



HARSHIL SHAH & COMPANY

Chartered Accountants

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Independent Auditors' Report

To the Board of Directors of Tilaknagar Industries Limited

Report on the audit of the Standalone Annual Financial Results

Qualified Opinion

We have audited the accompanying standalone annual financial results of Tilaknagar Industries Limited (hereinafter referred to as the "Company") for the year ended March 31, 2020, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in basis for qualified opinion paragraph below the aforesaid standalone annual financial results:

- a. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the year ended March 31, 2020.

Basis for Qualified Opinion

1. The Company has not carried out impairment analysis of 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 standalone annual financial results.
2. The company has not recognised provision for impairment of long overdue advances given to certain parties amounting to Rs. 6074.08 lakhs as required by Indian Accounting Standard (Ind AS 109) 'Financial Instruments'. Reference is invited to note no. 6 of the standalone annual financial results.
3. The National Company Law Tribunal ("NCLT") has ordered for liquidation of Prag Distillery (P) Ltd ("Prag") wholly owned subsidiary of the Company, vide its order No. MA 309/2018 in CP1067/ 2017 dated July 26, 2018. However, the Company has not made impairment provision for equity investment of Rs. 1543.35 lakhs in Prag as

required by Indian Accounting Standard (Ind AS 36) 'Impairment of assets'. Reference is invited to note no. 8 of the standalone annual financial results.

4. PunjabExpo Breweries Private Limited ("Punjabexpo") wholly owned subsidiary of the Company, has incurred net loss during the year and due to accumulated losses, the net worth is negative. Despite adverse financial condition, the Management has not recognised provision for impairment in equity investment of Rs. 1080.39 lakhs and advances given of Rs 3436.87 lakhs to Punjabexpo as required by Indian Accounting Standard (Ind AS 36) 'Impairment of assets'. Reference is invited to note no. 10 of the standalone annual financial results.

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our qualified opinion on the Standalone annual financial results.

We draw attention to note no. 13 of the standalone annual financial results which describes the assessment made by the management of the Company that no material uncertainty exists on the Company's ability to continue as a Going Concern, despite erosion of Net-worth and that the going concern assumption is appropriate in preparation of these Financial Statements.

Management's and Board of Directors' Responsibilities for the Standalone Annual Financial Results

These standalone annual financial results have been prepared on the basis of the standalone annual financial statements.

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these standalone annual financial results that give a true and fair view of the net loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone annual financial results, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone annual financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone annual financial results, including the disclosures, and whether the standalone annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

- a. The standalone annual financial results include the results for the quarter ended March 31, 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.
- b. Due to the COVID-19 related lock-down restrictions, the management of the Company was able to perform year-end physical verification of inventories, only subsequent to the year-end. Also, we were not able to physically observe the stock verification, when carried out by the management. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Considerations for Selected Items" and have obtained sufficient appropriate audit evidence to issue our opinion on the Company's Financial Statements / results. Our opinion is not modified in respect of the above matter.
- c. The comparative financial information of the company for the corresponding quarter and year ended March 31, 2019 were reviewed by the predecessor auditor who expressed modified opinion on that financial information on July 26, 2019.

