



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 half year ended September 30, 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.



114, Dimple Arcade, Thakur Complex, Kandivali East, Mumbai 101.

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. 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 12 below, except for the effects of the matter described in paragraph 5, 6 & 7 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.
9. We draw attention to note no. 7 of the Statement that the Group has incurred net loss during the quarter and half year ended September 30, 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.
10. One of the Subsidiaries of the Group namely Prag Distillery (P) Ltd. ("Prag") has been referred to the National Company Law Tribunal for Corporate Insolvency Resolution Process (CIRP) under the provisions of Insolvency and Bankruptcy Code 2016 (the Code) and Liquidator has initiated the process of liquidation of Prag as going concern. Further Prag has incurred net loss during the quarter and half year ended September 30, 2019 and as of that date its business has reduced significantly. These events indicate that a material uncertainty exists that may cast significant doubt on Prag's ability to continue as a going concern. Our conclusion is not modified in respect of this matter. Reference is invited to note no 8 of the Statement.
11. We draw attention to note no. 9 in the Statement that the Group has defaulted principal dues and interest payable to Bank(s) and Financial Institution(s). The Group has provided interest liability based on the last available sanction letter on the principal outstanding and has entered into compromise settlements with banks and is in active discussion with Edelweiss Asset Reconstruction Company Limited (EARC) for restructuring the dues. Pending payments to bank in full and the final outcome of the settlement with the EARC, no further adjustments have been made in the financial results in respect of the principal amount of loans and interest provided thereon. Our conclusion is not modified in respect of this matter.
12. 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 assets of Rs. 20,214.16 lakhs as at September 30, 2019, total revenue of Rs. 739.07 lakhs



for the half year ended September 30, 2019 and total loss of Rs. 925.21 lakhs including other comprehensive income for the half year ended September 30, 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.

13. 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 assets of Rs. 25.15 lakhs as at September 30, 2019, total revenue of Rs Nil for the half year ended September 30, 2019 and total loss of Rs.0.90 lakhs including other comprehensive income for the half year ended September 30, 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 half year ended September 30, 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.
14. We draw attention to the note no. 13 of the consolidated statement of cash flows for the corresponding half year ended September 30, 2018, as reported in the accompanying Statement has been approved by the Parent's Board of Directors, but has not been subjected to review.
15. The comparative financial results of the Group for the immediately preceding quarter ended June 30, 2019 and corresponding quarter and half year ended September 30, 2018 were reviewed by predecessor auditor who expressed the modified conclusion on those financial results on August 9, 2019 and October 31, 2018 respectively.

For Harshil Shah & Company

Chartered Accountants

ICAI Firm Reg. No. 141179W



Harshil Shah

Partner

Membership No. 124146



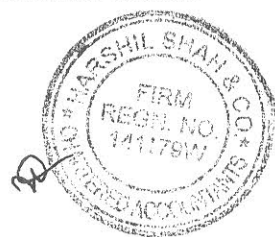
Place: Mumbai

Date: December 16, 2019

ICAI UDIN: 19124146AAAAGL5667

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.



TILAKNAGAR INDUSTRIES LTD. (CIN: L15420PN1933PLC133303)

