



**LIMITED REVIEW REPORT ON REVIEW OF UNAUDITED FINANCIAL RESULTS OF  
TILAKNAGAR INDUSTRIES LIMITED PURSUANT TO THE REGULATION 33 OF SEBI  
(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

**TO THE BOARD OF DIRECTORS OF TILAKNAGAR INDUSTRIES LIMITED**

1. We have reviewed the accompanying statement of consolidated unaudited financial results (the Statement') of Tilaknagar Industries Limited ('the Company') for the quarter 31<sup>st</sup> December, 2018 and year to date from 1<sup>st</sup> April 2018 to 31<sup>st</sup> December 2018 attached herewith. Being submitted by the Company pursuant to Regulation 33 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.
2. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the entity' specified under section 143(10) of The Companies Act 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. These Consolidated financial results include the third quarter financial results of the following entities:

**Holding Company:**

- i. Tilaknagar Industries Ltd

**Subsidiaries:**

- ii. Prag Distillery (P) Ltd
- iii. Vahni Distilleries Pvt. Ltd
- iv. Kesarval Spring Distillers Pvt. Ltd
- v. Punjab Expo Breweries Pvt. Ltd
- vi. Mykingdom Ventures Pvt. Ltd
- vii. Studd Projects P Ltd
- viii. Srirampur Grains Pvt. Ltd
- ix. Shivprabha Sugars Ltd

**Associate:**

- x. Mason & Summers Marketing services Pvt. Ltd

**Basis for Qualified Conclusion**

5. The Company has not impaired one of the ENA plants as required by Indian Accounting Standard (Ind AS 36) Impairment of Assets though there is an indication of impairment. Reference is invited to note no 5 of the statement.
6. The company has not made Impairment of advances given to certain parties amounting to 6074.08 lakhs as required by Indian Accounting Standard (Ind AS 109) 'Financial Instruments'. Reference is invited to Note no.6 of the statement.



7. The Company has not impaired Goodwill of Rs 1175.25 lakhs relating to its wholly owned subsidiary Prag distillery Pvt Ltd as required by Indian Accounting Standard (Ind AS 36) 'Impairment of Assets' though there is an indication of impairment as explained in note 8 of the results.
8. The other auditors of Prag Distillery (P) Ltd have issued qualified conclusion stating the Company has incurred capital expenditure of Rs. 9920.02 lakhs on expansion project of Prag Distillery shown 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 Indian Accounting Standard (Ind AS 36) 'Impairment of Assets'. Consequently, we were unable to determine the amount of impairment loss, if any, required to be recognized.

#### **Qualified Conclusion**

9. Based on our review conducted as stated above, except for the effect specified in matter described in paragraph 5, 6, 7 & 8 nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 read with relevant rules there under and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

#### **Material uncertainty related to Going Concern**

10. We draw attention to note 7 in the results that the Company has incurred net loss during the year and due to accumulated losses, the net-worth has 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 Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.
11. The other Auditors have reported that The National Company Law Tribunal ("NCLT") has ordered for liquidation of Prag Distillery (P) Ltd, wholly owned subsidiary of the Company ("Prag") vide its order No. MA 309/2018 in CP1067/ 2017 dated July 26, 2018 under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code"). These Events indicate that a material uncertainty exist that may cast significant doubt on company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.
12. We did not audit the financial statements / information of 4 subsidiaries included in the consolidated financial results whose financial statements reflect total revenue of Rs 19029.70 lakhs and Rs. 69178.68 lakhs for the quarter ended 31<sup>st</sup> December 2018 and for the period from 1<sup>st</sup> April 2018 to 31<sup>st</sup> December 2018 respectively and net profit after tax of Rs. 393.85 lakhs and Rs.1548.65 lakhs for the quarter ended 31<sup>st</sup> December 2018 and for the period from 1<sup>st</sup> April 2018 to 31<sup>st</sup> December 2018 respectively, as considered in the statement. These Financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our conclusion on the Consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of section 143 (3) of the Act insofar as it relates to the aforesaid subsidiaries is based solely on the reports of such auditors.  
Our conclusion on the consolidated Ind As financial 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 audit the financial statements / information of 4 subsidiaries whose financial statements / information reflect total revenue of Rs nil and Rs Nil for the quarter ended 31<sup>st</sup> December 2018 and for the period from 1<sup>st</sup> April 2018 to 31<sup>st</sup> December 2018 respectively and net loss after tax of Rs. 0.52 lakhs and Rs. 0.96 lakhs for the quarter ended 31<sup>st</sup> December 2018 and for the period from 1<sup>st</sup> April 2018 to 31<sup>st</sup> December 2018 respectively as considered in the statement. The consolidated financial results also include Groups share of net profit / (loss) of Rs Nil for the quarter ended 31<sup>st</sup> December 2018 in respect of one associate whose financial statements have not been audited by us. This Financial statements / information are unaudited and furnished to us by the management and our conclusion on the Consolidated Financial Statements in so far as it relates to the amount and disclosures included in respect of this subsidiary and associates our report in terms of section 143 (3) of the Act in so far as it relates to the aforesaid subsidiary and associates is based solely on such unaudited financial statements / information. In our conclusion and according to the information and explanation given to us by the management this financial results / information are not material to the Group.

