>	<b>2,407,324</b>
2. Current Assets, Loans & Advances	'V'	4,660,772	4,224,264
Less: Current Liabilities & Provisions	'VI'	12,606,065	451,200
Net Current Assets		<b>(7,945,293)</b>	<b>3,773,064</b>
3. Miscellaneous Expenditure (To the extent not adjusted or written off)	'VII'	60,742,528	48,562,083
		<b>54,941,157</b>	<b>54,742,471</b>
Significant accounting policies & Notes on accounts	'XII'		

As per our Report of even date annexed.

K. S. Neelakanta Naidu  
Chartered Accountants  
Membership No. 200800

For and on behalf of the Board

Amit Dahanukar  
Chairman &  
Managing Director

Shivani Amit Dahanukar  
Director

Dr. Keshab Nandy  
Director

Place : Mumbai  
Date : May 14, 2009

# Profit and Loss Account

for the year ended 31st March, 2009

		(Rs.)	
	Schedule	for the year ended 31st March, 2009	for the year ended 31st March, 2008
<b>I INCOME:</b>			
Other income	'VIII'	560,965	3,500,190
		<b>560,965</b>	<b>3,500,190</b>
<b>II EXPENDITURE :</b>			
Cost of materials	'IX'	–	–
Employees' remuneration and benefits	'X'	86,684	389,250
Manufacturing and other expenses	'XI'	12,391,324	41,982,781
Depreciation / Amortization		263,403	298,636
		<b>12,741,411</b>	<b>42,670,666</b>
<b>III PROFIT/(LOSS) FOR THE YEAR</b>		(12,180,446)	(39,170,476)
Add: Balance brought forward from previous year		(48,562,083)	(9,391,606)
Balance Transferred to Balance Sheet		(60,742,528)	(48,562,083)
Significant accounting policies & Notes on accounts			

As per our Report of even date annexed.

**K. S. Neelakanta Naidu**  
Chartered Accountants  
Membership No. 200800

Place : Mumbai  
Date : May 14, 2009

For and on behalf of the Board

**Amit Dahanukar**      **Shivani Amit Dahanukar**  
Chairman &              Director  
Managing Director  
**Dr. Keshab Nandy**  
Director



# Schedules

forming part of accounts for the year ended  
31st March, 2009

	(Rs.)	
	As At 31st March, 2009	As At 31st March, 2008
<b>SCHEDULE 'I'</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
100,000 equity shares of Rs. 100/- each	10,000,000	10,000,000
(P.Y. 100,000 equity shares of Rs. 100/- each)		
<b>Issued, Subscribed And Paid Up :</b>		
73,050 equity shares of Rs. 100/- each fully paid up	7,305,000	7,305,000
	<b>7,305,000</b>	<b>7,305,000</b>
<b>SCHEDULE 'II'</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Capital Reserve</b>		
Share Application Money forfeited	1,897,150	1,897,150
	<b>1,897,150</b>	<b>1,897,150</b>
<b>SCHEDULE 'III'</b>		
<b>UNSECURED LOANS</b>		
<b>Long Term Loans:</b>		
From holding Companies	45,739,007	45,540,321
	<b>45,739,007</b>	<b>45,540,321</b>

	(Rs.)									
	GROSS BLOCK			DEPRECIATION / AMORTIZATION				NET BLOCK		
	As At 1st April, 2008	Addition	Ded- uction	As At 31st March, 2009	As At 1st April, 2008	Ded- uction	For the year	As At 31st March, 2009	As At 31st March, 2009	As At 31st March, 2008
<b>SCHEDULE 'IV':</b>										
<b>FIXED ASSETS</b>										
<b>Tangible Assets</b>										
Land	15,000	-	-	15,000	-	-	-	-	15,000	15,000
Buildings	4,695,645	-	-	4,695,645	3,273,910	-	128,171	3,402,081	1,293,564	1,421,735
Plant & Machinery	5,965,950	-	-	5,965,950	5,001,103	-	134,210	5,135,314	830,637	964,847
Furniture & Fixtures	40,641	-	-	40,641	35,327	-	962	36,289	4,352	5,314
Vehicles	2,787	-	-	2,787	2,358	-	60	2,418	369	429
	<b>10,720,023</b>	<b>-</b>	<b>-</b>	<b>10,720,023</b>	<b>8,312,698</b>	<b>-</b>	<b>263,403</b>	<b>8,576,101</b>	<b>2,143,922</b>	<b>2,407,324</b>
Previous Year	10,720,023	-	-	10,720,023	8,014,063	-	298,636	8,312,698	2,407,324	2,705,960

	(Rs.)	
	As At 31st March, 2009	As At 31st March, 2008
<b>SCHEDULE 'V'</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>A. Current Assets</b>		
<b>Inventory</b>		
Raw materials (at cost)	367,804	367,804
Stores, components (at cost)	9,614	9,614
Stock-in-trade (at cost)	1,850,703	1,850,703
	<b>2,228,120</b>	<b>2,228,120</b>
<b>B. Cash and Bank Balances</b>		
Cash and cheques on hand	511,923	391,373
In Current Accounts with Scheduled Banks	-	-
	<b>511,923</b>	<b>391,373</b>
<b>C. Loans &amp; Advances</b>		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	1,840,333	1,524,375
Deposits	80,396	80,396
	<b>1,920,729</b>	<b>1,604,771</b>
	<b>4,660,772</b>	<b>4,224,264</b>

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

	(Rs.)	
	As At 31st March, 2009	As At 31st March, 2008
<b>SCHEDULE 'VI'</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Other Current Liabilities:-		
Expenses Payable	12,271,865	117,000
Others	334,200	334,200
	<b>12,606,065</b>	<b>451,200</b>
<b>SCHEDULE 'VII'</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
Profit & Loss Account		
Opening Balance	48,562,083	9,391,606
Add: Loss during the year	12,180,446	39,170,476
	<b>60,742,528</b>	<b>48,562,083</b>
	<b>for the year ended 31st March, 2009</b>	<b>for the year ended 31st March, 2009</b>
<b>SCHEDULE 'VIII'</b>		
<b>OTHER INCOME:</b>		
Other Income	560,965	961,690
Liability no longer required written back	-	2,538,500
	<b>560,965</b>	<b>3,500,190</b>
<b>SCHEDULE 'IX'</b>		
<b>COST OF MATERIAL CONSUMED</b>		
<b>A. Raw Material consumption</b>		
Opening Stock	367,804	367,804
Add : Purchases	-	-
Less : Closing Stock	367,804	367,804
	-	-
<b>B. Stores Consumed</b>	<b>-</b>	<b>-</b>
<b>SCHEDULE 'X'</b>		
<b>EMPLOYEES' REMUNERATION &amp; BENEFITS</b>		
Salary and wages	86,684	389,250
	<b>86,684</b>	<b>389,250</b>
<b>SCHEDULE 'XI'</b>		
<b>MANUFACTURING AND OTHER EXPENSES:</b>		
Repairs & Maintenance	118,976	249,045
Audit Fees	22,060	19,500
Bank Charges	-	11,810
Rates, Taxes & Filing fees	12,090,000	37,303,125
Sales Tax	-	4,321,071
Printing and Stationery	18,797	39,850
Other Expenses	141,491	38,380
	<b>12,391,324</b>	<b>41,982,781</b>

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

## NOTES TO ACCOUNTS

### Schedule X: Accounting Policies and Notes on Accounts

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### i) Revenue Recognition

- a) All incomes are accounted on accrual basis to the extent they are ascertainable. In the case of unascertainable income, the same are accounted on actual receipt basis.
- b) All expenses are accounted on accrual basis to the extent they are ascertainable. In the case of unascertainable expenses, the same are accounted on actual payment basis.
- c) The accounts have been prepared using historical cost convention and on the basis of going concern, in accordance with section 211(3C) and other provision of The Companies Act, 1956.

