



HARSHIL SHAH & COMPANY

Chartered Accountants

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Independent Auditor's Review Report on the Quarterly and Year to date Unaudited Consolidated Financial Results of Tilaknagar Industries Ltd. pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To The Board of Directors of Tilaknagar Industries Ltd.

1. We have reviewed the accompanying statement of unaudited consolidated financial results of **Tilaknagar Industries Ltd.** (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") and its share of the net profit/ (loss) after tax and total comprehensive income/ loss of its associate for the quarter and nine months ended December 31, 2019 ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.



4. This Statement includes the results of entities as mentioned in Annexure 1.
5. The Parent has not impaired one of the ENA plants as required by Indian Accounting Standard 36 "Impairment of Assets" ("Ind AS 36"), though there is an indication of impairment. Reference is invited to note no. 5 of the Statement.
6. The Parent has not made impairment of advances given to certain parties amounting to Rs. 6,074.08 lakhs as required by Indian Accounting Standard 109 "Financial Instruments" ("Ind AS 109"). Reference is invited to note no. 6 of the Statement.
7. The Group has not impaired Goodwill of Rs. 1,175.25 lakhs relating to its wholly owned subsidiary i.e. Prag Distillery (P) Ltd. as required by Ind AS 36 though there is an indication of impairment as explained in note no. 8 of the Statement.
8. The review report on the financial results of Prag Distillery (P) Ltd. ("Prag") a subsidiary of the Parent, issued by an independent firm of Chartered Accountants (vide their report dated February 12, 2020) contains the following qualifications, which are reproduced by us as under:
 - a) "The Company has incurred capital expenditure of Rs. 9,957.12 lakhs on expansion project of bottling unit which is recorded under the head capital work in progress. The said project is not operational since many years which provide indications of impairment. The Company has not tested the said project for impairment loss as per Ind AS 36 "Impairment of Assets". Consequently, we were unable to determine the amount of impairment loss, if any, required to be recognized. Reference is invited to note no. 4 of the Statement.
 - b) Company had been referred to National Company Law Tribunal ("NCLT") for Corporate Insolvency Resolution Process (CIRP) under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code") and the Official Liquidator has initiated the process of liquidation of the Company as a going concern. Further the Company has incurred net loss during the quarter and nine months ended December 31, 2019 and as of that date its business has reduced significantly. These events indicate that a material uncertainty exist that may cast significant doubt on the company's ability to continue as a going concern. Reference is invited to note no. 4 of the Statement."

Note no. 4 of Prag's Statement as described above is reproduced as note no. 8 to the consolidated unaudited financial results.

9. Based on our review conducted and procedures performed as stated in paragraph 3 above, and based on the consideration of the review reports of the other auditors referred to in paragraph 13 below, except for the effects of the matter described in paragraph 5, 6, 7 & 8 above nothing has come to our



attention that causes us to believe that the accompanying Statement of unaudited financial results has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

10. We draw attention to note no. 7 of the Statement that the Group has incurred net loss during the quarter and nine months ended December 31, 2019 and due to accumulated losses, its net worth has been eroded. Further, the current liabilities have exceeded the total assets. These events indicate that a material uncertainty exist that may cast significant doubt on the Parent's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.
11. We draw attention to note no. 9 in the Statement which provides information regarding the default of principal dues and interest of Banks and Financial Institution, restructuring of loans and interest calculation thereon. Our conclusion is not modified in respect of this matter.
12. The review report on the financial results of PunjabExpo Breweries Private Limited ("PunjabExpo") a subsidiary of the Parent, issued by an independent firm of Chartered Accountants (vide their report dated February 12, 2020) contains the following emphasis of matter, which is reproduced by us as under:
 - a) "The Company has incurred net loss during the quarter and nine months ended December 31, 2019 and due to accumulated losses, its net worth has been eroded. Further, the current liabilities have exceeded the current assets. These events indicate that a material uncertainty exist that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter. Reference is invited to note no. 4 of the Statement."

Note no. 4 of PunjabExpo's Statement as described above is reproduced as note no. 11 to the consolidated unaudited financial results.