For **Harshil Shah & Company**

Chartered Accountants

ICAI Firm Reg. No. 141179W

Harshil Shah

Partner

Membership No. 124146



Place: Mumbai

Date: September 15, 2020

ICAI UDIN: 20124146AAAADJ3796

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

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| (Rs. in lacs) | | | | | | |
|---|---|-----------------------|-------------------------|-----------------------|-----------------------|-----------------------|
| Statement of Standalone Audited Financial Results for the Quarter and Year ended March 31, 2020 | | | | | | |
| | Particulars | Quarter ended | | | Year ended | |
| | | 31.03.2020 Audited | 31.12.2019 Unaudited | 31.03.2019 Audited | 31.03.2020 Audited | 31.03.2019 Audited |
| I | Revenue from Operations | 34,658.44 | 39,765.07 | 28,587.98 | 1,47,918.39 | 78,161.22 |
| II | Other Income | 1,432.72 | 230.97 | 50.39 | 1,864.84 | 204.39 |
| III | Total Income (I + II) | 36,091.16 | 39,996.04 | 28,638.37 | 1,49,783.23 | 78,365.61 |
| IV | Expenses | | | | | |
| | (a) Cost of materials consumed | 5,324.53 | 8,871.12 | 9,158.44 | 32,086.37 | 23,554.86 |
| | (b) Purchases of stock-in-trade | - | - | - | - | - |
| | (c) Changes in inventories of finished goods, stock-in-trade and work-in-progress | 3,189.17 | (598.20) | (1,852.69) | 2,857.72 | (2,355.10) |
| | (d) Excise duty | 19,065.40 | 23,533.62 | 10,929.36 | 83,063.01 | 29,262.11 |
| | (e) Employee benefits expense | 371.57 | 467.29 | 878.86 | 1,897.80 | 2,359.46 |
| | (f) Finance costs | (1,411.38) | 4,830.42 | 4,539.97 | 12,508.30 | 16,819.13 |
| | (g) Depreciation and amortization expense | 780.36 | 782.15 | 833.93 | 3,118.90 | 3,499.44 |
| | (h) Other expenses | 13,408.00 | 5,686.20 | 4,225.60 | 28,892.00 | 20,113.69 |
| | Total Expenses | 40,727.65 | 43,572.60 | 28,713.47 | 1,64,424.10 | 93,253.59 |
| V | Profit/(Loss) Before Exceptional Items And Tax (III-IV) | (4,636.49) | (3,576.56) | (75.10) | (14,640.87) | (14,887.98) |
| VI | Exceptional Items | 45,518.35 | - | - | 45,518.35 | - |
| VII | Profit/(Loss) Before Tax (V+/-VI) | 40,881.86 | (3,576.56) | (75.10) | 30,877.48 | (14,887.98) |
| VIII | Tax Expense | | | | | |
| | (a) Current tax | - | - | - | - | - |
| | (b) Taxes for Earlier Years | 85.48 | - | - | 85.48 | - |
| | (c) Deferred tax | - | - | - | - | - |
| | Total Tax Expense | 85.48 | - | - | 85.48 | - |
| IX | Profit/(Loss) For The Period (VII-VIII) | 40,796.38 | (3,576.56) | (75.10) | 30,792.00 | (14,887.98) |
| X | 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 | (7.84) | (2.28) | 9.20 | (14.09) | (7.94) |
| | (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)] | (7.84) | (2.28) | 9.20 | (14.09) | (7.94) |
| XI | Total Comprehensive Income/(Loss) For The Period (IX+X) | 40,788.54 | (3,578.84) | (65.90) | 30,777.91 | (14,895.92) |
| XII | 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 |
| XIII | Reserves as per Balance Sheet | | | | (14,888.03) | (45,691.60) |
| XIV | Earnings Per Equity Share of Rs. 10 /- Each (not annualized) | | | | | |
| | (a) Basic (Rs.) | 32.60 | (2.86) | (0.06) | 24.61 | (11.91) |
| | (b) Diluted (Rs.) | 32.52 | (2.86) | (0.06) | 24.53 | (11.91) |

Notes :