##### ii) Fixed Assets And Depreciation

- a) Fixed Assets are valued on historical cost basis less depreciation.
- b) Depreciation is charged on written down value method as per the classification and On the basis of Schedule - XIV to The Companies Act, 1956

##### iii) Sales

Sales includes Excise duty.

- iv) There are no earning or paying the Foreign Currency by the company during the year.

- v) Balances in sundry Debtors, sundry creditors, loans and advances and unsecured loans are subject to confirmation and reconciliation if any.

##### vi) Quantitative Information

Particulars	Opening Stock	Purchases	Consumption.
	Nil		Nil

- vii) Auditors remuneration charged to profit and loss account during the year Rs.22060/-(previous year Rs.19500/-)

- viii) Amount for which the company contingency Liability during the year Electricity Rs.827263.00/- The profit may have change to this extent.

- ix) Bank Guarantees outstanding, cheques discounted during the year nil.

- x) Managerial Remuneration. Remuneration paid to Managing Director Rs. Nil

- xi) Previous year figures have been rearranged and regrouped wherever necessary

As per our Report of even date annexed.

K. S. Neelakanta Naidu  
Chartered Accountants  
Membership No. 200800

For and on behalf of the Board

Amit Dahanukar  
Chairman &  
Managing Director

Shivani Amit Dahanukar  
Director

Dr. Keshab Nandy  
Director

Place : Mumbai  
Date : May 14, 2009

# Cash Flow Statement

for the year ended 31st March, 2009

	(Rs.)	
	2008-2009	2007-2008
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	(12,180,446)	(39,170,476)
Adjustment for:		
Depreciation	263,403	298,636
(Surplus) / Loss on sale of assets	-	-
Provision for taxes of earlier years	-	-
Miscellaneous expenses written off	-	-
Interest (nett)	-	-
Dividend received	-	-
	<b>263,403</b>	<b>298,636</b>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
Adjustment for:		
(Increase) / Decrease in inventory	-	-
(Increase) / Decrease in trade receivables	-	-
(Increase) / Decrease in loans and advances	(315,958)	(1,509,375)
(Decrease) / Increase in trade payable and provisions	12,154,865	(2,255,551)
	<b>11,838,907</b>	<b>(3,764,926)</b>
Tax provision	-	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(78,136)</b>	<b>(42,636,766)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-	-
Sale of fixed assets	-	-
Increase in investments	-	-
Dividend received	-	-
Interest received	-	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	-	-
Proceeds from borrowings	198,686	45,540,321
Repayment of amount borrowed	-	(2,538,500)
Interest paid	-	-
Dividend and tax thereon	-	-
<b>NET CASH FROM FINANCIAL ACTIVITIES</b>	<b>198,686</b>	<b>43,001,821</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENT</b>	<b>120,550</b>	<b>365,055</b>
Opening cash & cash equivalents	391,373	26,318
Closing cash & cash equivalents	<b>511,923</b>	<b>391,373</b>

As per our Report of even date annexed.

K. S. Neelakanta Naidu  
Chartered Accountants  
Membership No. 200800

For and on behalf of the Board

Amit Dahanukar      Shivani Amit Dahanukar  
Chairman &      Director  
Managing Director  
Dr. Keshab Nandy  
Director

Place : Mumbai  
Date : May 14, 2009

## Company's General Business Profile

## I Registration Details

						1	1
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Balance Sheet Date             

Date                      Month                      Year

## II Capital raised during the year (Amount in Rs. thousands)

Rights Issue						N	I	L
--------------	--	--	--	--	--	---	---	---

Private Placement (Preference shares)						N	I	L
--	--	--	--	--	--	---	---	---

### III Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Assets				6	7	5	4	7
--------------	--	--	--	---	---	---	---	---

## Sources of Funds

Reserves and Surplus					1	8	9	7
----------------------	--	--	--	--	---	---	---	---

Unsecured Loans				4	5	7	3	9
-----------------	--	--	--	---	---	---	---	---

Current Liabilities					1	2	6	0	6
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## Application of Funds \*(includes Goodwill)

Investments						N	I	L
-------------	--	--	--	--	--	---	---	---

Miscellaneous Expenditure						N	I	L
---------------------------	--	--	--	--	--	---	---	---

Accumulated Losses					6	0	7	4	3
--------------------	--	--	--	--	---	---	---	---	---

**IV Performance of Company (Amount in Rs. thousands) \*(includes other Income)**

Total Expenditure				1	2	7	4	1
-------------------	--	--	--	---	---	---	---	---

Profit/(Loss) After Tax and		+	-						
		✓		1	2	1	8	0	

	+	-	Basic						
Earning per Share (in Rs.)		✓		1	6	6	.	7	4

**V Generic Names of Two Principal Products / Services of the Company (As per Monetary Terms)**

[illegible][illegible][illegible][illegible]

For and on behalf of the Board

**Amit Dahanukar**  
Chairman &  
Managing Director

**Dr. Keshab Nandy**  
Director

Place : Mumbai  
Date : May 14, 2009



# Auditors' Report

to the Board of Directors of Tilaknagar Industries Ltd. on the consolidated financial statements of Tilaknagar Industries Ltd. and its subsidiaries.

- 1 We have audited the attached consolidated balance sheet of Tilaknagar Industries Ltd and its subsidiaries [The Company and its subsidiaries constitute "The Group"] as at 31st March, 2009, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs.272.49 million as at 31st March, 2009 and total revenue of Rs.76.65 million and the cash flows amounting to Rs.4.94 million for the year ended on that date. These financial statements have been audited by other auditor whose report has been furnished to us by the management of the Group.
- 4 We report the consolidated financial results have been prepared by the management of Tilaknagar Industries Ltd in accordance with the requirements of Accounting Standards 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.
- 5 Based on our Audit and our consideration of reports of other auditors on separate financial statements and on the other financial information, and to the best of our information and according to the explanation given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India
  - i) in case of the consolidated balance sheet, of the state of affairs of the Group as at 31st March, 2009;
  - ii) in case of the Consolidated Profit and Loss account, of the Consolidated profit of the Group for the year ended on that date.
  - iii) in case of the consolidated Cash flows of the Group for the year ended on that date.