13. We did not review the interim financial statements/ information of 3 subsidiaries included in the consolidated financial results, whose interim financial statements/ information reflects total revenue of Rs. 1,037.31 lakhs for the nine months ended December 31, 2019 and total loss of Rs. 1,160.97 lakhs including other comprehensive income for the nine months ended December 31, 2019 as considered in the consolidated unaudited financial results. These Financial Statements have been reviewed by other auditors whose reports have been furnished to us by the management, and our conclusion on these Statements in so far as it relates to the amounts and disclosures included in respect of these



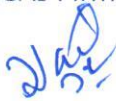
subsidiaries, is based solely on the report of the other auditors and the procedures performed by us as stated in paragraph 3 above. Our conclusion on the Statements is not modified in respect of the above matter with respect to our reliance on the work done and the reports of other auditors.

14. We did not review the interim financial statements/ information of 5 subsidiaries included in the consolidated financial results whose interim financial statements/ information reflects total total revenue of Rs Nil for the nine months ended December 31, 2019 and total loss of Rs. 2.04 lakhs including other comprehensive income for the nine months ended December 31, 2019 and the interim financial statements/ information of one associate which reflects group share of total loss of Rs. Nil including other comprehensive income for the nine months ended December 31, 2019 which are not reviewed by other auditors and are certified by the Management. According to the information and explanations given to us by the Management, these interim financial results and other financial information are not material to the Group. Our conclusion on the Statement is not modified in respect of the above matter.
15. The comparative financial results of the company for the preceding corresponding quarter and nine months ended December 31, 2018 were reviewed by the predecessor auditor who expressed modified conclusion on those financial results on February 22, 2019.

For Harshil Shah & Company

Chartered Accountants

ICAI Firm Reg. No. 141179W



Harshil Shah

Partner

Membership No. 124146



Place: Mumbai

Date: February 13, 2020

ICAI UDIN: 20124146AAAABM3414

Annexure 1 – List of Subsidiaries and Associate included in consolidation:

	Parent:
1	Tilaknagar Industries Ltd.
	Subsidiaries:
2	Prag Distillery (P) Ltd.
3	Vahni Distilleries Private Limited.
4	Kesarval Spring Distillers Pvt. Ltd.
5	PunjabExpo Breweries Pvt. Ltd.
6	Mykingdom Ventures Pvt. Ltd.
7	Studd Projects P Ltd.
8	Srirampur Grains Pvt. Ltd.
9	Shivprabha Sugars Ltd.
	Associate:
10	Mason & Summers Marketing Services Pvt. Ltd.

2/2/21

TILAKNAGAR INDUSTRIES LTD. (CIN: L15420PN1933PLC133303)

Corporate Office: 3rd Floor, Industrial Assurance Building, Churchgate, Mumbai, Maharashtra - 400 020

Regd. Office : P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra - 413 720

Email: investor@tilind.com; Website: www.tilind.com; Phone: +91 22 22831716/18; Fax: +91 22 22046904

