



HAPPY HOURS

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TILAKNAGAR INDUSTRIES LTD. (TI)

Annual Report 2008-09



Forward-looking statement

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

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

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

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

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

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

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

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

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

Welcome to Happy Hours.



Tilaknagar Industries Ltd. (TI) - An Introduction



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

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

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



Know TI better



MANUFACTURING FACILITIES

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

PRODUCT AND BRAND PORTFOLIO

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

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





KEY MARKETS

Retail

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

Institutional

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

Export

TI has a strong export presence in major global markets.

WHAT WE ACHIEVED IN 2008-09

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

OPERATING HIGHLIGHTS 2008-09

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

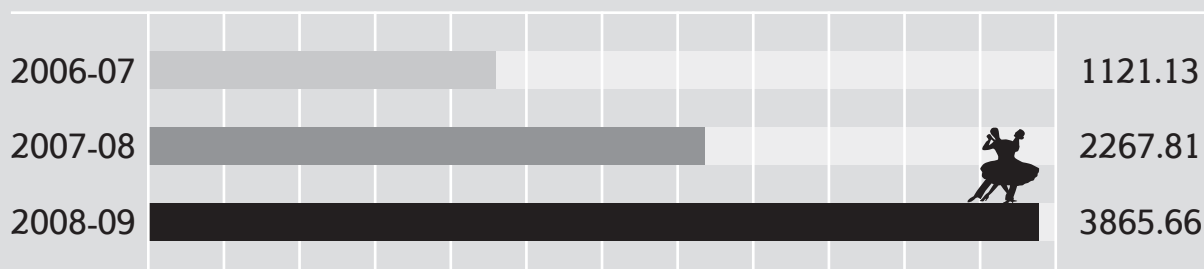
70.48% increase in **Sales**
(From Rs. 2267.81 mn in 2007-08 to Rs. 3865.66 mn 2008-09)

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

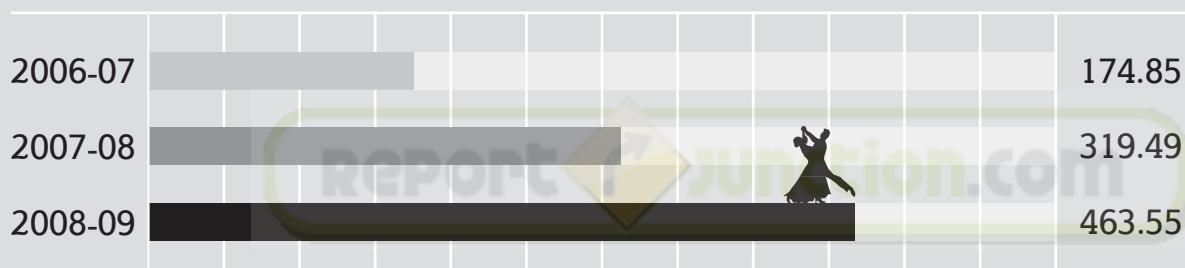
31% in increase in **Profits After Tax**
(From 162.13 mn in 2007-08 to Rs. 212.48 mn in 2008-09)

Highlights 2008-09

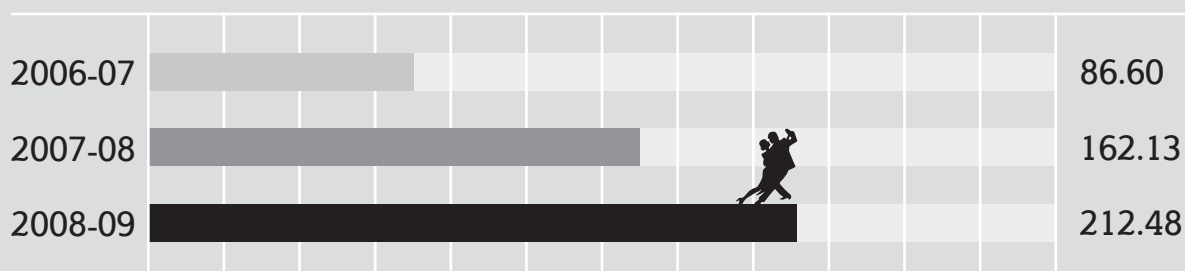
Sales (Rs. in million)



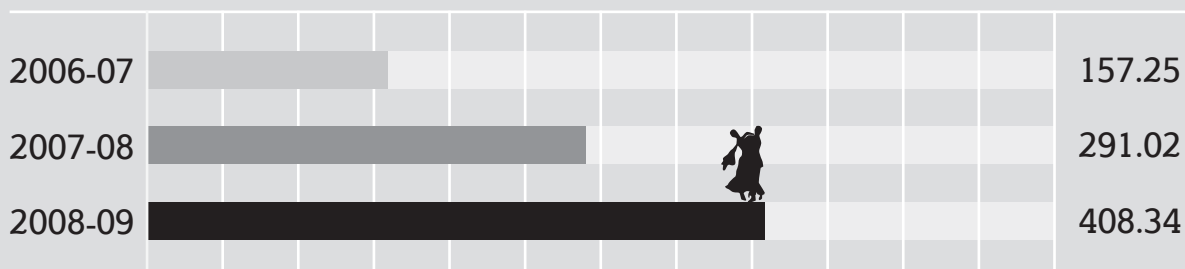
EBIDTA (Rs. in million)