**For BATLIBOI & PUROHIT**  
Chartered Accountants

**K. A. Mehta**  
Partner

Membership No. 111749

Place : Mumbai

Dated : May 14, 2009

# Consolidated Balance Sheet

as at 31st March, 2009

		(Rs.)	
	Schedule	As At 31st March, 2009	As At 31st March, 2008
<b>I SOURCES OF FUNDS</b>			
1. Shareholders' Funds			
a. Share capital	'A'	139,494,288	57,250,680
b. Share Warrant	'A1'	70,650,000	70,650,000
c. Reserves & surplus	'B'	1,215,077,909	1,061,642,756
		<b>1,425,222,197</b>	<b>1,189,543,436</b>
2. Loan Funds			
a. Secured loans	'C'	1,167,683,965	574,728,612
b. Unsecured loans	'D'	83,633,054	2,074,000
3. Deferred Tax Liability		62,358,943	34,021,970
		<b>2,738,898,159</b>	<b>1,800,368,018</b>
<b>II APPLICATION OF FUNDS</b>			
1. Goodwill		38,919,654	3,836,695
2. Fixed Assets	'E'		
a. Gross block		1,549,157,483	1,201,292,463
b. Less: Depreciation		181,076,864	112,433,982
		<b>1,368,080,619</b>	<b>1,088,858,481</b>
Add : Capital Work-In-Progress		390,951,954	135,223,569
		<b>1,759,032,572</b>	<b>1,224,082,050</b>
c. Less: Impairment of assets		1,704,564	1,704,564
		<b>1,757,328,008</b>	<b>1,222,377,486</b>
3. Investments	'F'	346,220	24,215,886
4. Current Assets, Loans & Advances	'G'	2,083,869,857	1,261,609,225
Less: Current Liabilities & Provisions	'H'	1,141,617,440	711,671,274
Net Current Assets		<b>942,252,417</b>	<b>549,937,951</b>
5. Miscellaneous Expenditure (To the extend not adjusted or written off)	'H1'	51,860	-
		<b>2,738,898,159</b>	<b>1,800,368,018</b>
Significant accounting policies & Notes on accounts	'M'		

As per our Report of even date annexed.

For **Batliboi & Purohit**  
Chartered Accountants**K A Mehta**  
Partner  
Membership No. 111749Place : Mumbai  
Date : May 14, 2009

For and on behalf of the Board

**Amit Dahanukar**  
Chairman &  
Managing Director**Smitha Singh**  
Company Secretary**Shivani Amit Dahanukar**  
Executive Director**P. R. K. Reddy**  
Whole Time Director**S. V. Muzumdar**  
Director**V.B.Haribhakti**  
Director**Dr. Vishnu Kanhere**  
Director**Dr. Ravindra Bapat**  
Director

# Consolidated Profit and Loss Account

for the year ended 31st March, 2009

			(Rs.)
	Schedule	for the year ended 31st March, 2009	for the year ended 31st March, 2008
<b>I INCOME:</b>			
Sales	`I'(1)	3,999,064,356	2,267,806,916
Less: Excise duty		1,558,658,818	813,274,030
		<b>2,440,405,538</b>	<b>1,454,532,886</b>
Other income:	`I'(2)	26,970,566	13,430,881
		<b>2,467,376,104</b>	<b>1,467,963,766</b>
<b>II EXPENDITURE :</b>			
(Increase) / Decrease in stocks	`I'(3)	(153,403,766)	(69,603,490)
Cost of materials	`I'(4)	1,129,783,792	556,872,706
Employees' remuneration and benefits	`J'	200,527,430	122,152,858
Manufacturing and other expenses	`K'	835,895,714	577,967,588
Interest		105,641,438	49,683,293
Depreciation / Amortization		32,760,485	18,838,979
		<b>2,151,205,093</b>	<b>1,255,865,914</b>
Profit / (loss) for the year		316,171,011	212,097,852
Less : Prior Period Adjustments		(105,678)	—
Profit / (loss) before tax		316,065,333	212,097,852
Less: Provision for taxation			
Current		87,500,000	82,500,000
Previous years'		3,944,203	—
Fringe benefit tax		1,858,602	1,550,000
Deferred		24,967,302	5,090,983
		<b>118,270,107</b>	<b>89,140,983</b>
Profit after taxation		<b>197,795,226</b>	<b>122,956,869</b>
Add: Balance brought forward from previous year		167,881,772	73,242,844
Amount available for appropriations		<b>365,676,998</b>	<b>196,199,713</b>
<b>III APPROPRIATIONS:</b>			
Transferred to General Reserve		21,500,000	17,000,000
Proposed dividend		14,447,865	12,022,643
Dividend tax (including surcharge & cess)		2,455,415	2,043,248
Balance transferred to balance sheet		327,273,719	165,133,823
		<b>365,676,998</b>	<b>196,199,713</b>
Earnings Per Share (Rs.)	Basic	34.53	21.48
	Diluted	19.32	—
(Refer Note xviii of Schedule 'M')			
Significant accounting policies & Notes on accounts	`M'		

As per our Report of even date annexed.

For **Batliboi & Purohit**  
Chartered Accountants

**K A Mehta**  
Partner  
Membership No. 111749

Place : Mumbai  
Date : May 14, 2009

For and on behalf of the Board

**Amit Dahanukar**  
Chairman &  
Managing Director

**Smitha Singh**  
Company Secretary

**Shivani Amit Dahanukar**  
Executive Director

**P. R. K. Reddy**  
Whole Time Director

**S. V. Muzumdar**  
Director

**V.B.Haribhakti**  
Director

**Dr. Vishnu Kanhere**  
Director

**Dr. Ravindra Bapat**  
Director

# Schedules

forming part of accounts for the year ended  
31st March, 2009

	(Rs.)	
	As At 31st March, 2009	As At 31st March, 2008
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
38,460,000 equity shares of Rs. 10/- each (P.Y. 30,000,000 equity shares of Rs. 10/- each)	384,600,000	300,000,000
<b>Issued, Subscribed And Paid Up :</b>		
5,725,068 equity shares of Rs. 10/- each fully paid up (P.Y. 5,725,068 equity shares of Rs. 10/- each)	57,250,680	57,250,680
Of the above shares :-		
a) 302,675 equity shares of Rs.10/- each fully paid-up bonus shares by capitalisation of reserves.		
b) 1,237,500 equity shares of Rs.10/- each were allotted as fully paid-up pursuant to a scheme of amalgamation.		
c) 44,696 equity Shares of 10/- each were allotted for consideration other than cash.		
874,932 12% Compulsorily Convertible Cumulative Preference Shares of Rs.94/- each fully paid up (P.Y. Nil)	82,243,608	–
Convertible into equity shares with in 18 months from the date of allotment	139,494,288	57,250,680
<b>SCHEDULE 'A' (1)</b>		
<b>SHARE WARRANT</b>		
<b>Authorised</b>		
4,500,000 share warrants of Rs.157/- each - 10% paid up	70,650,000	70,650,000
	70,650,000	70,650,000
<b>SCHEDULE 'B'</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>1. Share Premium Account</b>		
As per last Balance Sheet	20,957,443	20,957,443
<b>2. Capital Reserve</b>		
Share Application Money Forfeited	1,897,150	2,021,150
<b>3. General Reserve</b>		
As per last Balance Sheet	50,660,572	33,660,572
Transfer from Profit & loss account	21,500,000	17,000,000
	72,160,572	50,660,572
<b>4. Revaluation Reserve</b>	822,869,769	822,869,769
Less : Amortised	30,080,743	–
	792,789,026	822,869,769
<b>5. Profit &amp; Loss Account</b>	327,273,719	165,133,823
	1,215,077,909	1,061,642,756

