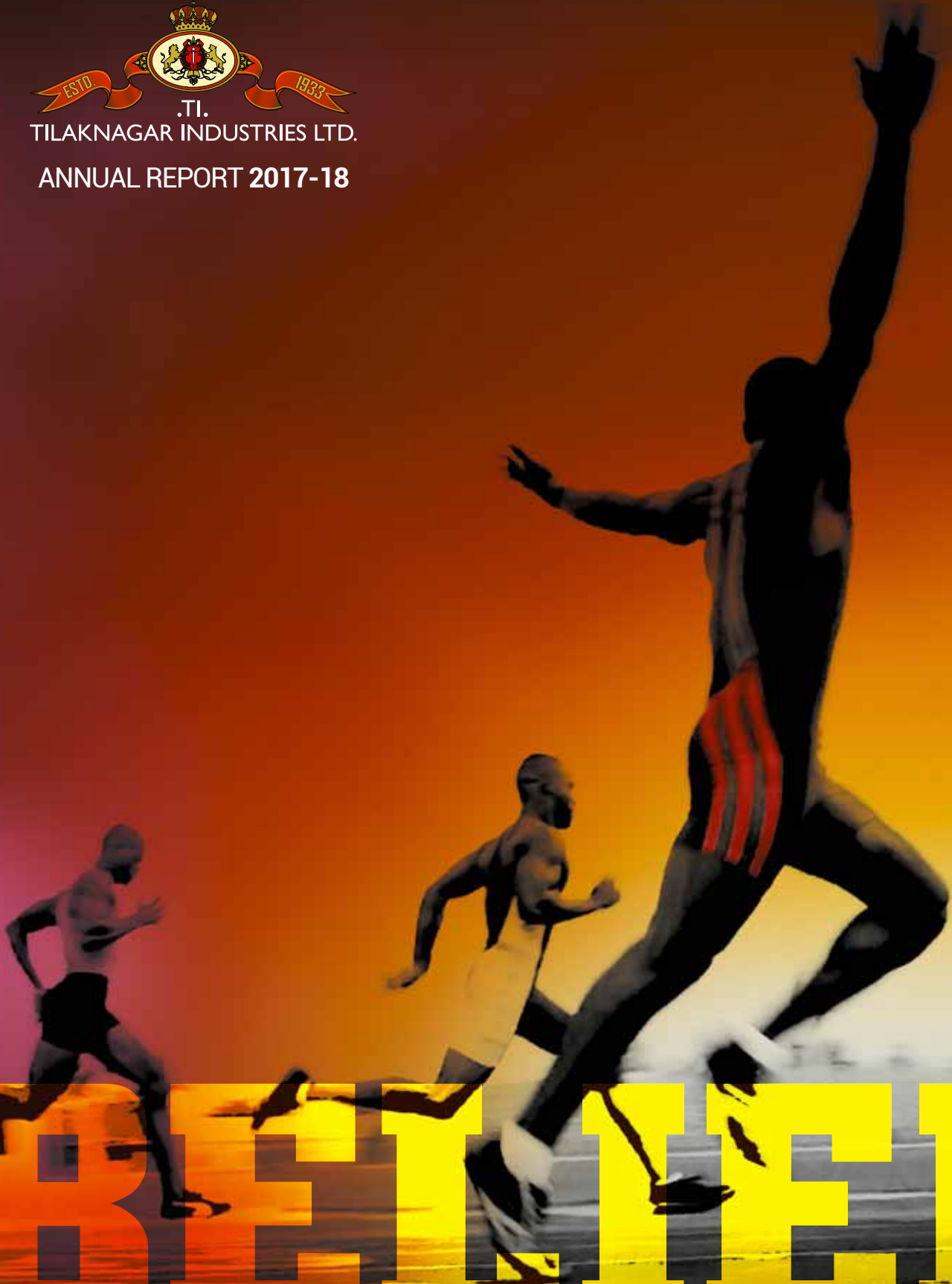




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TILAKNAGAR INDUSTRIES LTD.