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

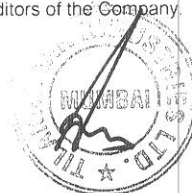
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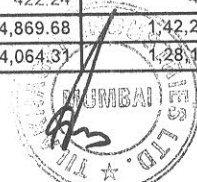
(Rs. in lacs)							
Statement of Consolidated Unaudited Financial Results for the Quarter and Half Year ended September 30, 2019							
	Particulars	Quarter ended			Half Year ended		Previous Year
		30.09.2019 Unaudited	30.06.2019 Unaudited	30.09.2018 Unaudited	30.09.2019 Unaudited	30.09.2018 Unaudited	31.03.2019 Audited
I	Revenue from Operations	41,421.06	32,318.92	38,398.68	73,739.98	69,852.65	1,52,549.35
II	Other Income	107.49	132.35	124.09	239.84	244.81	520.65
III	Total Income (I + II)	41,528.55	32,451.27	38,522.77	73,979.82	70,097.46	1,53,070.00
IV	Expenses						
	(a) Cost of materials consumed	9,526.54	6,830.88	8,974.89	16,357.42	13,387.81	33,741.68
	(b) Purchases of stock-in-trade	-	-	-	-	-	-
	(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	1,853.87	184.53	(1,375.54)	2,038.40	392.21	(1,774.81)
	(d) Excise duty	21,650.60	18,813.39	21,592.54	40,463.99	39,481.53	86,416.35
	(e) Employee benefits expense	824.13	820.00	754.08	1,644.13	1,288.69	3,328.13
	(f) Finance costs	4,651.61	4,621.56	3,977.67	9,273.17	7,927.93	18,420.68
	(g) Depreciation and amortization expense	824.55	822.90	935.60	1,647.45	1,860.77	3,674.93
	(h) Other expenses	5,799.37	4,053.94	7,326.43	9,853.31	13,339.97	25,224.54
	Total Expenses	45,130.67	36,147.20	42,185.67	81,277.87	77,678.91	1,69,031.50
V	Profit/(Loss) before Exceptional Items and Tax (III-IV)	(3,602.12)	(3,695.93)	(3,662.90)	(7,298.05)	(7,581.45)	(15,961.50)
VI	Exceptional Items	-	-	-	-	-	-
VII	Profit/(Loss) before Tax (V-VI)	(3,602.12)	(3,695.93)	(3,662.90)	(7,298.05)	(7,581.45)	(15,961.50)
VIII	Tax Expense						
	(a) Current tax	-	-	550.00	-	550.00	23.05
	(b) Deferred tax	33.22	-	-	33.22	-	54.15
	(c) MAT credit	-	-	-	-	-	(97.37)
	Total Tax Expense	33.22	-	550.00	33.22	550.00	(10.17)
IX	Profit/(Loss) for the period before Share of Profit/(Loss) of Associate (VII-VIII)	(3,635.34)	(3,695.93)	(4,212.90)	(7,331.27)	(8,131.45)	(15,951.33)
X	Share of Profit/(Loss) of Associate	-	-	-	-	-	-
XI	Profit/(Loss) For The Period (IX+X)	(3,635.34)	(3,695.93)	(4,212.90)	(7,331.27)	(8,131.45)	(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	(4.41)	(4.40)	(4.53)	(8.81)	(9.05)	(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)]	(4.41)	(4.40)	(4.53)	(8.81)	(9.05)	(17.35)
XIII	Total Comprehensive Income/(Loss) for the Period (XI+XII)	(3,639.75)	(3,700.33)	(4,217.43)	(7,340.08)	(8,140.50)	(15,968.68)
XIV	Profit/Loss For The Period Attributable to						
	(a) Owners of the Company	(3,635.34)	(3,695.93)	(4,212.90)	(7,331.27)	(8,131.45)	(15,951.33)
	(b) Non-Controlling Interests	-	-	-	-	-	-
XV	Other Comprehensive Income/(Loss) for the Period Attributable to						
	(a) Owners of the Company	(4.41)	(4.40)	(4.53)	(8.81)	(9.05)	(17.35)
	(b) Non-Controlling Interests	-	-	-	-	-	-
XVI	Total Comprehensive Income/(Loss) for the Period Attributable to						
	(a) Owners of the Company	(3,639.75)	(3,700.33)	(4,217.43)	(7,340.08)	(8,140.50)	(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	12,503.38	12,513.38	12,503.38	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.)	(2.91)	(2.96)	(3.37)	(5.87)	(6.51)	(12.76)
	(b) Diluted (Rs.)	(2.91)	(2.96)	(3.37)	(5.87)	(6.51)	(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 December 16, 2019 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 is in active discussion with Edelweiss Asset Reconstruction Company Limited (EARC) for restructuring the dues. 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.
- 9 The Company has defaulted in repayment of principal dues of loans as well as interest payable to banks and financial institutions except for making certain on account payments to banks and Edelweiss Asset Reconstruction Company Limited (EARC). The Company has since entered into compromise settlements with banks and is in active discussion with EARC for restructuring the dues. However, pending payment to banks in full and final settlement as per the terms of the compromise settlement and finalisation of the restructuring agreement with EARC, 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 agreed to the acceptance by SBI of One Time Settlement (OTS) offer of the Company for settling its dues to SBI by agreeing to pay Rs.102 crores towards full and final settlement of the total dues.
- 11 The Standalone and Consolidated unaudited financial results of the Company for the quarter and half year ended September 30, 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).
- 12 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.
- 13 The Statement of Consolidated Cash Flow for the corresponding half year ended September 30, 2018 as reported in the results have been approved by the Board of Directors of the Company, but have not been subjected to limited review by the Statutory Auditors of the Company.
- 14 The previous period figures have been regrouped and reclassified wherever necessary.



