.TI.

TILAKNAGAR INDUSTRIES LTD.

Building our Case(s)

Annual Report 2009-10

What's Inside Case(s)

Company Overview

Board and Management Report

Strategic Review

Auditors' Report and Financial Statements

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 on future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, 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 statements, whether as a result of new information, future events or otherwise.

At Tilaknagar Industries Ltd.,
we grew eight-fold in volumes from

1 million cases to 8 million cases

over the last four years.

Surprised?

We have only just begun. Read on.

A case on brands

A combination of brand premiumisation, focused market penetration and revamped packaging resulted in enhanced profitability for TI.

A key player in the South, TI's flagship brand Mansion House Brandy leads the markets in the premium brandy segment across various markets. With a market share of 56% in Andhra Pradesh, 78% in Kerala, 97% in Karnataka, 42% in Tamil Nadu, 78% in Puducherry, and almost 100% in Goa, Mansion House Brandy enjoys clear leadership position.

We achieved a major breakthrough with the acquisition of seven brands from Alcobrew Distilleries India Pvt. Ltd. to gain traction in the Canteen Stores Department (CSD) markets. The brands acquired comprise White House, White House Premium Whisky, Black Colt, Bachelor Deluxe Fine Whisky, Negro He-Mans XXX Rum and Golden Chariot.

The Millionaire Club

Euromonitor International and Drinks International publish millionaires list: a ranking of global spirit brands, with sales of over **one million 9-litre** cases. TI's Mansion House Brandy and Madira XXX Rock Rum found their place in the list.

Recognition

Madira XXX Rock Rum
became the fastest growing domestic/local brand with 188.9% increase in volumes

Mansion House Brandy became the 3rd fastest growing domestic/local brand with 154.1% increase in volumes *

Mansion House Brandy has also been recognised as the Brandy of the year**

**Source: Millionaire 2010 supplement from Drinks International, July 2010 by Euromonitor International*

***Awarded by Ambrosia Magazine at Indspirit 2009*

A case on market penetration

TI's strong focus in the IMFL segment has grown its market share from 3% in 2008-09 to over 4% in 2009-10.

Our market share in the brandy segment enhanced from

7.1% to 14.1%.

TI also increased its export penetration through **Senate Royale Whisky and Classic Whisky to Western Africa, the Middle East, Far East and Caribbean countries.** We are also looking to grow our international reach in scale and coverage. This will be achieved by adding more brands to our export list and reaching beyond our current network that spans three continents.

A case on expansion

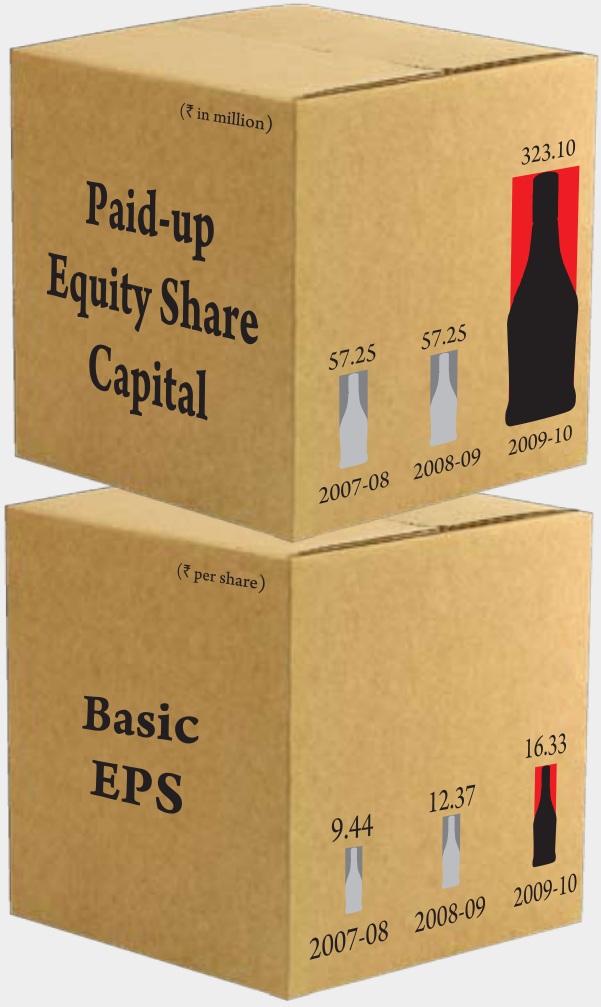
We are focusing on inorganic and organic expansions to drive market share.

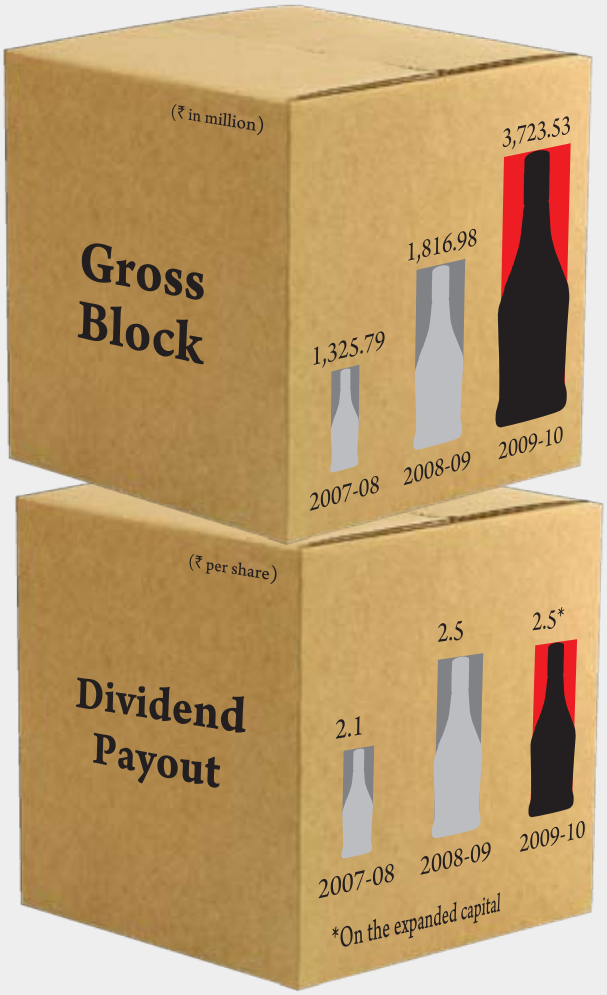
Following the acquisition of major brands, our total brands exceed 40 and our registered brand count in the CSD segment has touched 11, enhancing sales volume considerably.

Acquisition of manufacturing facilities in Karnataka and Andhra Pradesh of Surya Organic Chemicals (P) Ltd. and Prag Distillery (P) Ltd. has started yielding results. We are also focusing to increase the bottling capacity in both of our subsidiaries.

TI's new, state-of-the-art, multi-pressure (molasses-based) distillation plant successfully commenced operations in November 2009. TI is on the verge of completing its green field 100 KLPD grain-based ENA plant. Currently, TI's 90%-plus volume sales emanate from the Southern part of India. The new facility would enable us to produce varieties of premium whisky to penetrate the North Indian market.

A case on growing numbers





Performance highlights

Gross sales increased by 24.12% (from ₹ 3,917.34 million in 2008-09 to ₹ 4,862.12 million in 2009-10)

PAT surged by 55.89% (from ₹ 212.48 million in 2008-09 to ₹ 331.23 million in 2009-10)

Operating profit galloped by 68.00% (from ₹ 408.12 million in 2008-09 to ₹ 685.65 million in 2009-10)

A case for excellence

TI is one of the leading players in the manufacture and marketing of Indian Made Foreign Liquor (IMFL). With over 40 brands in its portfolio, TI has successfully reinforced its footprint across India and is gradually enhancing its global presence.

CORPORATE BACKGROUND

- 1933: Established as The Maharashtra Sugar Mills Ltd. by the visionary industrialist Shri Mahadev L Dahanukar for the manufacture of sugar and allied products. The industrial complex was named as Tilaknagar as a token of gratitude towards Lokmanya Balgangadhar Tilak.
- 1973: A 100% subsidiary of MSML was incorporated to make industrial alcohol, IMFL and sugar cubes and named as Tilaknagar Distillery & Industries Ltd.
- 1987: Due to changes in macro economic climate as a result of various regulatory policies, the Company gradually discontinued its sugar business.
- 1993: MSML and TDIL merged to form Tilaknagar Industries Ltd.
- 2009: Molasses to Extra Neutral Alcohol (ENA) production capacity enhanced to 100 KLPD.
- 2010: Expected to commence 100 KLPD Grain to ENA production capacity.

MANUFACTURING FACILITIES

- Primary manufacturing facility located in sugar rich belt of Shrirampur, Maharastra.
- Manufacturing network spread across 31 units through owned, leased and tie-up units.

CAPACITY ADDITIONS

- 50 KLPD multi-pressure (molasses-based) distillation plant commenced operations from November, 2009.
- 100 KLPD Greenfield plant (grain-based) is on the verge of completion.

Awards and achievements

Best Business Partner of CSD 2009-10

Emerging Company of the Year award at BevIndia 2010

Brandy of the Year award at INDSPIRIT 2009 for Mansion House

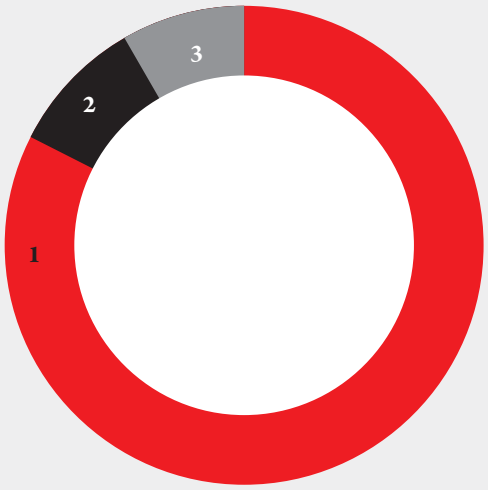
ISO 14001:2004 Environment Management System certificate

SALES AND DISTRIBUTION NETWORK

The Company sells its products through three channels.

Through Government Corporations	Through Distributors	Through Direct Sales
Andhra Pradesh, Kerala, Orissa, Karnataka, Delhi, Tamil Nadu, Rajasthan and Chattisgarh	Maharashtra, Goa, Daman, Silvassa, Puducherry, Mahe, Karaikal, Yanam, West Bengal, Sikkim, Assam, Meghalaya	Canteen Stores Departments, Border Security Force, Para Military Force, Central Reserve Police Force, Indo-Tibetian Border Police and National Security Guard

SALES BREAK UP: CHANNEL WISE



1 Corporations 89%

2 Distributors 6%

3 Direct sales 5%

Brand showcase

These are some of the important brands that constitute our rich product portfolio.

Whisky

Senate Royale Whisky

A special blend created by experts, by careful selection and amalgamation of finest Indian Spirits with imported Scotch.

BlacPower Whisky

A combination of rare spirits and expert blending brings out the most authentic whisky experience. With a distinctive taste and a lingering finish, this spirit unleashes the power of supremacy and perfection.

Classic Whisky

A Blend of finest Indian malt spirit with superior alcohol.

White House Premium Whisky

A blend of imported scotch malts and finest Indian grain spirits.

Royal Choice Whisky

A special blend created by experts by careful selection and amalgamation of finest Indian spirits with imported Scotch.

Golden Chariot Whisky

A fine blend made with an essence of barley that evolves into a light sensation and glides down smoothly, creating an unforgettable experience.

Bachelor Whisky

Made from matured barley and select Indian malt, that gives this blend its beautiful dark gold tint and rich strong flavour.

Brandy

Mansion House French Brandy

A rare blend created by experts using traditional matured grape brandies obtained from special Cognac pot stills to gain a vibrant aroma and bold characteristic with a bright golden tint.

Courrier Napoleon Finest Pure Grape French Brandy

A beautiful blend made from carefully selected grape spirit distilled in Cognac pot stills of France. The brandy is matured in special wooden casks that give it a distinctive and unique character and a golden tint with hint of honey and vanilla.

MH VSOP

A blend that truly defines the smooth and well balanced taste of the finest grape spirit, created by expert blenders to give it a pleasant taste.

White House Brandy

Classic blend of rich grape spirit with traditional attributes of pure and traditional brandy.

Duchess

A unique blend of finest grape spirits with smooth aroma and well-balanced traditional brandy taste.

Master's Doctor Brandy

A beautiful golden yellow blend with a rich fruity flavour and a typical brandy aroma that is obtained from the finest distillation process

Vodka Rum Gin

Castle Club Triple Distilled Vodka

Crisp, superior and triple-distilled, attractive family shaped, tall bottle.

Classic Vodka

A blend of finest triple distilled alcohol and natural ingredients available in attractive frosted bottle.

Savoy Club Gin & Fresh Lime

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

Royal Choice Duet Gin

An invigorating essence distilled with a tinge of herbs and fruity notes, created by expert blenders for a pleasant taste.

Bonking Rum

A smooth matured XXX rum with an intense flavour appealing to the palate.

Madira Premium XXX Rum

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

TI Black Colt Matured XXX Rum

A unique blend prepared out of molasses spirit, blended and married to perfection for rum connoisseurs.

Chairman and Managing Directors' perspective

Amit Dahanukar, Chairman and Managing Director

Dear Shareholders,

In 2008-09, we had celebrated happy hours and 2009-10 again marked a year of jubilation at Tilaknagar Industries Ltd. (TI), as we delivered superlative performance, following unstinted efforts by all members of the TI fraternity. This happened against the backdrop of a post-slowdown India Inc, ready to surprise the world with spectacular growth rates, translating into enhanced disposable income for all classes of people across the social pyramid.

> "The issue of 2 bonus shares for every 1 share held, similar to the bonus declared last year indicates our confidence on the future of our Business."

Operating in such an environment, India's alcoholic beverage industry is poised for spectacular growth in both value and volume terms. The industry is at its tipping point now, with encouraging growth rates expected across the entire spectrum of price points and categories.

In 2009-10, we achieved our highest ever sales, on enhanced profitability, widening of market share in the IMFL segment through increased penetration, emerging as a strong player in the CSD segment through brand acquisitions and finally on being listed on the National Stock Exchange.

Today we have a wide array of more than 40 brands in the IMFL space including whisky, brandy, gin, rum and vodka. These brands cater to economy, semi-premium and premium segments. TI has two millionaire brands Mansion House Brandy and Madira XXX Rum which enjoy the limelight. These have been observed to be two of the three fastest growing IMFL brands in India according to Euromonitor.

Overall, we concentrated on the premium segment, along with revamped packaging to introduce a more vibrant and contemporary brand appeal. We have laid strong emphasis on expanding our geographic coverage and enhancing our retail footprint.

Along with these initiatives, we are continuously making efforts to further build on our retail and institutional network. TI has a dominant presence in high key growth areas such as Kerala, Karnataka, Puducherry, Andhra Pradesh and Tamil Nadu. As we move ahead, TI is focused on extending its presence pan India in the IMFL space. Last year, the Company has acquired seven brands from Alcobrew Distilleries India Pvt. Ltd. which are registered with the Canteen Stores Department (CSD) and also have a presence in North India. Going forward we expect TI to benefit from such a brand portfolio and geographic expansion. Our new state-of-the-art, multi-pressure (molasses-based) 50 KLPD distillation plant successfully commenced operations in November 2009. The 100 KLPD grain-based ENA plant is expected shortly commence commercial production. These expansions will strengthen our sourcing abilities and consequently our dependence on outside vendors for Extra Neutral Alcohol (ENA) has reduced. The ENA manufactured in house is transported to our varied bottling tie up units. This facilitates a smooth operational network, growing leaps and bounds in line with our business strategies.s

Our efforts were recognized in the industry, enhancing brand visibility. Our Mansion House Brandy was the proud recipient of the prestigious 'Brandy of the Year', awarded by Ambrosia Magazine at Indspirit 2009. The Confederation of Indian Alcoholic Beverage Companies (CIABC) recognized us as 'The Emerging Company of the Year' at BevIndia 2010. We were also awarded the Best Business Partner of CSD in the liquor category at a glittery ceremony of CANPART held on May 13, 2010. We also featured in the 'Millionaire Report' of the latest Euromonitor Report of Million Cases Seller Brands in July 2010 edition. Our Madira XXX Rum was rated as the fastest growing domestic/local brand. Mansion House Brandy was acclaimed as the third fastest growing domestic/local brand.

I am pleased to inform you that the Board has recommended final dividend of ₹ 2.5 per equity share (25%) on the expanded capital. Furthermore, the Board has recommended a bonus issue of 2 equity shares for every 1 equity share held, similar to the bonus declared last year. The declaration of a liberal bonus signifies our intent to share our progress with our shareholders and also our confidence in the future of our business where we expect to service our expanded equity through solid earnings growth.

We are committed to operating our business responsibly, with respect for the environment and sensitivity to the needs of our local communities. As a leading employer in our region, we focus on giving back to the community and stay committed towards helping the underprivileged to accelerate inclusive growth.

We are at the right industry at the right moment with the right capital and intellectual wherewithal to grow and enhance stakeholder value. I wish to acknowledge the role of Board of Directors, employees, vendors, business partners, stakeholders and our well-wishers for their continued support and encouragement. Let us all reaffirm our commitment to grow the TI brand, nationally and internationally, to leverage industry opportunities faster than our peers.

Regards
Amit Dahanukar
Chairman and Managing Director

Profile of the Board of Directors

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2		6
3	4	5




1 MR. AMIT DAHANUKAR

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

2 MRS. SHIVANI AMIT DAHANUKAR

Mrs. Shivani Amit Dahanukar is a Masters in Business Administration from the University of San Francisco; she also graduated in Law from the Government Law College, University of Mumbai. She oversees TI's daily operations.

3 MR. S.V. MUZUMDAR

Mr. S.V. Muzumdar is a Law graduate. He possesses vast knowledge and experience in corporate taxation and management. He is on the Board of many reputed companies and enjoys a three-decade association with TI.

4 MR. V.B. HARIBHAKTI

Mr. V.B. Haribhakti is a Chartered Accountant and in practice for the past several years. A gold medallist in the final Chartered Accountants Examination, Mr. Haribhakti was the President of Institute of Chartered Accountants of India from 1967-68. He was also the member of the Council of the Institute of Chartered Accountants of India from 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.

5 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] and a Certified Information System Auditor [Information Systems Audit and Control Association, U.S.A]. He has successfully completed I.C.R.A. (UK) approved Certified Lead Auditors course for ISO 9000:2000 Quality System Auditor. His financial, commercial and information technology background helps him provide valuable inputs to the Company.

6 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 the Chairman of Haffkine Bio-pharmaceutical Corporation Ltd.

7 MR. C.V. BIJLANI

Mr C V Bijlani, who started his career as Lecturer in Economics, is a banker with over 4 decades' experience in all the fields of banking and finance e.g. Project Finance, Capital Structuring, Merchant Banking, Investment Banking, Forex, Mergers and Acquisitions, Industrial Rehabilitation, Joint Ventures, External Commercial Borrowings, Leasing, Hire Purchase, HRD, Accounts, Taxation. Legal, General Aministration etc. He has held very senior positions with public and private sector banks.

8 MR. MADAN GOYAL

Mr. Madan Goyal is a Management graduate with a vast 43-year experience in commercial banking, investment banking and human resources management. He has been associated with the State Bank of India for a period of 25 years, holding senior positions. He is also the Chairman of Primeview (India) Infin Pvt. Ltd.

Senior Management profile










1. DR. KESHAB NANDY

Sr. Vice President – Legal & Chief Vigilance Officer

Dr. Keshab Nandy, a multiple graduate and post-graduate degree holder with Distinction in English, HRD, Law, Management, with a Ph.D in Management, Dr. Nandy oversees the legal functions of the Company.

2. DR. SUKHBIR PURI

Sr. Vice President – Operations

Dr. Sukhbir Puri, who is a Ph. D. in Chemistry, has over 36 years of extensive experience comprising five years in marketing and 32 years in manufacturing/ operations. He is presiding the Indian Chamber of Commerce & Industry Committee on Environmental Concerns.

3. MR. LALIT SETHI

Chief Financial Officer

Mr. Lalit Sethi is a Chartered Accountant, with over 20 years of experience, in the field of finance and accounts across various sectors. He oversees the financial functions of the Company.

4. BINEET WALIA

Sr. Vice President (Sales & Marketing)

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

5. MR. RAJA MUKHERJEE

General Manager – Marketing and Sales

Mr. Raja Mukherjee, a management post-graduate and an executive graduate in Business Management Program from IIM Calcutta, has had extensive experience of over 10 years in marketing, corporate strategy and sales. He is heading the All India Marketing and Sales function at TI since September'09.

6. MR. GAURAV THAKUR

Company Secretary

Mr. Gaurav Thakur, a post-graduate in Commerce and a qualified Cost Accountant and Company Secretary having experience of over 10 years in the areas of secretarial and legal functions across various sectors.

7. MR. VIJAYSING B. BORSE

Associate Vice President

Mr. Vijaysing B. Borse is graduate in Science & Chemical Technology from LIT - Nagpur and has more than 28 years of rich experience in the field of manufacturing and projects, mainly in alcohol & alcohol based chemicals. He also has experience in industrial relations, human resource & general administration.

8. MR. ABHAY SINGH CHAUHAN

General Manager – Operations

Mr. Abhay Singh Chauhan, a science graduate with post-graduate diploma in Industrial Fermentation & Alcohol Technical & Alcohol Technology (DIFAT) from National Sugar Institute, Kanpur. He has over 29 years of experience in alcohol manufacturing and liquor bottling units.

9. MR. C R RAMESH

General Manager – Liquor

Mr. C R Ramesh is a chemistry graduate with over 26 years exposure in the liquor industry. He is fully conversant with all the aspects of liquor manufacturing and oversees the manufacturing operations of the Company.

10. MR. K. KUMARASAMY

DGM – Manufacturing

Mr. K. Kumarasamy is a graduate in Chemistry having 20 years experience, of which 17 years is in the liquor industry, in the areas of Blending & Quality Assurance, Production of IML, Spirits & Wine and Commercial. control. He has recently been accorded the India Star Award, the only National Award for Excellence in Packaging.










11. MR. C.D. NAGESHWAR RAO

VP – Sales (Andhra Pradesh)

Mr. C.D. Nageshwar Rao, a high performing marketing professional, is a commerce graduate with diploma in Business Management. He possesses a rich 28 years of experience in sales, of which 26 years is in the liquor industry.

12. MR. ASHISH CHOUDHURY

DGM – Sales (Karnataka)

Mr. Ashish Choudhury is a humanities graduate from the Bangalore University, having 30 years experience in sales in Karnataka, Andhra Pradesh, Maharashtra and Madhya Pradesh with leading IMFL companies.

13. MR. S S BALAJE

A GM – Sales (Tamil Nadu, Puducherry & Andaman)

Mr. S S Balaje, a graduate in Corporate Secretaryship, has over 25-year experience in the areas of consumer research/ innovations, sales and marketing of liquor, packages and tinned food. He oversees operations of Tamilnadu, Puducherry and Andaman.

14. MR. GANESH NAMBIAR

AGM – Marketing

Mr. Ganesh Nambiar is a graduate in Commerce and a results-oriented professional with over 15 years of experience in marketing, communication, product management and sales across various sectors (alcoholic beverages, telecommunications and consumer durables).

15. MR. RAJESH AGRAWAL

AGM – Sales (Maharashtra, Daman, Diu)

Mr. Rajesh Agrawal is a graduate in Arts having over 25 years of experience in IMFL industry, possessing in-depth knowledge of sales and distribution in the liquor industry.

16. MR. AMIT KALE

General Manager – Purchase

Mr. Amit Kale is a post-graduate in Packaging Technology from the Indian Institute of Packaging with over 12 year of experience and expertise in packaging development, purchase, vendor development, costing, MIS and budgetary

17. MR. ANAND KADAM

DGM – Purchase

Mr. Anand Kadam is a graduate in Engineering (B.E. Production-Hons.) from the Mumbai University and post-graduate in Materials Management having more than 18 years of experience in areas of materials management.

18. MR. G. S. KRISHNAN

DGM – Finance

Mr G.S. Krishnan, a science graduate and C.A.I.I.B. (Indian Institute of Bankers), has over 28-year experience with nationalized and private sector banks in the area of financial services. He is responsible for the day-to-day working capital requirement and financial matters of the Company.

19. MR. MANOJ MIMANI

DGM – Accounts

Mr. Manoj Mimani is a graduate in Commerce 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 responsible for the accounts and taxation of the Company.

20. MS. SAVIANA PHULSUNGHE

AGM – HR

Ms. Saviana Phulsunghe, a post-graduate in Human Resource with a rich experience of over 15 years, is in the areas of human resource, handling a generalist profile.

For a sustainable future

At Tilaknagar Industries Ltd. (TI), sustainability represents responsibility towards the community and the environment for a happier and prosperous tomorrow.

We have adopted 51 wadis in the areas surrounding our mother unit at Shrirampur to improve the quality of life of the people through various initiatives. From addressing the needs of drinking water to taking up alternative measures for energy generation, we are initiating innovative steps to ensure that TI grows with the people. These 51 wadis fall under 22 gram panchayats of Ahmednagar district. TI, through the auspices of Shree Ramanugrah Trust, has initiated several activities for the wellbeing of local residents.

.TI.

TI's logo portrays our commitment and spirit in reaching out to the community and creating social awareness. The alphabets 'TI' graphically personify an all-encompassing feminine form. The message is clear: TI lays prime emphasis on its people, promoting diversity and women empowerment.

Health

a Swami Brahmananda Charitable Dispensaries:

TI runs a free dispensary for its staff, workers and the villagers of Tilaknagar, Shrirampur. TI also runs two OPD and charitable dispensaries. Everyday, around 100 patients are treated at the dispensaries. Medical check-ups for various common ailments, dog bite vaccination etc are provided. A dedicated team of two doctors, three nurses and a ward boy caters to the needs of villagers.

b Health camps:

A health camp is conducted by TI medical team every fortnight in one of the 51 adopted localities of Ahmednagar district. Health camps were conducted in gynaecology, pediatrics and polio eradication.

Wellness camps: Wellness camps are being conducted since December 30, 2007 and three such camps have been undertaken till date. In the first camp, 152 patients were treated, in which six surgeries took place. Besides, your Company had conducted nutritional food camps for children (below 5 year age group).

Eye camp: Eye check-up camps are being conducted since June 2, 2009. TI sponsors five to 10 patients for cataract surgery every month. Till date, TI has sponsored 75 patients for cataract surgery and conducted 12 eye camps.

Free medicines: TI provides free medicines for villagers from the neighbouring localities in their dispensaries.

c Water purification and supply:

TI provides clean and purified drinking water to the villagers of Shrirampur, ensuring their overall health and hygiene.

The herb leaves in TI symbol denote the pharmaceutical projects of the Company. The water drop represents the water harvesting project.

Community development

Places of worship:

TI supports renovation and re-establishment of many spiritual structures and institutions irrespective of any particular religious affiliation. Temples like Hanuman Temple Eklahre, Mahadev Mandir Tilaknagar, Hanuman Mandir Tilaknagar, Idega at Attawadi, Masjid at Tilaknagar are relevant examples.

Sports club:

TI club offers memberships and variety of sports facilities and equipment, free of cost, at TI Gymkhana.

Community marriages:

TI regularly conducts and sponsors community marriages for the poor at Shrirampur. Till date, TI has organised four community sponsored marriages for 49 couples. The Company has borne the expenses for the ceremony, the bride and groom's attire, the gold and other daily household items for the newlywed couples.

Sponsorships and grants

a Academics and sports:

Since December 2008, the Company decided to start TI Sports (table tennis, badminton, volleyball, cricket, tennis, chess and carom). Around 120 children of various age groups avail of the facilities of the gymkhana. The Company provides the necessary equipment for the games. Within the period of a year the Company has helped three international players and national and state level players in various games.

Sr. No.	Name of the player	Category	Game
1	Pratik Druva Jagdhane	International	Cricket
2	Ankit Vinayak Tribuvan	International	Cricket
3	Bharatsingh Nandlal Pardesi	International	Cricket
4	Cricket Team	All India Tournament	Cricket
5	Deepak Gadekar	National	Cricket (Tennisball)
6	Ashwini Dhokchaaaule	State	Taekwando
7	Dokchaule shubham	State	Taekwando
8	Volleyball team	State & All india Tournament	Volleyball

TI is also sponsoring seven swimmers at the state and national level championships.

Sr. No.	Name of the swimmer	Category
1	Mr. Aaron D'souza	International
2	Miss Purya Shetye	International
2	Miss Jyotsana Pansare	International
4	Miss Rujuta Bhatt	National
5	Miss Avantika Chavan	National
6	Miss Ashwathy Nair	National
7	Miss Lekha Kamath	National
8	Mr. Shrikant Palande	National

b Pension and medical relief:

TI provides funds for surgery and treatment of poor patients. The Company also provides pension to senior citizens and the physically challenged in 51 wadis adopted by the Company.

Education

The Open Book forming part of the TI logo is symbolic of the Company's efforts to provide quality education to all. It also signifies knowledge and learning.

a Dahanukar English and Marathi medium school:

Your Company runs an English medium school and supports Marathi medium school for children at Tilaknagar, Shrirampur. The Dahanukar English Medium High School was started in 1975. The school has a current strength of 621 students and 42 faculty members. The school is inspired from Gurukul system and conducts classes following age-old Vedic norms. The Yajurveda is taught and a yogacharya acquaints the students with India's spiritual heritage on auspicious days. The school has levels from primary to matriculation education. The students are imparted quality education, and many have become eminent professionals.

Students prepare for Maharashtra Talent Search Exam, NTS exams. This year the school had 100% pass percentage for the Secondary School Certification exam and all students scored a first class.

The Marathi medium school is also well equipped with amenities and facilities. It was built in 1945, and currently has about 22 staff and teachers, imparting education to 530 students. The school is constantly running various programmers for student scholarships, cultural competitions, sports and yoga classes.