ANNUAL REPORT 2017-18



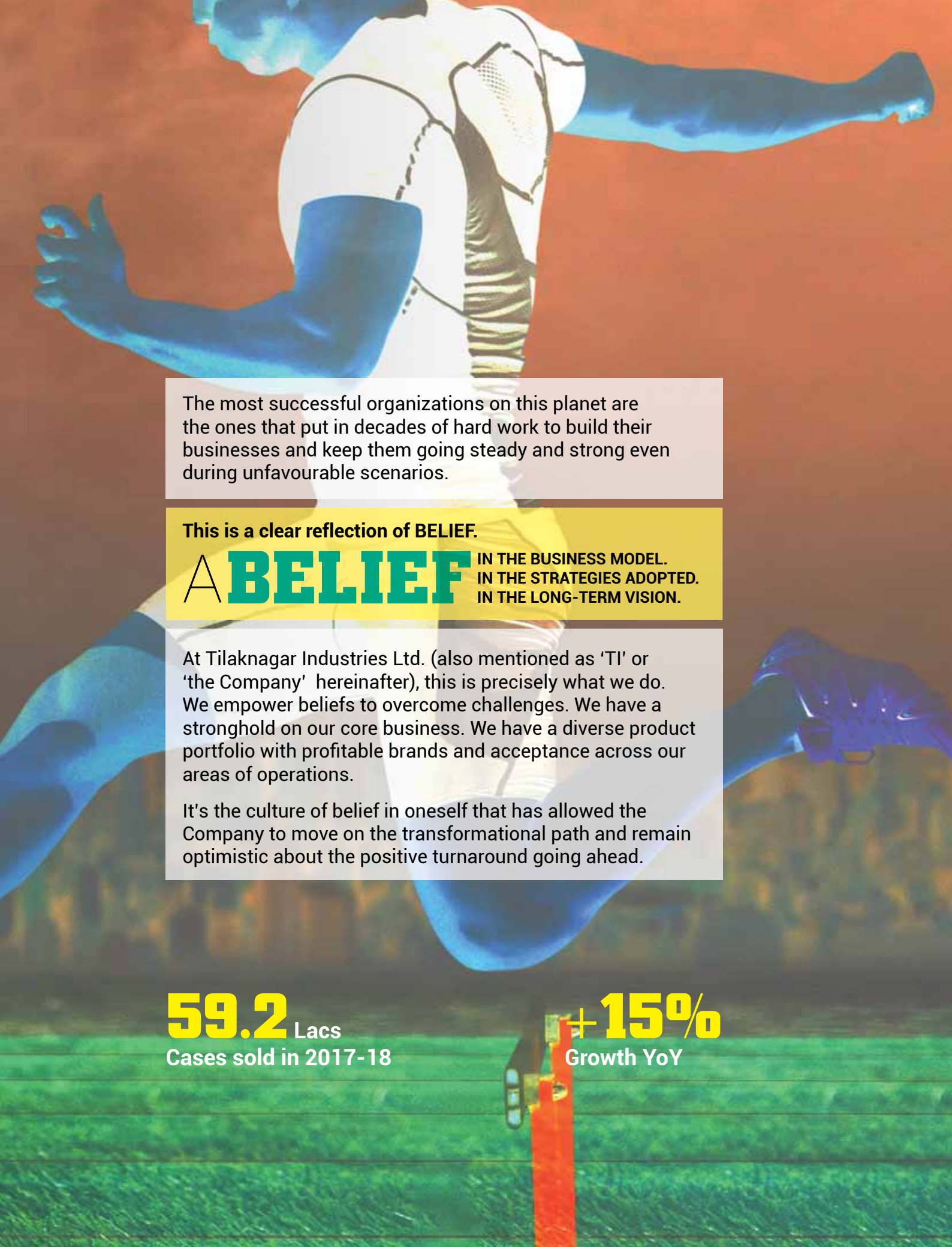
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Disclaimer

This document contains statements about expected future events and financials of Tilaknagar Industries Ltd., which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis Report of the Annual Report.



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

This is a clear reflection of BELIEF.

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

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

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

59.2 Lacs
Cases sold in 2017-18

+15%
Growth YoY

Believing **OURSELVES!**

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

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

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

Our Vision

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

Our Mission

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

Our Values

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

Belief in our **CONVICTIONS**

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

4



5

brands in
Brandy

6

brands in
Whisky

2

brands in
Rum

3

brands in
Vodka & Gin

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

Brandy and Rum

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

Whisky, Vodka and Gin

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

PRODUCT CATEGORY-WISE SALES VOLUME IN 2017-18

VODKA & GIN



2%

WHISKY



4%

RUM



10%

BRANDY



84%

Belief in our **INSIGHTS**

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

REGION-WISE SALES PERFORMANCE IN 2017-18

[Quantity in Lac Cases]

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



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

SEGMENT-WISE SALES PERFORMANCE

[Quantity in Lac Cases]

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

Belief in our
ABILITY
to reach out to
CUSTOMERS

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