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at its Meeting held on September 15, 2020.
- 2 The above results have been audited by the Statutory Auditors of the Company and the figures for the quarters ended March 31, 2020 and March 31, 2019 are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures (unaudited) upto the third quarter of the relevant financial year, which have been subjected to limited review by the Statutory Auditors.
- 3 The above results have been prepared in accordance with recognition and measurement principles laid down in the Companies (Indian Accounting Standards) Rules, 2015 (IND-AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.
- 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 till September 02, 2021. 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 body corporates amounting to Rs. 6,074.08 lacs, the Company had received land from their holding company. The land received has been registered in the name of the Company. The advances have not been adjusted against the dues to the said holding company pending completion of the merger formalities of the said body corporates with their holding company. In view of this, the management believes that no provision is considered necessary in the books of accounts.
- 7 Exceptional items accounted as net income include the following : a) During 2017-2018, the Company had entered into a One Time Settlement (OTS) with Bank of India at Rs.9,500.00 lacs in full and final settlement of its dues payable over a period of three years. The Company has paid Rs.3,000.00 lacs during the year ended March 31, 2020 in compliance with the payment schedule of the OTS. Until the payment of last instalment, the Company continued to provide interest in books of accounts on the principal outstanding at original contracted rates. Consequent to the full and final payment to Bank of India, the Company has written back Rs.22,623.77 lacs being the difference between the OTS amounts paid and the total dues to Bank of India of Rs.32,123.77 lacs, including interest accounted in books of accounts.
b) During the current year the Company entered into a One Time Settlement (OTS) with State Bank of India at Rs.10,200.00 lacs in full and final settlement of its outstanding Working Capital dues of Rs.29,727.26 lacs as per its books of accounts including interest at original contracted rates, pursuant to which the entire settlement amount has been paid before March 31, 2020 in accordance with the terms and conditions of the OTS. Consequent to the full and final payment to State Bank of India, the Company has written back Rs.19,527.26 lacs being the difference between the OTS amounts paid and the total dues to State Bank of India including interest in books of accounts.
c) During the current year, the Company entered into a One Time Settlement (OTS) with IDBI Ltd. at Rs.1,603.83 lacs in full and final settlement of its outstanding Working Capital dues of Rs.4,971.15 lacs including interest at original contracted rates, pursuant to which the entire settlement amount has been paid before March 31, 2020 in accordance with the terms and conditions of the OTS. Consequent to the full and final payments to IDBI Ltd., the Company has written back Rs.3,367.32 lacs being the difference between the OTS amounts paid and the total dues to IDBI Ltd. including interest in books of accounts.
Consequent to the full and final payments to the banks with respect to the above Compromise Settlements with the banks, the Company has written back in aggregate Rs.45,518.35 lacs being the difference between the OTS amounts paid and the total dues to the various banks including interest in books of accounts on the principal outstanding at original contracted rates.
- 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 CP1067/ 2017 dated July 26, 2018, as a going concern. The Official Liquidator having initiated the preliminary process of liquidation of Prag as a going concern has sought for further directions from NCLT in the matter, which is still awaited. Tilaknagar Industries Ltd. has also submitted a formal proposal to the lenders for full and final settlement of all their claims, final approval for which is awaited. The impairment, if any, of the equity investment in Prag will be considered on completion of the liquidation process/ final settlement as the case may be.
- 9 The Company has executed, during the quarter ended March 31, 2020, restructuring documents/agreements 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 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. As per the terms of the restructuring documents/agreements the total dues of Rs 52,332.37 lacs were segregated into
i) Restructured debt of Rs.34,447.23 lacs carrying interest at the rate of 9% per annum payable in instalments by 31st March 2024
ii) Balance debt of Rs. 14,498.38 lacs accruing interest at the rate of 0.001% per annum, the payment, including the interest thereon, of which was to be waived on the repayment of the Restructured Debt to the Lender, to the satisfaction of Lender and
iii) Interest free Converted Balance debt of Rs. 3,386.75 to be converted into Equity shares.
Although certain on account payments were made to Edelweiss Asset Reconstruction Company Limited (EARC), the Company had defaulted in repayment of principal dues of loans amounting to Rs. 1,000.00 lacs as per the terms of the restructuring documents/agreements with 'EARC. The said amount in default has since been paid on 30th June 2020. The above has been recorded in the financial Statements as per the requirements of IND AS.

- 10 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 actively 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. Moreover, the Company is also in the process of rationalization of its administrative overheads the effect of which is expected in the last quarter of 2020-21. The Board of Directors have assessed the above conditions and indicators and have come to the conclusion that no material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern taking into account the plans management has put in place and the other mitigating factors described above. Hence, the management believes that no provision for impairment in equity investment and advances given.
- 11 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. 106.84 lacs and present value of lease liabilities of Rs. 106.84 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.
- 12 The Company had entered into arrangements with Vahni Distilleries Private Limited and Punjab Expo Breweries Private Limited, (its subsidiary companies) for manufacture and marketing of its own brands. These subsidiary companies have necessary license and regulatory permits to manufacture alcohol. Upto the quarter ended June 30, 2019, the Company had recognised net surplus (total revenue over total expenses) from the operation through these units under Revenue from operations and thereafter, it has aggregated sales and expenses in its Statement of financial results with respect to these subsidiary companies. The Company also presents inventory, trade receivables and trade payables under such arrangements as its own inventory, trade receivables and trade payables. Accordingly, current period's figures are not comparable with previous periods to that extent. Consequent to these changes, there is no impact on the total profit.
- 13 The erosion of the net worth of the Company till the previous financial year has been substantially recovered in the current year and the negative networth stands at Rs 2,374.65 lacs as at 31 March 2020 as compared to Rs 33,178.22 lacs in the previous year. This is due to major reduction in debt resulting from compromise settlements with banks and entering into agreement, during the quarter ended March 31, 2020 with Edelweiss Asset Reconstruction Company Limited ("EARC") acting as Trustee on behalf of Trusts 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. The compromise settlements and restructuring agreement have significantly reduced the debt burden and consequential finance cost thereon, the benefit whereof will continue to accrue in the years to come. The Company has initiated the process of cost reduction, changes in business strategy and rationalisation of manpower which will strengthen its financial position.
In spite of the country wide lockdown due to the global pandemic affecting the operations in the first two months of the current year, ever since the staggered resumption of operations, sales have started stabilising across the country with certain southern states showing substantial growth and is expected to match the yearly estimates resulting in improved operational performance of the business in terms of sales, market share and margins. The Board of Directors have assessed the above conditions and indicators and have come to the conclusion that no material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern taking into account the plans management has put in place and the other mitigating factors described above.
- 14 **Impact of COVID-19:**
In view of the country-wide lockdown due to the outbreak of COVID-19 pandemic, operations/despaches and administrative offices of the Company were scaled down or shut down for certain days beginning from second half of March, 2020. The lockdown is being lifted with systematic process by the Government at this point in time and resumption of full-fledged operations will depend upon directives issued by the Government authorities. The Company continues to closely monitor the situation and take appropriate action in due compliance with the applicable regulations. The operations/despaches have partially resumed at certain locations of the Company in compliance with Government directives in May, 2020. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, trade receivables and other current assets. The eventual outcome or impact of COVID-19 on the Company's results may differ from that estimated as at the date of approval of these results, however, as per the current assessment of the management, the carrying amounts of these assets are expected to be recovered.
- 15 The previous period figures have been regrouped and reclassified wherever necessary.