Social welfare

a Responsible drinking:

TI is committed to promote responsible and safe drinking. TI conducts road shows across the cities and institutions, especially places frequented by youth, to spread the message of 'responsible and safe drinking'.

b Annakshetra:

TI's Maa Ananteshwaridevi annakshetra at various places in India has been functional for many years. It is an initiative to feed the starving and poor of India. Over 4,200 men, women and children are provided free food daily at the annakshetra pandal set up for the purpose in Tilaknagar and Company's other business centres across the country. Free food is also distributed at some of the villages, which cannot avail of aid due to distance and inhospitable terrain. Much of the groceries for the Annakshetra are sourced from the consumer stores that are fully funded by TI. Vegetables used in the annakshetra kitchen are grown on the campus, the fuel comes from nearby the Gobar gas plant, whereas the food and liquid wastes generated are recycled via city composting and reed bed systems.

c Vedic education:

Your Company supports educational institutes that offer a mix of ancient Vedic education and contemporary secular education. TI is also supporting another Vedic institution (Kateswami Ashram) at Shrirampur.

d Support to orphanages:

Your Company supports the orphanage Anand Vihar at Ranjankhol, Shrirampur. It not only provides grocery items and milk for children from Goshala, but also provides them support for their scholastic and extracurricular needs.

Environmental awareness and initiatives

a World environment Day Programme:

This year, on account of the World environment day– 5th June 2010, an ambitious month long program was designed and successfully completed at Mumbai and Shrirampur by TI.

A tree plantation program was conducted in Mumbai on the 4th June, which included senior members of the management, TI staff and environmental activists. A three-tier program was designed for the TI employees from Mumbai and factory, people from the 51 adopted wadis, school children from the two schools on campus, girls from adopted orphanage to be conducted in Shrirampur. SPROUTS an environmental trust in Mumbai provided the necessary guidance and expertise for the program. About 2000 people participated in the month-long program, which comprised the following:

1. Environmental training and awareness
2. Tree plantation by participants
3. Tour of the sustainability initiatives taken up by TI on its Shrirampur campus

While the month-long program concluded on 1st July, 2010, Van Mahotsav, (Forest festival) with the launch of a DVD, it marked the beginning of the largest tree distribution drive that TI has taken up till date. Through the month of July, over 40,000 saplings of forest and fruit trees were distributed free of cost to interested people, spanning more than 100 Gram panchayats, various hospitals, schools, courts and police stations.

b Goshala:

TI has been running a goshala since the last three years and currently has around 200 cattle in its sheds, which includes some animals rescued from slaughter houses, and some stray animals abandoned by farmers. The goshala is a shelter/haven for aged, unproductive cows as well as bulls. About 350 litres of milk is generated everyday, which is used in the Annakshetra and distributed to the 1,200 students of the TI schools in the Tilaknagar Campus, while the excess is sold to the employees at subsidized rates.




c Gobargas plant:

As a sustainability measure and as an example for the local cattle rearers, TI has set up a gobar gas plant (120 cubic meter capacity), putting to use the dung generated from its Goshala. The Goshala generates about 3 tonnes of dung daily, of which 70% is used in the gobar gas plant to produce 90 cubic meters of Methane gas everyday, which is supplied to the Annakshetra kitchen, entailing a net daily saving of ₹ 1400, equivalent to 19 kg of commercial gas cylinder. The resultant slurry from the gobar gas plant and farm wastes produce 200 metric tonnes of vermicompost annually, via linear beds and heap-composting.

d Vermicomposting:

TI practices Vermicomposting in Linear Beds in a 10,000 sq.ft. area, where dung from the goshaala along with farm waste, biomass is fed to the earthworms that produce fine quality vermicompost. Around 200 MT of vermicompost is produced annually for organic cultivation of vegetables and fodder in TI's farms, as well as for the in-house nursery.

e Heap composting:

The excess dung, remaining after feeding the gobar gas and vermicomposting beds, is decomposed using heap composting methods. Dung, along with biomass, is decomposed over a period of three months, with the use of bacterial cultures to accelerate the process. This compost is used for vermicomposting or for direct application in the fields.

f City composting:

The biodegradable kitchen waste from Annakshetra kitchen and food waste from distribution centres of about 30-35 kgs is being recycled using city/bin composting. HDPE barrels of 200 litres each are layered with food wastes and dung, acting as starting material for earthworms to generate valuable composts, to be used in gardens. Urban dwellers are using these composting bins as planters to grow vegetables through the holes punctured in the bins.

g Organic formulations:

About 1,000 litres of cattle urine, collected daily from the Goshala, help prepare various organic formulations (Beejamrut, jeevamrut, dashaparni arka, neem arka, panchgavya, amrut pani, among others). These organic formulations involve the use of various other ingredients such as ghee, milk, besan (chickpea flour), neem, various medicinal plant leaves, followed by fermentation for two to four weeks. The organic formulations serve as seed treatment, pest repellent, bactericide, fungicide and growth promoters for fodder and vegetable crops.

h Reed bed system:

About 15,000-20,000 litres of grey water, generated from utensils and vegetable washing as well as water from the washing of cows in the goshala, is recycled using reed-bed/artificial wetland system. Semi-aquatic and edible plants such as Colocassia are grown on a bed of vermicompost, wherein, the solid waste is digested by the worms and the water is absorbed by the plants. This is a sustainable effluent water treatment set-up. The excess water acts as an enriched liquid fertilizer, used for fodder cultivation.

i Rainwater harvesting:

Water is turning out to be one of the world's scarcest resources. Located in the rain-shadow region of Marathwada in the Ahmednagar district, Tilakanagar receives less than 400-450 mm of rainfall annually. However, the last five years have witnessed significant fluctuations in the precipitation levels, causing crop damage. Besides, the ground water table has depleted considerably in the last decade due to over pumping of the ground water reserves and very less or no recharging of the water bodies. Although TI has sufficient water to conduct operations, the Company has embarked upon the installation of rainwater harvesting structures on a large scale in anticipation of future water shortages. Since there is very less or no slope in the area, the conventional water harvesting measures (terracing, bunding, trenching) aren't of much use. TI has taken a novel two-tiered approach which harvests surface runoff and rooftop rain water to replenish ground water via recharge pits on its existing borewells.




About 50% of the total rainfall is expected to be recharged into the two borewells involved in this structure in Annakshetra area, recharging about 120 lakh liters of rainwater annually, replenishing ground water tables. TI does not plan to stock the harvested rainwater for its own use, but instead recharge the underground water table, which in turn benefits the entire community and not just the Company. .

j Roof-top rain water harvest:

Rooftop rainwater harvesting has been taken up on the Chairman's bungalow in Tilaknagar, where the rain falling on the rooftops is collected, channelized and recharged into the nearest borewell, recharging around 96,000 litres of water annually. TI has conducted an audit of all the available rooftop area in its Shrirampur campus and is now slated to start rooftop rainwater harvesting on over 4 lakh square feet of area, harvesting over 250 lakh liters of rainwater annually to recharge the 22 borewells in the campus.

k Soil improvement:

Due to the high temperatures, relatively low amounts of rain and excessive irrigation, the soils in Shrirampur have developed high alkalinity and concentration of sodium and calcium salts to the levels where they impair the nutrient uptake of crops and reduce productivity. This limits the range of crops that can be cultivated successfully on the lands. To address this problem, TI took up a three-pronged approach for the improvement of such soils:

- **Biological:** Green manuring crops are cultivated on such lands. The roots of these crops e.g. legumes harbor nitrogen fixing bacteria and enrich the soils with nitrogen. Also, before flowering the plants are ploughed down into the field which increases the organic matter in them helping better the soil structure.
- **Chemical:** Application of sulphur/ gypsum @ 2 MT per acre annually is done to bring down the alkalinity of these soils and maintain a desirable ph in the soil.
- **Physical sub surface drainage system:** This is an extremely effective means to make highly alkaline and sodic soils usable for agriculture. It essentially involves draining out the salts from the root zone of the crops i.e. to a depth of one meter, so that the crops have a healthy root zone, which can absorb nutrients and generate bumper yields. This is achieved by laying underground porous pipes across the length of the field and draining them into a shallow pit. When the soil is regularly irrigated the salts get dissolved and are drained out through the porous pipes into the shallow pit, where they vaporize. This ensures that the root zone of the crops remains salt-free, thus converting non-arable land into lush farms.

l Solar energy:

While the adjoining areas are struggling for basic amenities like electricity and water, TI has realized that the power shortfall (expected in the near future) can be easily alleviated by the installation of solar powered infrastructure. TI has installed 22 solar powered street lamps in and around the Annaksetra campus. During the awareness drive, the Company disseminated information about new-age technologies, such as solar lanterns, torches, cookers, caps as well as the existing street lamps to the local villagers.

m Tree plantation:

TI has always emphasized the importance of tree plantation. Through the inclusion of multi-purpose tree species which have medicinal, edible as well as ecological values, TI intends to cover 33% of its 257-acre campus. The enthusiasm of the TI staff members, their families, school kids, as well as villagers from adopted wadis has expedited afforestation during the month-long World Environment Day program. The 2,000 participants planted around 6,000 saplings of over 20 plant species in a month. In response to their offer of distributing five fruit trees (per family) to the locals, TI has distributed a whopping 40,000 trees, on requests from village bodies, farmers, schools, primary health centers and others. TI's greening efforts were lauded by the United Nations Environment Programme as a part of this year's Theme - 'One world Many Species'!

United Nations Millennium Declaration

In September 2000, building upon a decade of major United Nations conferences and summits, world leaders came together at United Nations Headquarters in New York to adopt the United Nations Millennium Declaration, committing their nations to a new global partnership to reduce extreme poverty and drawing up a series of time-bound targets --- with a deadline of 2015 --- better known as the Millennium Development Goals.

The eight Millennium Development Goals (MDGs) – which range from halving extreme poverty to arresting the spread of HIV/AIDS and providing universal primary education by the target date of 2015 – represent a blueprint, agreed upon by most countries and the world's leading development institutions. The MDGs have galvanized unprecedented efforts to meet the needs of the world's poorest.

Tilaknagar Industries Ltd. is sensitive to the uphill task faced by rural communities in the path of development and is addressing these issues in a time-bound manner. Currently, TI is helping address four Millennium Developmental Goals:

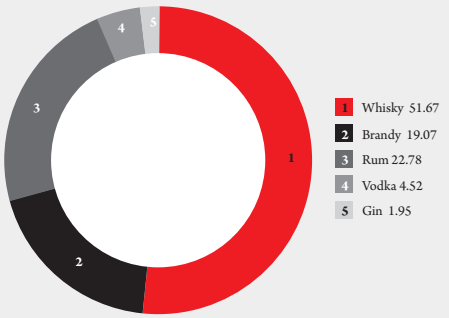
The resolve to better the lives of communities guides Tilaknagar Industries Ltd. to constantly enhance the benchmark of rural development.

Management Discussion and Analysis

REVIEWING 2009 INDUSTRY SCENARIO

The economic uncertainty in early 2009 hardly affected the major product categories within beer, wine and spirits, as they continued with their momentum in terms of new brand launches. The result was double-digit growth in sales volume, even in 2010. Moreover, as economic growth continued to spill over from the major cities into the neighbouring smaller towns and cities, the alcoholic drinks industry registered strong growth in the consumption of branded alcoholic drinks in smaller cities of less developed states, such as Orissa, Bihar and Madhya Pradesh.

The IMFL segment, comprising 52.5% of the Indian Alcoholic Beverages Industry, is estimated to be over 190 million cases, with whisky accounting for approximatley 60% of IMFL, whereas other spirits (Brown – Brandy, Rum; White -- Gin, Vodka, Rum) constitute the rest. The growth in both the segments is driven across smaller towns and cities by rapid urbanization, increased consumerism and adoption of trendier lifestyles. Brandy represents the second largest share in the IMFL at 18%. The consumption of brandy in India is growing steadily, clocking around 15-20% growth every year.



Industry growth in various segments (million cases)

Year	2008-09	2009-10	% Growth
Whisky	93.00	100.50	8.06
Brandy	32.20	37.10	15.21
Rum	41.00	44.30	8.05
Vodka	6.30	8.80	39.68
Gin	3.60	3.80	5.55
Total	176.10	194.50	10.52

COMPANY OVERVIEW

Tilaknagar Industries Ltd. (TI) continued its growth momentum in 2009-10, demonstrating robust volume growth this year. From a volume base of 1 million cases in FY 2005-06, the Company has crossed 8 million cases in Financial Year 2009-10. The phenomenal growth is the result of its well laid out operational strategies, extensive focus on sales and distribution, selecting right markets, acquisitions and manufacturing tie-ups. With more than 40 brands across a diverse range of price and product segments, the Companys' gross brand sales reached a ₹ 1,000 crore on consolidated basis including tie-up units.

HIGHLIGHTS 2009-10

- Increased net revenues by 54.97% (on a consolidated basis) from ₹ 2,520.73 million in 2008-09 to ₹ 3,906.26 million in 2009-10 on a consolidated basis
- Enhanced volumes by 44.40% from 5.54 million cases in 2008-09 to 8 million cases in 2009-10
- Introduced 11 brands to cater to new consumer segments
- Entered five new markets
- Invested in brand building
- Changed packaging to usher in a youthful appeal
- Grew market share by 1% in the IMFL segment

"TI was recognized as the Best Business Partner of CSD in the liquor category, as it is one of the fastest growing industry players, making supplies to the CSD and demonstrated a strong performance during the financial year 2009-10. It has acquired seven brands, which are registered with CSD (brandy, rum and whisky), and is becoming a strong segmental player."

QUICK FACTS

- India is the third largest market for alcoholic beverages in the world
- According to Euromonitor International, India's USD 12 bn alcohol market is growing at12 - 15% annually
- India has over 295 distilleries, scattered throughout the country with an installed 3,540-mn litre capacity
- The total consumption of alcoholic beverages in India is expected to touch 217.1 million cases in 2010, marking a growth of 8 % from the previous year (Source:IWSR)
- Around 23,000 licensed liquor outlets in India, with another 10,000 outlets, such as bars and restaurants
- The per capita consumption of Indian Made Foreign Liquor (IMFL) in India is 0.82 liters annually, which is very low compared to global annual average of 4.63 litres
- The Indian alcohol industry generates ₹ 30,000 crores annually for the government, despite lower per capita liquor consumption in India vis-à-vis global average

REGIONAL REVIEW

The industry possesses varied characterisitics and growth across four regions of the country as given below:

North

Volume: Around 25% of the total alcohol drinks volume

Growth (volume): Around 13% with Vodka accounting for 36% volume growth, due to its trendy and mixable image. Standard and economy brands continued to dominate less developed region of Uttaranchal and Uttar Pradesh

Key growth driver: Rising affluence in urban regions

Regulatory change: Deregulation of distribution and retail policies, resulting in increasing off-take

Prospects: Expected volume growth of 6.6% CAGR from 2010-2013

South

Volume: Around 38% of the total alcohol drinks volume – highest in India. Accounts for 67% of India's brandy consumption

Growth (volume): Around 12%. Leads in national consumption of whisky, Rum, Brandy and beer

Key growth driver: Experimental attitude of youth

Regulatory change: Government ban on country liquor in Karnataka resulting in a huge market opportunity for economy brands of IMFL

Prospects: Expected volume growth of 7.4% CAGR from 2010-2013

East and North-East

Volume: Around 10% of the total Alcohol drinks volume

Growth (volume): Around 11%

Key growth driver: Increase in purchasing power resulting in upgradation to IMFL from country liquor

Prospects: Expected volume growth of 6% CAGR from the year 2010-2013

West

Volume: Around 27% of the total Alcohol drinks volume

Growth (volume): Second behind south in spirits, leads in beer and Ready to Drink alcohol

Key growth driver(s): Experimental attitude of youth and liberla stance towards alcohol

Prospects: Expected volume growth of 6.9% CAGR from the year 2010 – 2013

ENTRY BARRIERS

- Longer time to establish a brand
- Complicated and heavy tax structure
- Prevelance of exisiting brand
- High import duties
- Logistics and distribution

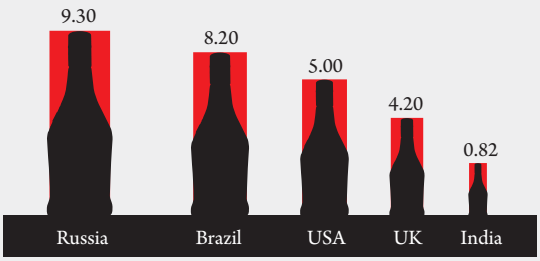
KEY GROWTH DRIVERS

Lowest per capita consumption

The per capita consumption in India for alcoholic beverages remains low at 0.82 litres, providing a huge growth opportunity in the long term as compared to other countries.

PER CAPITA CONSUMPTION

in Litres

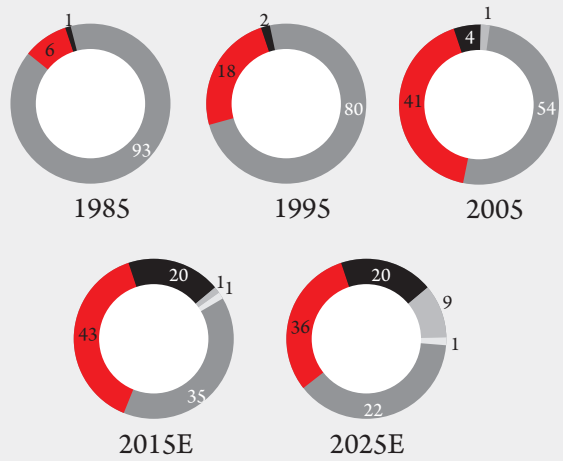


Source: Datamonito

Rising income levels and urbanization

Increase in income levels and expansion in the middle class population would lead to increase in the number of consuming class. This coupled with the rising urbanization is expected to lead to change in lifestyles and higher growth for alcoholic beverages.

INCOME GROUP BREAK UP (% of total population)

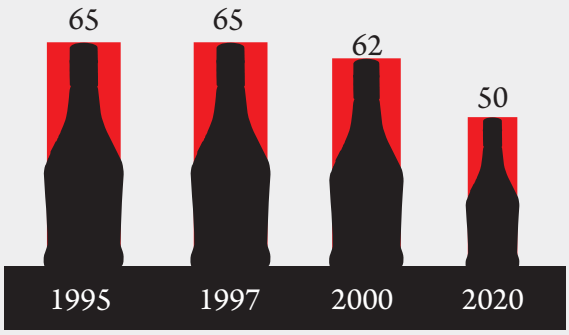


Source: McKinsey

Increase in working population, improving affordability

Higher number of people in the working population and lower dependency would also aid growth in alcoholic beverages. The growth in working population will improve affordability thus driving the growth for alcoholic beverages.

DEPENDANCY RATIO (%)



Source: McKinsey

Young population to boost consumption

The change in outlook of the youth towards alcohol shall drive the demand for consumption growth of alcoholic beverages.

"The change in outlook of the youth towards alcohol shall drive the demand for consumption growth of alcoholic beverages."

"TI has a unique advantage of having manufacturing units (owned, leased and tie-up) across most of the states in India, resulting in significantly higher margins as compared to its peers"

Social acceptability and western influence

Increasing overseas travel and influence of western media in India post liberalization, have led to a perceptible shift in terms of aspirations and lifestyles. Consumption of alcohol by women in public is also increasingly gaining social acceptability in metropolitan cities. These trends would play an important role to boost liquor consumption in India over the next decade.

MANUFACTURING REVIEW

TI's possesses 31 manufacturing units across India with its primary manufacturing facility located in the sugar-rich belt of Shrirampur, Maharashtra. The Company also has 7 lease arrangements and 21 tie-ups across the country for carrying out manufacturing and bottling activities. At these locations, TI provides input material (blends) in strict adherence to quality norms, with its master blenders stationed at individual locations to monitor and ensure product consistency and quality compliance.

TI has a unique advantage of having manufacturing units (owned, leased and tie-up) across most of the states in India, resulting in significantly higher margins as compared to its peers.

CAPITAL EXPENDITURE PROJECTS

TI has incurred a capital expenditure of around ₹ 2 billion. It has completed 50 KLPD, state-of-the-art, multi-pressure (molasses-based) distillation plant and commenced operations in November 2009. It is on the verge of completing the major capital expenditure of its green field plant of 100 KLPD (grain-based) ENA.

Sales volume analysis demands distillation units to be close to the manufacturing units for operational efficiencies. Accordingly, TI plans to set up a 100 KLPD Grain/ Molasses plant in the coming future in Andhra Pradesh. The Letter of Intent for this purpose is under process. Venturing into grain-based distillation will help the Company derisk itself against the vagaries of volatility in molasses prices, and help the Company to move up the value chain by launching premium-grade IMFL (whisky).

MARKETING AND DISTRIBUTION REVIEW

TI markets its products through three main channels - corporations, distributors and direct sales. The Company believes in the philosophy of having a direct sales contact at the point of sales owing to three important reasons:

1) More accountability in terms of distribution of the incentive scheme meant for the end consumers
2) Direct push at the retail level as the direct sales force frequently visits the retail stores personally
3) Helps in building a relationship with the retailers, adding a personal and emotional touch to the relationship

During 2009-10, TI derived 89% of its revenues through corporations in Delhi, Andhra Pradesh, Karnataka, Kerala, Orissa, Chattisgarh, and Tamil Nadu. Close to 6% of the sales came by way of sales to the distributors in Maharashtra, Goa, Daman, Silvassa, Pondicherry, Mahe, Karaikal, Yanam, West Bengal, Sikkim, Assam, and Meghalaya. Direct sales accounted for 5% of total revenues, done through CSD, paramilitary and exports. Apart from strengthening the sales team, the Company also added new distributors in states other than Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Pondicherry to enhance reach.

> Venturing into grain-based distillation will help the Company derisk itself against the vagaries of volatility in molasses prices, and help the Company to move up the value chain by launching premium-grade IMFL (whisky)

BRANDING EXTENSIONS

The management seeks to increase the target audience by experimenting with brand extensions in the existing markets and the product segments. If a brand is currently sold at a particular price point, the Company introduces variants at price points that are either higher or lower than the current product. This will result in increasing the penetration of existing brands to various target consumers.

ENVIRONMENTAL COMPLIANCE

TI's operations ensure minimal impact on the environment and strictly adhere to the compliances set by the Pollution Control Board. The Company has initiated following measures across the units to reduce the waste generated:

- Utilised bio-gas generated from bio-digesters for electricity generation in bio-gas based combined heat and power system and also as fuel in boilers, resulting in lower electricity cost and reduced coal consumption in the boilers
- Used waste heat from the exhaust gases of the bio-gas engines for steam generation, resulting in cost savings
- Initiated a pioneering concept of water consumption and resource conservation through its Multiple Effect Evaporator (MEE) Plant and the reverse osmosis technology; it also resulted in achieving a zero-discharge of effluent
- Installed an innovative water treatment and recycling plant in the bottle washing unit to reduce water consumption
- Utilised dry garbage for land-filling and wet garbage in the city composting project
- Planted 40,000 trees across the units to celebrate the World Environment Day and spread the eco-sustainability awareness

FINANCIAL REVIEW

On consolidated basis, the Company has shown promising growth with gross sales volume including sales from tie-up operations increasing to 8.00 million cases from 5.54 million cases during the previous fiscal, an impressive growth of 44.43 with sales value of the Company's brands including sales through tie-up operations stood at ₹ 10,000 million up from ₹ 4,897 million during the previous year.

RISK MANAGEMENT

As a risk-averse corporate, TI follows prudent business principles in insulating its business, as far as possible, from external vagaries. It adopts a holistic risk-mitigation strategy to counter the effects of any possible adversity. Primary risks represent the risks prevalent in the market, which encompass the following:

Risk of raw material availability

Molasses is the major raw material for ENA production. Scarcity in the availability of the same can hamper the production process. TI's main plant is situated in Shrirampur, the heart of cane growing region in Maharashtra with a number of sugar factories located in that region. Molasses being the by-products of the Sugar factories are abundantly available at a reasonable price level. TI's adequate storage tanks can store its molasses requirement for over six months. The commencement of its new 100,000 litres per day grain-based ENA plant shall reduce the dependence on molasses-based spirits. At other locations, long term tie-ups help mitigate the risk of non-availability of ENA.

Risk of inadequate power supply

Prevalence of uninterrupted power is quite essential for running a plant of such high standards.

TI's existing power requirement of the plant is 1.7MW. The

additional power requirements for capacity expansion (3.4MW) are met with the installation of 5 MW capacity turbine, which shall be sufficient for the complete facility at Shrirampur.

Risk of not marketing to the target audience

Catering to the diverse target audience with varied requirements at various levels of disposable income possesses a big challenge for the marketing team. As a result, the Company offers a wide range of product portfolio, covering the entire gamut of the IMFL segment at different price levels with advanced quality standards. The products are made available to the right consumers, through its strong and far-reaching distributor network.

Risk of employee attrition

Recruitment and retention of right professionals into the Company poses a big challenge. As a mitigation measure, people development continues to be a key focus area and the Company continuously recognizes the right talent and rewards them for their efforts. It also ensures a healthy work atmosphere and undertakes responsibility to provide multiple benefits to its employees and their families.

HUMAN CAPITAL REVIEW

During the year the focus continued in creating a cadre of competent and engaged workforce to achieve organizational objectives. To this end, a number of initiatives such as appropriate skill-mapping combined with intensive training and development ensured that the team could take on challenges of a difficult market. Moreover, the company has adopted an attractive variable pay mechanism whereby superior performance is generously rewarded thereby making employees true stakeholders in TI's growth. The Company also provides various benefits to its employees such as group mediclaim, personal accident insurance, drop facility after 8.30 p.m. for female employees.

During 2009-10, the employee strength increased to 727 as against 603 employees in the previous year. As part of the Company's policy of sharing its wealth with stakeholders, TI has allotted ESOPs to its employees. All confirmed employees of the Company ranging from shopfloor workmen to senior management have been granted options, making them stakeholders in the Company's future growth.

OUTLOOK

TI is geared up for a robust future as a result of its effective brand positioning and market focus.

Its brands pervade all market segments and are fast gaining recognition for their quality and consistency. Most of its brands are leading in their respective market segments, aided by a focused marketing and distribution strategy. The Company has implemented an enterprise resource planning mechanism to ensure better time-to-market and logistical planning. It has increased its presence on the ground with more incisive distribution and launched a dealer engagement programme that incentivised performance attractively. Considering the aggressive strategy of the Company to diversify its product segments and geographies, backed by fully expanded capacities, the Company's future looks bright and optimistic.

"TTI's existing power requirement of the plant is 1.7MW. The additional power requirements for capacity expansion (3.4MW) are met with the installation of 5 MW capacity turbine, which shall be sufficient for the complete facility at Shrirampur."

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Seventy Fifth Annual Report along with the Audited Statement of Accounts of your Company for the financial year ended 31st March, 2010.

FINANCIAL HIGHLIGHTS:

The summary of the Company's financial results for the year ended 31st March, 2010 and appropriation of divisible profits is furnished below:

(₹ in million)

Particluars	Year ended 31st March, 2010	Year ended 31st March, 2009
GROSS INCOME		
Net Sales	3,517.29	2,421.37
Other Income	43.53	27.99
Total	**3,560.82**	**2,449.36**
Expenditure	2,764.23	1,984.35
Profit before Finance cost, Depreciation & Tax	796.59	465.01
Finance cost	229.58	107.10
Depreciation	67.41	28.89
Profit before Tax	499.60	329.02
Less Provision for tax	(168.38)	(116.53)
Profit after Tax available for appropriations	331.23	212.48
APPROPRIATIONS		
Transfer to General Reserves	33.50	21.50
Proposed Dividend	88.66	14.45
Dividend Distribution Tax	15.07	2.46
Balance carried forward	581.77	387.78

BUSINESS OVERVIEW:

Your Company (TI) is one of the leading players in the Indian alcoholic beverage industry and manufactures Indian Made Foreign Liquor (IMFL). It currently has more than 40 brands across a diverse range of product segments and price points to cater to the needs of an ever-growing customer base. TI markets its products across a large number of southern states in India and is gradually assuming a pan-national presence. It also exports its products to Western Africa, Middle East, Far East and Caribbean countries. The Company has a growing presence in the Canteen Stores Department (CSD) business with 11 registered brands. Recognising your Company's growth in the CSD, your Company was conferred "Best Business Partner of CSD – Liquor Category" Award.

The Company achieved gross sales of ₹ 4,862.13 million as compared to ₹ 3,917.34 million in 2008-09 achieving 24.12% increase and earned a net profit of ₹ 331.23 million as compared to ₹ 212.48 million in 2008 - 09.

On consolidated basis, the Company has shown promising growth with sales volume including sales from tie-up operations increasing to 8.00 million cases over 5.54 million cases during the previous fiscal, an impressive growth of 44.40%. Gross brand sales stood at ₹ 10,000 million up from ₹ 4,897 million during the previous year.

The healthy performance in your Company's business operations at both top-line as well as bottom-line reconfirms the success of the efforts, strategy, the strengths of its business model and brands.

UNLOCKING VALUE FOR THE MEMBERS:

DIVIDEND

Your Directors are pleased to recommend for the financial year ended March 31, 2010, a final dividend of 12% on Compulsorily Convertible Preference Share Capital on pro rata basis and final dividend of ₹ 2.50 per Equity Share(25%) out of the net available profit after provision for taxation. The Dividend, if declared, will involve an outflow of ₹ 103.73 million.

CAPITAL MARKET DEVELOPMENTS:

LISTING OF EQUITY SHARES

The Equity Shares of your Company have been listed on The Bombay Stock Exchange Limited, Mumbai for many years. Your Company is pleased to announce that the National Stock Exchange of India Ltd. (NSE) has, vide its Circular dated NSE/LIST/C/2010/0629 dated July 14, 2010, granted permission for listing of Equity Shares of the Company with effect from July 16, 2010 in the Normal Market segment (Rolling Settlement) for trading in compulsory demat form for all investors under the symbol "TI".

SHARE CAPITAL

During the financial year under review, the Authorised Share Capital of the Company was increased from ₹ 384.6 million to ₹ 584.6 million to enable the Company to meet the capital requirements.