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

	(Rs.)	
	As At 31st March, 2009	As At 31st March, 2008
<b>SCHEDULE 'C'</b>		
<b>SECURED LOANS</b>		
<b>A. Long Term Loans</b>		
<b>Term Loans :</b>		
From Financial Institutions	413,200,000	221,200,000
(Against First charge on the Fixed Assets of the Company situated at Shrirampur, Dist. Ahmednagar and Second charge on Current Assets.)		
<b>B. Short Term Loans</b>		
<b>Cash Credit (including working capital demand loan)</b>	748,160,609	348,566,273
(Against hypothecation of stock of raw materials, work-in-progress, finished goods, stores, chemicals & book debts and Second charge on the Fixed Assets of the Company situated at Shrirampur, Dist. Ahmednagar.		
Hire purchase Car loan (with Banker's lien on cars)	6,323,356	4,962,340
	<b>1,167,683,965</b>	<b>574,728,612</b>
<b>SCHEDULE 'D'</b>		
<b>UNSECURED LOANS</b>		
1. Fixed deposits - Shareholders & others	608,000	2,074,000
2. Unsecured loans		
From Financial Institution	49,958,582	–
From Others	33,066,472	–
	<b>83,633,054</b>	<b>2,074,000</b>



# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

(Rs.)																	
GROSS BLOCK						DEPRECIATION / AMORTIZATION					NET BLOCK						
As At 1st April, 2008	Addition	Ded- uction	Revaluation	Prag	Surya	As At 31st March, 2009	As At 1st April, 2008	Surya 1st April, 2008	For the year	Ded- uction	On Reval- uation	As At 31st March, 2009	As At 31st March, 2008				
SCHEDULE 'E': FIXED ASSETS																	
Tangible Assets																	
Land	522,890,000	-	-	-	17,616,765	15,000	540,521,765	-	-	-	-	-	540,521,765	522,905,000			
Buildings	145,689,495	10,746,046	-	-	71,562,556	4,695,645	232,693,742	16,596,450	3,273,910	-	2,753,001	128,171	5,540,831	10,478,360	38,770,724	193,923,018	130,514,779
Plant & Machinery	459,402,854	189,059,155	-	-	21,879,284	5,965,950	676,307,243	65,564,204	5,001,103	-	14,822,890	134,210	3,817,681	19,602,383	108,942,471	567,364,772	394,803,497
Furniture & Fixtures	16,309,975	2,184,193	-	-	701,224	40,641	19,236,033	5,596,305	35,327	-	2,112,525	962	122,634	-	7,867,753	11,368,280	10,718,984
Computers	4,613,217	24,301,246	-	-	23,000	-	28,937,463	1,891,254	-	-	2,880,374	-	10,574	-	4,782,202	24,155,260	2,721,963
Electrical Installation & Fittings	3,279,255	2,637,257	-	-	587,070	-	6,503,582	1,443,064	-	-	393,037	-	68,593	-	1,904,694	4,598,887	1,836,191
Motor Car and Transport Vehicles	18,238,736	7,275,057	745,987	-	38,154	2,787	24,808,747	5,576,200	2,358	163,213	3,965,722	60	11,312	-	9,392,439	15,416,308	12,662,965
Roads & Bridges	2,702,038	-	-	-	-	-	2,702,038	468,393	-	-	223,365	-	-	-	691,758	2,010,280	2,233,645
Library Books	27,773	-	-	-	-	-	27,773	27,773	-	-	-	-	-	-	27,773	-	-
Live Stock	25,000	-	-	-	-	-	25,000	-	-	-	-	-	-	-	-	25,000	25,000
Intangible Assets																	
Product Development	17,394,097	-	-	-	-	-	17,394,097	6,957,639	-	-	1,739,410	-	-	-	8,697,049	8,697,048	10,436,458
Capital WIP	135,223,569	255,728,385	-	-	-	-	390,951,954	-	-	-	-	-	-	-	-	390,951,954	135,223,569
Grand Total	1,325,796,010	491,931,338	745,987	-	112,408,053	10,720,023	1,940,109,436	104,121,284	8,312,698	163,213	28,890,324	263,403	9,571,625	30,080,743	181,076,864	1,759,032,572	1,224,082,050
Previous Year	260,909,803	107,772,414	979,545	822,869,769	-	10,720,023	1,336,516,032	86,137,761	8,014,063	556,819	18,540,342	298,636	-	-	112,433,982	1,224,082,050	-

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

		(Rs.)	
	Shares/ Units	As At 31st March, 2009	As At 31st March, 2008
<b>SCHEDULE 'F'</b>			
<b>INVESTMENTS</b>			
<b>I. Government Securities : (Unquoted)</b>			
7 Year National Savings Certificates of face value of Rs.51,400/- (Certificates worth Rs. 44,000/- deposited with Government authorities)		51,400	51,400
6 Year National Savings Certificates (Deposited with Government authorities)		4,250	4,250
	Total- I	55,650	55,650
<b>II. Shares in Joint Stock Companies, etc. (Unquoted):</b>			
Mula Pravara Electric Co-operative Society LTD.	Equity	252,070	252,070
Shree Suvarna Sahakari Bank Ltd.	Equity	2,000	2,000
Maharashtra State Financial Corporation	Equity	11,500	11,500
Rupee Co-op Bank Ltd	Equity	25,000	25,000
	Total- II	290,570	290,570
<b>III. Investment in subsidiary</b>			
Surya Organic Chemicals (P) Ltd. (73,050 shares of Rs.100/- each)		-	-
Prag Distillery (P) Ltd. (2,011,000 shares of Rs..10/- each)		-	23,869,666
		346,220	24,215,886
		(Rs.)	
		As At 31st March, 2009	As At 31st March, 2008
<b>SCHEDULE 'G'</b>			
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
<b>Current Assets</b>			
<b>Inventory (at cost)</b>			
Raw materials		84,014,230	30,855,102
Stores, components		260,628,652	94,105,448
Work-in-process		34,941,699	7,833,137
Stock-in-trade		207,959,050	81,663,847
Stock-in-transit		3,970,555	-
		591,514,187	214,457,533
<b>Sundry debtors (unsecured, considered good)</b>			
a) Outstanding exceeding six months		84,167,548	72,086,786
b) Others		569,847,772	478,408,038
		654,015,320	550,494,824
<b>Cash and bank balances:</b>			
Cash and cheques on hand		13,853,167	7,694,246
In Current Accounts with Scheduled Banks		4,974,456	3,638,471
In Fixed Deposit with Scheduled Banks		29,234,877	9,558,454
		48,062,500	20,891,171
<b>Loans &amp; Advances</b>			
<b>(Unsecured considered good)</b>			
Advances recoverable in cash or in kind or for value to be received		227,396,673	133,018,842
Loans to Subsidiary Companies		-	106,329,690
Advance with Tie-up Units		205,918,192	60,300,942
Balance with Excise Authorities		12,874,620	9,506,230
Deposits		133,379,297	33,007,389
Deposit with Court		39,650,161	22,471,394
Advance Tax		166,920,718	111,131,210
		790,277,849	475,765,697
		-	-
		2,083,869,857	1,261,609,225