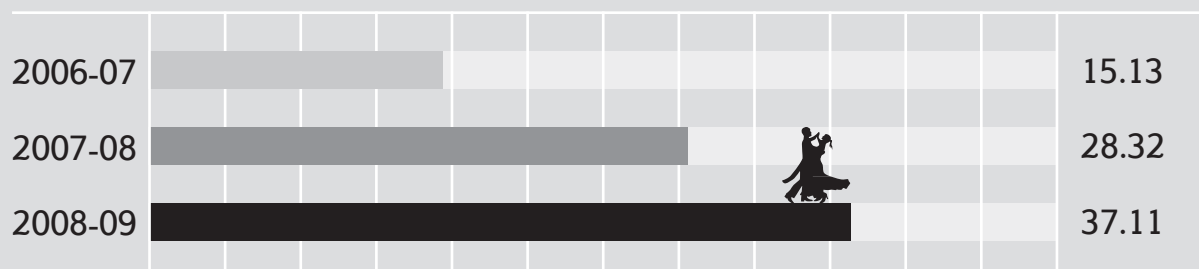
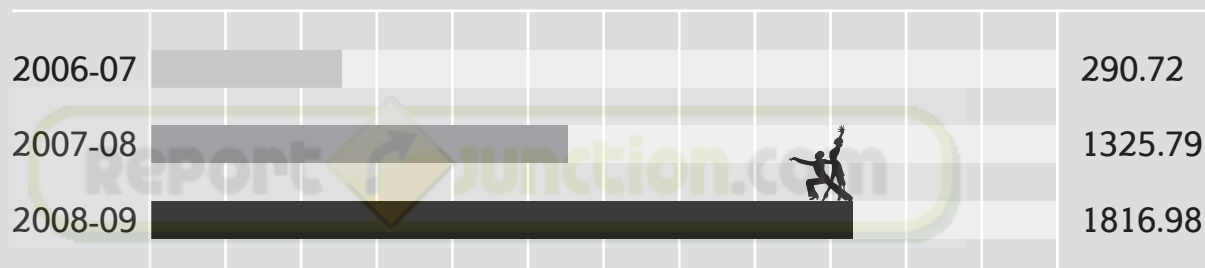
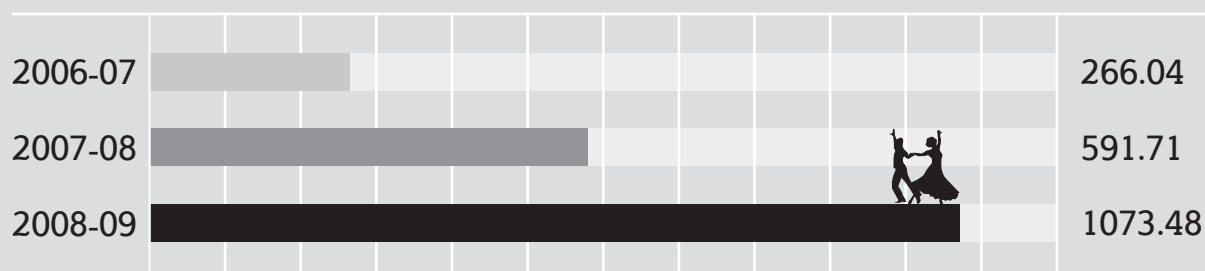
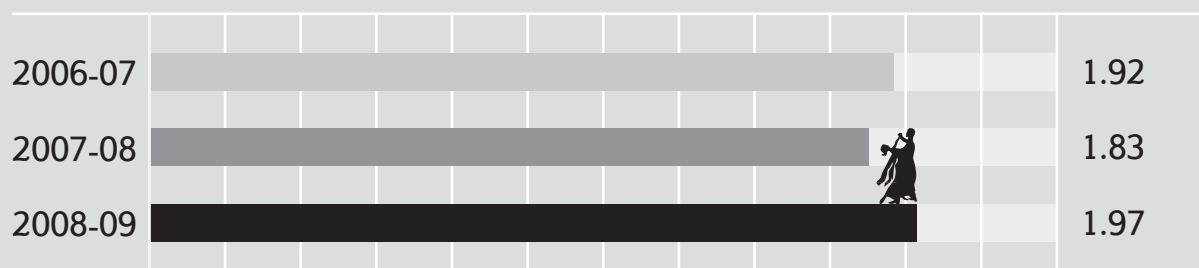


PAT (Rs. in million)



OPERATING PROFITS (Rs. in million)



BASIC EPS (Rs.)**GROSS BLOCK (Including Capital Work-In-Progress) (Rs. in million)****WORKING CAPITAL (Rs. in million)****CURRENT RATIO**

TI Brand Showcase



SENATE ROYALE Whisky

Unique blend of finest scotch malts and select Indian spirits.



SENATE Whisky

Fine blend of select imported Scotch whiskies.



MANSION HOUSE Whisky

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



CASTLE CLUB Whisky

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



COURRIER NAPOLEON Brandy

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



MANSION HOUSE Brandy

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



MADIRA XXX Rum

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



SAVOY CLUB XXX Rum

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