During the financial year under review, the paid up share capital of the Company has increased from 5,725,068 Equity Shares of ₹ 10/- each to 32,310,000 Equity Shares as per Statement given below:

Date	Particulars	Cumulative No. of Shares
April 01, 2009	Paid up Equity Shares at the beginning of the Year.	5,725,068
August 14, 2009	Allotment of 4,370,000 Equity Shares to Mr. Amit Dahanukar and Mrs. Shivani Amit Dahanukar, Promoters of the Company on conversion of 200,000 CCPS issued on March 26, 2009 and 4,170,000 Warrants issued on July 2, 2009	10,095,068
September 03 & 25, 2009	Issue of Bonus Shares in the ratio of 2 Equity Shares for every 1 share held	30,285,204
March 5, 2010	Allotment of 2,024,796 Equity Shares to Mr. Anand P. Nair, Non-promoter shareholder on conversion of 674,932 CCPS held by him along with Bonus thereon in the ratio of 2 Equity Shares for every one share allotted,	32,310,000

EMPLOYEES STOCK OPTION SCHEME - 2008

Your Company is committed to being a high-performing growth oriented organisation providing opportunity to employees to raise their level of performance and commitment, thereby ensuring that the combined efforts of all employees work towards maximising corporate performance and stakeholder value. In order to enable the Company to achieve this goal on a sustained basis, the Company has introduced and implemented ESOP Scheme 2008 for vesting a part of the ownership of the Company in the hands of the employees as a motivating factor to increase productivity and efficiency.

Details of the Stock Options outstanding as on March 31, 2010 under ESOP Scheme 2008, as amended on September 3, 2009 are as follows:

Date of Grant	Number of Options granted and in force	Exercise Price*
July 02, 2009	273,000	75% of the average of the high and low of the market price of the shares of the Company on BSE during the 15 days preceding the date of vesting subject to minimum exercise price of ₹ 40/-
January 28, 2010	1,444,521	75% of the average of the high and low of the market price of the shares of the Company on BSE during 15 days preceding the date of vesting subject to minimum exercise price of ₹ 75/-
Total	1,717,521	

*Post adjustment of the bonus issue approved on September 3, 2009 in the ratio of 2 Equity Shares for 1 Share held.

COMPANY'S EXPANSION ACTIVITIES:

COMMISSIONING OF 50 KLPD ENA PLANT

Your Company is pleased to inform you that it has successfully installed and commissioned a new 50,000 litres per day Extra Neutral Alcohol (ENA) plant. The feedstock for this plant is molasses. The facility is operating smoothly and close to 100% of its rated capacity. The alcohol produced from this plant caters to your Company's bottling arrangements in Andhra Pradesh and Kerala

INSTALLATION OF 100 KLPD GRAIN BASED ENA PLANT

Your Company is on the verge of completing its green field 100,000 litres per day Grain based alcohol facility at Shrirampur and same will provide the right base for your Company to launch premium products domestically and internationally. The grain facility will also provide a natural hedge against the fluctuations in molasses price. The alcohol produced from this plant will cater to your Company's increasing bottling requirements in Maharashtra and Southern India.

ACQUISITION OF BRANDS

Your Company has successfully concluded acquisition of seven brands. These brands are White House Whisky, White House Brandy, Golden Chariot Whisky, Bachelor Deluxe Whisky, Black Colt Rum, Negro He-Man XXX Rum and Bonnking Rum. All these brands are registered with the Canteen Stores Department (CSD) and having reasonable presence. The acquisition will further add to the 4 brands your Company has already registered with the CSD, thus giving your Company a portfolio of 11 brands. Your Company is confident of growing its business with the CSD which is a significant component of IMFL sector.

SUBSIDIARIES:

The Company has two wholly owned subsidiaries, viz: Prag Distillery (P) Ltd. having its Plant in the State of Andhra Pradesh and Surya Organic Chemicals (P) Ltd having its Plant in the State of Karnataka.

Pursuant to the provisions of Section 212 of the Companies Act, 1956, the statement and accounts of the said subsidiaries form 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 the Auditor's Report thereon are annexed to the Annual Report.

DIRECTORS:

During the financial year under review, Mr. C.V.Bijlani and Mr. Madan Goyal were appointed as Additional Directors on July 2, 2009 and August 3, 2009 respectively. Both of them were re-appointed as Directors by the Members in the Annual General Meeting and Extra Ordinary General Meeting held on August 01, 2009 and August 24, 2009 respectively.

Dr. Vishnu Kanhere and Mr. V. B. Haribhakti, 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 seeking re-appointment, 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 a part of the Corporate Governance Report.

Mr. P.R.K. Reddy has ceased to be the Director of the Company with effect from August 24, 2009.

QUALITY INITIATIVES, SAFETY AND ENVIRONMENT:

Your Company is an ISO 14001:2004 Company committing to high levels of compliance of specified Environmental Standards and providing healthy work environment for its employees.

AWARDS AND RECOGNITION

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

A) EURO MONITOR REPORT

Your Company is pleased to inform you that Madira Rum and Mansion House Brandy are the 1st and 3rd fastest growing IMFL domestic brands respectively (with a sale of a minimum million cases) for the year under review as confirmed by Euro Monitor Report. Your Company is confident of growing these brands further in this financial year making them formidable brands in their respective market segments.

B) "EMERGING COMPANY OF THE YEAR" AWARD

Your Company was conferred the prestigious 'Emerging Company of the Year' award, by the Confederation of Indian Alcoholic Beverages Companies (CIABC). The award truly stands as recognition of the remarkable progress the Company has made within a short span of time.

C) "BRANDY OF THE YEAR" AWARD

Your Company also got the prestigious "Brandy of the Year" Award by Ambrosia Magazine at Indspirit, 2009 in the presence of various industry players.

D) "BEST BUSINESS PARTNER OF CSD" AWARD

Your Company was awarded with the Best Business Partner of CSD in the liquor category as it is one of the fastest growing Company making supplies to the CSD. At a glittery ceremony of CANPART held on May 13, 2010, Mrs. Shivani Amit Dahanukar, Executive Director of the Company received the award on behalf of the Company.

FUTURE OUTLOOK

Your Company is confident of sustaining the growth momentum which has developed over the past few years. Your Company is the fastest growing Company in the Indian Made Foreign Liquor (IMFL) segment. Your Company intends to maintain this growth momentum in this fiscal.

Your Company intends to consolidate its position in the Southern markets of Kerala, Andhra Pradesh, Karnataka and Tamilnadu where it enjoys a dominant position in the brandy segment. Your Company has already launched new brands in these markets and initial response is encouraging.

Your Company will also gradually develop its footprint in the northern and eastern regions by building its manufacturing and distribution infrastructure. Efforts to this effect are already underway.

Your Company also has plans to introduce brands in the whisky segment at strategic price points. Whisky being the dominant flavor in India, your Company intends to focus on developing this category.

Your Company also plans to increase the bottling capacity of it's wholly owned subsidiary Prag Distillery (P) Ltd. The current bottling capacity of Prag is 50,000 cases per month which your Company intends to expand to 300,000 cases per month. Andhra Pradesh being a key and growing market for your Company, it is imperative for your Company to go ahead with this expansion to better rationalise its manufacturing infrastructure.

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 3 matured deposits aggregating to ₹ 16,000/- (Rupees Sixteen Thousand Only), which have not been claimed by the depositors upto the

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.

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 re-appointed as the Cost Auditors to conduct the audit of the cost accounts maintained by the Company for the financial year 2010-11.

CORPORATE GOVERNANCE:

The Report on Corporate Governance alongwith the Auditor's Certificate regarding compliance of the conditions of Corporate Governance pursuant to Clause 49 of the Listing Agreement is annexed hereto and form part of the Annual Report.

In terms of sub-clause (v) of Clause 49 of the Listing Agreement, a certificate from CMD & CFO, 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 part of the Annual Report.

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.

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 state that:

a. in preparation of the annual accounts, the applicable Accounting Standards have been followed and there are no material departures;

b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the profit of the Company for the year;

c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;

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

INFORMATION TECHNOLOGY

A) MULTIPROTOCOL LABEL SWITCHING (MPLS)

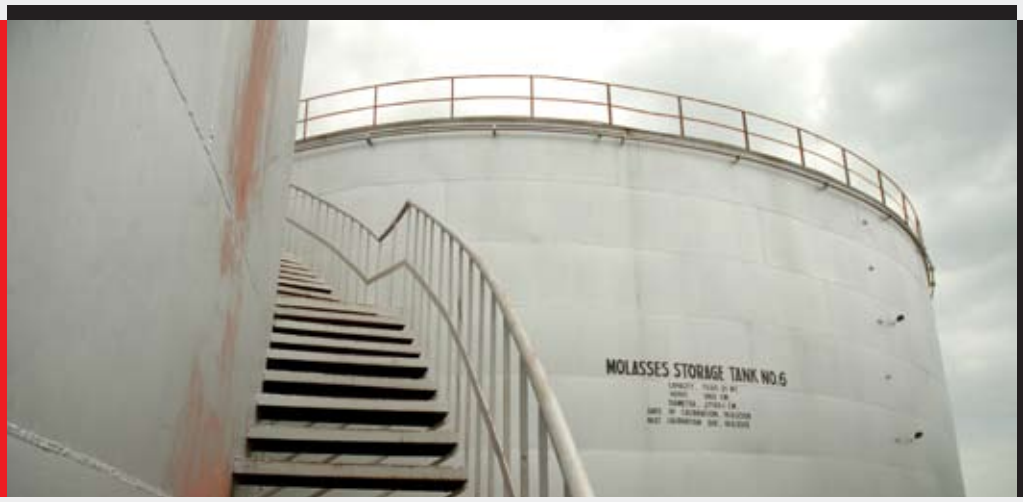
Your Company has successfully completed the process of MPLS implementation in the Company and factory and initiated the process of knowledge management database over intranet.

B) INSTALLATION OF SAP

Your Company is pleased to inform you that it has successfully shifted its accounting platform to SAP in this financial year. The transition has been satisfactorily completed and all accounts are maintained on SAP now.

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

The 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:

Your Directors take this opportunity to express their sincere thanks and appreciation towards all the employees of Tilaknagar Industries Ltd. (TI) for their commendable teamwork, wholehearted efforts and inestimable contribution to the continued growth of the Company.

Your Directors also thank investors, business partners, clients, technology providers, vendors, financial institutions & banks, dealers & suppliers, regulatory & government authorities, auditors and stock exchanges for their continued support to the Company during the year.

For and on behalf of the Board of Directors

Date: August 7, 2010
Place: Mumbai

Amit Dahanukar
Chairman and Managing Director

ANNEXURE 'A' TO THE DIRECTORS REPORT

A) CONSERVATION OF ENERGY

MEASURES TAKEN:

1. All bio-digesters are working satisfactorily; generated gas was utilized for power generation in Gas Engines and steam generation in boilers. The details of gas generation, consumption and equivalent coal saved during the current year compared to previous year are as tabulated below:

Sr No	Particulars	Unit	Year 2009-10	Year 2008-09
1	Biogas Generation	Lac M^3	34.81	34.11
2	Spent-wash Treated	Lac M^3	2.00	1.08
3	Ratio of Biogas generation to spent wash treated	M^3/M^3	34.92	31.58
4	Biogas Utilization			
	a. For Steam generation in Boiler	Lac M^3	18.99	28.24
	b. For Power Generation in Biogas Engine	Lac M^3	14.53	3.69
	c. Biogas Flared during start up & Interruptions	Lac M^3	1.29	2.18

As can be seen from the above figures, the biogas generation per M^3 of spent-wash treated has increased by 10.58% during the current year compared to previous year. The flaring losses of biogas have been reduced during the current year by 40.83% compared to previous year.

2. The performance of Biogas engines was satisfactory during the current year. The performance parameters are as given below:

Sr No	Particulars	Unit	Year 2009-10	Year 2008-09
1	Biogas consumed for power generation	Lac M^3	3.69	14.53
2	Power Generation	KWh	429,560	2,787,468
3	Ratio of Power generation to biogas consumption	KWh/M^3	1.16	1.92

As can be seen from above parameters, the specific power generation per M^3 of biogas consumed has increased by 65.5 % during the current year compared to previous year.

3. Optimized cooling water supply to fermentation section of 50KLPD molasses based distillery plant by replacing 650 M^3/hr capacity pump and 45KW motor with 150 M^3/hr capacity and 22KW respectively, thereby reducing the connected power load by 13 KW. The reduced cooling water circulation rate has also resulted in annual saving of 28,305 M^3 of make-up water.

4. Optimized the capacity of spent lees transfer pump in 50KLPD molasses based distillery plant from 30 M^3/hr with 9.3 KW motor to 12 M^3/hr with 3.73 KW motor resulting in reduction in connected load by 5.57 KW.

5. Utilized 24 M^3/day of steam condensate from MEE as boiler feed water resulting in annual fuel (Baggase) saving of 200 MT.

B) RESEARCH & DEVELOPMENT FOR NEW BRANDS

1. DURING THE FINANCIAL YEAR, YOUR COMPANY HAS INTRODUCED TWO NEW IMFL BRANDS:

A) **Duchess V.S.O.P**

Duchess V.S.O.P brandy, a new addition to its brandy portfolio. Positioned in the regular segment, the brand was conceptualized and created in the year 2009-10 for roll out in the 1st Quarter of 2010-11. Duchess is being rolled out first in the State of Andhra Pradesh and will be followed by launches in other states in the 2nd half of the year.

Duchess V.S.O.P brandy is a unique blend of grape and specially distilled neutral spirits to provide traditional characteristic brandy aroma and taste. It has a smooth brandy aroma and an aristocratic taste of a brandy. Duchess V.S.O.P brandy will be made available in various pack sizes starting from 90 ml to 1 litre.

B) **MH V.S.O.P**

Researched and Developed in the Financial Year under review, MH V.S.O.P brandy was launched in TN in 2009-10. Going by the enthusiastic response, the brand has been launched in other new markets like Pondicherry & Kerala will be launched in Karnataka and Andhra Pradesh.

MH V.S.O.P brandy truly defines the smooth and well balanced taste of the finest grape spirit created by expert blenders to give it a pleasant taste with a lasting fruity note.

2. REVAMPING OF SENATE ROYALE WHISKY

Senate Royale Whisky was revamped and enhanced with a superior grain blend, superior bottle with embossed branding, new Mono Carton and Canister packs, Tamper proof caps for the smaller stock keeping units.

3. REVAMPING OF MANSION HOUSE BRANDY

Our Flagship brandy, Mansion House Brandy, was also revamped and rolled out in 2009-10. The new Mansion House Brandy comes in attractive family pack bottles. The 375 and 180 ml were earlier normal market bottles which have been made as per the family pack now. The 750 ml is now embossed with grapes enriching the whole experience of possessing a MHB bottle. The blend as well has been upgraded to provide a complete 360° experience.

4. ADDITIONAL BRANDS IN THE REGULAR SEGMENTS

There were other new brands viz. Friendz Whisky, 9 to 9 Whisky, Royal Club Whisky, Old Masters Brandy, Old Masters Rum, and Red Square Whisky, which were conceived and rolled out in the first quarter of 2010-11 in AP.

5. ADDITIONAL DEVELOPMENTS

Multiple brands were re-vamped on packaging e.g. Courrier Napoleon Brandy, Castle Club Whisky, Mansion House Whisky etc. These brands will be rolled out between the first quarter and second quarter of financial year 2010-11.

C) TECHNOLOGY ABSORPTION/ INNOVATION AND ADOPTION

1. Reverse Osmosis Plant of 250 M^3/day capacity is being operated consistently which separates 125 M^3/Day (50%) as pure water from the effluent which is

used as cooling tower make-up water thereby reducing fresh water intake.

2. The Multiple Effect Evaporator (MEE) Plant for concentration of Distillery effluent after primary and secondary treatment is being operated consistently. The concentrated effluent is mixed with baggase and burnt in boiler. The generated process condensate is reused in the premises thereby reducing fresh water intake.

3. Installed and commissioned 650 KVAR capacitor bank with automatic power factor panel to maintain power factor at 0.99 to 1. This has resulted in annual saving of ₹ 2 Lacs due to rebate on MPECB electricity bill.

4. Installed and commissioned one DG set of 625 KVA and two units of 1010 KVA each to maintain power supply to emergency and essential activities in the process during failure of MPECB power.

5. Automatic voltage stabilizers installed in power input circuit at raw water pumping station & entire load shifted to MPECB/Biogas Engine/DG set as an emergency measure. This has avoided the use of diesel operated pump thereby resulting in annual diesel saving of 6.7 KL worth ₹ 2.66 Lacs.

6. Installed and commissioned 240 BPM capacity auto-bottling line in Potable Liquor Plant. This will help to increase the productivity and reduce the cost of manufacturing of 90 & 180 ML packs.

Form - A

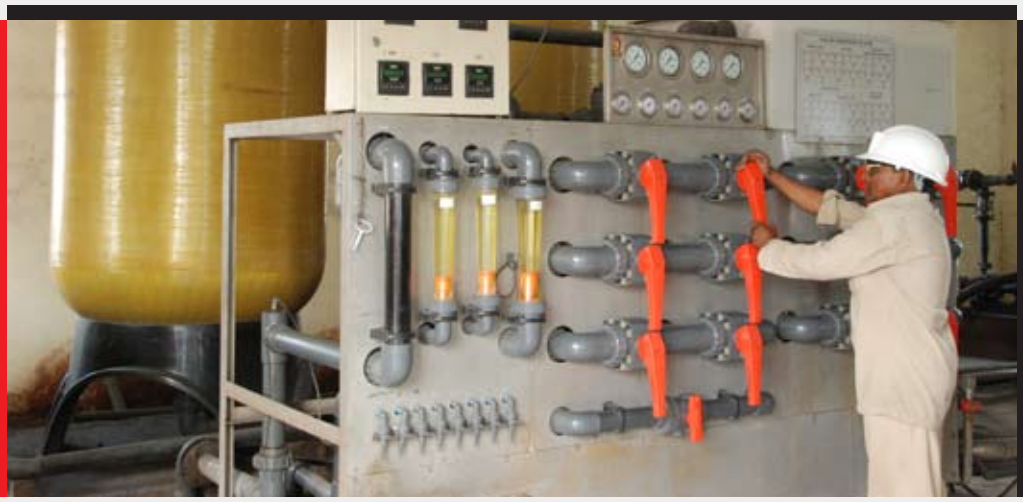
Total Energy consumption and energy consumption per unit of production

	Unit	Year 2009-10	Year 2008-09
A. POWER AND FUEL CONSUMPTION			
1. ELECTRICITY PURCHASED FROM MPECB	KWh	3,534,334	2,979,384
Amount	₹ in Lac	148.97	133.67
Rate per unit	₹/KWh	4.21	4.05
Electricity own generation from			
Biogas Engines	KWh	429.560	2,787,468
Amount	₹ in Lac	12.03	72.49
Rate per unit	₹/KWh	2.80	2.60
Electricity own generation from			
D G Sets	KWh	536.165	248,308
Amount	₹ in Lac	89.12	37.18
Rate per unit	₹/KWh	16.62	14.97
Total Electricity used	KWh	**4.500.059**	**6,015,160**
Wtd. Avg. Unit rate	₹/KWh	**5.56**	**4.05**

	Unit	Year 2009-10	Year 2008-09
B. STEAM COAL			
2. FOR GENERATION OF STEAM	MT	5,471	8,850
Amount	₹ in Lac	219	338.58
Average rate per MT	₹/ MT	4,003	3,825.80
Baggase			
For generation of steam	MT	10,064	7,379.30
Amount	₹ in Lac	148.61	202.54
Average rate per MT	₹/ MT	1,472	2,744.70
Fire wood			
For generation of steam	MT	0	908.20
Amount	₹ in Lac		24.41
Average rate per MT	₹/ MT		2,687.930

Electricity Consumption per unit of product:-

Name of the product	Unit	Year 2009-10	Year 2008-09
ENA	KWh/Ltr.	0.17	0.16
IMFL	KWh/Case	0.20	0.22
Diethyl Oxalate	KWh/Kg	0.30	0.25



D) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the foreign exchange outgo was ₹ 9.59 million and foreign exchange earnings were ₹ 52.51 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, 2010.

Sr. No	Name	Designation	Gross Remuneration (₹)/ Month	Qualifications	Age (Years)	Total Experience (Years)	Date of Commencement of Employment	Last Name of Employment & Designation
1	Mr. Amit Dahanukar	Chairman and Managing Director	1,610,385	B.E (ELEC), M.S (U.S.A)	34	9 Years	07.11.2001	First Employment
2	Mrs. Shivani Amit Dahanukar	Executive Director	1,035,730	M.B.A, L.L.B	33	4 Years	01.06.2006	First Employment
3	Dr. Sukhbir Puri	Sr. VP – Operations	687,500	M.Sc, Ph.D	61	36 Years	27.04.2009	Khemani Group- Group President
4	Mr. Bineet Walia	Sr.V.P. (Sales, Marketing)	416,667	B.Sc, M.Sc. ACM, MMS	50	19 Years	08.01.2008	Indian Army- Colonel
5	Dr. Keshab Nandy	Sr. V.P. - Legal & Chief Vigilance Officer	400,000	B.A, M.A, M.H.R.M, PGDPM & I.R, LLB, DCM, M.Phil, Ph.D	54	31 Years	03.09.2007	UTI Technology Services Ltd- Sr.VP- HR, IR, Legal, Quality, Admin, Facility MGT & CVO
6	Mr. Lalit Sethi	C.F.O	395,833	B.Com, FCA	44	22 Years	19.11.2007	High Polymer Labs Ltd- Dy.General Manager
7	Mr. Collin Pal	Financial Controller	291,667	B.Com, M.Com, LLB, CA	50	23 Years	01.12.2008	Mason & Summers- C.F.O
8	Mr. Raja Mukherjee	General Manager – Marketing	266,667	B.Pharma, PGDBM, EPBM	33	10 Years	16.06.2009	Dr. Reddy's Laboratories Ltd.- Sr. Manager & Head- DRFHE
9	Mr. Abhay Singh Chauhan	General Manager (Technical)	262,502	B.Sc. DIFAT, IGB	52	26 Years	06.08.2008	Liquors India- GM- Operations
10	Mr. Vijay Singh Borse	Associate Vice President	250,000	B.Sc, B.Sc Tech (Petrochemical)	54	28 Years	18.01.2010	Jubilant Organosys Ltd.-Associate Vice-President (Operations)
11	Mr. G. S. Krishnan	DGM- Finance	200,000	B.Sc	57	37 Years	01.10.2008	IndusInd Bank Ltd.- Chief Manager

ANNEXURE - C

Disclosure under Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

Sr. No.	Particulars	ESOP Scheme, 2008	
		First Grant	Second Grant
1	Number of stock options granted	111,000 (cum Bonus)	1,444,521 (ex Bonus)
2	The Pricing Formula	The exercise price shall be calculated at a discount not higher than 75% of the average of the daily high and low of the prices for the Company's equity shares quoted on Bombay Stock Exchange, during the 15 days preceding the date of vesting of stock options subject to minimum exercise price being ₹ 40/- per stock option	The exercise price shall be calculated at a discount not higher than 75% of the average of the daily high and low of the prices for the Company's Equity Shares quoted on Bombay Stock Exchange, during the 15 days preceding the date of vesting of stock options subject to minimum exercise price being ₹ 75/- per stock option
3	Number of stock options vested	---	---
4	Number of stock options exercised	---	---
5	Total number of shares arising as a result of exercise of stock options	---	---
6	Number of stock options lapsed	---	---
7	Number of stock options cancelled	20,000 (cum Bonus)	---
8	Variation in the terms of stock options	N.A.	N.A.
9	Money realised by exercise of stock options (₹)	---	---
10	Total Number of stock options in force	91,000 (cum Bonus) i.e. 273,000 ex Bonus	1,444,521 (ex Bonus)
11	Employee-wise details of stock options granted to:		

Sr. No.	Particulars	ESOP Scheme, 2008	
	(i) Senior Managerial Personnel		
	Name	No. of stock options granted	
		First Grant	Second Grant
	Dr. Sukhbir Puri	NIL	30,000
	Dr. Keshab Nandy	27,000	30,000
	Mr. Bineet Walia	3,000	Nil
	Mr. Lalit Sethi	21,000	30,000
	Mr. Raja Mukherjee	NIL	21,000
	Mr. Gaurav Thakur	24,000	21,000
	(ii) Employees who were granted, during any one year, stock options amounting to 5% or more of the stock options granted during the year.	Nil	Nil
	(iii) Identified employees who were granted stock option, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil	Nil
12	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	Refer Note xvi (e) of Schedule 'L' of the Notes on Accounts	
13	Impact of the difference between the Intrinsic Value of the Options and the Fair Value of the Options on Profits and on EPS	Refer Note vi (e) of Schedule 'L' of the Notes on Accounts	
	Weighted average exercise prices	82.15	51.92
	Weighted average fair values of the options	66.80	49.11
	The Securities and Exchange Board of India ('SEBI') has prescribed two methods to account for stock grants (i) the Intrinsic Value method; (ii) the Fair Value method. The Company adopts the Intrinsic Value method to account for the stock options, it grants to the employees. The Company also calculates the Fair Value of the stock options at the time of grant, using Black-Scholes pricing model with the following assumptions:		
	Date of grant	**2-Jul-09**	**28-Jan-10**
	1. Risk Free Interest Rate	5.79%-6.45%	5.87 - 7.13%
	2. Expected Life	2- 5 years	2- 5 years
	3. Expected Volatility	69.59% - 73.55%	69.29%
	4. Dividend Yield	2%	2%
	5. Price of the underlying share in market at the time of the option grant (₹)	143.45	99.45

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

Your Company firmly believes in good corporate governance which has been a strong edifice of the Company, duly supported by pillars of customer faith, depositors' confidence, institutional trust and investors' satisfaction. Company believes in adopting best corporate governance practices and has set its growth path on the foundation of fair business, efficient, safe and trusted financial policies and assures maintenance of highest standards of transparency, accountability, integrity and excellence in service of all stakeholders.

Your Company is already in substantial compliance of the provisions of the Voluntary Guidelines on Corporate Governance issued by the Ministry of Corporate Affairs in 2009, a benchmark for the Corporate Sector in achieving the highest standard of Corporate Governance.

Your Company has complied with all the regulations as stipulated by the Securities and Exchange Board of India in the Listing Agreement including Clause 49 pertaining to Corporate Governance.

2. BOARD OF DIRECTORS

The Company is managed by the Board of Directors comprising of eminent professionals having vast and diversified experience in the fields of industry, finance, law, etc. As on March 31, 2010, the Board of Directors of the Company comprised of an optimum combination of Executive and Non-Executive Directors. Independent Directors on the Board of Directors of the Company do not have any pecuniary relationship with the Company, Promoters or Management which may affect their judgment and functioning in any manner.

During the financial year under review, seven (7) meetings of the Board of Directors were held on the following days and the maximum time gap between two (2) meetings did not exceed four (4) months:

Sr. No.	Date of the Board Meeting	Sr. No.	Date of the Board Meeting
1	May 14, 2009	5	August 14, 2009
2	May 19, 2009	6	October 24, 2009
3	July 02, 2009	7	January 28, 2010
4	July 24, 2009		

ATTENDANCE OF DIRECTORS AT THE BOARD MEETINGS AND GENERAL MEETINGS

Name of the Directors	Position/ Category	Number of Board Meetings held	Number of Board Meetings Attended	Attendance at the last AGM held on 01.08.2009	Attendance at the last EGM held on 24.08.2009
Mr. Amit Dahanukar	Chairman & Managing Director (E)	7	4	Yes	Yes
Mrs. Shivani Amit Dahanukar	Executive Director (E)	7	5	Yes	Yes
Mr. S. V. Muzumdar	Director(NE, I)	7	6	No	No
Mr. V. B. Haribhakti	Director(NE,I)	7	7	Yes	Yes
Dr. Vishnu Kanhere	Director(NE,I)	7	7	Yes	Yes
Dr. Ravindra Bapat	Director(NE,I)	7	7	Yes	Yes
Mr. P.R.K. Reddy*	Whole Time Director	7	4	Yes	No
Mr. C.V. Bijlani**	Director(NE)	7	5	Yes	Yes
Mr. Madan Goyal***	Director(NE,I)	7	4	Yes	Yes

* Ceased to be the Director of the Company w.e.f. August 24, 2009

** Appointed as Additional Director w.e.f. July 02, 2009 & re-appointed on August 01, 2009

*** Appointed as Additional Director w.e.f. August 03, 2009 & re-appointed on August 24, 2009

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

MEMBERSHIP IN BOARD OF DIRECTORS AND BOARD COMMITTEES OTHER THAN TI

Name of the Directors	Membership in Board other than TI#	Chairmanship in Board Committees other than TI*	Membership in Board Committes other than TI*
Mr. Amit Dahanukar	Nil	Nil	Nil
Mrs. Shivani Amit Dahanukar	Nil	Nil	Nil
Mr. S. V. Muzumdar	3	1	4
Mr. V. B. Haribhakti	7	4	4
Dr. Vishnu Kanhere	2	2	Nil
Dr. Ravindra Bapat	2	Nil	Nil
Mr. P.R.K. Reddy**	Nil	Nil	Nil
Mr. C.V. Bijlani***	1	Nil	Nil
Mr. Madan Goyal****	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.