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

	(Rs.)	
	As At 31st March, 2009	As At 31st March, 2008
<b>SCHEDULE 'H'</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors		
Small Scale Industries	27,532,035	4,663,524
Others	490,552,097	376,152,969
Unclaimed dividends	793,918	578,588
Unclaimed Deposits	814,000	24,000
Trade Deposits (Unsecured, interest free)	277,756,297	162,644,984
	<b>797,448,347</b>	<b>544,064,064</b>
<b>Provisions</b>		
Provision for Taxation	219,468,602	135,075,000
Dividend Payable	14,447,865	12,022,643
Dividend Tax	2,455,415	2,043,248
Provision for Gratuity	21,049,446	12,319,002
Provision for leave encashment	7,596,590	6,147,317
Other Provisions	79,151,175	–
	<b>344,169,093</b>	<b>167,607,210</b>
	<b>1,141,617,440</b>	<b>711,671,274</b>
<b>SCHEDULE 'H' (1)</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
Deferred Revenue Expenditure		
As per last Balance Sheet	103,720	2,910,089
Less: Written off during the year	(51,860)	(2,910,089)
	<b>51,860</b>	<b>–</b>
	<b>for the year ended 31st March, 2009</b>	<b>for the year ended 31st March, 2008</b>
<b>SCHEDULE 'I' (1)</b>		
<b>SALES</b>		
Sales of products	3,767,442,183	1,990,320,641
Other Income	14,522,571	5,956,498
Income from tie-up units	217,099,602	271,529,776
	<b>3,999,064,356</b>	<b>2,267,806,916</b>
<b>SCHEDULE 'I' (2)</b>		
<b>OTHER INCOME</b>		
Dividend	11	545,180
Duty drawback on exports	3,070,320	1,306,623
Miscellaneous receipts	21,235,370	10,737,409
Sundry Balance w/back	2,792,362	1,150,047
Gain/ (Loss) on exchange fluctuation	88,145	(234,791)
Profit / (Loss) on sale of assets	(215,642)	(73,587)
	<b>26,970,566</b>	<b>13,430,881</b>

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

	As At 31st March, 2009	As At 31st March, 2008
<b>SCHEDULE 'T' (3)</b>		
(INCREASE) / DECREASE IN STOCK		
Opening Stock		
i) Work-in-process	7,833,137	854,035
ii) Finished goods	79,813,144	17,188,756
	<b>87,646,281</b>	<b>18,042,791</b>
Less : Closing Stock		
i) Work-in-process	34,941,699	7,833,137
ii) Finished goods	206,108,348	79,813,144
	<b>241,050,047</b>	<b>87,646,281</b>
Net (Increase)/Decrease in Stock	<b>(153,403,766)</b>	<b>(69,603,490)</b>
<b>SCHEDULE 'T' (4)</b>		
COST OF MATERIAL CONSUMED		
Raw Material Consumption		
Opening Stock	32,659,786	21,257,643
Add: Purchases	617,750,969	174,528,361
Less: Closing Stock	84,014,231	32,659,786
	<b>566,396,524</b>	<b>163,126,218</b>
Stores Consumed	563,387,268	393,746,488
	<b>1,129,783,792</b>	<b>556,872,706</b>
<b>SCHEDULE 'J'</b>		
EMPLOYEES' REMUNERATION & BENEFITS		
Salary and wages	167,117,862	98,254,808
Contribution to provident fund and family pension fund	10,155,675	5,212,061
Labour and staff welfare expenses	12,097,995	7,282,398
Gratuity	11,155,898	11,403,591
	<b>200,527,430</b>	<b>122,152,858</b>
<b>SCHEDULE 'K'</b>		
MANUFACTURING AND OTHER EXPENSES:		
Power and fuel	24,633,425	57,769,227
Excise Duty on Finished Goods	40,420,885	6,248,793
Repairs & maintenance	30,338,808	16,046,048
Insurance	6,352,108	5,184,551
Rent	128,050,636	41,456,203
Legal and professional charges	32,536,426	24,904,185
Audit Fees	488,001	250,740
Rates and taxes	62,321,365	77,617,295
Sales tax	18,184,644	4,900,262
Freight, transport charges & other expenses	82,055,368	44,726,284
Selling expenses [Discounts, Sales Promotion & Advertising etc.]	325,270,450	229,985,190
Travelling and conveyance expenses	10,667,847	6,212,840
Printing and stationery	3,797,298	1,614,133
Postage, telephone & telegram	7,110,324	4,650,802
Motor vehicle expenses	2,943,370	1,391,777
Miscellaneous expenses	52,507,740	49,247,488
Director Fees	300,000	339,000
Commission to Independent Directors	3,286,254	2,512,683
Deferred revenue expenditure	51,860	2,910,089
	<b>835,895,714</b>	<b>577,967,588</b>