| | | (Rs. in lacs) | |
|--|--|--------------------|--------------------|
| Particulars | | As at | As at |
| | | 31.03.2020 | 31.03.2019 |
| | | (Audited) | (Audited) |
| A ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| (a) Property, Plant and Equipment | | 48,023.36 | 50,591.23 |
| (b) Capital Work-in-Progress | | - | 1,510.77 |
| (c) Right of Use Assets | | 81.54 | - |
| (d) Other Intangible Assets | | 39.86 | 44.29 |
| (e) Financial Assets | | | |
| (i) Investments | | 4,763.85 | 4,763.85 |
| (ii) Loans | | - | 2.88 |
| (iii) Other Financial Assets | | 2,517.38 | 4,724.74 |
| (f) Deferred Tax Assets (Net) | | - | - |
| (g) Other Non-Current Assets | | 6,893.01 | 7,444.70 |
| (h) Non-Current Tax Assets (Net) | | 455.72 | 379.87 |
| Total Non-Current Assets | | 62,774.72 | 69,462.33 |
| CURRENT ASSETS | | | |
| (a) Inventories | | 5,941.78 | 7,550.58 |
| (b) Financial Assets | | | |
| (i) Trade Receivables | | 23,695.35 | 17,694.77 |
| (ii) Cash and Cash Equivalents | | 1,099.56 | 1,097.85 |
| (iii) Bank Balance other than (ii) above | | 111.03 | 139.66 |
| (iv) Loans | | 1.65 | 4.06 |
| (v) Other Financial Assets | | 5,165.99 | 12,586.00 |
| (c) Other Current Assets | | 2,291.43 | 6,854.97 |
| Total Current Assets | | 38,306.79 | 45,927.89 |
| TOTAL ASSETS | | 1,01,081.51 | 1,15,390.22 |
| B EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| (a) Equity Share Capital | | 12,513.38 | 12,513.38 |
| (b) Other Equity | | (14,888.03) | (45,691.60) |
| Total Equity | | (2,374.65) | (33,178.22) |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | | 48,936.09 | - |
| (ii) Lease Liabilities | | 52.48 | - |
| (iii) Other Financial Liabilities | | 20,455.44 | 9,854.49 |
| (b) Provisions | | 309.06 | 283.89 |
| (c) Deferred Tax Liabilities (net) | | - | - |
| (d) Other Non-Current Liabilities | | 4,329.51 | - |
| Total Non-Current Liabilities | | 74,082.58 | 10,138.38 |
| CURRENT LIABILITIES | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | | 2,404.66 | 79,247.16 |
| (ii) Lease Liabilities | | 39.63 | - |
| (iii) Trade Payables | | | |
| Total outstanding dues of micro enterprises and small enterprises | | 1,659.41 | 698.94 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 12,314.55 | 14,361.13 |
| (iv) Other Financial Liabilities | | 10,118.97 | 42,872.72 |
| (b) Provisions | | 1,383.52 | 908.04 |
| (c) Other Current Liabilities | | 1,452.84 | 342.07 |
| Total Current Liabilities | | 29,373.58 | 1,38,430.06 |
| TOTAL EQUITY AND LIABILITIES | | 1,01,081.51 | 1,15,390.22 |