** Ceased to be the Director of the Company w.e.f. August 24, 2009.

*** Appointed as Additional Director w.e.f. July 02, 2009 & re-appointed on August 01, 2009

**** Appointed as Additional Director w.e.f. August 03, 2009 & re-appointed on August 24, 2009

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

3. AUDIT COMMITTEE

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

a. Overseeing the Company's financial reporting process and disclosure of financial information of the Company to ensure authentic and credible financial information.

b. Recommending to the Board, the appointment, re-appointment of Statutory Auditors, fixation of audit fees and approving payments for any other services.

c. Reviewing with the management, the annual and quarterly financial statements before submission to the Board for approval, with particular reference to the following:

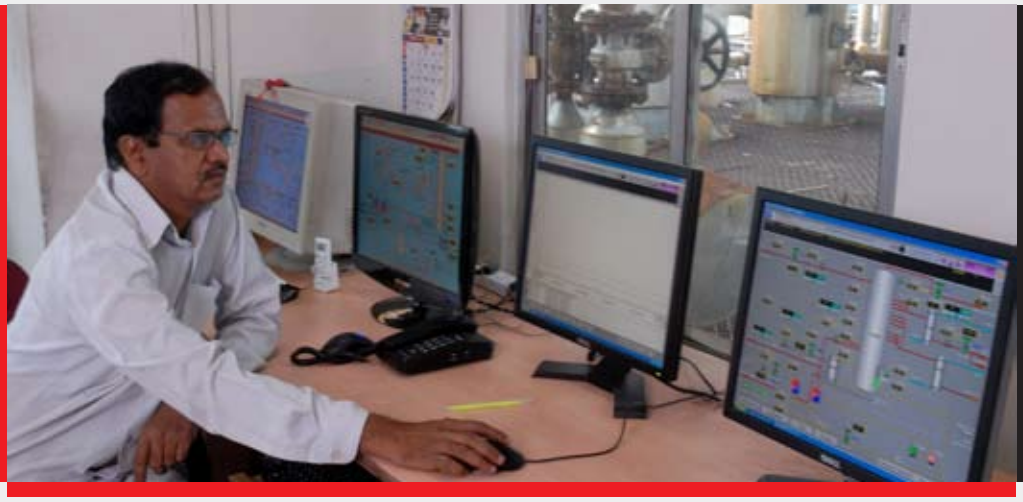
- Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Major accounting entries involving estimates based on the exercise of judgement by management;
- Significant adjustments made in the financials arising out of audit findings;
- Compliance with listing and other legal requirements pertaining to the financial statements;
- Disclosure of any related party transactions, and;
- Qualifications in the draft audit report.

d. Reviewing with Management, performance of Statutory and Internal Auditors and adequacy of internal control systems.

e. Reviewing the adequacy of internal audit function.

f. Discussing with Internal Auditors of any significant findings and follow-ups thereon.

g. Reviewing the findings of any internal investigations by the Internal Auditors.



h. 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;
- Financial Statements and investments made by the unlisted subsidiary companies.

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

The Audit Committee comprises of experts specialised in areas of accounting/ financial management. Mr. V.B. Haribhakti, Non-Executive and Independent Director, a profound and experienced Chartered Accountant, is the Chairman of the Audit Committee. The Executive Directors, the Chief Financial Officer, Internal Auditors 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 financial year under review, the Audit Committee met four (4) times on the following dates:

Sr. No.	Date of the Meeting	Sr. No.	Date of the Meeting
1	May 14, 2009	3	October 24, 2009
2	July 24, 2009	4	January 28, 2010

The Constitution of the Audit Committee and attendance of the Members of the Committee are as follows:-

Sr. No.	Name of the Directors	Position/ Category	Qualification/ Profession	Meeting details	
				Held during the Year	Attended
1.	Mr. V. B. Haribhakti	Chairman (NE,I)	Chartered Accountant	4	4
2.	Mr. S. V. Muzumdar	Member (NE,I)	Bachelor of Law	4	4
3.	Dr. Vishnu Kanhere	Member (NE,I)	Chartered Accountant & Cost Accountant	4	4
4.	Mr. C.V. Bijlani*	Member (NE)	MA, Certified Associate of Indian Institute of Bankers	4	3

* Appointed as Director w.e.f. July 02, 2009
NE – Non Executive, I - Independent

Mr. Gaurav Thakur, Company Secretary, acts as the Secretary of the Committee.

4. REMUNERATION COMMITTEE

The terms of reference of Remuneration Committee involve determination of the Company's policy on specific remuneration packages for Executive Directors and Non Executive Directors in consonance with the industry practices. The Remuneration Committee ensures equity, fairness and consistency and the recommendations of Remuneration Committee are considered and approved by the Board, subject to the approval of shareholders, wherever necessary.

Mr. V.B. Haribhakti, a Non-Executive and Independent Director, is the Chairman of the Remuneration Committee.

During the year under review, the Committee met once on May 14, 2009.

The Constitution of the Remuneration Committee and attendance of Committee Members are as follows:-

Name of the Directors	Position/ Category	Meeting details	
		Held during the Year	Attended
Mr. V. B. Haribhakti	Chairman (NE, I)	1	1
Dr. Vishnu Kanhere	Member (NE, I)	1	1
Mr. S. V. Muzumdar	Member (NE, I)	1	1
Mr. C.V. Bijlani*	Member (NE)	1	N.A.

* Appointed as Director w.e.f. July 02, 2009
NE – Non Executive, I - Independent

5. COMPENSATION COMMITTEE

The terms of reference of Compensation Committee, inter alia, involve ascertaining the detailed terms and conditions for issuing ESOPs and/ or Sweat Equity Shares and deciding their entitlement and allotment, 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.

Dr. Vishnu Kanhere, a Non-Executive and Independent Director, is the Chairman of the Compensation Committee.

During the year under review, the Committee met twice on the following dates:

Sr. No.	Date of the Meeting	Sr. No.	Date of the Meeting
1	July 2, 2009	2	January 28, 2010

The Constitution of the Compensation Committee and attendance of Committee Members are as follows:-

Name of the Directors	Position/ Category	Meeting details	
		Held during the Year	Attended
Dr. Vishnu Kanhere	Chairman (NE, I)	2	2
Mrs. Shivani Amit Dahanukar	Member (ED)	2	2
Dr. Ravindra Bapat	Member (NE, I)	2	2

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

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 and pursuant to the approval granted by the shareholders at the 72nd Annual General Meeting held on August 22, 2007.

Details of remuneration paid/ to be paid to all Directors of the Company for the Financial Year 2009-10 are as follows:

Name of the Directors	Salaries & Perquisites (₹)	Contribution to SA/ PF (₹)	Sitting Fees**** (₹)	Commission (₹)
Mr. Amit Dahanukar	18,100,620	1,224,000	Nil	4,615,990
Mrs. Shivani Amit Dahanukar	11,276,760	1,152,000	Nil	11,511,851
Mr. S. V. Muzumdar	Nil	Nil	55,000	798,021
Mr. V. B. Haribhakti	Nil	Nil	60,000	798,021
Dr. Vishnu Kanhere	Nil	Nil	70,000	798,020
Dr. Ravindra Bapat	Nil	Nil	45,000	798,020
Mr. P.R.K. Reddy*	Nil	Nil	Nil	Nil
Mr. C.V. Bijlani**	Nil	Nil	35,000	798,020
Mr. Madan Goyal***	Nil	Nil	15,000	798,020

* Ceased to be the Director of the Company w.e.f. August 24, 2009

** Appointed as Additional Director w.e.f. July 02, 2009 & re-appointed on August 01, 2009

*** Appointed as Additional Director w.e.f. August 03, 2009 & re-appointed on August 24, 2009

**** 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:

Name of the Directors	Number of Equity Shares held	
	As on March 31, 2010	As on March 31, 2009
Mr. Amit Dahanukar	4,799,653	2,236,562
Mrs. Shivani Amit Dahanukar	13,123,681	250,282
Mr. S. V. Muzumdar	2,517	839
Mr. V. B. Haribhakti	3,000	1,000
Dr. Vishnu Kanhere	Nil	Nil
Dr. Ravindra Bapat	6,750	2,250
Mr. P.R.K. Reddy*	Nil	Nil
Mr. C.V. Bijlani**	Nil	Nil
Mr. Madan Goyal***	Nil	Nil

* Ceased to be the Director of the Company w.e.f. August 24, 2009

** Appointed as Additional Director w.e.f. July 02, 2009 & re-appointed on August 01, 2009

*** Appointed as Additional Director w.e.f. August 03, 2009 & re-appointed on August 24, 2009

6. SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE

The Shareholders / Investors Grievance Committee, amongst the areas, mentioned in the clause 49 of the Listing Agreement is ensuring expeditious redressal 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.

Mr. S. V. Muzumdar, Non-Executive and Independent Director and a profound and experienced Lawyer, is the Chairman of the Shareholders/ Investors Grievance Committee.

During the year under review, the committee met four times on the following dates:

Sr. No.	Date of the Meeting	Sr. No.	Date of the Meeting
1	May 14, 2009	3	October 24, 2009
2	July 24, 2009	4	January 28, 2010

The Constitution of the shareholders/ investors grievance committee and attendance of the Members of the

Committee are as follows:

Name of the Directors	Position/ Category	Meeting details	
		Held during the Year	Attended
Mr. S. V. Muzumdar	Chairman (NE,I)	4	4
Mr. V. B. Haribhakti	Member (NE,I)	4	4
Mr. Amit Dahanukar	Member (E)	4	3
Mr. C.V. Bijlani*	Member (NE)	4	3

* Appointed as Director w.e.f. July 02, 2009

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

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

STATEMENT OF THE VARIOUS COMPLAINTS RECEIVED AND CLEARED DURING THE FINANCIAL YEAR 2009-2010

Nature of Complaints	Opening	Received	Resolved	Pending
Non receipt of shares certificates lodged for transfer	Nil	5	5	Nil
Non receipt of dividend warrant	Nil	8	8	Nil
Non receipt of annual reports	Nil	14	14	Nil
Non receipt of demat rejected s/c's	Nil	1	1	Nil
Non receipt of demat credit	Nil	1	1	Nil
Non receipt of Bonus Shares	Nil	4	4	Nil
TOTAL	Nil	33	33	Nil

7. SUBSIDIARY COMPANIES

The Company has two wholly owned subsidiaries viz. M/s. Prag Distillery (P) Ltd. having its Plant in the State of Andhra Pradesh and M/s. Surya Organic Chemicals (P) Ltd. having its Plant in the State of Karnataka. However, these subsidiaries do not fall under the category of "material non-listed Indian subsidiaries" in terms of Clause 49 (III) of the Listing Agreement i.e. whose turnover or net worth exceeds 20% of the consolidated turnover or networth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

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

8. SHARE TRANSFER COMMITTEE

The terms of reference of the Share Transfer committee involve ensuring timely processing of requests for share transfer, duplicate share certificates, demat credit, rematerialisation, split, transmission of shares, etc. and for this purpose, it meets on a weekly basis.

Mr. Amit Dahanukar, Chairman & Managing Director of the Company, is the Chairman of the Share Transfer Committee and Mrs. Shivani Amit Dahanukar, Executive Director and Mr. Gaurav Thakur, Company Secretary are the other Members of the Committee.

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

9. CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT.

The Company has formulated and implemented a Code of Conduct for all its Directors, Senior Management in compliance with Clause 49(I)(D) of the Listing Agreement. All the Board Members and Senior Management of the Company have affirmed compliance with the said Code of Conduct for the Financial Year ended March 31, 2010.

10. DISCLOSURE PRACTICES FOR PREVENTION OF INSIDER TRADING

As required by the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2008, the Company has adopted the 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, who are exposed to or expected to be exposed to unpublished price sensitive information about the Company.

11. CMD/CFO CERTIFICATION

In accordance with the requirements of clause 49(V) of Listing Agreement, a certificate from Mr. Amit Dahanukar, Chairman & Managing Director and Mr. Lalit Sethi, Chief Financial Officer of the Company, on the financial statements of the Company was placed before the Board in the Meeting held on August 7, 2010 and the same is annexed to this report.

12. GENERAL BODY MEETINGS

The venue, time and particulars of special resolutions passed at the last three Annual General Meetings of the Members of the Company are as follows:

Year	Meeting Day, Date & Time	Venue	Special Resolutions Passed
2008-09	Saturday, August 01, 2009 at 11.00 a.m.	P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413 720.	1. Revision in remuneration payable to Mr. Amit Dahanukar, Chairman & Managing Director. 2. Revision in remuneration payable to Mrs. Shivani Amit Dahanukar, Executive Director. 3. Re-appointment of Mr. Amit Dahanukar as Chairman & Managing Director. 4. Re-appointment of Mrs. Shivani Amit Dahanukar as Executive Director.
2007-08	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 ESOPs for employees of the Company. 1(b) Authorisation for ESOPs for employees of subsidiaries of the Company. 2.Revision in remuneration payable to Mr. Amit Dahanukar, Chairman & Managing Director. 3. Revision in remuneration payable to Mrs. Shivani Amit Dahanukar. 4. Issuance of Foreign Currency Convertible Bonds and/or Global Depository Receipts.
2006-07	Wednesday, August 22, 2007 at 3.00 p.m.	Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce & Industry, K. Dubhash Marg, Mumbai – 400 001	1. Revision in remuneration payable to Mr. Amit Dahanukar, Chairman & Managing Director. 2. Appointment of Mrs. Shivani Amit Dahanukar as Executive Director. 3. Payment of Commission to Non Executive Directors. 4. Alteration of Article 3 of the Articles of Association of the Company.

All special resolutions set out in the Notices for the Annual General Meetings were passed by the Shareholders at the respective meetings with requisite majority.

The venue, time and particulars of special resolutions passed at the Extra Ordinary General Meetings of the Members of the Company held during the financial year under review are as follows:

Year	Meeting Day, Date & Time	Venue	Special Resolutions Passed
2009-10	Thursday, June 18, 2009 at 11.00 a.m.	P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413720.	Issue of 4,170,000 Convertible Warrants on preferential allotment basis.
2009-10	Monday, August 24, 2009 at 11.00. a.m.	Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce & Industry, K. Dubhash Marg, Mumbai, Maharashtra - 400 001	Issue and allotment of bonus shares in the ratio of 2 equity shares for every 1 equity share.

PASSING OF RESOLUTIONS BY POSTAL BALLOT

No item of business which required the Members' approval through postal ballot was transacted during the financial year under review. Accordingly, the Companies (Postal Ballot) Rules 2001 are not applicable to the Company during the Financial Year.

A Special Resolution under Section 16A of the Companies Act, 1956, seeking consent of the Members for the insertion of new clause in the objects clause of the Memorandum of Association of the Company is proposed to be passed through Postal Ballot and results of the same shall be announced in the ensuing Annual General Meeting.

13. DISCLOSURES

A) DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS HAVING POTENTIAL CONFLICT WITH THE INTERESTS OF THE COMPANY AT LARGE.

The particulars of related party transactions have been given in the Notes to Accounts. However, these transactions were carried out on an arms-length basis and 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 regularly reviews the risk assessment and control process in the Company and the risk minimisation procedures are 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 Exchanges and applicable 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) COMPLIANCE WITH NON-MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT:

The Company has complied with the following non-mandatory requirements in terms of Clause 49 of the Listing Agreement:

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 for tenure of appointment of Independent Directors.

ii) **Remuneration Committee**

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

iii) Shareholders Rights

In addition to publishing in leading English and Marathi newspapers having wide circulation, the Company publishes its quarterly and annual financial results on its website www.tilind.com.

iv) Audit Qualifications

For the financial year 2009-10, 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 specialisation, 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, changes in the technology, regulatory changes and various corporate actions which facilitates the Board Members to stay abreast with the changes in the business environment. An individual joining the Board is presented with a brief background of the Company and is informed of Company's important policies including the Code of Conduct for the Directors and Senior Management of the Company.

vi) Mechanism for evaluating Performance of Non-Executive Board Members

The Company does not have a formal mechanism for evaluation of performance of the 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 behavior can bring to the attention of the immediate reporting officer who is required to report the same to the Chairman and Managing Director/ Audit Committee. Apart from that, any employee may report directly to the Chairman & Managing Director/ Audit Committee, any matter requiring immediate redressal.

14. MEANS OF COMMUNICATION:

I) The quarterly/ half yearly/ annual results are regularly submitted to the Stock Exchanges in accordance with the provisions of the Listing Agreement and regulations issued by Securities and Exchange Board of India and are published in newspapers like The Free Press Journal, Navshakti and Punyanagri. These are not sent individually to the Shareholders.

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

II) Management Discussion and Analysis forms part of the Annual Report.

15. GENERAL SHAREHOLDER INFORMATION:

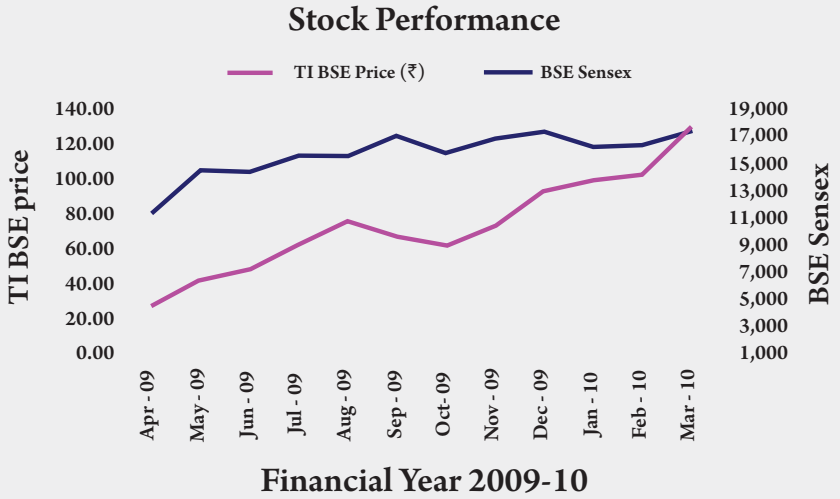
I	ANNUAL GENERAL MEETING		
	Date and Time	:	Monday, September 20, 2010 at 11.00 a.m.
	Venue	:	P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413720.
II	FINANCIAL CALENDAR	:	
	Financial Year	:	April 1, 2010 to March 31, 2011.
	Financial reporting of results		
	Quarterly unaudited results	:	Within forty five days from the end of the quarter.
	Annual audited results	:	Within sixty days from the end of the last quarter.
III	BOOK CLOSURE DATE	:	Wednesday, August 25, 2010
IV	DIVIDEND PAYMENT DATE	:	On or after September 20, 2010
V	LISTING ON STOCK EXCHANGES		The Bombay Stock Exchange Limited **(Scrip Code: 507205)** National Stock Exchange of India Limited **(Scrip Code: TI)** The Company has paid the listing fees for the year 2010-11 to the said Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
VI	DEMAT ISIN NO. FOR EQUITY SHARES	:	INE133E01013 The Company has paid custodial fees for the year 2010-11 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of minimum amount to be paid as per the nominal value of admitted securities.
VII	MARKET PRICE DATA	:	Monthly high & low quotations of the shares of the Company traded at Bombay Stock Exchange Ltd. for the year 2009-2010 are furnished below:

Months	Month's High Price(₹)	Month's Low Price(₹)	Volume (Nos.)	BSE Sensex High	BSE Sensex Low
April, 2009	99	64	23,711	11,492	9,546
May, 2009	144	80	159,747	14,931	11,621
June, 2009	151	116	112,553	15,600	14,017
July, 2009	202	130	143,799	15,733	13,220
August, 2009	236	165	264,492	16,002	14,684
September, 2009	233	*67	401,898	17,143	15,357
October, 2009*	78	62	319,630	17,493	15,805
November, 2009*	75	57	460,741	17,290	15,331
December, 2009*	97	67	1,007,893	17,531	16,578
January, 2010*	114	94	1,061,698	17,790	15,982
February, 2010*	106	95	920,832	16,669	15,652
March, 2010*	135	100	8,734,919	17,793	16,438

* Ex Bonus Price post bonus shares issued in the ratio of 2:1 (2 Bonus Equity Shares for every 1 Equity Share held) on September 03, 2009.

Stock Performance in comparison to BSE SENSEX

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



Note: Closing Price of April 09 – August 09 adjusted for bonus issue in the ratio of 2:1 (2 Bonus Equity Shares for every 1 Equity Share held) on September 03, 2009

VIII	REGISTRAR & TRANSFER AGENTS	Bigshare Services Pvt. Ltd. E-2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai – 400 072 Ph: 022 2856 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 lodgement, 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 registered in physical form.

X SHAREHOLDING PATTERN AS ON MARCH 31, 2010

Category of Shareholders	No. of Shares held	% of holding
Promoter Holding:		
Indian Promoters	19,840,325	61.41
Public Holding:		
Institutions		
Mutual Funds/UTI	741,730	2.30
Financial Institutions / Banks	12,711	0.04
Foreign Institutional Investors	2,422,702	7.49
Non- Institutions		
Bodies Corporate	1,412,701	4.37
Individuals	7,093,826	21.96
Clearing Members	689,291	2.13
NRI	96,714	0.30
	32,310,000	100.00

XI) DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2010

Share holding of nominal value of	Share Holders		Share Amount	
₹	Number	% to Total	In ₹	% to Total
(1)	(2)	(3)	(4)	(5)
1 - 5,000	8,701	82.83	8,906,690	2.76
5,001 - 10,000	839	7.99	6,176,980	1.91
10,001 - 20,000	501	4.77	7,096,530	2.20
20,001 - 30,000	154	1.47	3,968,160	1.23
30,001 - 40,000	79	0.75	2,731,190	0.85
40,001 - 50,000	35	0.33	1,616,370	0.50
50,001 - 100,000	82	0.78	5,995,550	1.86
100,001 and above	114	1.09	286,608,530	88.71
	10,505	100.00	323,100,000	100.00

XII	DEMATERIALISATION OF SHARES	: Trading in Equity Shares of the Company is permitted only in dematerialised form. The Company's shares are held in dematerialised form to the extent of 89.94% of the total no. of issued and paid up capital as on March 31, 2010.
XIII	PLANT LOCATIONS	: (i) Tilaknagar Industries Ltd. P. O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra – 413 720 (ii) Prag Distillery (P) Ltd. R.S. No. 199/1, 200/2, Bicca Bolu, Rajanagaram Road, Nallamilli, Rangampeta Mandal, East Godavari District, (A.P.) – 533 343 (iii) Surya Organic Chemicals (P) Ltd. No. 140, Tavaregera Village, Kushtagi Taluka, Koppal District, Karnataka – 584 131
XIV)	ADDRESS FOR CORRESPONDENCE	: Mr. Gaurav Thakur, Company Secretary & Compliance Officer Tilaknagar Industries Ltd., Corporate Office: 3rd Floor, Industrial Assurance Bldg. Churchgate, Mumbai 400 020. Tel. : 022 22831718/ 16 Fax : 022 2204 6904 Website : www.tilind.com Email : gthakur@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 the 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 of the Company have affirmed compliance within the Code of Conduct of the Company for the year ended March 31, 2010, as envisaged in clause 49 of the Listing Agreement with the Stock Exchanges.

For Tilaknagar Industries Ltd.

Sd/-
Amit Dahanukar
Chairman and Managing Director

Place: Mumbai
Dated: August 7, 2010

CMD & CFO 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, 2010 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 financial year ended March 31, 2010.

  (ii) significant changes in accounting policies during the financial year ended March 31, 2010.

  (iii) instances of significant fraud of which we have become aware.

For Tilaknagar Industries Ltd.

Sd/-
Amit Dahanukar
Chairman and Managing Director

For Tilaknagar Industries Ltd.

Sd/-
Lalit Sethi
Chief Financial Officer

Place : Mumbai
Dated : August 7, 2010

Auditors' 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 financial year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges 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 the 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 aforementioned 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 Tilaknagar Industries Ltd.

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

Sd/-
K.A. Mehta
Partner
Membership No. 111749

Place : Mumbai
Dated : August 7, 2010

Details of the director seeking re-appointment in the forthcoming Annual General Meeting

(Pursuant to Clause 49 of the Listing Agreement)

Name of the Directors	Dr. Vishnu Kanhere	Mr. V. B. Haribhakti
Date of Birth	April 14, 1958	October 8, 1929
Expertise in specific functional areas	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.	He is a Chartered Accountant in practice for the past several years. A gold medalist in the final Chartered Accountants Examination, he was the President of Institute of Chartered Accountants of India in the year 1967-68. He was also Member of the Council of the Institute of Chartered Accountants of India during the years 1961-73, with considerable experience in the field of accountancy and management.
Qualifications	Chartered Accountant and Cost Accountant	Chartered Accountant
Public Companies in which Directorship is held as on March 31, 2010.	Pritish Nandy Communication Ltd. PNC Productions Lt.d.	Bajaj Electricals Ltd. Citadel Realty And Developers Ltd. Simplex Realty Ltd. Anglo – French Drug Industries Ltd. Ester Industries Ltd. Lakshmi Automatic Loom Works Ltd. Hindustan Composites Ltd.
Chairman of Committees formed by Board of other Listed Companies on which he is a Director as on March 31, 2010.	Pritish Nandy Communication Ltd.	Bajaj Electricals Ltd. Simplex Realty Ltd. Ester Industries Ltd. Hindustan Composites Ltd.
Member of Committees formed by Board of other Listed Companies on which he is a Director as on March 31, 2010	Nil	Bajaj Electricals Ltd. Citadel Realty And Developers Ltd. Lakshmi Automatic Loom Works Ltd. Hindustan Composites Ltd.
Shareholding in the Company (Equity)	NIL	3000

Financial Statements

Tilaknagar Industries Ltd. - Standalone

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, 2010, 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010, 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, 2010;

      (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
Firm Registration No. 101048W

Kaushal Mehta
Partner
Membership No.111749

Place : Mumbai
Dated : August 07, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph [3] of our report of even date)

i (a) The Company has maintained proper 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 wholly owned subsidiaries, covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 34.51 crores and the year-end balance of loans granted to such parties was ₹ 34.51 crores.

(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 any such 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 overdue amount of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

(e) The Company has taken loan from two parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 15 crores and the year-end balance of loans taken from such parties was ₹ 15 crores.

(f) 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.

(g) The loans taken are repayable on demand. As informed, the lenders have not demanded repayment of any such loan during the year. The loan taken is interest free.

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 ₹ 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 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 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, except for slight delays in few cases in deposit of tax deducted at source.

(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 (₹ in lakhs)	Forum where the Dispute is pending
Income Tax Act			
A.Y. 2007-2008	Income Tax	860.70	Commissioner of Income tax (Appeals)
A.Y. 2004-2005	Income Tax	222.68	Commissioner of Income tax (Appeals)
Central Excise	Service Tax	20.18	Central Excise Service Tax Appellate 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 (Auditors' Report) Order, 2003 (as amended) are not applicable to the Company.

xv According to the information and explanations given to us, the Company has given guarantee for loans taken by the subsidiary Company from bank, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.

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 convertible warrants / shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956. In our opinion the price at which shares have been issued 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 by the management, we report that no fraud of material significance on or by the Company has been noticed or reported during the course of our audit.