(Rs. in lacs)						
Statement of Consolidated Unaudited Financial Results for the Quarter and Nine Months ended December 31, 2019						
Particulars	Quarter ended		Nine Months ended		Previous Year	
	31.12.2019 Unaudited	30.09.2019 Unaudited	31.12.2018 Unaudited	31.12.2019 Unaudited	31.12.2018 Unaudited	31.03.2019 Audited
I Revenue from Operations	39,928.70	41,421.06	42,524.26	1,13,668.68	1,12,376.91	1,52,549.35
II Other Income	240.26	107.49	133.27	480.10	378.08	520.65
III Total Income (I + II)	40,168.96	41,528.55	42,657.53	1,14,148.78	1,12,754.99	1,53,070.00
IV Expenses						
(a) Cost of materials consumed	8,877.84	9,526.54	9,015.84	25,235.26	22,403.65	33,741.68
(b) Purchases of stock-in-trade	-	-	-	-	-	-
(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	(586.35)	1,853.87	531.81	1,452.05	924.02	(1,774.81)
(d) Excise duty	23,533.62	21,650.60	24,347.45	63,997.61	63,828.98	86,416.35
(e) Employee benefits expense	685.85	824.13	795.57	2,329.98	2,084.26	3,328.13
(f) Finance costs	4,926.10	4,651.61	5,722.10	14,199.27	13,650.03	18,420.68
(g) Depreciation and amortization expense	826.76	824.55	936.35	2,474.21	2,797.12	3,674.93
(h) Other expenses	5,639.22	5,799.37	6,355.18	15,492.53	19,695.15	25,224.54
Total Expenses	43,903.04	45,130.67	47,704.30	1,25,180.91	1,25,383.21	1,69,031.50
V Profit/(Loss) before Exceptional Items and Tax (III-IV)	(3,734.08)	(3,602.12)	(5,046.77)	(11,032.13)	(12,628.22)	(15,961.50)
VI Exceptional Items	-	-	-	-	-	-
VII Profit/(Loss) before Tax (V-VI)	(3,734.08)	(3,602.12)	(5,046.77)	(11,032.13)	(12,628.22)	(15,961.50)
VIII Tax Expense						
(a) Current tax	11.55	-	(150.00)	11.55	400.00	23.05
(b) Deferred tax	-	33.22	-	33.22	-	64.15
(c) MAT credit	-	-	-	-	-	(97.37)
Total Tax Expense	11.55	33.22	(150.00)	44.77	400.00	(10.17)
IX Profit/(Loss) for the period before Share of Profit/(Loss) of Associate (VII-VIII)	(3,745.63)	(3,635.34)	(4,896.77)	(11,076.90)	(13,028.22)	(15,951.33)
X Share of Profit/(Loss) of Associate	-	-	-	-	-	-
XI Profit/(Loss) For The Period (IX+X)	(3,745.63)	(3,635.34)	(4,896.77)	(11,076.90)	(13,028.22)	(15,951.33)
XII Other Comprehensive Income/(Loss)						
(a) Items that will not be reclassified to Profit & Loss						
(i) Remeasurement gain/(loss) in respect of the defined benefit plans	(5.06)	(4.41)	(4.53)	(13.87)	(13.58)	(17.62)
(ii) Tax on above	-	-	-	-	-	0.27
(b) Items that will be reclassified to Profit & Loss	-	-	-	-	-	-
Total Other Comprehensive Income/(Loss) for the period [(a) +(b)]	(5.06)	(4.41)	(4.53)	(13.87)	(13.58)	(17.35)
XIII Total Comprehensive Income/(Loss) for the Period (XI+XII)	(3,750.69)	(3,639.75)	(4,901.30)	(11,090.77)	(13,041.80)	(15,968.68)
XIV Profit/Loss For The Period Attributable to						
(a) Owners of the Company	(3,745.63)	(3,635.34)	(4,896.77)	(11,076.90)	(13,028.22)	(15,951.33)
(b) Non-Controlling Interests	-	-	-	-	-	-
XV Other Comprehensive Income/(Loss) for the Period Attributable to						
(a) Owners of the Company	(5.06)	(4.41)	(4.53)	(13.87)	(13.58)	(17.35)
(b) Non-Controlling Interests	-	-	-	-	-	-
XVI Total Comprehensive Income/(Loss) for the Period Attributable to						
(a) Owners of the Company	(3,750.69)	(3,639.75)	(4,901.30)	(11,090.77)	(13,041.80)	(15,968.68)
(b) Non-Controlling Interests	-	-	-	-	-	-
XVII Paid-up Equity Share Capital (Face value of Rs. 10/- per Share)	12,513.38	12,513.38	12,513.38	12,513.38	12,513.38	12,513.38
XVIII Reserves as per Balance Sheet of Previous Accounting Year						(41,235.23)
XIX Earnings Per Equity Share of Rs. 10/- each (not annualized)						
(a) Basic (Rs.)	(2.99)	(2.91)	(3.91)	(8.85)	(10.43)	(12.76)
(b) Diluted (Rs.)	(2.99)	(2.91)	(3.91)	(8.85)	(10.43)	(12.76)

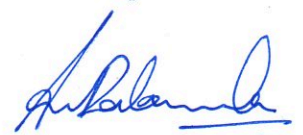
Notes :