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

	UOM	2008-2009		2007-2008	
		Quantity	Rupees	Quantity	Rupees
SCHEDULE 'L'					
ADDITIONAL INFORMATION					
1. Sales & Services					
Products					
i) Sales					
a) Indian Made Foreign Liquor - own unit	B.L.	5,194,386	838,526,655	3,401,384	356,881,656
b) Industrial Alcohol & Other Spirits	B.L.	1,911,432	43,438,748	4,378,050	80,098,948
c) Diethyl Oxalate/ Chemicals	Kgs	437,585	31,868,850	436,470	25,375,576
d) Indian Made Foreign Liquor - Lease units	B.L.	22,303,359	2,720,202,379	13,606,369	1,527,964,462
e) Indian Made Foreign Liquor - Subsidiary Co.	B.L.	1,820,763	133,405,551	-	-
			3,767,442,183		1,990,320,641
ii) Income from Tie-Up Units			217,099,602		271,529,776
iii) Other Income			14,522,571		5,956,498
			3,999,064,356		2,267,806,915
2. Stock of Finished Goods					
i) Opening Stock					
Products					
a) Indian Made Foreign Liquor - own unit	B.L.	320,984	21,439,701	138,857	10,606,199
b) Industrial Alcohol & Other Spirits	B.L.	827,844	15,344,940	219,786	3,334,154
c) Diethyl Oxalate/ Chemicals	Kgs	10,895	501,529	32,200	1,397,700
d) Indian Made Foreign Liquor - Lease units	B.L.	242,414	42,526,975	-	-
			79,813,144		15,338,053
ii) Closing Stock					
Products					
a) Indian Made Foreign Liquor - own unit	B.L.	413,001	35,366,272	320,984	21,439,701
b) Industrial Alcohol & Other Spirits	B.L.	749,605	50,424,146	827,844	15,344,940
c) Diethyl Oxalate/ Chemicals	Kgs	9,300	771,800	10,895	501,529
d) Indian Made Foreign Liquor - Lease units	B.L.	633,780	114,271,389	242,414	42,526,975
e) Indian Made Foreign Liquor - Subsidiary Co.	B.L.	81,963	3,152,337	-	-
			200,833,607		79,813,144
	UOM	Licensed Capacity per annum	Installed Capacity per annum	Quantity 2008-09	Quantity 2007-08
3. Particulars of Goods Manufactured					
Products					
a) Indian Made Foreign Liquor - own unit	B.L.	9,000,000	9,000,000	5,317,362	3,612,437
b) Industrial Alcohol & Other Spirits	B.L.	15,000,000	15,000,000	12,175,967	12,111,990
c) Diethyl Oxalate/ Chemicals	Kgs	2,400,000	2,400,000	494,190	462,070
d) Indian Made Foreign Liquor - Lease units	B.L.	45,371,250	45,371,250	22,694,725	11,251,304
e) Indian Made Foreign Liquor - Subsidiary Co.	B.L.	5,400,000	5,400,000	3,805,452	-



# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

	UOM	2008-2009		2007-2008	
		Quantity	Rupees	Quantity	Rupees
4. Raw Material Consumed					
a) Molasses	M.T.	44,728	263,773,879	44,342	96,618,993
b) Industrial Alcohol/Spirit	B.L.	10,295,939	147,775,755	2,070,840	38,393,374
c) Oxalic Acid/ Chemicals	Kgs	534,850	18,126,067	442,860	17,541,685
d) Others	Kgs	–	76,671,433	–	12,376,851
e) Industrial Alcohol/Spirit - Subsidiary Co.	B.L.	612,850	27,353,885	–	–
			506,347,133		164,930,902

\* Industrial Alcohol is inclusive of Captive Transfers and consumption

	2008-2009		2007-2008	
	Rupees	%	Rupees	%
<b>5. Value of Imported &amp; Indigenous Raw Material &amp; Components consumed</b>				
i) Imported	–	–	–	–
ii) Indigenous	506,347,133	100	164,930,902	100
	<b>506,347,133</b>	<b>100</b>	<b>164,930,902</b>	<b>100</b>

<b>6. CIF Value of Imports</b>	–	–
<b>7. Earnings in Foreign Exchange (FOB Value of Exports)</b>	81,460,676	19,789,541
<b>8. Export through Third Parties</b>	–	–
<b>9. Expenditure in Foreign Currency</b>	2,666,708	930,753

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

Quantitative information and Income from operations through other distilleries/bottling units reflects the gross contribution made by these units and is detailed as under :

	UOM	2008-2009		2007-2008	
		Quantity	Rupees	Quantity	Rupees
Gross Sales	B.L.	6,901,920	1,115,179,328	19,870,230	1,119,955,829
Net Sales			561,241,577		563,952,521

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

## Schedule 'M': Significant Accounting Policies & Notes on Accounts

### 1. SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED ACCOUNTS

#### i) Principles of consolidation

The consolidated financial statements relate to Tilaknagar Industries Ltd (the company) and its subsidiary companies. The consolidated financial statements have been prepared on the following basis.

- The Financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book value of like assets, liabilities, income and expenses, after fully eliminating intra- group balances and intra group transactions in accordance with Accounting Standard (AS) 21- " Consolidated financial Statements" issued by the Institute of Chartered Accountants of India.
- The difference between the cost of investment in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of Profit and Loss Account as the profit or loss on disposal of investment in subsidiary.
- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

- ii) Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS-13) on " Accounting for Investments.

#### iii) Other significant accounting policies

These are set out under "Significant Accounting Policies "as given in the Standalone Financial Statements of Tilaknagar Industries Ltd.

### 2. NOTES ON ACCOUNTS

- i) The Subsidiary companies considered in the consolidated financial statements are:

Name of the Subsidiary	Country of Incorporation	Proportion of ownership interest
Surya Organic Chemicals (P) Ltd.	India	100%
Prag Distilleries (P) Ltd.	India	100%

#### ii) Contingent liability not provided for

	As At 31st March, 2009	As At 31st March, 2008
a) Bank guarantees issued on behalf of the Company	6,200,000	6,865,000
b) In respect of sales tax matters, pending before the Sales tax tribunal, contested by the Company	1,340,750	1,340,750
c) In respect of Income tax matters, pending before the appropriate Income tax authorities, contested by the Company.		
For A.Y. 2005-06	–	70,364,730
For A.Y. 2004-05	–	16,662,214
For A.Y. 1992-93	1,000,000	1,000,000
d) Disputed matters under arbitrations pending disposal	20,137,685	–

- iii) Estimated amount of contracts remaining to be executed on capital accounts and not provided for is approx Rs. 90 million (net of advances) (previous year Rs.43 million).

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

## Schedule `M': Significant Accounting Policies & Notes on Accounts

### iv) Interest comprises of

	(Rs.)	
	2008-09	2007-08
a) Interest on term loans	5,972,838	13,798,747
b) Interest on cash credits / WCDL	81,736,706	27,538,420
c) Others (net of interest received Rs. 1,456,361/- previous year (Rs. 599,302/-)	17,705,404	8,113,901
	<b>105,414,948</b>	<b>49,451,068</b>

### v) The disclosure of Accounting Standard 15 "Employee Benefits" is as follows

#### Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expenses is Rs.9.00 million 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 benefit commitment is detailed below