Particulars	(Rs. in lacs)	
	As at	As at
	30.09.2019	31.03.2019
	(Unaudited)	(Audited)
A ASSETS		
NON-CURRENT ASSETS		
(a) Property, Plant and Equipment	51,181.91	52,787.71
(b) Right of use Assets	105.16	-
(c) Capital Work-in-Progress	11,455.91	11,427.57
(d) Goodwill	2,326.23	2,326.23
(e) Other Intangible Assets	42.62	44.83
(f) Financial Assets		
(i) Investments	3.77	3.77
(ii) Loans	1.94	3.00
(iii) Other Financial Assets	5,235.41	5,037.73
(g) Other Non-Current Assets	7,720.54	7,620.99
(h) Deferred Tax Assets (Net)	-	33.22
(i) Income Tax Assets (Net)	642.90	603.75
Total Non-Current Assets	78,716.39	79,888.80
CURRENT ASSETS		
(a) Inventories	7,335.92	9,779.58
(b) Financial Assets		
(i) Investments	2.73	344.47
(ii) Trade Receivables	22,877.01	24,098.82
(iii) Cash and Cash Equivalents	5,639.38	5,017.01
(iv) Bank Balance other than (iii) above	166.35	288.82
(v) Loans	4.09	4.66
(vi) Other Financial Assets	122.25	46.93
(c) Other Current Assets	9,200.19	8,636.39
Total Current Assets	45,347.92	48,216.68
TOTAL ASSETS	1,24,064.31	1,28,105.48
B EQUITY AND LIABILITIES		
EQUITY		
(a) Equity Share Capital	12,513.38	12,513.38
(b) Other Equity		
(i) Equity Attributable to Owners of the Company	(48,500.26)	(41,235.23)
(ii) Non-Controlling Interests	-	-
Total Equity	(35,986.88)	(28,721.85)
LIABILITIES		
NON-CURRENT LIABILITIES		
(a) Financial Liabilities		
(i) Borrowings	9.15	13.15
(ii) Lease Liabilities	73.79	-
(iii) Other Financial Liabilities	14,676.26	14,159.83
(b) Provisions	422.31	386.76
Total Non-Current Liabilities	15,181.51	14,559.74
CURRENT LIABILITIES		
(a) Financial Liabilities		
(i) Borrowings	86,487.04	81,527.39
(ii) Lease Liabilities	37.45	-
(iii) Trade Payables		
Total outstanding dues of micro enterprises and small enterprises	1,452.11	911.29
Total outstanding dues of creditors other than micro enterprises and small enterprises	14,490.33	18,554.37
(iv) Other Financial Liabilities	40,836.58	38,450.48
(b) Provisions	1,142.54	2,335.89
(c) Income Tax Liabilities (Net)	1.39	1.39
(d) Other Current Liabilities	422.24	486.78
Total Current Liabilities	1,44,869.68	1,42,267.59
TOTAL EQUITY AND LIABILITIES	1,24,064.31	1,28,105.48




Consolidated Unaudited Statement of Cash Flow for the half year ended September 30, 2019

Particulars	(Rs. in lacs)	
	Period ended September 30, 2019	Period ended September 30, 2018
	Unaudited	Unaudited (Refer Note 13)
Net profit before tax	(7,298.05)	(7,581.45)
Operating Profit before working capital changes	11,862.41	13,738.76
Net Cash flow from Operating Activities (A)	4,756.91	4,872.18
Net Cash flow from Investing Activities (B)	300.23	(3,579.26)
Net Cash flow from Financing Activities (C)	(4,434.77)	(4,679.04)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	622.37	(3,386.12)
Cash and cash equivalents at the beginning of the period (D)	5,017.01	6,683.63
Cash and cash equivalents at the end of the period (E)	5,639.38	3,297.51
Net increase/(decrease) in cash and cash equivalents (E-D)	622.37	(3,386.12)

By Order of the Board
For Tilaknagar Industries Ltd.



Place: Mumbai
Date : December 16, 2019


Amit Dahanukar
Chairman & Managing Director
(DIN: 00305636)