Our conclusion is not modified in respect of the above matter.

For **M. M. Parikh & Co**  
*Chartered Accountants*  
Firm Registration No. 107557W



**Kishor M Parikh**  
*Partner*  
Membership No. 031110

Place: Mumbai  
Date: 22<sup>nd</sup> February 2019



**TILAKNAGAR INDUSTRIES LTD. (CIN: L15420PN1933PLC133303)**

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(Rs. in lacs)							
Statement of Consolidated Unaudited Financial Results for the Quarter and Nine months ended December 31, 2018							
	Particulars	Quarter ended			Nine months ended		Previous Year ended
		31.12.2018 Unaudited	30.09.2018 Unaudited	31.12.2017 Unaudited	31.12.2018 Unaudited	31.12.2017 Unaudited	31.03.2018 (Audited)
I	Revenue from operations	42,524.26	38,398.68	36,645.50	1,12,376.91	92,559.88	1,29,500.86
II	Other Income	133.27	124.09	243.30	378.08	414.05	3,327.68
III	Total Income (I + II)	42,657.53	38,522.77	36,888.80	1,12,754.99	92,973.93	1,32,828.54
IV	Expenses						
	(a) Cost of materials consumed	9,015.84	8,974.89	8,981.34	22,403.65	21,246.52	29,021.28
	(b) Purchases of stock-in-trade	-	-	-	-	-	-
	(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	531.81	(1,375.54)	(137.89)	924.02	(160.89)	(588.71)
	(d) Excise Duty	24,347.45	21,592.54	20,195.43	63,828.98	48,804.83	71,384.16
	(e) Employee benefits expense	795.57	754.08	538.33	2,084.26	1,749.27	2,201.28
	(f) Finance costs	5,722.10	3,977.67	3,914.85	13,650.03	11,336.37	15,193.95
	(g) Depreciation and amortization expense	936.35	935.60	939.28	2,797.12	2,817.10	3,731.13
	(h) Other expenses	6,355.18	7,326.43	4,118.39	19,695.15	16,119.70	27,170.00
	Total expenses	47,704.30	42,185.67	38,549.73	1,25,383.21	1,01,912.91	1,48,113.09
V	Profit/(Loss) before exceptional items and tax (III-IV)	(5,046.77)	(3,662.90)	(1,660.93)	(12,628.22)	(8,938.98)	(15,284.55)
VI	Exceptional items						
VII	Profit/(Loss) before tax (V-VI)	(5,046.77)	(3,662.90)	(1,660.93)	(12,628.22)	(8,938.98)	(15,284.55)
VIII	Tax Expense						
	(a) Current tax	(150.00)	550.00		400.00		(171.54)
	(b) Deferred tax			(3.57)		(12.59)	
	Total Tax Expense	(150.00)	550.00	(3.57)	400.00	(12.59)	(171.54)
IX	Profit/(Loss) for the period before Share of Profit/(Loss) of associate (VII-VIII)	(4,896.77)	(4,212.90)	(1,657.36)	(13,028.22)	(8,926.39)	(15,113.01)
X	Share of Profit/(Loss) of associate						
XI	Profit/(Loss) for the period (IX+X)	(4,896.77)	(4,212.90)	(1,657.36)	(13,028.22)	(8,926.39)	(15,113.01)
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	(4.53)	(4.53)	(18.21)	(13.58)	(54.64)	(18.10)
	(ii) Deferred tax on remeasurement gain /(loss) in respect of defined benefit plans						
	(b) Items that will be reclassified to Profit & Loss						
	Total Other Comprehensive Income/(Loss) for the period [(a) +(b)]	(4.53)	(4.53)	(18.21)	(13.58)	(54.64)	(18.10)
XIII	Total Comprehensive Income/(Loss) for the period (XI+XII)	(4,901.30)	(4,217.43)	(1,675.58)	(13,041.80)	(8,981.03)	(15,131.11)
XIV	Profit/(Loss) for the period attributable to						
	(a) Owners of the Company	(4,896.77)	(4,212.90)	(1,657.36)	(13,028.22)	(8,926.39)	(15,113.01)
	(b) Non-Controlling Interests						
XV	Other Comprehensive Income/(Loss) for the period attributable to						
	(a) Owners of the Company	(4.53)	(4.53)	(18.21)	(13.58)	(54.64)	(18.10)
	(b) Non-Controlling Interests						
XVI	Total Comprehensive Income/(Loss) for the period attributable to						
	(a) Owners of the Company	(4,901.30)	(4,217.43)	(1,675.58)	(13,041.80)	(8,981.03)	(15,131.11)
	(b) Non-Controlling Interests						
XVII	Paid-up equity share capital (Face value of Rs. 10/- per Share)	12,513.38	12,503.38	12,475.61	12,513.38	12,475.61	12,475.61
XVIII	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year						(25,479.53)
XIX	Earnings Per Equity Share of Rs. 10/- each (not annualized)						
	(a) Basic (Rs.)	(3.91)	(3.37)	(1.33)	(10.43)	(7.16)	(12.11)
	(b) Diluted (Rs.)	(3.91)	(3.37)	(1.33)	(10.43)	(7.16)	(12.11)