	(Rs.)	
	Funded Gratuity	Non Funded Leave
Present Value of Commitments	21,049,446	1,736,693
Fair Value of Plans	7,431,496	
Net Liability in the balance sheet	<b>13,617,950</b>	<b>1,736,693</b>
<b>Defined benefit Commitments</b>		
Opening balance as at 1 <sup>st</sup> April 2008	19,158,850	
Current Service Cost	2,134,619	
Interest expenses	1,703,478	
Paid benefits	-	
Actuarial (gain)/loss	(1,947,501)	
Transfer Received	-	
Closing balance as at 31 <sup>st</sup> March, 2009	<b>21,049,446</b>	
<b>Plan Assets</b>		
Opening balance as at 1 <sup>st</sup> April, 2008	6,839,849	
Expected return on scheme assets	547,188	
Contributions by the Company	-	
Paid Funds	-	
Actuarial gain/(loss)	44,459	
Transfer Received	-	
Closing balance as at 31 <sup>st</sup> March, 2009	<b>7,431,496</b>	
<b>Return on Plan Assets</b>		
Expected return on plan assets	547,188	
Actuarial gain/(loss)	44,459	
Actual return on plan assets	<b>591,647</b>	
<b>Expenses on defined benefit plan</b>		
Current service costs	2,134,619	
Past service cost	-	
Interest expense	1,703,478	
Expected return on investment	(547,188)	
Net actuarial (gain)/loss	(1,991,960)	
Expenses charged to the profit and loss account	<b>1,298,949</b>	

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

## Schedule 'M': Significant Accounting Policies & Notes on Accounts

Investments Details	%invested 31st March, 2009
Funds Managed by Insurer	100
Public Sector Unit Bonds	–
State/Central Guaranteed securities	–
Special deposit schemes	–
Other (excluding bank balances)	–
	100

	(Rs.)
Actuarial assumptions	Gratuity (funded)
Mortality (LIC)	1994-96 Ultimate
Discount rate (per annum)	8%
Expected rate of return on plan assets (per annum)	8%
Rate of escalation in salary (per annum)	5%

### vi) Segment Reporting

The Company is predominantly engaged in the business of manufacture and sale of Indian made foreign liquor and its related products which constitute a single business segment.

### vii) Related Party Disclosures

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

- a) Key Management Personnel of the Company and their remuneration is as under
  - i) Mr. Amit Dahanukar, Chairman & Managing Director: Remuneration paid during the year Rs.16.43 million (Previous Year Rs. 13.78 million)
  - ii) Mrs. Shivani Amit Dahanukar, Executive Director: Remuneration paid during the year Rs.14.64 million (Previous year Rs.11.35 million)
  - iii) Mr. P.R.K. Reddy, whole time Director : Remuneration paid during the year Rs.1.78 million (Previous year Rs. Nil as a whole time Director)
- b) For Rent and Services rendered
  - i) M L Dahanukar & Company: Rs. 0.72 million (previous year Rs. 0.72 million)
  - ii) Dr. Priyadarshini A Dahanukar Rs. 0.67 million (previous year Rs.0.18 million)
  - iii) Mr. Amit Dahanukar Rs.1.93 million (previous year Rs. Nil)

- viii) a) Current Tax: Provision for Income Tax has been computed in accordance with the provisions of Income Tax Act, 1961.

- b) Deferred Tax Liability (Net): The break up as at 31st March, 2009 is as under

	(Rs.)		
	Deferred Tax liability as As At 1st April, 2008	Charge / Credit During the year	Deferred Tax liability as As At 31st March, 2009
Deferred Tax Liability			
a) On depreciation differences	31,929,222	27,727,345	59,656,567
b) Product Development cost	3,547,352	(591,225)	2,956,127
c) Retirement Benefit & Others	(1,454,604)	(3,796,120)	(5,250,724)
	34,021,970	23,340,000	57,361,970

# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

## Schedule 'M': Significant Accounting Policies & Notes on Accounts

- ix) Managerial remuneration has been paid/ provided as per provisions of Schedule XIII.

Computation of profit u/s 349 and u/s 350 of The Companies Act, 1956

		(Rs.)
Particular		2008-09
Profit as per profit & loss account (Before Managerial Remuneration other than Commission)		338,603,068
Add: managerial remuneration other than commission	25,955,461	
Add: loss on sale of assets	215,642	26,171,103
Profit under section 349		364,774,171
Ceiling on remuneration 11% as per schedule XIII		36,148,792

		(Rs.)
Remuneration to Managing Director & Whole time Director	2008-09	2007-08
Salary	26,564,246	9,169,200
Perquisites	—	—
Commission	6,298,292	15,957,633
	<b>32,862,538</b>	<b>25,126,833</b>

		(Rs.)
Remuneration to Independent Directors	2008-09	2007-08
Commission	3,286,254	2,512,683
	<b>3,286,254</b>	<b>2,512,683</b>

- x) Auditor's remuneration charged to accounts

		(Rs.)
Remuneration to Independent Directors	2008-09	2007-08
a) Audit Fees	406,158	174,892
b) Auditors remuneration in other capacity	81,843	75,848
	<b>488,001</b>	<b>250,740</b>

- xi) Excise duty payable on finished goods is accounted for on the clearance of the goods from the factory. Such excise duty payable on finished goods manufactured but yet to be cleared from the factory as at 31st March, 2009 estimated at about Rs. 79.15 million (Previous Year Rs. 6.25 million) has been provided in the books and also considered in valuation of closing stock of finished goods. However, this will not affect the results under review.

- xii) 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.

- xiii)a) The Award given by Honorable Arbitrator in the matter of Company's dispute with M/s. Rairu Distilleries Ltd was contested before the Bombay High Court by writ petition. Upon dismissal of the writ by the single judge, the Company has preferred an appeal before the Division Bench, which has been admitted with a direction to deposit the awarded amount in the court. The Company has deposited Rs.20.14 million with the court and shown as an advance under the head Advance recoverable in cash or in kind or for value to be received. The amount is not provided in the books as the matter is sub-judice.

- b) The Company's glass manufacturing unit was given to Ramnath Glass Containers Pvt. Ltd (RGCP) managed by Mehta Brothers on lease for carrying out their business, which had discontinued the operations in the year 2003 and handed over the unit back to the Company in totally unworkable conditions without fulfilling their legal obligations under the agreement. Due to this the Company had to pay the statutory liabilities and settle the dues of the workmen on behalf of RGCP / Mehta Brothers. The Company has



# Schedules

forming part of accounts for the year ended  
31st March, 2009 (cond.)

## Schedule 'M': Significant Accounting Policies & Notes on Accounts

initiated the legal action against the RGCPL / Mehta Brothers (for recovery of amount paid together with interest and damages amounting to Rs.76.2 million).

- xiii) a) The Company's distributor Ding Dong Liquors has filed a winding up petition on the Company in the High Court of Judicature of Bombay for recovery of Security Deposit of Rs.25 million. The Company withheld the Security Deposit on the grounds that Ding Dong Liquors had failed to deliver the 'C' Forms and did not pay the Company Rs.12.30 million for goods purchased from the Company. The Hon'ble High Court vide its Order directed the Company to deposit a sum of Rs.12.70 million out of the total amount claimed by Ding Dong Liquors. The Company has deposited the above sum with the Court and filed an appeal against the said Order.

Further, the Company has filed a separate suit for recovery of dues of Rs.39 million against Ding Dong Liquors.

