

TILAKNAGAR INDUSTRIES LTD.

Building Our Case(s)

Annual Report

2009-10

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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.



Tilaknagar Industries Ltd. Strategic Review Board and Management Reports Auditors' Report and Financial Statements

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.



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.

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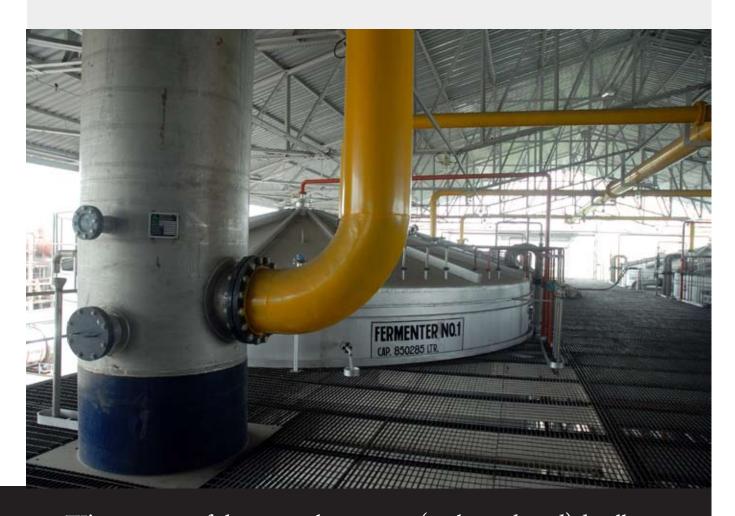
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A case on expansion

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