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

Kaushal Mehta
Partner
Membership No.111749

Place : Mumbai
Dated : August 07, 2010

Balance Sheet as at 31st March, 2010

(Amount in ₹)

	Schedule	As at 31st March, 2010	As at 31st March, 2009
I SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a. Share Capital	'A'	323,100,000	139,494,288
b. Share Warrant	'A'(1)	-	70,650,000
c. Employee Stock Option Outstanding		2,830,067	-
d. Reserves & Surplus	'B'	1,741,781,407	1,273,683,985
		2,067,711,474	**1,483,828,273**
2. LOAN FUNDS			
a. Secured Loans	'C'	2,648,750,270	1,167,683,965
b. Unsecured Loans	'D'	1,813,531,082	83,633,054
3. DEFERRED TAX LIABILITY		113,241,141	57,361,970
		6,643,233,967	**2,792,507,262**
II APPLICATION OF FUNDS			
1. GOODWILL		3,836,695	3,836,695
2. FIXED ASSETS	'E'		
a. Gross Block		2,228,244,974	1,426,029,407
b. Less: Depreciation		258,993,767	162,929,138
c. Net Block		1,969,251,207	1,263,100,269
Add : Capital Work-In-Progress		1,495,281,189	390,951,954
		3,464,532,396	1,654,052,223
d. Less: Impairment of assets		1,704,564	1,704,564
		3,462,827,832	**1,652,347,659**
3. INVESTMENTS	'F'	65,345,179	62,844,179
4. CURRENT ASSETS, LOANS & ADVANCES	'G'	4,141,238,573	2,012,499,798
LESS: CURRENT LIABILITIES & PROVISIONS	'H'	1,030,014,312	939,021,069
NET CURRENT ASSETS		**3,111,224,261**	**1,073,478,729**
		6,643,233,967	**2,792,507,262**
Significant accounting policies & Notes on accounts	'L'		

As per our Report of even date annexed.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Dated : August 07, 2010

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director

Shivani Amit Dahanukar
Executive Director

V.B.Haribhakti
Director

Dr. Vishnu Kanhere
Director

C.V.Bijlani
Director

Madan Goyal
Director

Gaurav Thakur
Company Secretary

Profit and Loss Account for the year ended 31st March, 2010

(Amount in ₹)

	Schedule	For the year ended 31st March, 2010	For the year ended 31st March, 2009
I INCOME			
Sales (Refer Annexure to Schedule L)	'I'(1)	4,862,128,252	3,917,344,724
Less: Excise duty		1,344,838,453	1,495,977,427
		3,517,289,799	**2,421,367,297**
Other Income	'I'(2)	43,529,247	27,991,638
		3,560,819,046	**2,449,358,935**
II EXPENDITURE			
(Increase) / Decrease in stock	'I'(3)	(98,698,341)	(148,129,025)
Cost of material	'I'(4)	1,512,443,406	1,073,181,413
Employees' remuneration and benefits	'J'	195,631,155	197,687,367
Manufacturing and other expenses	'K'	1,154,851,513	861,612,365
Finance cost		229,576,193	107,097,969
Depreciation / Amortisation		67,410,489	28,890,324
		3,061,214,415	**2,120,340,413**
Profit before taxation		**499,604,631**	**329,018,522**
Less: Provision for taxation			
Current years'		112,500,000	87,500,000
Previous years'		-	3,944,203
Fringe Benefit Tax		-	1,750,000
Deferred Tax		55,879,171	23,340,000
		168,379,171	**116,534,203**
Profit after taxation		**331,225,460**	**212,484,319**
Add: Balance brought forward from previous years		387,776,944	213,695,905
Amount available for appropriations		**719,002,404**	**426,180,224**
III APPROPRIATIONS			
Transferred to General Reserve		33,500,000	21,500,000
Proposed dividend		88,659,473	14,447,865
Dividend distribution tax (including surcharge & cess)		15,072,110	2,455,415
Balance transferred to Balance Sheet		581,770,821	387,776,944
		719,002,404	**426,180,224**
Earnings Per Share (₹) Basic		16.33	12.36
Diluted		15.96	11.76
(Refer Note (xvi) of Schedule 'L')			
Significant accounting policies & Notes on accounts	'L'		

As per our Report of even date annexed.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Dated : August 07, 2010

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director

Shivani Amit Dahanukar
Executive Director

V.B.Haribhakti
Director

Dr. Vishnu Kanhere
Director

C.V.Bijlani
Director

Madan Goyal
Director

Gaurav Thakur
Company Secretary

Schedules Forming Part of Accounts

for the year ended 31st March, 2010

(Amount in ₹)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 'A'		
SHARE CAPITAL		
Authorised		
50,000,000 equity shares of ₹ 10/- each	500,000,000	300,000,000
(P.Y. 30,000,000 equity shares of ₹ 10/- each)		
900,000 Compulsorily Convertible Cumulative Preference Shares (CCPS) of ₹ 94/- each	84,600,000	84,600,000
(P.Y. 900,000 CCPS of ₹ 94/- each)		
Issued, Subscribed and Paid Up		
32,310,000 equity shares of ₹ 10/- each fully paid up (P.Y. 5,725,068 equity shares of ₹ 10/- each)	323,100,000	57,250,680
Of the above shares :-		
(a) 21,842,675 equity shares of ₹10/- each fully paid-up bonus shares by capitalisation of reserves.		
(b) 1,237,500 equity shares of ₹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.		
Nil (P.Y. 874,932) 12% Compulsorily Convertible Cumulative Preference Shares (CCPS) of ₹ 94/- each fully paid up	-	82,243,608
	323,100,000	**139,494,288**
SCHEDULE 'A'(1)		
SHARE WARRANT		
Nil (P.Y. 4,500,000 of ₹ 157/- each -10% paid up)	-	70,650,000
	-	**70,650,000**
SCHEDULE 'B'		
RESERVES & SURPLUS		
1. Share Premium Account		
As per last Balance Sheet	20,957,443	20,957,443
Add : Additions during the year	415,434,288	-
Less : Utilised for issue of bonus shares	215,400,000	-
	220,991,731	**20,957,443**
2. General Reserve		
As per last Balance Sheet	72,160,572	50,660,572
Transfer from Profit & Loss Account	33,500,000	21,500,000
	105,660,572	**72,160,572**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 'B' *(contd)*		
3. Capital Reserve	**70,650,000**	-
4. Revaluation Reserve	792,789,026	822,869,769
Less : Amortised	30,080,743	30,080,743
	762,708,283	**792,789,026**
5. Profit & Loss Account	**581,770,821**	**387,776,944**
	1,741,781,407	**1,273,683,985**
SCHEDULE 'C'		
SECURED LOANS		
1. Long Term Loans		
Term Loans		
From Banks	1,466,256,314	413,200,000
(Against first charge on the fixed assets of the Company situated at Shrirampur, Dist. Ahmednagar and second charge on current assets.)		
2. Short Term Loans		
Cash Credit (including working capital demand loan)	1,165,844,947	748,160,609
(Against hypothecation of stock of raw material, work-in-process, 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)	16,649,009	6,323,356
	2,648,750,270	**1,167,683,965**
SCHEDULE 'D'		
UNSECURED LOANS		
1. Fixed deposits - Shareholders & Others	-	608,000
2. Unsecured Loans		
From Banks	1,663,531,082	49,958,582
From Promoters & Others	150,000,000	33,066,472
	1,813,531,082	**83,633,054**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

SCHEDULE 'E'

(Amount in ₹)

FIXED ASSETS

	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at 1st April, 2009	Additions	Deductions	Revaluation	As at 31st March, 2010	As at 1st April, 2009	Deductions	For the year	On Revaluation	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
Tangible Assets												
Land	522,890,000	-	-	-	522,890,000	-	-	-	-	-	522,890,000	522,890,000
Buildings	156,435,541	24,596,240	-	-	181,031,781	29,827,812	-	3,857,785	10,478,360	44,163,957	136,867,824	126,607,729
Plant & Machinery	648,462,009	714,114,500	-	-	1,362,576,509	99,989,478	-	34,268,930	19,602,383	153,860,791	1,208,715,718	548,472,531
Furniture & Fixtures	18,494,168	23,072,057	-	-	41,566,225	7,708,830	-	4,295,588	-	12,004,418	29,561,807	10,785,338
Computers	28,914,463	18,980,982	-	-	47,895,445	4,771,628	-	15,363,987	-	20,135,615	27,759,830	24,142,835
Electrical Installation & Fittings	5,916,512	423,458	-	-	6,339,970	1,836,101	-	605,591	-	2,441,692	3,898,278	4,080,411
Motor Car and Transport Vehicles	24,767,806	23,143,474	2,115,144	-	45,796,136	9,378,709	1,426,603	7,078,170	-	15,030,276	30,765,860	15,389,097
Roads & Bridges	2,702,038	-	-	-	2,702,038	691,758	-	201,028	-	892,786	1,809,252	2,010,280
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	8,697,049	-	1,739,410	-	10,436,459	6,957,638	8,697,048
	1,426,029,407	**804,330,711**	**2,115,144**	**-**	**2,228,244,974**	**162,929,138**	**1,426,603**	**67,410,489**	**30,080,743**	**258,993,767**	**1,969,251,207**	**1,263,100,269**
Capital WIP	390,951,954	1,104,329,235	-	-	1,495,281,189	-	-	-	-	-	1,495,281,189	390,951,954
Grand Total	**1,816,981,361**	**1,908,659,946**	**2,115,144**	**-**	**3,723,526,163**	**162,929,138**	**1,426,603**	**67,410,489**	**30,080,743**	**258,993,767**	**3,464,532,396**	**1,654,052,223**
Previous Year	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	1,654,052,223	-

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	Shares/ Units	As at 31st March, 2010		As at 31st March, 2009	
SCHEDULE 'F'					
INVESTMENTS					
Long Term					
1. Government Securities : (Unquoted)					
7 Year National Savings Certificates of face value of ₹ 51,400/- (Certificates worth ₹ 44,000/- deposited with Government authorities)		51,400		51,400	
6 Year National Savings Certificates (Deposited with Government authorities)		4,250		4,250	
			55,650		**55,650**
2. Shares in Joint Stock Companies, etc.(Unquoted)					
Mula Pravara Electric Co-operative Society Ltd.	Equity	253,070		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	
			291,570		**290,570**
3. Investment in subsidiary (Unquoted)					
Surya Organic Chemicals (P) Ltd. (73,050 shares of ₹ 100/- each)			8,362,904		8,362,904
Prag Distillery (P) Ltd. (2,011,000 shares of ₹ 10/- each)			54,135,055		54,135,055
Current					
Investment in mutual funds (Unquoted)					
Monthly Income Plan	Units	122,880.315	2,500,000		-
			65,345,179		**62,844,179**
Aggregate of quoted investments			-		-
Aggregate of unquoted investments (at cost)			65,345,179		62,844,179

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 'G'		
CURRENT ASSETS, LOANS & ADVANCES		
Current Assets		
Inventory (at cost)		
Raw material	218,280,621	60,254,215
Stores, components	165,551,832	257,172,026
Work-in-process	199,391,291	34,941,699
Stock-in-trade	135,082,356	200,833,607
Stock-in-transit	-	3,970,555
	718,306,100	**557,172,102**
Sundry Debtors (unsecured)		
(a) Debtors outstanding exceeding six months		
Considered good	-	84,167,548
Considered doubtful	13,327,176	-
	13,327,176	84,167,548
(b) Other debts	674,761,905	521,849,559
	688,089,081	**606,017,107**
Cash and bank balances		
Cash and cheques on hand	165,945,615	13,309,076
In Current Accounts with Scheduled Banks	13,333,878	4,285,869
In Fixed Deposits with Scheduled Banks	77,379,206	25,527,251
	256,658,699	**43,122,196**
Loans & Advances		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	691,644,108	225,477,226
Advances to Subsidiary Companies	345,153,645	202,266,293
Advance with tie up units	1,196,862,981	205,918,192
Balance with Excise Authorities	12,802,110	12,874,620
Deposit with Court	39,676,366	39,650,161
Other Deposits	192,045,483	120,001,901
	2,478,184,693	**806,188,393**
	4,141,238,573	**2,012,499,798**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 'H'		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors		
Micro & Small Enterprises (Refer Note (xv))	-	-
Others	429,691,847	482,517,081
Unclaimed dividend	970,639	793,918
Unclaimed Deposits	16,000	814,000
Trade Deposits (Unsecured, interest free)	394,656,497	277,756,297
	825,334,983	**761,881,296**
Provisions		
Provision for Taxation (Net of Advance Tax)	52,172,116	52,439,282
Proposed Dividend	88,659,473	14,447,865
Dividend Distribution Tax	15,072,110	2,455,415
Provision for Gratuity	2,796,594	21,049,446
Provision for leave encashment	8,850,327	7,596,590
Other Provisions	37,128,709	79,151,175
	204,679,329	**177,139,773**
	1,030,014,312	**939,021,069**

(Amount in ₹)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
SCHEDULE 'I'(1)		
SALES		
Sales of products	3,780,712,720	3,634,036,632
Income from tie-up units	1,063,371,976	268,785,521
Other operating income	18,043,556	14,522,571
	4,862,128,252	**3,917,344,724**
SCHEDULE 'I'(2)		
OTHER INCOME		
Duty drawback on exports	4,295,353	3,070,320
Miscellaneous receipts	16,230,360	20,584,280
Sundry balances written back	21,759,823	2,792,362
Interest income	2,785,878	1,456,531
Gain/ (Loss) on exchange fluctuation	(1,542,167)	88,145
	43,529,247	**27,991,638**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
SCHEDULE 'I'(3)		
(INCREASE) / DECREASE IN STOCK		
Opening Stock		
i) Work-in-process	34,941,699	7,833,137
ii) Finished goods	200,833,607	79,813,144
	235,775,306	**87,646,281**
Less : Closing Stock		
i) Work-in-process	199,391,291	34,941,699
ii) Finished goods	135,082,356	200,833,607
	334,473,647	235,775,306
Net (Increase)/Decrease in Stock	**(98,698,341)**	**(148,129,025)**
SCHEDULE 'I'(4)		
COST OF MATERIAL		
i) Raw Material Consumption		
Opening Stock	60,254,215	30,487,298
Add: Purchases	765,627,029	536,114,050
Less: Closing Stock	218,280,621	60,254,215
	607,600,623	**506,347,133**
ii) Packing Material & Consumables	904,842,783	566,834,280
	1,512,443,406	**1,073,181,413**
SCHEDULE 'J'		
EMPLOYEES' REMUNERATION & BENEFITS		
Salary and wages	154,399,300	166,315,464
Contribution to provident fund and family pension fund	13,241,786	10,041,144
Labour and staff welfare expenses	25,193,475	10,174,861
Gratuity	2,796,594	11,155,898
	195,631,155	**197,687,367**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
SCHEDULE 'K'		
MANUFACTURING AND OTHER EXPENSES		
Power and fuel	21,560,063	24,094,047
Provision for excise duty on finished goods (Refer Note (xii))	(42,022,466)	40,420,885
Repairs & maintenance	26,035,663	28,618,875
Insurance	7,156,283	6,349,667
Rent	60,116,944	127,942,136
Conversion cost	329,246,758	51,685,919
Legal and professional charges	34,428,831	32,391,829
Auditors Remuneration	399,838	255,749
Rates and taxes	30,828,792	50,146,103
Sales tax	35,127,162	18,184,644
Freight, transport charges & other expenses	77,322,766	79,509,895
Selling expenses [Discounts,Sales Promotion & Advertising etc.]	429,030,715	322,864,761
Travelling and conveyance expenses	19,936,188	10,274,953
Printing and stationery	5,438,386	3,087,896
Communication expenses	12,708,370	7,062,910
Vehicle running expenses	3,784,371	2,931,685
Loss on sale of assets	123,542	215,642
Bad debts	4,863,544	-
Commission to Independent Directors	4,788,122	3,286,254
Director sitting fees	280,000	300,000
Miscellaneous expenses	93,697,641	51,988,515
	1,154,851,513	**861,612,365**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

SCHEDULE 'L" SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of Preparation of Financial Statement:

The financial statements have been prepared using historical cost convention and on the basis of going concern in accordance with generally accepted accounting principles in India, Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956.

(ii) Use of Estimates:

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

(iii) Revenue Recognition:

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

(a) Sales are recognised on dispatch of goods to customers and are inclusive of central / state excise duty.

(b) Insurance and other claims are accounted for as and when admitted by the appropriate authorities.

(iv) Inventories:

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

(a) Raw material, Stores & Components and Work-in-Process are valued at material cost.

(b) Finished goods valued at manufacturing cost which comprise direct material, direct labor, other direct cost and other related manufacturing overheads. Excise duty payable on finished goods stock is added to the cost.

(v) Fixed Assets:

(a) Fixed assets are stated at their original cost of acquisition /installation, net of accumulated depreciation, amortisation and impairment losses.

(b) Capital work-in-progress is stated at the amount incurred up to the date of the Balance Sheet.

(c) Expenditure incurred during construction/erection period (Including finance cost relating to borrowed funds for construction or acquisition of fixed assets) on project under implementation are included under "Capital work-in-progress". These expenses are appropriated to fixed assets on commencement of commercial production.

(d) Fixed assets purchased under Hire purchase arrangements, includes expenditure incurred till the assets are put to use.

(e) Intangible assets are stated at cost of acquisition less accumulated amortisation.

(vi) Depreciation and Amortisation:

(a) Depreciation is provided on the "Written Down Value Method" in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956:

(i) On all assets acquired prior to 30th September, 1968

(ii) On all assets acquired under amalgamation from erstwhile Tilaknagar Distilleries & Industries Ltd. prior to 1st April, 1980 and all assets other than plant & machinery acquired after 1st April, 1980.

(b) Depreciation is provided on the "Straight Line Method" in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956 on all other assets other than those stated herein above.

(c) Depreciation is provided on assets acquired during the year from the date on which assets were put to use.

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(vii) Impairment of Assets:

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

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

(viii) 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) Current Investments are shown at cost / fair value whichever is lower.

(ix) Foreign Currency Conversion:

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. Foreign currency denominated monetary items as at the Balance Sheet date are translated at the rate prevailing on the date of Balance Sheet. Exchange rate difference arising on the settlement of monetary items including year end translations are recognised in the Profit & Loss Account.

(x) Provisions and Contingencies:

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

(xi) Research and Development:

Revenue expenditure on research and development is charged to the profit & loss of the year in which it is incurred.

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

(xii) Borrowing Cost:

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

(xiii) Employee Benefits:

(a) **Defined Contribution Plan:**

Employee benefits in the form of contribution to Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the same is charged to the Profit & Loss Account of the year when the contribution to the respective funds are due.

(b) **Defined Benefit Plan:**

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

(c) **Leave Encashment:**

Liability on account of the unavailed earned leave has been provided at the year-end on actual basis.

(xiv) Employee Stock Compensation Cost:

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

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(xv) Taxation:

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

(b) Deferred Tax is recognised in respect of deferred tax assets (subject to the consideration of prudence) and to the extent there is virtual certainty that the asset will be realised in future and deferred tax liabilities on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in subsequent years.

(xvi) Earnings Per Share:

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

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

2. NOTES ON ACCOUNTS

(i) Contingent liability not provided for

(Amount in ₹)

Particulars	As at 31st March, 2010	As at 31st March, 2009
(a) Corporate guarantees issued to banks on behalf of Subsidiary Company	250,000,000	Nil
(b) Bank guarantees issued on behalf of the Company	51,766,600	6,200,000
(c) In respect of disputed sales tax matter, pending before the sales tax tribunal, contested by the Company	Nil	1,340,750
(d) In respect of disputed income tax matters, pending before the appropriate Income tax authorities, contested by the Company		
For A.Y. 2007-08	86,069,844	Nil
For A.Y. 2004-05	22,267,678	Nil
For A.Y. 1992-93	Nil	1,000,000
(e) In respect of disputed service tax matter, pending before the appropriate Central Excise authorities, contested by the Company	2,017,760	Nil
(f) Disputed matter under arbitration pending disposal	20,137,685	20,137,685

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

(iii) Finance cost comprises of

(Amount in ₹)

Particulars	2009-10	2008-09
(a) Interest on term loans	78,434,625	5,972,838
(b) Interest on cash credits / Working capital demand loan	115,966,519	81,736,706
(c) Others	35,175,049	19,388,425
	229,576,193	**107,097,969**

(iv) Operating Lease

The Company has taken Bottling units on operating lease at various locations and during the financial year ₹ 20.97 million paid towards lease rentals has been charged to Profit & Loss Account.

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(v) **The disclosure of Accounting Standard 15 "Employee Benefits" is as follows**

Defined Contribution Plan

The Company has charged in the Profit & Loss Account during the financial year an amount of ₹ 13.24 million under defined contribution plan as employer's contribution to Provident Fund.

Defined Benefit Plan

The Employees' gratuity fund scheme managed by LIC is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises 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 recognised in the manner as gratuity.

The net value of the defined commitment is detailed below

(Amount in ₹)

	Funded Gratuity	Non Funded Leave
Present Value of Commitments	10,870,914	
Fair Value of Plans	8,074,320	
Net Liability in the Balance Sheet	**2,796,594**	**8,850,327**
Defined Benefit Commitments		
Opening balance as at 1st April, 2009	21,049,446	
Current Service Cost	2,645,682	
Interest expenses	1,895,610	
Paid benefits	-	
Actuarial(gain)/loss	(14,719,824)	
Transfer received	-	
Closing balance as at 31st March, 2010	**10,870,914**	
Plan Assets		
Opening balance as at 1st April, 2009	7,431,496	
Expected return on scheme assets	594,520	
Contributions by the Company	-	
Paid Funds	-	
Actuarial gain/(loss)	48,304	
Transfer Received	-	
Closing balance as at 31st March, 2010	**8,074,320**	
Return on Plan Assets		
Expected return on plan assets	594,520	
Actuarial gain/(loss)	48,304	
Actual Return on Plan Assets	**642,824**	
Expenses on defined benefit plan		
Current service costs	2,645,682	
Past service cost	-	
Interest expense	1,895,610	
Expected return on investment	(594,520)	
Net actuarial(gain)/loss	(14,768,128)	
Expenses charged to the Profit and Loss Account	**(10,821,356)**	

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

	%
Investments Details	Invested
	As at 31st March, 2010
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)	8.25%
Expected rate of return on plan assets (per annum)	8.00%
Rate of escalation in salary (per annum)	5.00%

(vi) Employee Stock Option Scheme

(a) The Shareholders of the Company at the Annual General Meeting held on 6th August, 2008 approved Employee Stock Option Scheme (ESOP) 2008.

(b) During the year ended 31st March, 2010 the following scheme was in operation

(Amount in ₹)

Particulars	Grant 1	Grant 2
Date of Grant	2nd July, 2009	28th January, 2010
Date of the Board Approval	2nd July, 2009	28th January, 2010
Date of the Shareholders Approval	6th August, 2008	6th August, 2008
Number of options granted	**273,000	1,444,521
Vesting period from the date of grant	4 years	4 years
Exercise period from the date of vesting	2 years	2 years

** Post adjustment of Bonus in the ratio of 2:1 shares and net of cancellation and re-issue of stock option during the financial year.

(c) **The details of the options as on 31st March, 2010 are as under**

(Amount in ₹)

Particulars	As at 31st March, 2010	As at 31st March, 2009
Options outstanding at the beginning of the year	Nil	Nil
Options granted during the year**	1,717,521	Nil
Options cancelled during the year	Nil	Nil
Options outstanding at the end of the year**	1,717,521	Nil

** Net of cancellation and re-issue of stock option during the financial year.

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(d) The weighted average fair value of stock options granted during the financial year was ₹ 5,573,552 (Previous Year ₹ Nil). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs

(Amount in ₹)

Particulars	Grant 1	Grant 2
Dates of Grant	2nd July, 2009	28th January, 2010
Market Price (₹ per share) on the dates of grant	143.45	99.45
Volatility	71.49%	68.67%
Risk free rate	6.24%	6.76%
Exercise price	120	75
Time to maturity (years)	5	5
Dividend yield	2%	2%
Option fair value (₹ per share)	66.80	49.11

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

(Amount in ₹)

Particulars	As at 31st March, 2010	As at 31st March, 2009
Net Profit as Reported available to Equity Share holders	322,000,627	212,326,148
Add: Employee stock compensation under intrinsic value	2,830,067	Nil
Less: Employee stock compensation under fair value method	5,573,552	Nil
Adjusted Net profit	319,257,142	212,326,148
Earnings per share		
Basic:		
-As reported	16.33	12.36
-Adjusted	16.19	12.36
Diluted:		
-As reported	15.96	11.76
-Adjusted	15.83	11.76

(vii) 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.

(viii) Related Party Disclosures

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

(a) **List of Related parties and relationship**

Sr. No.	Name of the related party	Relationship
1.	Prag Distillery (P) Ltd.	Subsidiary Company
2.	Surya Organic Chemicals (P) Ltd.	Subsidiary Company
3.	Mr. Amit Dahanukar	Key Managerial Personnel (Chairman & Managing Director)
4.	Mrs. Shivani Amit Dahanukar	Key Managerial Personnel (Executive Director)
5.	M.L. Dahanukar & Co. Pvt. Ltd.	Company in which Key Managerial Personnel has substantial interest
6.	Arunoday Investments Pvt. Ltd.	Company in which Key Managerial Personnel has substantial interest
7.	Dr. Priyadarshini A. Dahanukar	Relative of Key Managerial Personnel

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(b) **Transactions during the financial year with related parties**

(Amount in ₹)

Sr. No	Nature of Transaction	Subsidiary Companies	Key Managerial personnel	Company with substantial Interest	Relatives of Key Managerial Personnel
1.	Sale/Purchase	25,628,270	-	-	-
2.	Payment to Key Managerial Personnel	-	47,881,221	-	-
3.	Net Loans & Advances given	142,887,352	-	-	-
4.	Loans taken	-	-	150,000,000	-
5.	Rent		2,454,000	720,000	685,200
6.	Outstanding:				
	Receivable	345,153,645	-	-	-
	Payable	-	-	150,000,000	-

(ix) The break-up of deferred tax as at 31st March, 2010 is as under

(Amount in ₹)

Particulars	Deferred Tax liability as at 31st March, 2010
Deferred Tax liability as at 1st April, 2009	57,361,970
Add: Deferred Tax (Assets) /Liability during the year on account of difference in depreciation & Others	55,879,171
Deferred Tax liability as on 31st March, 2010	**113,241,141**

(x) Managerial Remuneration

a) **Details of the Managerial Remuneration paid or provided during the financial year ended on 31st March, 2010**

(Amount in ₹)

Particulars	2009-10	2008-09
Remuneration to Managing Director and Whole Time Directors		
- Salaries and Contribution to funds	31,753,380	26,564,246
- Value of perquisites	-	-
- Commission	16,127,841	6,298,292
	47,881,221	**32,862,538**
Remuneration to Non-executive and Independent Directors		
- Commission	4,788,122	3,286,254

Note: The above amounts do not include contribution to Gratuity Fund, as separate amount is not available for Managing Director and Whole Time Directors.

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

b) Computation of Profit u/s 198 (read with Section 349 & Section 350) of the Companies Act, 1956 for the purpose of Managerial remuneration for the financial year ended 31st March, 2010

(Amount in ₹)

Particulars	2009-10	2008-09
Profit as per Profit & Loss Account	331,225,460	212,484,319
Add: Managerial Remuneration	52,669,343	36,148,792
Depreciation and Amortisation	67,410,489	28,890,324
Loss on sale of assets	123,542	215,642
Provisions for Taxation (Including Deferred Tax)	168,379,171	116,534,203
	619,808,005	394,273,280
Less: Depreciation u/s 350 of the Companies Act, 1956	67,410,489	28,890,324
Profit on sale of assets	-	-
Net Profit as per Section 198 (read with Section 349 & Section 350) of the Companies Act, 1956.	**552,397,516**	**365,382,956**
Maximum amount of Remuneration permissible to the Managing and Whole Time Directors in terms of Section 309 of the Companies Act, 1956, (10% of profit as computed above)	55,239,752	36,538,296
Maximum amount of Commission permissible to Non-executive and Independent Directors in terms of Section 309 of the Companies Act, 1956, (1% of profit as computed above)	5,523,975	3,653,830

(xi) **Auditor's remuneration charged to accounts**

(Amount in ₹)

Particulars	2009-10	2008-09
a) Audit Fees	330,900	151,686
b) Auditors remuneration in other capacity	68,938	104,063
	399,838	**255,749**

(xii) Provision of excise duty on finished goods manufactured but yet to be cleared from the factory as at 31st March, 2010 estimated at ₹ 37,128,709 (Previous Year ₹ 79,151,175) has been provided in the books and also been considered in valuation of closing stock of finished goods. Provision for excise duty on finished goods charged in the Profit and Loss Account for the financial year is as follows

(Amount in ₹)

Particulars	2009-10	2008-09
Provision for excise duty on finished goods at the beginning of the year	79,151,175	38,730,290
Provision for excise duty on finished goods at the end of the year	37,128,709	79,151,175
Provision for excise duty on finished goods charged in the Profit and Loss Account	(42,022,466)	40,420,885

(xiii) 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.

(xiv) The amount of secured and unsecured loans from banks outstanding at the end of the financial year have been guaranteed by the personal guarantee of Chairman & Managing Director of the Company.

(xv) The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to Micro, Small and Medium Enterprises have not been made.

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(xvi) Earnings Per Share

(Amount in ₹)

Particulars	2009-10	2008-09
Profit After Tax	331,225,460	212,484,319
Less : Dividend on Preference Shares & Tax thereon	9,224,833	158,171
Profit after Tax and after Preference Dividend	322,000,627	212,326,148
Weighted average number of shares	19,717,994	17,175,204
Basic Earnings Per Share	16.33	12.36
Weighted average number of shares (adjusted for the effects of dilutive potential equity shares)	20,171,511	18,050,136
Diluted Earnings Per Share	15.96	11.76
Face Value per Equity Share	10	10

(xvii) Other Significant notes

(a) 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 ₹ 76.2 million.

(b) 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 ₹ 25 million. The Company withheld the Security Deposit on the grounds that Ding Dong Liquors had failed to deliver the 'C' forms and other amounts due to the Company. The Hon'ble High Court vide its Order directed the Company to deposit a sum of ₹ 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 ₹ 39 million and 'C' forms against Ding Dong Liquors.

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

(d) Anupama Wine Distributor has filed a Company petition against the Company 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 ₹ 42.10 million. The Company has deposited a bank guarantee worth the said amount with the High Court, Mumbai and has filed an appeal against the said Order.