Statement of Cash Flow for the year ended March 31, 2020

(Rs. in lacs)

| | 2019-2020 | | 2018-2019 | |
|---|-------------|--------------------|-------------|------------------|
| A) Cash flow from Operating activities | | | | |
| Net profit before tax | | 30,877.48 | | (14,887.98) |
| Adjustment for: | | | | |
| Depreciation | 3,118.90 | | 3,499.45 | |
| Loss / (Profit) on sale of assets | (1.77) | | 1.06 | |
| Gain on write back of loans under restructuring | (45,518.35) | | - | |
| Impairment for doubtful advances | 8,007.88 | | 5,335.49 | |
| Advances written off | 2,600.62 | | 128.81 | |
| Bad Debts | 423.62 | | | |
| Sundry balance written back | (1,169.93) | | (1.48) | |
| Expected Credit Loss | (382.19) | | 257.51 | |
| Foreign Exchange Fluctuation Loss | 417.49 | | 324.23 | |
| Employee stock option expenses | 25.65 | | 201.65 | |
| Finance costs | 12,508.30 | | 16,819.13 | |
| Interest income | (44.31) | | (184.80) | |
| Operating Profit before working capital changes | | (20,014.09) | | 26,381.05 |
| Adjustment for: | | | | |
| (Decrease)/ Increase in trade payables, current liabilities, provisions and other financial liabilities | 9,329.36 | | 13,177.48 | |
| (Increase) / Decrease in loans and advances and other assets | 5,163.67 | | (9,376.98) | |
| (Increase) / Decrease in inventories | 1,608.79 | | (2,518.26) | |
| (Increase) / Decrease in trade receivables | (6,042.01) | 10,059.81 | (11,180.19) | (9,897.95) |
| Direct taxes refund / (paid) | | (161.34) | | (246.24) |
| Net Cash from Operating activities | | 20,761.86 | | 1,348.88 |
| B) Cash Flow from Investing activities | | | | |
| Purchase of property, plant and equipment | (47.43) | | (100.68) | |
| Sale of property, plant and equipment | 4.45 | | 0.49 | |
| (Increase) / Decrease in other bank balances | 28.64 | | (2.37) | |
| Interest received | 44.31 | | 151.70 | |
| Net Cash from Investing Activities | | 29.97 | | 49.14 |
| C) Cash Flow from Financing activities | | | | |
| Issue of share capital | - | | 49.09 | |
| Proceeds from borrowings including current maturities | 5,111.25 | | 11,214.69 | |
| Repayment of borrowings including current maturities | (4,595.70) | | (3,449.28) | |
| Unclaimed dividend paid | (6.42) | | - | |
| Principal payment of lease liabilities | (30.34) | | - | |
| Finance costs paid | (21,268.91) | | (8,293.44) | |
| Net Cash from Financing Activities | | (20,790.12) | | (478.94) |
| Net increase in Cash & Cash equivalents | | 1.71 | | 919.08 |
| Opening cash & cash equivalents | | 1,097.85 | | 178.77 |
| Closing cash & cash equivalents | | 1,099.56 | | 1,097.85 |

Notes :

(Rs. in lacs)

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| (a) Cash and cash equivalents comprises of | | |
| i) Balances with Banks | | |
| In Current Accounts | 1,089.75 | 1,087.65 |
| ii) Cash on Hand | 9.81 | 10.20 |
| | 1,099.56 | 1,097.85 |

By Order of the Board
For Tilaknagar Industries Ltd.


Amit Dahanukar
Chairman & Managing Director

Place: Mumbai
Date : September 15, 2020



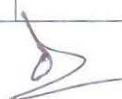
Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted alongwith Annual Audited Financial Results (Standalone)

| Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016] | | | | |
|---|---|---|---|--|
| I. | Sl. No. | Particulars | Audited Figures (as reported before adjusting for qualifications)Rs.inlakhs | Adjusted Figures (audited figures after adjusting for qualifications)Rs.inlakhs |
| | 1 | Turnover/Total income | 1,49,783.23 | 1,49,783.23 |
| | 2 | Total Expenditure | 1,64,424.10 | 1,76,558.79 |
| | 3 | Net Profit/(Loss) after tax | 30,792.00 | 18,657.31 |
| | 4 | Earnings Per Share (In Rs.) | 24.61 | 14.91 |
| | 5 | Total Assets | 1,01,081.51 | 88,946.82 |
| | 6 | Total Liabilities | 1,01,081.51 | 88,946.82 |
| | 7 | Net Worth | (2,374.65) | (14,509.34) |
| | 8 | Any other financial item(s) (as felt appropriate by the management) | Nil | Nil |
| II. | Audit Qualification (each audit qualification separately): | | | |
| | a. | Details of Audit Qualification: | <p>(i) The Company has not carried out impairment analysis of 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 standalone annual financial results.</p> <p>(ii) The company has not recognised provision for impairment of long overdue advances given to certain parties amounting to Rs. 6074.08 lakhs as required by Indian Accounting Standard (Ind AS 109) 'Financial Instruments'. Reference is invited to note no. 6 of the standalone annual financial results.</p> <p>(iii) The National Company Law Tribunal ("NCLT") has ordered for liquidation of Prag Distillery (P) Ltd ("Prag") wholly owned subsidiary of the Company, vide its order No. MA 309/2018 in CP1067/ 2017 dated July 26, 2018. However, the Company has not made impairment provision for equity investment of Rs. 1543.35 lakhs in Prag as required by Indian Accounting Standard (Ind AS 36) 'Impairment of assets'. Reference is invited to note no. 8 of the standalone annual financial results.</p> <p>(iv) PunjabExpo Breweries Private Limited ("the Punjabexpo") wholly owned subsidiary of the Company, has incurred net loss during the year and due to accumulated losses, the net worth is negative. Despite adverse financial condition, the Management</p> | |

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E regoff@tilind.com

| | | |
|----|--|--|
| | | has not recognised provision for impairment in equity investment of Rs. 1080.39 lakhs and advances given of Rs 3436.87 lakhs to Punjabexpo as required by Indian Accounting Standard (Ind AS 36) 'Impairment of assets'. Reference is invited to note no. 10 of the standalone annual financial results. |
| b. | Type of Audit Qualification: | Qualified Opinion |
| c. | Frequency of qualification: | Point (i) - Appearing fifth time Point (ii) - Appearing fourth time Point (iii) - Appearing third time Point (iv) – Appearing for first time |
| d. | For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: | <p><u>Response to Point (II)(a)(ii)</u></p> <p>In lieu of advances given to certain body corporates amounting to Rs. 6,074.08 lacs, the Company had received land from their holding company. The land received has been registered in the name of the Company. The advances have not been adjusted against the dues to the said holding company pending completion of the merger formalities of the said body corporates with their holding company. In view of this, the management believes that no provision is considered necessary in the books of accounts.</p> <p><u>Response to Point (II)(a)(iii)</u></p> <p>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, as a going concern. The Official Liquidator having initiated the preliminary process of liquidation of Prag as a going concern has sought for further directions from NCLT in the matter, which is still awaited. Tilaknagar Industries Ltd. has also submitted a formal proposal to the lenders for full and final settlement of all their claims, final approval for which is awaited. The impairment, if any, of the equity investment in Prag will be considered on completion of the liquidation process/ final settlement as the case may be.</p> |



| | | | |
|----|--|---|---|
| | | | <p><u>Response to Point (II)(a)(iv)</u></p> <p>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 actively 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. Moreover, the Company is also in the process of rationalization of its administrative overheads the effect of which is expected in the last quarter of 2020-21. The Board of Directors have assessed the above conditions and indicators and have come to the conclusion that no material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern taking into account the plans management has put in place and the other mitigating factors described above. Hence, the management believes that no provision for impairment in equity investment and advances given.</p> |
| e. | For Audit Qualification(s) where the impact is not quantified by the auditor: | | |
| | (i) Management's estimation on the impact of audit qualification: | Nil for the reasons given at para 2(e)(ii) below | |
| | (ii) If management is unable to estimate the impact, reasons for the same: | <p><u>Response to Point (II)(a)</u></p> <p>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 till September 02, 2021. 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.</p> | |
| | (iii) Auditors' Comments on (i) or (ii) or (iii) above: | Refer II (a) above | |

| | | |
|---------------------------|-----------------------------------|---|
| III. | Signatories: | |
| | • CEO/Managing Director |  |
| | • CFO |  |
| | • Audit Committee Chairman |  |
| | • Statutory Auditor | <p>For Harshil Shah & Company</p>  <p>Partner</p>  |
| Place: Mumbai | | |
| Date : September 15, 2020 | | |