- b) Anupama Wine Distributors has filed a suit before the City Civil Court, Bangalore claiming Rs.74.60 million towards refund of security deposit and other dues. The Hon'ble Court vide its Order dated 22.12.2007 dismissed their application for attachment of property for recovery of the above dues. The Company has filed a counter claim for Rs.119.30 million against Anupama Wine Distributors and the matter is pending for hearing. During the current Financial year Anupama Wine Distributor has filed a company petition before Bombay High Court and against that the Hon'ble Bombay High Court has vide order dated 16th March, 2009 directed to the Company to Deposit a sum of Rs.42.10 millions against which Company has filed an appeal which is pending for hearing.

- xv) Small Scale Industrial undertakings (SSIs) to whom amounts are due have been determined based on the information available with the Company and are given below

Rudra Flexible Cartons (P) Ltd., Chivas Packaging Pvt. Ltd., Popular Enterprises, John S Pack, Colour Packs Pvt. Ltd., Borkar Packaging Pvt. Ltd., Kaushal Arts Pvt. Ltd., Surface Graphics Ltd.

The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been made.

### xvi) Earnings per share

	(Rs.)	
	2008-09	2007-08
Profit After Tax (Rs.)	197,795,226	122,956,869
Less : Dividend on Preference Shares	135,195	-
Profit after Tax and after Preference Dividend	197,660,031	122,956,869
Weighted average number of shares	5,725,068	5,725,068
Basic Earnings Per Share. (Rs.)	34.53	21.48
Weighted average number of shares (adjusted for the effects of dilutive potential equity shares)	10,237,053	7,225,068
Diluted Earnings Per Share (Rs.)	19.32	17.02
Face Value per Equity Share (Rs.)	10	10

- xvii) Previous Year's figures are regrouped / reclassified wherever necessary.

As per our Report of even date annexed.

For **Batliboi & Purohit**  
Chartered Accountants

**K A Mehta**  
Partner  
Membership No. 111749

Place : Mumbai  
Date : May 14, 2009

For and on behalf of the Board

**Amit Dahanukar**  
Chairman &  
Managing Director

**Smitha Singh**  
Company Secretary

**Shivani Amit Dahanukar**  
Executive Director

**P. R. K. Reddy**  
Whole Time Director

**S. V. Muzumdar**  
Director

**V.B.Haribhakti**  
Director

**Dr. Vishnu Kanhere**  
Director

**Dr. Ravindra Bapat**  
Director

# Consolidated Cash Flow Statement

for the year ended 31st March, 2009

	2008-2009	2007-2008
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	316,065,333	212,097,852
Adjustment for:		
Depreciation	32,760,485	18,838,979
(Surplus) / Loss on sale of assets	215,642	73,587
Provision for taxes of earlier years	—	—
Miscellaneous expenses written off	51,860	2,910,089
Interest (nett)	105,732,999	49,683,293
Dividend received	(11)	(545,180)
	<b>138,760,975</b>	<b>70,960,768</b>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		
Adjustment for:		
(Increase) / Decrease in inventory	(375,251,970)	(136,708,305)
(Increase) / Decrease in trade receivables	(94,194,322)	(368,689,118)
(Increase) / Decrease in loans and advances	(452,018,964)	(253,360,223)
(Decrease) / Increase in trade payable and provisions	431,940,922	418,437,853
	<b>(489,524,335)</b>	<b>(340,319,793)</b>
Tax provision	(93,302,805)	(84,050,000)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(128,000,833)</b>	<b>(141,311,173)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(494,754,156)	(213,189,946)
Sale of fixed assets	367,134	349,140
Increase in investments	(31,447,293)	19,464,169
Dividend received	11	545,180
Interest received	1,456,362	599,302
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(524,377,942)</b>	<b>(192,232,155)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	82,243,608	70,650,000
Proceeds from borrowings	639,552,624	320,490,804
Repayment of amount borrowed	81,757,740	(3,774,500)
Interest paid	(107,189,361)	(50,282,595)
Dividend and tax thereon	(16,903,280)	(14,065,891)
<b>NET CASH FROM FINANCIAL ACTIVITIES</b>	<b>679,461,331</b>	<b>323,017,818</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENT</b>	<b>27,082,556</b>	<b>(10,525,510)</b>
Opening cash & cash equivalents	20,979,944	31,416,681
Closing cash & cash equivalents	<b>48,062,500</b>	<b>20,891,171</b>

As per our Report of even date annexed.

For **Batliboi & Purohit**  
Chartered Accountants

**K A Mehta**  
Partner  
Membership No. 111749

Place : Mumbai  
Date : May 14, 2009

For and on behalf of the Board

**Amit Dahanukar**  
Chairman &  
Managing Director

**Smitha Singh**  
Company Secretary

**Shivani Amit Dahanukar**  
Executive Director

**P. R. K. Reddy**  
Whole Time Director

**S. V. Muzumdar**  
Director

**V.B. Haribhakti**  
Director

**Dr. Vishnu Kanhere**  
Director

**Dr. Ravindra Bapat**  
Director

## Notes

## Notes

# Corporate Information

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS

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

**Shivani Amit Dahanukar**, *Executive Director*

**P. R. K. Reddy**, *Whole Time Director*

### NON - EXECUTIVE DIRECTORS

**S. V. Muzumdar**

**V. B. Haribhakti**

**Dr. Ravindra Bapat**

**Dr. Vishnu Kanhere**

## COMPANY SECRETARY

**Smitha Singh**

## REGISTERED OFFICE & WORKS

P. O. Tilaknagar, Tal. Shrirampur,

Dist. Ahmednagar, Maharashtra- 413 720

## CORPORATE OFFICE

Industrial Assurance Building,

3rd Floor, Churchgate, Mumbai - 400 020

E-mail: [tiliquor@tilind.com](mailto:tiliquor@tilind.com)

Website: [www.tilind.com](http://www.tilind.com)

## AUDITORS

**M/s. Batliboi & Purohit**, *Chartered Accountants*

## SHARES LISTED AT

Bombay Stock Exchange Limited (BSE)

## SOLICITORS

**M/s. W. S. Kane & Co.**

**M/s. Holla & Holla**

**M/s. Desai & Diwanji**

## REGISTRAR & SHARE TRANSFER AGENTS

Bigshare Services Pvt. Ltd.

E- 2/3, Ansa Industrial Estate, Sakivihar Road,

Sakinaka, Andheri (E), Mumbai – 400 072

Ph: 022 2847 0652/ 53

Fax: 022 2847 5207

## BANKERS

HDFC Bank Ltd.

Axis Bank Ltd.

The Hongkong & Shanghai Banking Corporation Ltd.

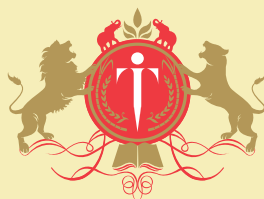
Yes Bank Ltd.

Barclays Bank PLC.

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produced from sustainable sources.







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