(xviii) Additional information pursuant to the provisions of paragraph 3, 4 (c) & (d) of part II of Schedule VI of Companies Act, 1956, is annexed hereto

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

As per our Report of even date annexed.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Dated : August 07, 2010

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director

Shivani Amit Dahanukar
Executive Director

V.B.Haribhakti
Director

Dr. Vishnu Kanhere
Director

C.V.Bijlani
Director

Madan Goyal
Director

Gaurav Thakur
Company Secretary

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	UOM	2009-10 Quantity	2009-10 Rupees	2008-2009 Quantity	2008-2009 Rupees
ANNEXURE TO SCHEDULE 'L'					
1. SALES & SERVICES					
Products					
(i) Sales					
(a) Indian Made Foreign Liquor - own unit	B.L.	5,710,320	693,408,340	5,194,386	838,526,655
(b) Industrial Alcohol & Other Spirits	B.L.	3,397,800	145,366,070	1,911,432	43,438,748
(c) Diethyl Oxalate/ Chemicals	Kgs	607,900	45,422,600	437,585	31,868,850
(d) Indian Made Foreign Liquor - Lease units	B.L.	2,623,851	2,896,515,710	22,303,359	2,720,202,379
			3,780,712,720		**3,634,036,632**
(ii) Income from tie-up units			1,063,371,976		268,785,521
(iii) Other Income			18,043,556		14,522,571
			4,862,128,252		**3,917,344,724**

(iv) 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 responsbility 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	2009-10 Quantity	2009-10 Rupees	2008-2009 Quantity	2008-2009 Rupees
Gross Sales	B.L.	34,659,513	5,566,393,653	6,901,920	1,115,179,328
Net Sales			2,470,324,713		561,241,577

The total income reported in Schedule 'I (1) is detailed as follows

	2009-10	2008-09
Gross Sales of Companys' brands and other sales including sales made by tie-up arrangement	9,365,149,929	4,763,738,531
Less : Excise Duty	4,440,907,393	2,049,915,178
Net Sales of Companys' brands and other sales	**4,924,242,536**	**2,713,823,353**
Less : Net Sales made by tie up units	2,470,324,713	561,241,577
Add : Net income from tie up arrangement	1,063,371,976	268,785,521
Total Income	**3,517,289,799**	**2,421,367,297**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	UOM	2009-10 Quantity	2009-10 Rupees	2008-2009 Quantity	2008-2009 Rupees
ANNEXURE TO SCHEDULE 'L' *(contd)*					
2. STOCK OF FINISHED GOODS					
(i) Opening 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	42,526,974
			200,833,607		**79,813,144**
(ii) Closing Stock					
Products					
(a) Indian Made Foreign Liquor - own unit	B.L.	312,768	23,807,548	413,001	35,366,272
(b) Industrial Alcohol & Other Spirits	B.L.	417,565	15,032,340	749,605	50,424,146
(c) Diethyl Oxalate/ Chemicals	Kgs	47,000	3,188,017	9,300	771,800
(d) Indian Made Foreign Liquor - Lease units	B.L.	608,283	93,054,451	633,780	114,271,389
			135,082,356		**200,833,607**

3. PARTICULARS OF GOODS MANUFACTURED	UOM	Licensed Capacity per annum	Installed Capacity per annum	Quantity 2009-10	Quantity 2008-09
Products					
(a) Indian Made Foreign Liquor - own unit	B.L.	9,000,000	9,000,000	5,610,087	5,286,403
(b) Industrial Alcohol & Other Spirits	B.L.	24,250,000	24,250,000	11,966,165	12,175,967
(c) Diethyl Oxalate/ Chemicals	Kgs	2,400,000	2,400,000	645,600	435,990
(d) Indian Made Foreign Liquor - Lease units	B.L.	35,741,250	35,741,250	26,205,354	22,694,725

	UOM	2009-10 Quantity	2009-10 Rupees	2008-09 Quantity	2008-09 Rupees
4. RAW MATERIAL CONSUMED					
(a) Molasses	M.T.	46,291	273,219,527	44,728	263,773,879
(b) Industrial Alcohol & Other Spirits	B.L.	15,520,940	309,170,308	10,342,774	224,447,188
(c) Oxalic Acid/ Chemicals	Kgs	733,000	25,210,788	534,850	18,126,066
			607,600,623		**506,347,133**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

	2009-10		2008-09	
	₹	%	₹	%
5. VALUE OF IMPORTED & INDIGENOUS RAW MATERIAL & COMPONENTS CONSUMED				
i) Imported	-	-	-	-
ii) Indigenous	607,600,623	100	506,347,133	100
	607,600,623		**506,347,133**	
6. CIF VALUE OF IMPORTS	-		-	
7. EARNINGS IN FOREIGN EXCHANGE	52,510,880		81,460,676	
8. EXPORT THROUGH THIRD PARTIES	-		-	
9. EXPENDITURE IN FOREIGN EXCHANGE	9,589,785		2,666,708	

Cash Flow Statement

for the year ended 31st March, 2010

(Amount in ₹)

	2009-10		2008-09	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax & extraordinary items		499,604,631		329,018,522
Adjustment for				
Depreciation	67,410,489		28,890,324	
(Surplus) / Loss on sale of assets	123,542		215,642	
Interest (net)	226,790,315		105,641,438	
Dividend received	-		(11)	
		294,324,346		134,747,393
Operating Profit before working capital changes				
Adjustment for				
(Increase) / Decrease in inventory	(161,133,998)		(344,942,689)	
(Increase) / Decrease in trade receivables	(82,071,974)		(55,522,283)	
(Increase) / Decrease in loans and advances	(1,671,996,300)		(453,407,864)	
(Decrease) / Increase in trade payable and provisions	90,993,243		394,721,712	
		(1,824,209,029)		(459,151,124)
Proceeds from short term borrowings		1,281,253,557		-
Tax provision		(112,500,000)		(93,194,203)
NET CASH FROM OPERATING ACTIVITIES		**138,473,505**		**(88,579,412)**
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(1,908,659,947)		(491,931,340)	
Sale of fixed assets	565,000		367,134	
Increase in investments	(2,501,000)		(31,447,293)	
Dividend received	-		11	
Interest received	2,785,878		1,456,531	
NET CASH FROM INVESTING ACTIVITIES		**(1,907,810,069)**		**(521,554,957)**
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital including premium	386,470,067		82,243,608	
Proceeds from borrowings (net)	1,929,710,776		674,514,407	
Interest paid	(229,576,193)		(107,097,969)	
Dividend and tax thereon	(103,731,583)		(16,903,280)	
NET CASH FROM FINANCING ACTIVITIES		**1,982,873,067**		**632,756,766**
NET INCREASE IN CASH & CASH EQUIVALENTS		**213,536,503**		**22,622,397**
Opening cash & cash equivalents		43,122,196		20,499,799
Closing cash & cash equivalents		**256,658,699**		**43,122,196**

As per our Report of even date annexed.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Dated : August 07, 2010

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director

Shivani Amit Dahanukar
Executive Director

V.B.Haribhakti
Director

Dr. Vishnu Kanhere
Director

C.V.Bijlani
Director

Madan Goyal
Director

Gaurav Thakur
Company Secretary

Balance Sheet Abstract

Company's General Business Profile

I REGISTRATION DETAILS

Registration No.	133303	State Code	11
Balance Sheet Date	31 03 2010		

II CAPITAL RAISED DURING THE YEAR (AMOUNT IN ₹ THOUSANDS)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	215400	Private Placement (Equity Shares)	383640

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN ₹ THOUSANDS)

Total Liabilities	7673248	Total Assets	7673248
SOURCES OF FUNDS			
Paid-up Capital	323100	Reserves and Surplus	1741781
Employee Stock Option Outstanding	2830		
Secured Loans	2648750	Unsecured Loans	1813531
Deferred Tax Liabiltiy	113241	Current Liabilities	1030015
APPLICATION OF FUNDS			
Net Fixed Assets	3466665	Investment	65345
Current Assets	4141238	Miscellaneous Expenditure	NIL
Accumulated Losses	NIL		

IV PERFORMANCE OF COMPANY (AMOUNT IN ₹ THOUSANDS) * (INCLUDES OTHER INCOME)

Turnover*	4905657	Total Expenditure	4406052
Profit/(Loss) Before Tax	+ ✓ - 499605	Profit/(Loss) After Tax	+ ✓ - 331225
Earning per share (In ₹) (Basic)	+ ✓ - 16.33	Dividend Rate (%)	25
Earning per share (In ₹) (Diluted)	+ ✓ - 15.96		

V GENERIC NAMES OF TWO PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No (ITC Code)	22071 0.01
Product Description	RECTIFIED SPIRIT
Item Code No. (ITC Code)	22083 0.00
Product Description	IMFL (WHISKIES)

As per our Report of even date annexed.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Dated : August 07, 2010

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director

Shivani Amit Dahanukar
Executive Director

V.B.Haribhakti
Director

Dr. Vishnu Kanhere
Director

C.V.Bijlani
Director

Madan Goyal
Director

Gaurav Thakur
Company Secretary

Financial Statements

Prag Distillery (P) Ltd.

Directors' Report

Prag Distillery (P) Ltd.

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

Dear Members,

Your Directors have the pleasure in presenting the 5th Annual Report of the Company together with Audited Statement of Accounts of your Company for the financial year ended 31st March, 2010.

FINANCIAL RESULTS

Your Company has achieved net sales of ₹ 361,275,506/- as compared to ₹ 70,724,160/- in 2008-09 achieving impressive growth of 411% in the turnover and posted Net Profit of ₹ 39,994,287/- as compared to Net Loss of ₹ 2,402,969/- in 2008-09.

OPERATIONAL REVIEW

In view of the phenomenal increase in production and gross sales and in view of the fact that your Company's products have been very well accepted in the market, your Company plans to increase capacity by the financial year 2011-12. Andhra Pradesh being a key and growing market for your Company it is imperative for your Company to go ahead with this expansion to better rationalise its manufacturing infrastructure.

DIVIDEND

This being the first year of turnaround, your Directors do not recommend any dividend on equity shares for the financial year ended 31st March, 2010 and intend to deploy the profits in the operations of the Company.

DIRECTORS

Dr. Keshab Nandy, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

HOLDING COMPANY

Your Company is a wholly owned subsidiary of Tilaknagar Industries Ltd.

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 state that:

(a) in preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures.

(b) they have selected such accounting policies and applied them consistently and made 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 year and of the profit of the Company for the year.

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.

(d) they have prepared annual accounts on a 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 ₹ 2,400,000/- or more, if employed throughout the year or ₹ 200,000/- per month, if employed for part of the year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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 efforts to reduce energy consumption by judicious use and preventive maintenance of the plant and by optimising the use of energy through improved operational methods.

Form – A

Total energy consumption and energy consumption per unit of production:-

	Unit	Year 2009-10	Year 2008-09
A. POWER AND FUEL CONSUMPTION			
1. ELECTRICITY			
Purchased - units	'000	93.66	63.95
Total Amount	₹ In Lacs	5.69	4.36
Rate per unit	₹	6.07	6.82
2. STEAM COAL			
For generation of steam	Ton	Nil	Nil
Total amount	₹ In Lacs	Nil	Nil
Average rate per MT	₹/MT	Nil	Nil

	Unit	2009-10 Electricity units	2008-09 Electricity units
B. CONSUMPTION PER UNIT OF PRODUCTION			
NAME OF THE PRODUCT			
IMFL	BL	0.11	0.03

(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 EARNINGS AND 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

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 reappointment.

AUDITORS' REPORT

The Auditors' Report to the shareholders does not contain any qualifications.

COMPLIANCE CERTIFICATE UNDER SECTION 383A

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

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their sincere thanks and appreciation towards all the employees of the Company for their commendable teamwork, wholehearted efforts and inestimable contribution to the continued growth of the Company.

Your Directors also thank investors, business partners, clients, technology providers, vendors, financial institutions & banks, dealers & suppliers, regulatory & government authorities and auditors for their continued support to the Company during the year.

For and on behalf of the Board

Place: Mumbai
Date: June 30, 2010

Amit Dahanukar
Chairman

Auditors' Report

To The Members of Prag Distillery (P) Ltd.

1. We have audited the attached Balance Sheet of **Prag Distillery (P) Ltd.** ("the Company") as at 31st March, 2010, the Profit and Loss Account and 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 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 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 (Amendment) 2004 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 hereto 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 in paragraph 3 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, the 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, the 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 of the Company as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010from being appointed as a director in terms of clause (g) of sub-section (l) 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 the significant accounting policies and other 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, 2010;

      (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
Firm Registration No. 101048W

Kaushal Mehta
Partner
Membership No. 111749

Place: Mumbai
Date: June 30, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph [3] of our report of even date

i (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed Assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.

ii (a) The management has conducted physical verification of inventory during the year. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the 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 and 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 accounts.

iii (a) The Company has not granted any loans secured or unsecured to parties, firms or Companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(b) The Company has taken loans from one party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 24.21 crores and the year end balance of loans taken from such parties was ₹ 24.21 crores.

(c) In our opinion and according to the information and explanations given to us, the terms and conditions for such loan is not prima facie prejudicial to the interest of the Company.

(d) The loans taken are re-payable on demand. As informed, the lenders have not demanded repayment of any such loan during the year, thus, there has been no default on the part of the Company. The loan taken is interest free.

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, for the purchase of inventory and fixed assets and for the sale of goods and services. 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 explanation 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 of the Companies Act, 1956 have been so entered.

(b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of ₹ five lakhs 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 The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India, the provision of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under apply.

vii In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

viii To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.

ix (a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, service tax, wealth tax, 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, sales tax, custom duty, excise duty, service tax and cess which were outstanding at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, 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 the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

xi Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution and/or banks.

xii According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and 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 in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the

Companies (Auditors' 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 To the best of our knowledge and belief and according to the explanations given to us the Company has not raised any term loans during the year.

xvii According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have, prima facie, been used for long-term investment.

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

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

xx During the period covered by our audit report, the Company has not raised any money by public issues.

xxi Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statement and as per the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Kaushal Mehta
Partner
Membership No. 111749

Place: Mumbai
Date: June 30, 2010

Balance Sheet as at 31st March, 2010

(Amount in ₹)

	Schedule	As at 31st March, 2010	As at 31st March, 2009
I SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a. Share Capital	'A'	20,110,000	20,110,000
b. Reserves & Surplus	'B'	40,233,590	239,303
		60,343,590	**20,349,303**
2. LOAN FUNDS			
Secured Loans	'C'	72,423,476	-
Unsecured Loans	'D'	242,064,868	153,996,961
		314,488,344	**153,996,961**
3. DEFERRED TAX LIABILITY		6,306,316	4,996,973
		381,138,250	**179,343,237**
II APPLICATION OF FUNDS			
1. FIXED ASSETS	'E'		
a. Gross Block		112,408,053	112,408,053
b. Less: Depreciation		13,196,667	9,571,625
c. Net Block		**99,211,386**	**102,836,428**
Add : Capital Work-In-Progress		122,125,000	-
		221,336,386	**102,836,428**
2. INVESTMENTS	'F'	30,000	-
3. CURRENT ASSETS, LOANS & ADVANCES	'G'	245,931,236	102,054,862
LESS: CURRENT LIABILITIES & PROVISIONS	'H'	86,159,372	25,599,913
NET CURRENT ASSETS		**159,771,864**	**76,454,949**
4. MISCELLANEOUS EXPENDITURE (To the extend not adjusted or written off)	'H1'	-	51,860
		381,138,250	179,343,237
Significant accounting policies & Notes on accounts	'L'		

As per our Report of even date annexed.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Date : June 30, 2010

For and on behalf of the Board

Amit Dahanukar
Chairman

Shivani Amit Dahanukar
Director

Dr. Keshab Nandy
Director

Profit and Loss Account for the year ended 31st March, 2010

(Amount in ₹)

	Schedule	For the year ended 31st March, 2010	For the year ended 31st March, 2009
I INCOME			
Sales		623,846,990	133,405,551
Less: Excise duty		262,571,484	62,681,391
		361,275,506	**70,724,160**
Other Income	'I'(1)	330,165	90,136
		361,605,671	**70,814,296**
II EXPENDITURE			
(Increase) / Decrease in stock	'I'(2)	(76,888,821)	(5,274,741)
Cost of material	'I'(3)	199,948,429	56,602,379
Salaries & Wages	'J'	5,413,596	2,753,379
Manufacturing and other expenses	'K'	161,938,022	13,650,165
Finance cost		6,263,913	91,561
Preliminary & Pre-operative expenses written off		51,860	51,860
Depreciation		3,625,042	3,606,758
		300,352,041	**71,481,361**
Profit / (Loss) before taxation		61,253,630	(667,065)
Less: Provision for taxation			
Current years'		19,950,000	-
Fringe Benefit Tax		-	108,602
Deferred Tax		1,309,343	1,627,302
		21,259,343	**1,735,904**
Profit / (Loss) after taxation		39,994,287	(2,402,969)
Less : Prior Period Expenses (net)		-	105,678
Add: Balance brought forward from previous years		239,303	2,747,950
Balance transferred to Balance Sheet		**40,233,590**	**239,303**
Earnings Per Share (₹) Basic		19.89	(1.25)
(Refer Note (x) of Schedule 'L')			
Significant accounting policies & Notes on accounts	'L'		

As per our Report of even date annexed.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Date : June 30, 2010

For and on behalf of the Board

Amit Dahanukar
Chairman

Shivani Amit Dahanukar
Director

Dr. Keshab Nandy
Director

Schedules Forming Part of Accounts

for the year ended 31st March, 2010

(Amount in ₹)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 'A'		
SHARE CAPITAL		
Authorised		
3,000,000 equity shares of ₹ 10/- each	30,000,000	30,000,000
(P.Y. 3,000,000 equity shares of ₹ 10/- each)		
Issued, Subscribed And Paid Up		
2,011,000 Equity Shares of ₹ 10/- each fully paid up	20,110,000	20,110,000
(P.Y. 2,011,000 Equity Shares of ₹ 10/- each fully paid up)		
	20,110,000	**20,110,000**
SCHEDULE 'B'		
RESERVES & SURPLUS		
Profit & Loss Account	40,233,590	239,303
	40,233,590	**239,303**
SCHEDULE 'C'		
SECURED LOANS		
Cash Credit		
(Against hypothecation of stock of raw material, work-in-progress, finished goods, stores, & book debts and second charge on the fixed assets of the Company situated at Andhra Pradesh)	72,423,476	-
	72,423,476	**-**
SCHEDULE 'D'		
UNSECURED LOANS		
Advances from Holding Company	242,064,868	153,996,961
	242,064,868	**153,996,961**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

SCHEDULE 'E'

(Amount in ₹)

FIXED ASSETS

	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1st April, 2009	Additions	Deductions	As at 31st March, 2010	As at 1st April, 2009	Deductions	For the year	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
Tangible Assets										
Land	17,616,765	-	-	17,616,765	-	-	-	-	17,616,765	17,616,765
Buildings	71,562,556	-	-	71,562,556	5,540,831	-	2,390,187	7,931,018	63,631,538	66,021,725
Plant & Machinery	21,879,284	-	-	21,879,284	3,817,681	-	1,155,227	4,972,908	16,906,376	18,061,603
Furniture & Fixtures	701,224	-	-	701,224	122,634	-	44,388	167,022	534,202	578,590
Computers	23,000	-	-	23,000	10,574	-	3,729	14,303	8,697	12,426
Electrical Installation & Fittings	587,070	-	-	587,070	68,593	-	27,886	96,479	490,591	518,477
Motor Car and Transport Vehicles	38,154	-	-	38,154	11,312	-	3,625	14,937	23,217	26,842
	112,408,053	**-**	**-**	**112,408,053**	**9,571,625**	**-**	**3,625,042**	**13,196,667**	**99,211,386**	**102,836,428**
Capital WIP	-	122,125,000	-	122,125,000	-	-	-	-	122,125,000	-
Grand Total	**112,408,053**	**122,125,000**	**-**	**234,533,053**	**9,571,625**	**-**	**3,625,042**	**13,196,667**	**221,336,386**	**102,836,428**
Previous Year	109,585,235	2,822,818	-	112,408,053	5,964,867	-	3,606,758	9,571,625	102,836,428	

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	Shares/ Units	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 'F'			
INVESTMENTS			
Current, non-trade, unquoted			
I. Shares in Joint Stock Companies			
Shamrao Vithal Co-operative Bank Ltd.	Equity	30,000	-
		30,000	-
SCHEDULE 'G'			
CURRENT ASSETS, LOANS & ADVANCES			
Current Assets			
Inventory (at cost)			
Raw material		83,143	10,618,835
Stores, components		27,331,653	16,220,389
Work-in-process		27,147,550	2,122,404
Stock-in-trade		55,016,012	3,152,337
		109,578,358	**32,113,965**
Sundry Debtors (unsecured, considered good)			
(a) Outstanding exceeding six months		-	-
(b) Others		115,947,134	47,998,213
		115,947,134	**47,998,213**
Cash and bank balances			
Cash and cheques on hand		113,899	32,168
In Current Accounts with Scheduled Banks		528,868	688,587
In Fixed Deposits with Scheduled Banks		3,285,401	3,707,627
		3,928,168	**4,428,382**
Loans & Advances			
(Unsecured considered good)			
Advances recoverable in cash or in kind or for value to be received		4,255,576	4,217,302
Deposits		12,222,000	13,297,000
		16,477,576	**17,514,302**
		245,931,236	**102,054,862**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 'H'		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors		
Micro & Small Enterprises (Refer Note (ix))	-	-
Others	41,388,961	25,491,311
	41,388,961	**25,491,311**
Provisions		
Provision for Taxation (Net of Advance Tax)	19,045,355	108,602
Provision for Leave Encashment	50,638	
Other Provisions	25,674,418	-
	44,770,411	**108,602**
	86,159,372	**25,599,913**
SCHEDULE 'H'(1)		
MISCELLANEOUS EXPENDITURE		
Preliminary & Pre-operative expenses		
As per last Balance Sheet	51,860	103,720
Less: Written off during the year	(51,860)	(51,860)
	-	**51,860**

(Amount in ₹)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
SCHEDULE 'I'(1)		
OTHER INCOME		
Miscellaneous receipts	226,769	89,001
Interest income	101,021	-
Sundry balances written back	2,375	1,135
	330,165	**90,136**
SCHEDULE 'I'(2)		
(INCREASE) / DECREASE IN STOCK		
Opening Stock		
i) Work-in-process	2,122,404	-
ii) Finished goods	3,152,337	-
	5,274,741	-

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
SCHEDULE 'I'(2)		
Less : Closing Stock		
i) Work-in-process	27,147,550	2,122,404
ii) Finished goods	55,016,012	3,152,337
	82,163,562	**5,274,741**
Net (Increase)/Decrease in Stock	**(76,888,821)**	**(5,274,741)**
SCHEDULE 'I'(3)		
COST OF MATERIAL		
i) Raw Material Consumption		
Opening Stock	10,618,835	1,804,684
Add: Purchases	78,454,946	36,168,036
Less: Closing Stock	83,143	10,618,835
	88,990,638	**27,353,885**
ii) Packing Material & Consumables	110,957,791	29,248,494
	199,948,429	**56,602,379**
SCHEDULE 'J'		
SALARIES & WAGES		
Salary and wages	4,416,964	2,243,913
Contribution to provident fund and family pension fund	259,013	114,531
Labour and staff welfare expenses	737,619	394,935
	5,413,596	**2,753,379**
SCHEDULE 'K'		
MANUFACTURING AND OTHER EXPENSES		
Power and fuel	986,384	434,425
Excise duty on finished goods	25,674,418	-
Repairs & maintenance	496,659	62,174
Insurance	40,829	-
Conversion cost	726,903	116,707
Legal and professional charges	264,506	590,389
Audit fees	115,815	225,450
Rates and taxes	10,014,980	5,171,233
Turnover tax	689,842	-
Freight, transport charges & other expenses	8,476,037	2,547,914
Selling expenses [Discounts,Sales Promotion & Advertising etc.]	58,336,387	2,689,269
Travelling and conveyance expenses	131,733	373,594
Printing and stationery	93,919	-
Communication expenses	98,272	42,781
Vehicle running expenses	19,935	30,985
Establishment expenses	47,562,005	-
Director sitting fees	-	47,277
Miscellaneous expenses	8,209,398	1,317,967
	161,938,022	**13,650,165**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

SCHEDULE 'L" SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of Preparation of Financial Statements:

The financial statements have been prepared using historical cost convention and on the basis of going concern in accordance with generally accepted accounting principles in India, Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956.

(ii) Use of Estimates:

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

(iii) Revenue Recognition:

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

(a) Sales are recognised on dispatch of goods to customers and are inclusive of central / state excise duty.

(b) Insurance and other claims are accounted for as and when admitted by the appropriate authorities.

(iv) Inventories:

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

(a) Raw material, Stores & Components and Work-in-Process are valued at material cost.

(b) Finished goods are valued at manufacturing cost, which comprise direct material, direct labour, other direct cost and other related manufacturing overheads. Excise duty payable on finished goods stock is added to the cost.

(v) Fixed Assets:

(a) Fixed assets are stated at their original cost of acquisition /installation, net of accumulated depreciation, amortisation and impairment losses.

(b) Capital work-in-progress is stated at the amount incurred up to the date of the Balance Sheet.

(c) Expenditure incurred during construction/erection period (Including finance cost relating to borrowed funds for construction or acquisition of fixed assets) on project under implementation are included under "Capital work-in-progress". These expenses are appropriated to fixed assets on commencement of commercial production.

(vi) Depreciation and Amortisation:

(a) Depreciation is provided on the "Straight Line Method" in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956.

(b) Depreciation is provided on assets acquired during the year from the date on which assets were put to use.

(vii) Impairment of Assets:

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

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

(viii) 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.

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(b) Current Investments are shown at cost / fair value whichever is lower.

(ix) Provisions and Contingencies:

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

(x) Borrowing Cost:

Borrowing costs attributed to the acquisition of fixed assets are capitalised as a part of the cost of asset upto the date the asset is put to use. Other borrowing costs are charged to the Profit & Loss Account in the year in which they are incurred.

(xi) Taxation:

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

(b) Deferred Tax is recognised in respect of deferred tax assets (subject to the consideration of prudence) and to the extent there is virtual certainty that the asset will be realised 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) Earnings Per Share:

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

2. NOTES ON ACCOUNTS

(i) There is no contingent liability as on 31st March, 2010.

(ii) Estimated amount of contracts remaining to be executed on capital accounts and not provided for is approx ₹ 607.87 million (net of advances) (previous year ₹ Nil).

(iii) Finance cost comprises of

(Amount in ₹)

Particulars	2009-10	2008-09
(a) Interest on cash credits / Working capital demand loan	6,263,913	-
(b) Others	-	91,561
	6,263,913	**91,561**

(iv) 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

Tilaknagar Industries Ltd. being Holding Company is related party and details of transaction during the financial year are as under

(Amount in ₹)

Particulars	2009-10	2008-09
(a) Sale/Purchase of goods	25,628,270	-
(b) Advance received (Net)	242,064,868	153,996,961

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(v) The break-up of deferred tax as at 31st March, 2010 is as under

(Amount in ₹)

Particulars	
Deferred Tax liability as at 1st April, 2009	4,996,973
Add Deferred Tax (Assets) /Liability during the year on account of difference in depreciation	1,309,343
Deferred Tax liability as on 31st March, 2010	6,306,316

(vi) Fixed Deposits with Scheduled Banks amounting to ₹ 2.6 million (Previous Year ₹ Nil) is pledged with Banks as margin money to avail bank guarantees.

(vii) Auditor's remuneration charged to accounts

(Amount in ₹)

Particulars	2009-10	2008-09
(a) Audit Fees	93,755	85,000
(b) Auditors remuneration in other capacity	22,060	140,450
	115,815	**225,450**

(viii) 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, 2010 estimate at ₹ 25,674,418 (Previous Year ₹ Nil) has been provided in the books and also considered in valuation of closing stock of finished goods.

(ix) The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to Micro, Small and Medium Enterprises have not been made.

(x) Earnings Per Share

(Amount in ₹)

Particulars	2009-10	2008-09
Profit (Loss) After Tax	39,994,287	(2,508,647)
Weighted average number of shares	2,011,000	2,011,000
Basic Earnings Per Share	19.89	(1.25)
Face Value per Equity Share	10	10

(xi) Additional information pursuant to the provisions of paragraph 3, 4 (c) & (d) of part II of Schedule VI of Companies Act, 1956, is annexed hereto

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

As per our Report of even date annexed.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Date : June 30, 2010

For and on behalf of the Board

Amit Dahanukar
Chairman

Shivani Amit Dahanukar
Director

Dr. Keshab Nandy
Director

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	UOM	2009-10 Quantity	2009-10 Rupees	2008-2009 Quantity	2008-2009 Rupees
ANNEXURE TO SCHEDULE 'L'					
1. SALES & SERVICES					
Product					
(i) Sales					
(a) Indian Made Foreign Liquor - own unit	B.L.	4,923,675	616,386,820	1,820,763	133,405,551
(b) Indian Made Foreign Liquor - Lease units	B.L.	233,910	7,460,170	-	-
			623,846,990		**133,405,551**
2. STOCK OF FINISHED GOODS					
(i) Opening Stock					
Products					
(a) Indian Made Foreign Liquor - own unit	B.L.	81,963	3,152,337	-	-
			3,152,337		-
(ii) Closing Stock					
Products					
(a) Indian Made Foreign Liquor - own unit	B.L.	404,037	53,776,589	81,963	3,152,337
(b) Indian Made Foreign Liquor - Lease units	B.L.	35,748	1,239,423	-	-
			55,016,012		**3,152,337**

	UOM	Licensed Capacity per annum	Installed Capacity per annum	Quantity 2009-10	Quantity 2008-09
3. PARTICULARS OF GOODS MANUFACTURED					
(i) Indian Made Foreign Liquor - own unit	B.L.	5,400,000	5,400,000	5,245,749	1,902,726
(ii) Indian Made Foreign Liquor - Lease units	B.L.	675,000	675,000	269,658	-

	UOM	2009-10 Quantity	2009-10 Rupees	2008-09 Quantity	2008-09 Rupees
4. RAW MATERIAL CONSUMED					
Industrial Alcohol / Spirit	B.L.	2,327,978	88,990,638	612,850	27,353,885
			88,990,638		**27,353,885**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	UOM	2009-10 Rupees	2009-10 %	2008-09 Rupees	2008-09 %
5. VALUE OF IMPORTED & INDIGENOUS RAW MATERIAL & COMPONENTS CONSUMED					
i) Imported		-	-	-	-
ii) Indigenous		88,990,638	100	27,353,885	100
		88,990,638		27,353,885	
6. CIF VALUE OF IMPORTS			-		-
7. EARNINGS IN FOREIGN EXCHANGE			-		-
8. EXPORT THROUGH THIRD PARTIES			-		-
9. EXPENDITURE IN FOREIGN EXCHANGE			-		-

Cash Flow Statement

for the year ended 31st March, 2010

(Amount in ₹)

	2009-10		2008-09	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax & extraordinary items		61,253,630		(772,743)
Adjustment for				
Depreciation	3,625,042		3,606,758	
Miscellaneous expenses written off	51,860		51,860	
Interest (net)	6,263,913		91,561	
		9,940,815		3,750,179
Operating Profit before working capital changes				
Adjustment for				
(Increase) / Decrease in inventory	(77,464,393)		(30,309,281)	
(Increase) / Decrease in trade receivables	(67,948,921)		(38,672,039)	
(Increase) / Decrease in loans and advances	1,036,726		1,704,858	
(Decrease) / Increase in trade payable and provisions	60,559,459		25,064,345	
		(83,817,129)		(42,212,117)
Tax provision		(19,950,000)		(108,602)
NET CASH FROM OPERATING ACTIVITIES		(32,572,684)		(39,343,283)
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(122,125,000)		(2,822,818)	
Increase in investments	(30,000)		-	
NET CASH FROM INVESTING ACTIVITIES		(122,155,000)		(2,822,818)
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from borrowings	160,491,383		46,597,271	
Interest paid	(6,263,913)		(91,561)	
NET CASH FROM FINANCING ACTIVITIES		154,227,470		46,505,710
NET INCREASE IN CASH & CASH EQUIVALENTS		(500,214)		4,339,609
Opening cash & cash equivalents		4,428,382		88,773
Closing cash & cash equivalents		3,928,168		4,428,382

Note
The increase in business operations as reflected by an increase in receivables and stocks are funded from bank finance (Working Capital facilities) resulting in negative cash from operating activities.