**Notes :**

- 1 The above Results have been reviewed by the Audit Committee and approved by the Board of Directors at its adjourned Meeting held on February 22, 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 is also in active discussion with the lenders on debt restructuring. Hence, the accounts are prepared on going concern basis.
- 8 The National Company Law Tribunal ("NCLT") has ordered for liquidation of Prag Distillery (P) Ltd, wholly owned subsidiary of the Company ("Prag") vide its order No. MA 309/2018 in CP 1067/2017 dated July 26, 2018, as a going concern. Hence, the accounts 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. The Company is in active discussion with the all the lenders for debt restructuring / one time settlement. However, interest has been provided in books of accounts on the principal outstanding at original contracted rates.
- 10 The Standalone and Consolidated unaudited financial results of the Company for the quarter and nine month ended Decemer 31, 2018 are available on the Company's website ([www.tilind.com](http://www.tilind.com)) and on the website of BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com)).
- 11 The interest component included in the value of the loan assigned by IFCI to Edelweiss Asset Reconstruction Company Limited (EARC) in the earlier year and the interest thereon have been accounted for in the current quarter. On account payments made from time to time to EARC have also been adjusted against the accrued interest. Accordingly the finance costs in the current quarter show a substantial increase over the previous quarters as well as the corresponding previous period.
- 12 Prag Distillery (P) Ltd. had received approval for expansion of its bottling capacity from the appropriate authorities in 2016-2017 . Due to financial constraints, the expansion project has been kept in abeyance pending furthur infusion of funds. The Company is hopeful of arranging the required funds in the near future. In view of this, the management believes that there is no impairment in value of its unit .
- 13 The previous period figures have been regrouped and reclassified wherever necessary.

Place: Mumbai

Date : February 22, 2019

By Order of the Board  
For Tilaknagar Industries Ltd.
  
Amit Dahanukar  
Chairman & Managing Director