- 1 The above Results have been reviewed by the Audit Committee and approved by the Board of Directors at Meeting held on February 13, 2020 and have been subjected to a limited review by the Statutory Auditors.
- 2 The financial results for all periods presented have been prepared in accordance with recognition and measurement principles laid down in the IND-AS 34 : Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.
- 3 The unaudited Consolidated Financial Results have been prepared by the Company in accordance with IND-AS 110: Consolidated Financial Statements and IND-AS 28: Accounting for Investments in Associate in Consolidated Financial Statements prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies.
- 4 The Company is predominantly engaged in the business of manufacture and sale of Indian Made Foreign Liquor (IMFL) and its related products, which constitute a single business segment as per IND-AS 108: Operating Segments. Accordingly, disclosure in accordance with the provisions of Circular issued by the SEBI on July 05, 2016 is not applicable.
- 5 The Company had applied to the State government authorities for dual feed permission for manufacture of ENA through molasses as well as grain at one of its ENA Plants. Permission has been received for operating the fermentation section for one year. It is expected that permission for operating the distillation section also will be received soon. In view of this, the management believes that there is no impairment in value of its ENA Plant and hence the recoverable amount of the ENA Plant is not required to be estimated.
- 6 In lieu of advances given to certain parties amounting to Rs. 6,074.08 lacs, the Company had received land from one of the group concerns of the parties. The land received has been registered in the name of the Company. The advances have not been adjusted pending certain formalities to be completed on the part of the said parties. In view of this, the management believes that no provision is considered necessary in the books of accounts.
- 7 The Company's net worth has eroded, however, there is an improvement in operational performance of the liquor business in terms of higher sales, market share and margins in the southern states. The Company has entered into compromise settlements with banks and restructuring agreement, subsequent to December 31, 2019 with Edelweiss Asset Reconstruction Company Limited ("EARC") acting as Trustee of EARC Trust SC233, EARC Trust SC241 and EARC Trust SC269, in favour of whom some of the lender Banks and Financial Institution have assigned all the rights, title and interests in financial assistances granted by them to the Company with respect to restructuring of the debts owed to it by the Company. Hence, the accounts are prepared on going concern basis.
- 8 The National Company Law Tribunal ("NCLT") ordered for liquidation of Prag Distillery (P) Ltd, wholly owned subsidiary of the Company ("Prag") vide its order dated July 26, 2018, as a going concern. The Official Liquidator has initiated the process of liquidation of Prag as a going concern. Hence, the accounts of Prag have been prepared on a going concern basis. The impairment of the project undertaken by Prag in earlier years will be considered on completion of the liquidation process, since the recoverable value is not currently ascertainable.
- 9 The Company had defaulted in repayment of principal dues of loans as well as interest payable to banks and financial institutions, however certain account payments were made to banks and Edelweiss Asset Reconstruction Company Limited (EARC). The Company has since entered into compromise settlements with banks and has also executed, subsequent to December 31, 2019, restructuring documents/agreements with "EARC" acting as Trustee of EARC Trust SC233, EARC Trust SC241 and EARC Trust SC269, in favour of whom some of the lender Banks and Financial Institution had assigned all the rights, title and interests in financial assistances granted by them to the Company with respect to restructuring of the debts owed to it by the Company. However, pending payment to banks and EARC in full and final settlement as per the terms of the compromise settlement/restructuring agreement, interest has been provided in books of accounts on the principal outstanding at original contracted rates.
- 10 State Bank of India (SBI), a financial creditor of the Company had filed an application before the National Company Law Tribunal (NCLT), Mumbai under Section 7 of the Insolvency & Bankruptcy code claiming default by the Company in repayment of its financial obligation to the Bank. The said application has been withdrawn by SBI and taken on record by NCLT vide order dated October 11, 2019. The Company has since entered into a compromise settlement with SBI for settling its dues amounting to Rs.10,200 lacs towards full and final settlement of the total dues. The Company has paid Rs.2,550 lacs before December 31, 2019 in compliance with the payment schedule of the settlement.
- 11 The net worth of Punjabexpo Breweries Private Limited, a subsidiary of TI, has eroded consequent to the losses incurred in the current year. However, the parent company is exploring the possibility of entering into northern markets where Punjabexpo will be one of the major sources of supply. It is also in talks with other brand owners to enter into bottling arrangements for the said brand owners. This would significantly improve the capacity utilisation and have favourable impact on the profitability of the company.
- 12 The Standalone and Consolidated unaudited financial results of the Company for the quarter and nine months ended December 31, 2019 are available on the Company's website (www.tilind.com) and on the website of BSE (www.bseindia.com) and NSE (www.nseindia.com).
- 13 The Company has adopted modified retrospective approach under Ind AS 116 - Leases, with effect from April 01, 2019. Accordingly, the Company has recognized 'Right of use' assets of Rs.117.99 lacs and present value of lease liabilities of Rs.117.99 lacs as on April 01, 2019. In the statement of financial results for the current period, instead of rent expenses (as accounted under previous periods), Amortization of Right of use assets has been accounted under depreciation and amortization expenses and unwinding of discount on lease liabilities has been accounted under finance cost. Accordingly, current period's figures are not comparable with previous periods to that extent. The net impact of adopting this standard on earning per share is not material.
- 14 The previous period figures have been regrouped and reclassified wherever necessary.

Place: Mumbai
Date : February 13, 2020



By Order of the Board
For Tilaknagar Industries Ltd.


Amit Dahanukar
Chairman & Managing Director
(DIN: 00305636)