As per our Report of even date annexed.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Date : June 30, 2010

For and on behalf of the Board

Amit Dahanukar
Chairman

Shivani Amit Dahanukar
Director

Dr. Keshab Nandy
Director

Balance Sheet Abstract

Company's General Business Profile

I REGISTRATION DETAILS

Registration No.	13363	State Code	11
Balance Sheet Date	31 03 2010		

II CAPITAL RAISED DURING THE YEAR (AMOUNT IN ₹ THOUSANDS)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement (Equity Shares)	NIL

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN ₹ THOUSANDS)

Total Liabilities	467297	Total Assets	467297
SOURCES OF FUNDS			
Paid-up Capital	20110	Reserves and Surplus	40234
Secured Loans	72423	Unsecured Loans	242065
Deferred Tax Liabiltiy	6306	Current Liabilities	86159
APPLICATION OF FUNDS			
Net Fixed Assets	221336	Investment	30
Current Assets	245931	Miscellaneous Expenditure	NIL
Accumulated Losses	NIL		

IV PERFORMANCE OF COMPANY (AMOUNT IN ₹ THOUSANDS) * (INCLUDES OTHER INCOME)

Turnover*	624177	Total Expenditure	562923
Profit/(Loss) Before Tax	+ ✓ 61254	Profit/(Loss) After Tax	+ ✓ 39994
Earning per share (In ₹) (Basic)	+ ✓ 19.89	Dividend Rate (%)	NIL

V GENERIC NAMES OF TWO PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No (ITC Code)	220710.01
Product Description	RECTIFIED SPIRIT
Item Code No. (ITC Code)	220830.00
Product Description	IMFL (WHISKIES)

As per our Report of even date annexed.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Date : June 30, 2010

For and on behalf of the Board

Amit Dahanukar
Chairman

Shivani Amit Dahanukar
Director

Dr. Keshab Nandy
Director

Financial Statements

Surya Organic Chemicals (P) Ltd.

Directors' Report

Surya Organic Chemicals (P) Ltd.

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

Dear Members,

Your Directors have the pleasure in presenting the 18th Annual Report together with Audited Statement of Accounts of your Company for the financial year ended 31st March, 2010.

FINANCIAL RESULTS

During the year under review, the Company has incurred Net Loss of ₹ 22,326,785/- after providing for depreciation of ₹ 233,105/- as compared to Net Loss of ₹ 12,180,446/- after providing depreciation of ₹ 263,403/- in 2008-09.

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

OPERATIONAL REVIEW

Your Directors are pleased to inform that the manufacturing unit of your Company has started production and sales activities from January, 2010. Accordingly, your Company looks forward to improving its performance during the current financial year 2010-11 through introduction of more brands and accelerating production and sales. Your Company has undertaken investments to improve the current manufacturing infrastructure which will ensure improvement in productivity, quality and other work processes while reducing net cost of manufacturing.

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, Chairman of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

HOLDING COMPANY

Your Company is a wholly owned subsidiary of Tilaknagar Industries Ltd.

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 state that:

a. in preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures.

b. they have selected such accounting policies and applied them consistently and made 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 year and of the loss of the Company for the year.

c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.

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

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

The Company did not have any employee who was in receipt of remuneration which in aggregate amounted to ₹ 2,400,000/- or more, if employed throughout the year or ₹ 200,000/- 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

	Unit	Year 2009-10	Year 2008-09
A. POWER AND FUEL CONSUMPTION			
1. ELECTRICITY			
Purchased - units	'000	0.04	Nil
Total Amount	₹ In Lacs	0.23	Nil
Rate per unit	₹	6.09	Nil
2. STEAM COAL			
For generation of steam	Ton	Nil	Nil
Total amount	₹ In Lacs	Nil	Nil
Average rate per MT	₹/MT	Nil	Nil

	Unit	2009-10 Electricity units	2008-09 Electricity units
B. CONSUMPTION PER UNIT OF PRODUCTION			
NAME OF THE PRODUCT			
IMFL	BL	0.03	Nil

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

Since business and technologies are changing constantly and continuously, investment in Research & 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 EARNINGS AND 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

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 reappointment.

AUDITORS' REPORT

With reference to the observations made by the Auditors in note no. X to their Audit Report, Board wish to state that your Company has started its operations in the month of January 2010. At present the plant is running at its full capacity and the Board is hopeful to make the Company profitable in the coming years.

COMPLIANCE CERTIFICATE UNDER SECTION 383A

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

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their sincere thanks and appreciation towards all the employees of the Company for their commendable teamwork, wholehearted efforts and inestimable contribution to the continued growth of the Company.

Your Directors also thank investors, business partners, clients, technology providers, vendors, financial institutions & banks, dealers & suppliers, regulatory & government authorities and auditors for their continued support to the Company during the year.

For and on behalf of the Board

Place: Mumbai
Date: June 30, 2010

Amit Dahanukar
Chairman

Auditors' Report

To The Members of
Surya Organic Chemicals (P) Ltd.

1. We have audited the attached Balance Sheet of **Surya Organic Chemicals (P) Ltd.** ("the Company") as at 31st March, 2010, the Profit and Loss Account and 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 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 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 (Amendment) 2004 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 hereto 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 in paragraph 3 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, the 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, the 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 of the Company as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (l) 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 the significant accounting policies and other 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, 2010;

      (b) in the case of the Profit and Loss Account of the loss 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
Firm Registration No. 101048W

Kaushal Mehta
Partner
Membership No. 111749

Place: Mumbai
Date: June 30, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph [3] of our report of even date)

i (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed Assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.

ii (a) The management has conducted physical verification of inventory during the year. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the 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 and 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 accounts.

iii (a) The Company has not granted any loans secured or unsecured to parties, firms or Companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(b) The Company has taken loan from one party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 10.31 crores and the year end balance of loans taken from such parties was ₹ 10.31 crores.

(c) In our opinion and according to the information and explanations given to us, the terms and conditions for such loan is not prima facie prejudicial to the interest of the Company.

(d) The loans taken are repayable on demand. As informed, the lenders have not demanded repayment of any such loan during the year, thus, there has been no default on the part of the Company. The loan taken is interest free.

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, for the purchase of inventory and fixed assets and for the sale of goods and services. 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 explanation 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 of the Companies Act, 1956 have been so entered.

(b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of ₹ five lakhs 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 The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India, the provision of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under apply.

vii In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

viii To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.

ix (a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, service tax, wealth tax, 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, sales tax, custom duty, excise duty, service tax and cess which were outstanding at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, 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's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash loss during the year and also in the immediately preceding financial year.*

xi Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution and/or banks.

xii According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and 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 in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' 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 bank or financial institutions.

xvi To the best of our knowledge and belief and according to the explanations given to us the Company has not raised any term loans during the year.

xvii According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, no funds were raised on short-term basis.

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

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

xx During the period covered by our audit report, the Company has not raised any money by public issues.

xxi Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statement and as per the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Kaushal Mehta
Partner
Membership No. 111749

Place: Mumbai
Date: June 30, 2010

Balance Sheet as at 31st March, 2010

(Amount in ₹)

	Schedule	As at 31st March, 2010	As at 31st March, 2009
I SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a. Share Capital	'A'	7,305,000	7,305,000
b. Reserves & Surplus	'B'	1,897,150	1,897,150
		9,202,150	**9,202,150**
2. LOAN FUNDS			
a. Unsecured Loans	'C'	103,088,776	45,739,007
		112,290,926	**54,941,157**
II APPLICATION OF FUNDS			
1. FIXED ASSETS	'D'		
a. Gross Block		10,720,023	10,720,023
b. Less: Depreciation		8,809,206	8,576,101
c. Net Block		**1,910,817**	**2,143,922**
Add : Capital Work-In-Progress		20,000,000	-
		21,910,817	**2,143,922**
2. CURRENT ASSETS, LOANS & ADVANCES	'E'	38,197,408	4,660,773
LESS: CURRENT LIABILITIES & PROVISIONS	'F'	30,886,612	12,606,066
NET CURRENT ASSETS		**7,310,796**	**(7,945,293)**
3. PROFIT & LOSS ACCOUNT		83,069,313	60,742,528
		112,290,926	**54,941,157**
Significant accounting policies & Notes on accounts	'J'		

As per our Report of even date annexed.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Date : June 30, 2010

For and on behalf of the Board

Amit Dahanukar
Chairman

Shivani Amit Dahanukar
Director

Dr. Keshab Nandy
Director

Profit and Loss Account for the year ended 31st March, 2010

(Amount in ₹)

	Schedule	For the year ended 31st March, 2010	For the year ended 31st March, 2009
I INCOME			
Sales		37,645,616	-
Less: Excise duty		28,508,816	-
		9,136,800	-
Other Income		331,388	560,965
		9,468,188	**560,965**
II EXPENDITURE			
(Increase) / Decrease in stock	'G'(1)	(12,521,558)	-
Cost of material	'G'(2)	12,488,278	-
Employees' remuneration and benefits	'H'	251,805	86,684
Manufacturing and other expenses	'I'	31,342,021	12,391,324
Finance cost		1,322	-
Depreciation		233,105	263,403
		31,794,973	**12,741,411**
Profit / (Loss) before taxation		**(22,326,785)**	**(12,180,446)**
Less: Provision for taxation			
Current years'		-	-
Deferred Tax (Refer Note (iii))		-	-
Profit / (Loss) after taxation		**(22,326,785)**	**(12,180,446)**
Add: Balance brought forward from previous years		(60,742,528)	(48,562,082)
Balance transferred to Balance Sheet		**(83,069,313)**	**(60,742,528)**
Earnings Per Share (₹) Basic		(305.64)	(166.74)
(Refer Note (vii) of Schedule 'J')			
Significant accounting policies & Notes on accounts	'J'		

As per our Report of even date annexed.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Date : June 30, 2010

For and on behalf of the Board

Amit Dahanukar
Chairman

Shivani Amit Dahanukar
Director

Dr. Keshab Nandy
Director

Schedules Forming Part of Accounts

for the year ended 31st March, 2010

(Amount in ₹)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 'A'		
SHARE CAPITAL		
Authorised		
100,000 equity shares of ₹ 100/- each	10,000,000	10,000,000
(P.Y. 100,000 equity shares of ₹ 100/- each)		
Issued, Subscribed and Paid Up :		
73,050 equity shares of ₹ 100/- each fully paid up	7,305,000	7,305,000
(P.Y. 73,050 equity shares of ₹ 100/- each fully paid up)		
	7,305,000	**7,305,000**
SCHEDULE 'B'		
RESERVES & SURPLUS		
Capital Reserve		
Share Application Money forfeited	1,897,150	1,897,150
	1,897,150	**1,897,150**
SCHEDULE 'C'		
UNSECURED LOANS		
Advances from Holding Company	103,088,776	45,739,007
	103,088,776	**45,739,007**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

SCHEDULE 'D'

(Amount in ₹)

FIXED ASSETS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1st April, 2009	Additions	Deductions	As at 31st March, 2010	As at 1st April, 2009	Deductions	For the year	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
Tangible Assets										
Land	15,000	-	-	15,000	-	-	-	-	15,000	15,000
Buildings	4,695,645	-	-	4,695,645	3,402,081	-	116,679	3,518,760	1,176,885	1,293,564
Plant & Machinery	5,965,950	-	-	5,965,950	5,135,313	-	115,542	5,250,855	715,095	830,637
Furniture & Fixtures	40,641	-	-	40,641	36,289	-	788	37,077	3,564	4,352
Vehicles	2,787	-	-	2,787	2,418	-	96	2,514	273	369
	10,720,023	**-**	**-**	**10,720,023**	**8,576,101**	**-**	**233,105**	**8,809,206**	**1,910,817**	**2,143,922**
Capital WIP	-	20,000,000	-	20,000,000	-	-	-	-	20,000,000	-
Grand Total	**10,720,023**	**20,000,000**	**-**	**30,720,023**	**8,576,101**	**-**	**233,105**	**8,809,206**	**21,910,817**	**2,143,922**
Previous Year	10,720,023	-	-	10,720,023	8,312,698	-	263,403	8,576,101	2,143,922	-

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 'E'		
CURRENT ASSETS, LOANS & ADVANCES		
Current Assets		
Inventory (at cost)		
Raw material	213,185	367,804
Stores, components	790,125	9,614
Work in process	912,047	-
Stock-in-trade	13,460,214	1,850,703
	15,375,571	**2,228,121**
Sundry debtors (unsecured, considered good)		
(a) Outstanding exceeding six months	-	-
(b) Others	15,916,968	-
	15,916,968	-
Cash and bank balances		
Cash and cheques on hand	512,125	511,923
In Current Accounts with Scheduled Banks	4,581,074	-
	5,093,199	**511,923**
Loans & Advances		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	1,786,670	1,840,333
Deposits	25,000	80,396
	1,811,670	**1,920,729**
	38,197,408	**4,660,773**
SCHEDULE 'F'		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors		
Micro & Small Enterprises (Refer Note (vi))	-	
Others	20,666,615	12,606,066
	20,666,615	12,606,066
Provisions		
Provision for excise duty on finished goods	10,219,997	-
	10,219,997	-
	30,886,612	**12,606,066**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
SCHEDULE 'G'(1)		
(INCREASE) / DECREASE IN STOCK		
Opening Stock		
i) Work-in-process	-	-
ii) Finished goods	1,850,703	1,850,703
	1,850,703	**1,850,703**
Less : Closing Stock		
i) Work-in-process	912,047	-
ii) Finished goods	13,460,214	1,850,703
	14,372,261	**1,850,703**
Net (Increase)/Decrease in Stock	**(12,521,558)**	-
SCHEDULE 'G'(2)		
COST OF MATERIAL		
i) Raw Material Consumption		
Opening Stock	367,804	367,804
Add: Purchases	6,527,000	-
Less: Closing Stock	213,185	367,804
	6,681,619	-
ii) Packing Material & Consumables	5,806,659	-
	12,488,278	-
SCHEDULE 'H'		
EMPLOYEES' REMUNERATION AND BENEFITS		
Salary and wages	123,243	86,684
Labour and staff welfare expenses	128,562	-
	251,805	**86,684**
SCHEDULE 'I'		
MANUFACTURING AND OTHER EXPENSES		
Power and fuel	182,871	-
Repairs & maintenance	3,454,118	118,976
Excise duty on finished goods	10,219,997	-
Rent	20,500	-
Legal and professional charges	343,299	-
Audit Fees	27,575	22,060
Rates and taxes	13,448,584	12,090,000
Freight, transport charges & other expenses	1,271,766	-
Selling expenses [Discounts,Sales Promotion & Advertising etc.]	282,000	-
Travelling and conveyance expenses	269,820	-
Printing and stationery	64,581	18,797
Miscellaneous expenses	1,756,910	141,491
	31,342,021	**12,391,324**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

SCHEDULE 'J" SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of Preparation of Financial Statements:

The financial statements have been prepared using historical cost convention and on the basis of going concern in accordance with generally accepted accounting principles in India, Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956.

(ii) Use of Estimates:

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

(iii) Revenue Recognition:

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

(a) Sales are recognised on dispatch of goods to customers and are inclusive of central / state excise duty.

(b) Insurance and other claims are accounted for as and when admitted by the appropriate authorities.

(iv) Inventories:

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

(a) Raw material, Stores & Components and Work-in-Process are valued at material cost.

(b) Finished goods are valued at manufacturing cost, which comprise direct material, direct labour, other direct cost and other related manufacturing overheads. Excise duty payable on finished goods stock is added to the cost.

(v) Fixed Assets:

(a) Fixed assets are stated at their original cost of acquisition /installation, net of accumulated depreciation, amortisation and impairment losses.

(b) Capital work-in-progress is stated at the amount incurred up to the date of the Balance Sheet.

(c) Expenditures incurred during construction/erection period on project under implementation are included under "Capital work-in-progress". These expenses are appropriated to fixed assets on commencement of commercial production.

(vi) Depreciation and Amortisation:

(a) Depreciation is provided on the "Written-Down Value Method" in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956.

(b) Depreciation is provided on assets acquired during the year from the date on which assets were put to use.

(vii) Impairment of Assets:

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

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

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(viii) Provisions and Contingencies:

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

(ix) Taxation:

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

(b) Deferred Tax is recognised in respect of deferred tax assets (subject to the consideration of prudence) and to the extent there is virtual certainty that the asset will be realised 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.

(x) Earnings Per Share:

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

2. NOTES ON ACCOUNTS

(i) There is no contingent liability as on 31st March, 2010.

(ii) 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

Tilaknagar Industries Ltd. being Holding Company is a related party and details of transactions during the financial year are as under

(Amount in ₹)

Particulars	2009-10	2008-09
(a) Sale/Purchase of goods	-	-
(b) Advance received (Net)	103,088,776	45,739,007

(iii) The Company has unabsorbed depreciation and carry forward of losses under Income Tax Laws and hence deferred tax assets have not been recognised as there is no virtual certainty supported by convincing evidence that there will be sufficient future taxable income against which such deferred tax assets can be realised.

(iv) Auditor's remuneration charged to accounts

(Amount in ₹)

Particulars	2009-10	2008-09
(a) Audit Fees	22,060	22,060
(b) Auditors remuneration in other capacity	5,515	-
	27,575	**22,060**

(v) 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, 2010 estimated at ₹ 10,219,997 (Previous Year ₹ Nil) has been provided in the books and also considered in valuation of closing stock of finished goods.

(vi) The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to Micro, Small and Medium Enterprises have not been made.

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(vii) Earnings per share

(Amount in ₹)

Particulars	2009-10	2008-09
Profit / (Loss) After Tax	(22,326,785)	(12,180,446)
Weighted average number of shares	73,050	73,050
Basic Earnings Per Share	(305.64)	(166.74)
Face Value per Equity Share	100	100

(viii) Additional information pursuant to the provisions of paragraph 3, 4 (c) & (d) of part II of Schedule VI of Companies Act, 1956, is annexed hereto.

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

As per our Report of even date annexed.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Date : June 30, 2010

For and on behalf of the Board

Amit Dahanukar
Chairman

Shivani Amit Dahanukar
Director

Dr. Keshab Nandy
Director

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	UOM	2009-10 Quantity	2009-10 Rupees	2008-2009 Quantity	2008-2009 Rupees
ANNEXURE TO SCHEDULE 'J'					
1. SALES & SERVICES					
Product					
Sales					
Indian Made Foreign Liquor - own unit	B.L.	243,648	37,645,616	-	-
			37,645,616		-
2. STOCK OF FINISHED GOODS					
(i) Opening Stock					
Products					
Indian Made Foreign Liquor - own unit	B.L.	-	1,850,703	-	1,850,703
			1,850,703		**1,850,703**
(ii) Closing Stock					
Products					
Indian Made Foreign Liquor - own unit	B.L.	87,350	13,460,214	-	1,850,703
			13,460,214		**1,850,703**

3. PARTICULARS OF GOODS MANUFACTURED	UOM	Licensed Capacity per annum	Installed Capacity per annum	Quantity 2009-10	Quantity 2008-09
Indian Made Foreign Liquor - own unit	B.L.	11,826,000	6,570,000	330,998	-

	UOM	2009-10 Quantity	2009-10 Rupees	2008-09 Quantity	2008-09 Rupees
4. RAW MATERIAL CONSUMED					
Industrial Alcohol & Other Spirits	B.L.	153,240	6,681,619	-	-
			6,681,619		-

	UOM	2009-10 Rupees	2009-10 %	2008-09 Rupees	2008-09 %
5. VALUE OF IMPORTED & INDIGENOUS RAW MATERIAL & COMPONENTS CONSUMED					
(i) Imported		-	-		
(ii) Indigenous		6,681,619	100	-	100
		6,681,619	**100**	-	100
6. CIF VALUE OF IMPORTS			-		-
7. EARNINGS IN FOREIGN EXCHANGE			-		-
8. EXPORT THROUGH THIRD PARTIES			-		-
9. EXPENDITURE IN FOREIGN CURRENCY			-		-

Cash Flow Statement

for the year ended 31st March, 2010

(Amount in ₹)

	2009-10		2008-09	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax & extraordinary items		(22,326,785)		(12,180,446)
Adjustment for				
Depreciation	233,105		263,403	
Interest (net)	1,322		-	
		234,427		263,403
Operating Profit before working capital changes				
Adjustment for				
(Increase) / Decrease in inventory	(13,147,450)		-	
(Increase) / Decrease in trade receivables	(15,916,968)		-	
(Increase) / Decrease in loans and advances	109,059		(315,958)	
(Decrease) / Increase in trade payable and provisions	18,280,546		12,154,865	
		(10,674,813)		11,838,907
NET CASH FROM OPERATING ACTIVITIES		**(32,767,171)**		(78,136)
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(20,000,000)		-	
NET CASH FROM INVESTING ACTIVITIES		**(20,000,000)**		-
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from borrowings	57,349,769		198,686	
Interest paid	(1,322)		-	
NET CASH FROM FINANCING ACTIVITIES		**57,348,447**		**198,686**
NET INCREASE IN CASH & CASH EQUIVALENTS		4,581,276		120,550
Opening cash & cash equivalents		511,923		391,373
Closing cash & cash equivalents		5,093,199		511,923

As per our Report of even date annexed.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Date : June 30, 2010

For and on behalf of the Board

Amit Dahanukar
Chairman

Shivani Amit Dahanukar
Director

Dr. Keshab Nandy
Director

Balance Sheet Abstract

Company's General Business Profile

I REGISTRATION DETAILS

Registration No.	1 3 3 4 6 1	State Code	1 1
Balance Sheet Date	3 1 0 3 2 0 1 0		

II CAPITAL RAISED DURING THE YEAR (AMOUNT IN ₹ THOUSANDS)

Public Issue	N I L	Right Issue	N I L
Bonus Issue	N I L	Private Placement (Equity Shares)	N I L

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN ₹ THOUSANDS)

Total Liabilities	1 4 3 1 7 8	Total Assets	1 4 3 1 7 8
SOURCES OF FUNDS			
Paid-up Capital	7 3 0 5	Reserves and Surplus	1 8 9 7
Secured Loans	N I L	Unsecured Loans	1 0 3 0 8 9
Current Liabilities	3 0 8 8 7		
APPLICATION OF FUNDS			
Net Fixed Assets	2 1 9 1 2	Investment	N I L
Current Assets	3 8 1 9 7	Miscellaneous Expenditure	N I L
Accumulated Losses	8 3 0 6 9		

IV PERFORMANCE OF COMPANY (AMOUNT IN ₹ THOUSANDS) * (INCLUDES OTHER INCOME)

Turnover*	3 7 9 7 7	Total Expenditure	6 0 3 0 4
Profit/(Loss) Before Tax	+ ✓ - 2 2 3 2 7	Profit/(Loss) After Tax	+ ✓ - 2 2 3 2 7
Earning per share (In ₹) (Basic)	+ ✓ - 3 0 5 . 6 4	Dividend Rate (%)	N I L

V GENERIC NAMES OF TWO PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No (ITC Code)	2 2 0 7 1 0 . 0 1
Product Description	R E C T I F I E D S P I R I T
Item Code No. (ITC Code)	2 2 0 8 3 0 . 0 0
Product Description	I M F L (W H I S K I E S)

As per our Report of even date annexed.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Date : June 30, 2010

For and on behalf of the Board

Amit Dahanukar
Chairman

Shivani Amit Dahanukar
Director

Dr. Keshab Nandy
Director

Financial Statements

Tilaknagar Industries Ltd. - Consolidated

Auditors' Report

on Consolidated Financial Statements

To The Board of Directors of
Tilaknagar Industries Ltd.

1. We have audited the attached Consolidated Balance Sheet of **Tilaknagar Industries Ltd.** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared on the basis of the separate financial statements. Our responsibility is to express an opinion on these Consolidated 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 report the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standards 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.

4. Based on our Audit 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, 2010;

   (ii) in case of the Consolidated Profit and Loss Account, of the Consolidated profit of the Group for the year ended on that date and;

   (iii) in case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

Kaushal Mehta
Partner
Membership No.111749

Place : Mumbai
Dated : August 07, 2010

Consolidated Balance Sheet

as at 31st March, 2010

(Amount in ₹)

	Schedule	As at 31st March, 2010	As at 31st March, 2009
I SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a. Share Capital	'A'	323,100,000	139,494,288
b. Share Warrant	'A1'	-	70,650,000
c. Employee Stock Option Outstanding		2,830,067	-
d. Reserves & Surplus	'B'	1,700,842,833	1,215,077,909
		2,026,772,900	**1,425,222,197**
2. LOAN FUNDS			
a. Secured Loans	'C'	2,721,173,746	1,167,683,965
b. Unsecured Loans	'D'	1,813,531,082	83,633,054
3. DEFERRED TAX LIABILITY		119,547,457	62,358,943
		6,681,025,185	**2,738,898,159**
II APPLICATION OF FUNDS			
1. GOODWILL		38,919,654	38,919,654
2. FIXED ASSETS	'E'		
a. Gross Block		2,351,373,050	1,549,157,483
b. Less: Depreciation		280,999,640	181,076,864
c. Net Block		2,070,373,410	1,368,080,619
Add : Capital Work-In-Progress		1,637,406,189	390,951,954
		3,707,779,599	1,759,032,573
d. Less: Impairment of assets		1,704,564	1,704,564
		3,706,075,035	**1,757,328,009**
3. INVESTMENTS	'F'	2,877,220	346,220
4. CURRENT ASSETS, LOANS & ADVANCES	'G'	4,080,213,574	1,916,949,138
LESS: CURRENT LIABILITIES & PROVISIONS	'H'	1,147,060,298	974,696,722
NET CURRENT ASSETS		**2,933,153,276**	**942,252,416**
5. MISCELLANEOUS EXPENDITURE	'H1'	-	51,860
(To the extend not adjusted or written off)			
		6,681,025,185	**2,738,898,159**
Significant accounting policies & Notes on accounts	'L'		

As per our Report of even date annexed.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Dated : August 07, 2010

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director

Shivani Amit Dahanukar
Executive Director

V.B.Haribhakti
Director

Dr. Vishnu Kanhere
Director

C.V.Bijlani
Director

Madan Goyal
Director

Gaurav Thakur
Company Secretary

Consolidated Profit and Loss Account

for the year ended 31st March, 2010

(Amount in ₹)

	Schedule	For the year ended 31st March, 2010	For the year ended 31st March, 2009
I INCOME			
Sales (Refer Annexure to Schedule L)	'I'(1)	5,497,992,588	4,050,750,275
Less: Excise duty		1,635,918,753	1,558,658,818
		3,862,073,835	**2,492,091,457**
Other Income	'I'(2)	44,190,800	28,642,739
		3,906,264,635	**2,520,734,196**
II EXPENDITURE			
(Increase) / Decrease in stock	'I'(3)	(189,412,341)	(153,403,766)
Cost of material	'I'(4)	1,700,555,461	1,129,783,792
Employees' remuneration and benefits	'J'	201,296,556	200,527,430
Manufacturing and other expenses	'K'	1,348,131,560	887,745,415
Finance cost		235,841,427	107,097,969
Preliminary & Pre-operative expenses written off		51,860	51,860
Depreciation / Amortisation		71,268,636	32,760,485
		3,367,733,159	**2,204,563,185**
Profit for the year		538,531,476	316,171,011
Less: Prior Period Adjustments		-	(105,678)
Profit before taxation		**538,531,476**	**316,065,333**
Less: Provision for taxation			
Current years'		132,450,000	87,500,000
Previous years'		-	3,944,203
Fringe Benefit Tax		-	1,858,602
Deferred Tax		57,188,514	24,967,302
		189,638,514	**118,270,107**
Profit after taxation		348,892,962	197,795,226
Add: Balance brought forward from previous years		327,273,718	167,881,772
Amount available for appropriations		**676,166,680**	**365,676,998**
III APPROPRIATIONS			
Transferred to General Reserve		33,500,000	21,500,000
Proposed dividend		88,659,473	14,447,865
Dividend distribution tax (including surcharge & cess)		15,072,110	2,455,415
Balance transferred to Balance Sheet		538,935,097	327,273,718
		676,166,680	**365,676,998**
Earnings Per Share (₹) Basic		17.23	11.51
Diluted		16.84	10.95
(Refer Note (xvi) of Schedule 'L')			
Significant accounting policies & Notes on accounts	'L'		

As per our Report of even date annexed.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Dated : August 07, 2010

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director

Shivani Amit Dahanukar
Executive Director

V.B.Haribhakti
Director

Dr. Vishnu Kanhere
Director

C.V.Bijlani
Director

Madan Goyal
Director

Gaurav Thakur
Company Secretary

Schedules Forming Part of Accounts

for the year ended 31st March, 2010

(Amount in ₹)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 'A'		
SHARE CAPITAL		
Authorised		
50,000,000 equity shares of ₹ 10/- each	500,000,000	300,000,000
(P.Y. 30,000,000 equity shares of ₹ 10/- each)		
900,000 Compulsorily Convertible Cumulative Preference Shares (CCPS) of ₹ 94/- each	84,600,000	84,600,000
(P.Y. 900,000 CCPS of ₹ 94/- each)		
Issued, Subscribed And Paid Up		
32,310,000 equity shares of ₹ 10/- each fully paid up	323,100,000	57,250,680
(P.Y. 5,725,068 equity shares of ₹ 10/- each)		
Of the above shares :-		
(a) 21,842,675 equity shares of ₹10/- each fully paid-up bonus shares by capitalisation of reserves.		
(b) 1,237,500 equity shares of ₹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.		
Nil (P.Y. 874,932) 12% Compulsorily Convertible Cumulative Preference Shares (CCPS) of ₹ 94/- each fully paid up	-	82,243,608
	323,100,000	**139,494,288**
SCHEDULE 'A'(1)		
SHARE WARRANT		
Nil (P.Y. 4,500,000 of ₹ 157/- each -10% paid up)	-	70,650,000
	-	**70,650,000**
SCHEDULE 'B'		
RESERVES & SURPLUS		
1. Share Premium Account		
As per last Balance Sheet	20,957,443	20,957,443
Add : Additions during the year	415,434,288	-
Less : Utilised for issue of bonus shares	215,400,000	-
	220,991,731	**20,957,443**
2. General Reserve		
As per last Balance Sheet	72,160,572	50,660,572
Transfer from Profit & Loss account	33,500,000	21,500,000
	105,660,572	**72,160,572**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 'B' *(contd.)*		
3. Capital Reserve	**72,547,150**	**1,897,150**
4. Revaluation Reserve	792,789,026	822,869,769
Less : Amortised	30,080,743	30,080,743
	762,708,283	**792,789,026**
5. Profit & Loss Account	**538,935,097**	**327,273,718**
	1,700,842,833	**1,215,077,909**
SCHEDULE 'C'		
SECURED LOANS		
1. Long Term Loans		
Term Loans		
From Banks	1,466,256,314	413,200,000
(Against first charge on the fixed assets of the Company situated at Shrirampur, Dist.Ahmednagar and second charge on current assets.)		
2. Short Term Loans		
Cash Credit (including working capital demand loan)	1,238,268,423	748,160,609
(Against hypothecation of stock of raw material, work-in-process, 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)	16,649,009	6,323,356
	2,721,173,746	**1,167,683,965**
SCHEDULE 'D'		
UNSECURED LOANS		
1. Fixed deposits - Shareholders & Others	-	608,000
2. Unsecured Loans		
From Banks	1,663,531,082	49,958,582
From Promoters & Others	150,000,000	33,066,472
	1,813,531,082	**83,633,054**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

SCHEDULE 'E'

(Amount in ₹)

FIXED ASSETS

	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at 1st April, 2009	Additions	Deductions	Revaluation	As at 31st March, 2010	As at 1st April, 2009	Deductions	For the year	On Revaluation	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
Tangible Assets												
Land	540,521,765	-	-	-	540,521,765	-	-	-	-	-	540,521,765	540,521,765
Buildings	232,693,742	24,596,240	-	-	257,289,982	38,770,724	-	6,364,654	10,478,360	55,613,738	201,676,244	193,923,018
Plant & Machinery	676,307,243	714,114,500	-	-	1,390,421,743	108,942,472	-	35,539,696	19,602,383	164,084,551	1,226,337,192	567,364,771
Furniture & Fixtures	19,236,033	23,072,057	-	-	42,308,090	7,867,753	-	4,340,764	-	12,208,517	30,099,573	11,368,280
Computers	28,937,463	18,980,982	-	-	47,918,445	4,782,202	-	15,367,716	-	20,149,918	27,768,527	24,155,261
Electrical Installation & Fittings	6,503,582	423,458	-	-	6,927,040	1,904,694	-	633,477	-	2,538,171	4,388,869	4,598,888
Motor Car and	24,808,747	23,143,474	2,115,144	-	45,837,077	9,392,439	1,426,603	7,081,891	-	15,047,727	30,789,350	15,416,308
Transport Vehicles												
Roads & Bridges	2,702,038	-	-	-	2,702,038	691,758	-	201,028	-	892,786	1,809,252	2,010,280
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	8,697,049		1,739,410		10,436,459	6,957,638	8,697,048
	1,549,157,483	**804,330,711**	**2,115,144**	-	**2,351,373,050**	**181,076,864**	**1,426,603**	**71,268,636**	**30,080,743**	**280,999,640**	**2,070,373,410**	**1,368,080,619**
Capital WIP	390,951,954	1,246,454,235			1,637,406,189						1,637,406,189	390,951,954
Grand Total	**1,940,109,437**	**2,050,784,946**	**2,115,144**	-	**3,988,779,239**	**181,076,864**	**1,426,603**	**71,268,636**	**30,080,743**	**280,999,640**	**3,707,779,599**	**1,759,032,573**
Previous Year	1,325,796,010	615,059,414	745,987	-	1,940,109,437	118,398,849	163,213	32,760,485	30,080,743	181,076,864	1,759,032,573	

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	Shares/ Units	As at 31st March, 2010		As at 31st March, 2009	
SCHEDULE 'F'					
INVESTMENTS					
Long Term					
1. Government Securities : (Unquoted)					
7 Year National Savings Certificates of face value of ₹ 51,400/- (Certificates worth ₹ 44,000/- deposited with Government authorities)		51,400		51,400	
6 Year National Savings Certificates (Deposited with Government authorities)		4,250		4,250	
			55,650		55,650
2. Shares in Joint Stock Companies, etc.(Unquoted)					
Mula Pravara Electric Co-operative Society Ltd.	Equity	253,070		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	
Shamrao Vithal Co-operative Bank Ltd.	Equity	30,000		-	
			321,570		290,570
Current					
Investment in mutual funds (Unquoted)					
Monthly Income Plan	Units	122,880.315	2,500,000		-
			2,877,220		**346,220**
Aggregate of quoted investments			-		
Aggregate of unquoted investments (at cost)			**2,877,220**		**346,220**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 'G'		
CURRENT ASSETS, LOANS & ADVANCES		
Current Assets		
Inventory (at cost)		
Raw material	218,387,448	84,014,231
Stores, components	194,410,194	262,479,353
Work-in-process	230,790,720	34,941,699
Stock-in-trade	199,671,668	206,108,348
Stock-in-transit	-	3,970,555
	843,260,030	**591,514,186**
Sundry Debtors (unsecured)		
(a) Debtors outstanding exceeding six months		
Considered good	-	84,167,548
Considered doubtful	13,327,176	-
	13,327,176	84,167,548
(b) Other debts	806,626,009	569,847,772
	819,953,185	**654,015,320**
Cash and bank balances		
Cash and cheques on hand	166,571,639	13,853,167
In Current Accounts with Scheduled Banks	18,443,820	4,974,456
In Fixed Deposits with Scheduled Banks	80,664,607	29,234,877
	265,680,066	**48,062,500**
Loans & Advances		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	697,685,854	231,534,862
Advance with tie up units	1,196,862,983	205,918,192
Balance with Excise Authorities	12,802,607	12,874,620
Deposit with Court	39,676,366	39,650,161
Other Deposits	204,292,483	133,379,297
	2,151,320,293	**623,357,132**
	4,080,213,574	**1,916,949,138**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 'H'		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors		
Micro & Small Enterprises (Refer Note (xv))	-	-
Others	491,747,425	518,084,132
Unclaimed dividends	970,639	793,918
Unclaimed Deposits	16,000	814,000
Trade Deposits (Unsecured, interest free)	394,656,497	277,756,297
	887,390,561	**797,448,347**
Provisions		
Provision for Taxation	71,217,471	52,547,884
Proposed Dividend	88,659,473	14,447,865
Dividend Tax	15,072,110	2,455,415
Provision for Gratuity	2,796,594	21,049,446
Provision for leave encashment	8,900,965	7,596,590
Other Provisions	73,023,124	79,151,175
	259,669,737	**177,248,375**
	1,147,060,298	**974,696,722**

SCHEDULE 'H'(1)		
MISCELLANEOUS EXPENDITURE		
Deferred Revenue Expenditure		
As per last Balance Sheet	51,860	103,720
Less: Written off during the year	(51,860)	(51,860)
	-	51,860

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
SCHEDULE 'I'(1)		
SALES		
Sales of products	4,416,577,056	3,767,442,183
Income from tie-up units	1,063,371,976	268,785,521
Other operating income	18,043,556	14,522,571
	5,497,992,588	**4,050,750,275**
SCHEDULE 'I'(2)		
OTHER INCOME		
Duty drawback on exports	4,295,353	3,070,320
Miscellaneous receipts	16,457,129	20,673,281
Sundry balances written back	22,093,586	3,354,462
Interest income	2,886,899	1,456,531
Gain/ (Loss) on exchange fluctuation	(1,542,167)	88,145
	44,190,800	**28,642,739**
SCHEDULE 'I'(3)		
(INCREASE) / DECREASE IN STOCK		
Opening Stock		
i) Work-in-process	34,941,699	7,833,137
ii) Finished goods	206,108,348	79,813,144
	241,050,047	**87,646,281**
Less : Closing Stock		
i) Work-in-process	230,790,720	34,941,699
ii) Finished goods	199,671,668	206,108,348
	430,462,388	**241,050,047**
Net (Increase)/Decrease in Stock	**(189,412,341)**	**(153,403,766)**
SCHEDULE 'I'(4)		
COST OF MATERIAL		
i) Raw Material Consumption		
Opening Stock	84,014,231	32,659,786
Add: Purchases	850,608,975	617,750,969
Less: Closing Stock	218,387,448	84,014,231
	716,235,758	**566,396,524**
ii) Packing Material & Consumables	984,319,703	563,387,268
	1,700,555,461	**1,129,783,792**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(Amount in ₹)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
SCHEDULE 'J'		
EMPLOYEES' REMUNERATION & BENEFITS		
Salary and wages	158,939,507	167,117,862
Contribution to provident fund and family pension fund	13,500,799	10,155,675
Labour and staff welfare expenses	26,059,656	12,097,995
Gratuity	2,796,594	11,155,898
	201,296,556	**200,527,430**
SCHEDULE 'K'		
MANUFACTURING AND OTHER EXPENSES		
Power and fuel	22,729,318	24,633,425
Provision for excise duty on finished goods (Refer Note (xii))	(6,128,051)	40,420,885
Repairs & maintenance	29,986,440	30,338,808
Insurance	7,197,112	6,352,108
Rent	60,137,444	131,581,003
Conversion cost	329,973,661	51,685,919
Legal and professional charges	35,036,635	32,661,618
Auditors Remuneration	548,078	362,809
Rates and taxes	52,191,221	62,321,365
Sales tax	35,817,004	18,184,644
Freight, transport charges & other expenses	86,628,569	82,055,368
Selling expenses [Discounts,Sales Promotion & Advertising etc.]	487,788,859	325,270,450
Travelling and conveyance expenses	20,313,174	10,667,847
Printing and stationery	5,596,886	3,797,298
Communication expenses	12,905,103	7,110,324
Vehicle running expenses	3,831,557	2,943,370
Loss on sale of assets	123,542	215,642
Commission to Independent Directors	4,788,122	3,286,254
Director sitting fees	280,000	300,000
Miscellaneous expenses	158,386,886	53,556,278
	1,348,131,560	**887,745,415**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

SCHEDULE 'L" SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1. PRINCIPLES OF CONSOLIDATION

(i) The consolidated financial statements relate to Tilaknagar Industries Ltd. (the Company) and its wholly owned subsidiary companies viz.: Prag Distillery (P) Ltd. and Surya Organic Chemicals (P) Ltd. The consolidated financial statements have been prepared on the following basis.

(a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book value of like assets , liabilities , income and expenses, after fully eliminating intra- group balances and intra group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21- "Consolidated financial statements" notified Companies (Accounting Standards) Rules 2006

(b) The difference between the cost of investment in the subsidiaries and the Company's share of net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

(c) The financial statements of the Subsidiaries are drawn upto the same reporting date as that of the Company i.e. 31st March, 2010 and as far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

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

2. SIGNIFICANT ACCOUNTING POLICIES

(i) **Basis of Preparation of Financial Statements:**

The financial statements have been prepared using historical cost convention and on the basis of going concern in accordance with generally accepted accounting principles in India, Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956.

(ii) **Use of Estimates:**

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

(iii) **Revenue Recognition:**

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

(a) Sales are recognized on dispatch of goods to customers and are inclusive of central / state excise duty.

(b) Insurance and other claims are accounted for as and when admitted by the appropriate authorities.

(iv) **Inventories:**

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

(a) Raw material, Stores & Components and Work-in-Process are valued at material cost.

(b) Finished goods valued at manufacturing cost which comprise direct material, direct labour, other direct cost and other related manufacturing overheads. Excise duty payable on finished goods stock is added to the cost.

(v) **Fixed Assets:**

(a) Fixed assets are stated at their original cost of acquisition /installation, net of accumulated depreciation, amortisation and impairment losses.

(b) Capital work-in-progress is stated at the amount incurred up to the date of the Balance Sheet.

(c) Expenditure incurred during construction/erection period (Including finance cost relating to borrowed funds for

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

construction or acquisition of fixed assets) on project under implementation are included under "Capital work-in-progress". These expenses are appropriated to fixed assets on commencement of commercial production.

(d) Fixed assets purchased under Hire purchase arrangements, includes expenditure incurred till the assets are put to use.

(e) Intangible assets are stated at cost of acquisition less accumulated amortisation.

(vi) Depreciation and Amortisation:

(a) Depreciation is provided on the "Written Down Value Method" or "Straight Line Method" in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956 as specified in the accounting policies of the respective Company's standalone financial statements.

(vii) 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.

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

(viii) Investments:

(a) Long Term Investments (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) Current Investments are shown at cost / fair value whichever is lower.

(ix) Foreign Currency Conversion:

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. Foreign currency denominated monetary items as at the Balance Sheet date are translated at the rate prevailing on the date of Balance Sheet. Exchange rate difference arising on the settlement of monetary items including year end translations are recognized in the Profit & Loss account.

(x) Provisions and Contingencies:

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

(xi) Research and Development:

Revenue expenditure on Research and Development is charged to the profit & loss of the year in which it is incurred.

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

(xii) Borrowing Cost:

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

(xiii) Employee Benefits:

(a) **Defined Contribution Plan:**

Employee benefits in the form of contribution to Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the same is charged to the Profit & Loss Account of the year when the contribution to the respective funds are due.

(b) **Defined Benefit Plan:**

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

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(c) **Leave Encashment.**

Liability on account of the un-availed earned leave has been provided at the year end on actual basis.

(xiv) Employee Stock Compensation Cost:

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

(xv) Taxation:

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

(b) Deferred Tax is recognized in respect of deferred tax assets (subject to the consideration of prudence) and to the extent there is virtual certainty that the asset will be realized in future and deferred tax liabilities on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in subsequent years.

(xvi) Earnings Per Share:

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

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

3. NOTES ON ACCOUNTS

(i) Contingent liability not provided for:

(Amount in ₹)

Particulars	As at 31st March, 2010	As at 31st March, 2009
(a) Corporate guarantees issued to banks on behalf of Subsidiary Company	250,000,000	Nil
(b) Bank guarantees issued on behalf of the Company	51,766,600	6,200,000
(c) In respect of disputed sales tax matter, pending before the sales tax tribunal, contested by the Company	Nil	1,340,750
(d) In respect of disputed income tax matters, pending before the appropriate Income tax authorities, contested by the Company		
For A.Y. 2007-08	86,069,844	Nil
For A.Y. 2004-05	22,267,678	Nil
For A.Y. 1992-93	Nil	1,000,000
(e) In respect of disputed service tax matter pending before the appropriate Central Excise authorities, contested by the Company	2,017,760	Nil
(f) Disputed matter under arbitration pending disposal	20,137,685	20,137,685

(ii) Estimated amount of contracts remaining to be executed on capital accounts and not provided for is approx ₹ 607.87 million (net of advances) (previous year ₹ 90 million)

(iii) Finance cost comprises of:

(Amount in ₹)

Particulars	2009-10	2008-09
(a) Interest on term loans	78,434,625	5,972,838
(b) Interest on cash credits / Working capital demand loan	122,230,432	81,736,706
(c) Others	35,176,370	19,388,425
	235,841,427	**107,097,969**

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(iv) The Company has taken Bottling units on operating lease at various locations and during the financial year ₹ 20.97 million paid towards lease rentals has been charged to Profit & Loss Account.

(v) **The disclosure of Accounting Standard 15 "Employee Benefits" is as follows:**

Defined Contribution Plan

The Company has charged in the Profit & Loss Account during the financial year an amount of ₹ 13.50 million under defined contribution plan as employer's contribution to Provident Fund.

Defined Benefit Plan

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

The net value of the defined commitment is detailed below:

(Amount in ₹)

	Funded Gratuity	Non Funded Leave
Present Value of Commitments	10,870,914	
Fair Value of Plans	8,074,320	
Net Liability in the Balance Sheet	2,796,594	8,900,965
Defined benefit Commitments		
Opening balance as at 1st April, 2009	21,049,446	
Current Service Cost	2,645,682	
Interest expenses	1,895,610	
Paid benefits	-	
Actuarial(gain)/loss	(14,719,824)	
Transfer received	-	
Closing balance as at 31st March, 2010	10,870,914	
Plan Assets		
Opening balance as at 1st April, 2009	7,431,496	
Expected return on scheme assets	594,520	
Contributions by the Company	-	
Paid Funds	-	
Actuarial gain/(loss)	48,304	
Transfer Received	-	
Closing balance as at 31st March, 2010	8,074,320	
Return on plan Assets		
Expected return on plan assets	594,520	
Actuarial gain/(loss)	48,304	
Actual Return on plan Assets	642,824	
Expenses on defined benefit plan		
Current service costs	2,645,682	
Past service cost	-	
Interest expense	1,895,610	
Expected return on investment	(594,520)	
Net actuarial(gain)/loss	(14,768,128)	
Expenses charged to Profit and Loss Account	(10,821,356)	

Investments Details	% Invested As at 31st March, 2010
Funds Managed by Insurer	100
Public Sector Unit Bonds	-
State/Central Guaranteed securities	-
Special deposit schemes	-
Other (excluding bank balances)	-
	100

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

Actuarial assumptions	Gratuity (funded)
Mortality (LIC)	1994-96 Ultimate
Discount rate (per annum)	8.25%
Expected rate of return on plan assets (per annum)	8.00%
Rate of escalation in salary (per annum)	5.00%

(vi) Employee Stock Option Scheme

(a) The Shareholders of the Company at the Annual General Meeting held on 6th August, 2008 approved Employee Stock Option Scheme (ESOP) 2008.

(b) During the year ended 31st March, 2010 the following scheme was in operation:

(Amount in ₹)

Particulars	Grant 1	Grant 2
Date of Grant	2nd July, 2009	28th January, 2010
Date of the Board Approval	2nd July, 2009	28th January, 2010
Date of the Shareholders Approval	6th August, 2008	6th August, 2008
Number of options granted	**273,000	1,444,521
Vesting period from the date of grant	4 years	4 years
Exercise period from the date of vesting	2 years	2 years

** Post adjustment of Bonus in the ratio of 2:1 shares and net of cancellation and re-issue of stock option during the financial year.

(c) The details of the options as on 31st March, 2010 are as under:

(Amount in ₹)

Particulars	As at 31st March, 2010	As at 31st March, 2009
Options outstanding at the beginning of the year	Nil	Nil
Options granted during the year**	1,717,521	Nil
Options cancelled during the year	Nil	Nil
Options outstanding at the end of the year**	1,717,521	Nil

** Net of cancellation and re-issue of stock option during the financial year.

(d) The weighted average fair value of stock options granted during the financial year was ₹ 5,573,552 (Previous Year ₹ Nil). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

(Amount in ₹)

Particulars	Grant 1	Grant 2
Dates of Grant	2nd July, 2009	1st January, 2010
Market Price (₹ per share) on the dates of grant	143.45	99.45
Volatility	71.49%	68.67%
Risk free rate	6.24%	6.76%
Exercise price	120	75
Time to maturity (years)	5	5
Dividend yield	2%	2%
Option fair value (₹ per share)	66.80	49.11

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

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

(Amount in ₹)

Particulars	As at 31st March, 2010	As at 31st March, 2009
Net Profit as Reported available to Equity Share holders	339,668,129	197,637,055
Add: Employee stock compensation under intrinsic value	2,830,067	Nil
Less: Employee stock compensation under fair value method	5,573,552	Nil
Adjusted Net Profit	336,924,644	197,637,055
Earnings Per Share		
Basic:		
-As reported	17.23	11.51
-Adjusted	17.09	11.51
Diluted:		
-As reported	16.84	10.95
-Adjusted	16.70	10.95

(vii) 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.

(viii) Related Party Disclosures:

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

(a) **List of Related parties and relationship**

Sr. No.	Name of the related party	Relationship
1.	Prag Distillery (P) Ltd.	Subsidiary Company
2.	Surya Organic Chemicals (P) Ltd.	Subsidiary Company
3.	Mr. Amit Dahanukar	Key Managerial Personnel (Chairman & Managing Director)
4.	Mrs. Shivani Amit Dahanukar	Key Managerial Personnel (Executive Director)
5.	M. L. Dahanukar & Co. Pvt. Ltd.	Company in which Key Managerial Personnel has substantial interest
6.	Arunoday Investments Pvt. Ltd.	Company in which Key Managerial Personnel has substantial interest
7.	Dr. Priyadarshini A. Dahanukar	Relative of Key Managerial Personnel

(b) **Transactions during the financial year with related parties:**

(Amount in ₹)

Sr. No	Nature of Transaction	Subsidiary Companies	Key Managerial personnel	Company with substantial Interest	Relatives of Key Managerial Personnel
1.	Payment to Key Managerial Personnel	-	47,881,221		-
2.	Loans taken	-	-	150,000,000	-
3.	Rent		2,454,000	720,000	685,200
4.	Outstanding:				
	Payable	-	-	150,000,000	-

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(ix) The break-up of deferred tax as at 31st March, 2010 is as under:

(Amount in ₹)

Particulars	Deferred Tax liability as at 31st March, 2010
Deferred Tax liability as at 1st April, 2009	62,358,943
Add: Deferred Tax (Assets) /Liability during the year on account of difference in depreciation & Others	57,188,514
Deferred Tax liability as on 31st March, 2010	**119,547,457**

(x) Managerial Remuneration:

Details of the Managerial Remuneration paid or provided during the financial year ended on 31st March, 2010

(Amount in ₹)

Particulars	2009-10	2008-09
Remuneration to Managing Director and Whole Time Directors		
- Salaries and Contribution to funds	31,753,380	26,564,246
- Value of perquisites	-	-
- Commission	16,127,841	6,298,292
	47,881,221	**32,862,538**
Remuneration to Non-executive and Independent Directors		
- Commission	4,788,122	3,286,254

Note: The above amounts do not include contribution to Gratuity Fund, as separate amount is not available for Managing Director and Whole Time Directors.

(xi) Auditor's remuneration charged to accounts:

(Amount in ₹)

Particulars	2009-10	2008-09
a) Audit Fees	446,715	258,746
b) Auditors remuneration in other capacity	101,363	104,063
	548,078	**362,809**

(xii) Provision for excise duty on finished goods manufactured but yet to be cleared from the factory as at 31st March, 2010 estimated at ₹ 73,023,124 (Previous Year ₹ 79,151,175) has been provided in the books and also considered in valuation of closing stock of finished goods. Provision for excise duty on finished goods charged in the Profit and Loss Account for the financial year is as follows :-

(Amount in ₹)

Particulars	2009-10	2008-09
Provision for excise duty on finished goods at the beginning of the year	79,151,175	38,730,290
Provision for excise duty on finished goods at the end of the year	73,023,124	79,151,175
Provision for excise duty on finished goods charged in the Profit and Loss Account	(6,128,051)	40,420,885

(xiii) 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.

(xiv) The amount of secured and unsecured loans from banks outstanding at the end the financial year has been guaranteed by the personal guarantee of Chairman & Managing Director of the Company.

(xv) The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to Micro, Small and Medium Enterprises have not been made.

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

(xvi) Earnings Per Share:

(Amount in ₹)

Particulars	2009-10	2008-09
Profit After Tax	348,892,962	197,795,226
Less : Dividend on Preference Shares & Tax thereon	9,224,833	158,171
Profit after Tax and after Preference Dividend	339,668,129	197,637,055
Weighted average number of shares	19,717,994	17,175,204
Basic Earnings Per Share	17.23	11.51
Weighted average number of shares (adjusted for the effects of dilutive potential equity shares)	20,171,511	18,050,136
Diluted Earnings Per Share	16.84	10.95
Face Value per Equity Share	10	10

(xvii) Other Significant notes:

(a) 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 ₹ 76.2 million.

(b) 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 ₹ 25 million. The Company withheld the Security Deposit on the grounds that Ding Dong Liquors had failed to deliver the 'C' forms and other amounts due to the Company. The Hon'ble High Court vide its Order directed the Company to deposit a sum of ₹ 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 ₹ 39 million and 'C' forms against Ding Dong Liquors.

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

(d) Anupama Wine Distributor has filed a Company petition against the Company 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 ₹ 42.10 million. The Company has deposited a bank guarantee worth the said amount with the High Court, Mumbai and has filed an appeal against the said Order.

(xviii) Additional information pursuant to the provisions of paragraph 3, 4 (c) & (d) of part II of Schedule VI of Companies Act, 1956, is annexed hereto

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

As per our Report of even date annexed.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Dated : August 07, 2010

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director

Shivani Amit Dahanukar
Executive Director

V.B.Haribhakti
Director

Dr. Vishnu Kanhere
Director

C.V.Bijlani
Director

Madan Goyal
Director

Gaurav Thakur
Company Secretary

Schedules Forming Part of Accounts

for the year ended 31st March, 2010 (contd.)

ANNEXURE TO SCHEDULE 'L'

1. 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 responsbility 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

		2009-10		2008-2009	
	UOM	Quantity	Rupees	Quantity	Rupees
Gross Sales	B.L.	34,659,513	5,566,393,653	6,901,920	1,115,179,328
Net Sales			2,470,324,713		561,241,577

The total income reported in Schedule 'I (1) is detailed as follows

	2009-10	2008-09
Gross Sales of Companys' brands and other sales including sales made by tie up arrangement	10,001,014,265	4,897,144,082
Less : Excise Duty	4,731,987,693	2,112,596,569
Net Sales of Companys' brands and other sales	**5,269,026,572**	**2,784,547,513**
Less : Net Sales made by tie up units	2,470,324,713	561,241,577
Add : Net income from tie up arrangement	1,063,371,976	268,785,521
Total Income	**3,862,073,835**	**2,492,091,457**
2. EARNINGS IN FOREIGN EXCHANGE	52,501,880	81,460,676
3. EXPORT THROUGH THIRD PARTIES	-	
4. EXPENDITURE IN FOREIGN CURRENCY	9,589,785	2,666,708

Cash Flow Statement

for the year ended 31st March, 2010

(Amount in ₹)

	2009-10		2008-09	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax & extraordinary items		538,531,476		316,065,333
Adjustment for				
Depreciation	71,268,636		32,760,485	
(Surplus) / Loss on sale of assets	123,542		215,642	
Provision for taxes of earlier years	-		-	
Miscellaneous expenses written off	51,860		51,860	
Interest (net)	232,954,528		105,641,438	
Dividend received	-		(11)	
		304,398,566		**138,669,414**
Operating Profit before working capital changes				
Adjustment for:				
(Increase) / Decrease in inventory	(251,745,844)		(375,251,973)	
(Increase) / Decrease in trade receivables	(165,937,865)		(94,194,322)	
(Increase) / Decrease in loans and advances	(1,527,963,161)		(452,018,963)	
(Decrease) / Increase in trade payable and provisions	172,363,576		431,940,922	
		(1,773,283,294)		**(489,524,336)**
Proceeds from short term borrowings		1,353,677,033		-
Tax provision		(132,450,000)		(93,302,805)
NET CASH FROM OPERATING ACTIVITIES		**290,873,781**		**(128,092,394)**
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(2,050,784,946)		(494,754,156)	
Sale of fixed assets	565,000		367,134	
Increase in investments	(2,531,000)		(31,447,293)	
Dividend received	-		11	
Interest received	2,886,899		1,456,531	
NET CASH FROM INVESTING ACTIVITIES		**(2,049,864,047)**		**(524,377,773)**
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital including premium	386,470,067		82,243,608	
Proceeds from borrowings (net)	1,929,710,775		721,310,364	
Interest paid	(235,841,427)		(107,097,969)	
Dividend and tax thereon	(103,731,583)		(16,903,280)	
NET CASH FROM FINANCING ACTIVITIES		**1,976,607,832**		**679,552,723**
NET INCREASE IN CASH & CASH EQUIVALENTS		217,617,566		**27,082,556**
Opening cash & cash equivalents		48,062,500		20,979,944
Closing cash & cash equivalents		**265,680,066**		**48,062,500**

As per our Report of even date annexed.

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

Kaushal Mehta
Partner
Membership No. 111749

Place : Mumbai
Dated : August 07, 2010

For and on behalf of the Board

Amit Dahanukar
Chairman & Managing Director

Shivani Amit Dahanukar
Executive Director

V.B.Haribhakti
Director

Dr. Vishnu Kanhere
Director

C.V.Bijlani
Director

Madan Goyal
Director

Gaurav Thakur
Company Secretary

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Amit Dahanukar
Chairman & Managing Director

Mrs. Shivani Amit Dahanukar
Executive Director

NON- EXECUTIVE DIRECTORS

Mr. S. V. Muzumdar

Mr. V. B. Haribhakti

Dr. Vishnu Kanhere

Dr. Ravindra Bapat

Mr. C.V. Bijlani

Mr. Madan Goyal

COMPANY SECRETARY

Mr. Gaurav Thakur

AUDITORS

M/s. Batliboi & Purohit,
Chartered Accountants

INTERNAL AUDITORS

M/s. Devdhar Joglekar & Srinivasan,
Chartered Accountants

SOLICITORS

M/s. W. S. Kane & Co.
M/s. Holla & Holla
M/s. L.J. Law & Co.
M/s. Parekh & Co.

BANKERS

State Bank of India
HDFC Bank Ltd.
State Bank of Hyderabad
Syndicate Bank
Bank of India
The Hongkong & Shanghai Banking Corporation Ltd.
Punjab National Bank
Karur Vysya Bank Ltd.
Punjab & Sind Bank

REGISTERED OFFICE & WORKS

P. O. Tilaknagar, Tal. Shrirampur,
Dist. Ahmednagar, Maharasthra- 413 720

CORPORATE OFFICE

Industrial Assurance Building, 3rd Floor,
Churchgate, Mumbai- 400 020
e-mail: tiliquor@tilind.com
Website: www.tilind.com

SHARES LISTED AT

Bombay Stock Exchange Limited (BSE)
National Stock Exchange of India Limited (NSE)

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/ 022 4043 0200
Fax: 022 2847 5207
e-mail: info@bigshareonline.com
Website: www.bigshareonline.com

ROCKY TUM MAT BANO!

'Rocky banega, duniya hasega' is our CSR initiative to increase the awareness of road safety. This is our road safety awareness drive that mocks at those who believe that carelessness is cool!

Rocky, the dude, the vagabond, the hero of our campaign, is a far cry from obeying road rules. An absolute wannabe that he is, he knows the road. But he invariably makes a complete fool of himself on the road.

Most of us out there are like Rocky. We think we own the road. We think we invincible and we can do what we feel is right. This campaign goes out to all those who think they are 'Rocky' on the road, and tells them:

Rocky Banega, Duniya Hasega!

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concept, content and design at Atherstone (info@aicl.in)
| INVESTOR COMMUNICATIONS |