



## HARSHIL SHAH & COMPANY

Chartered Accountants

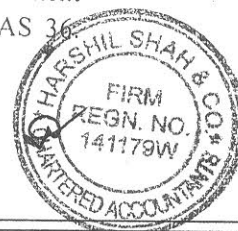
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Independent Auditor's Review Report on the Quarterly and Year to date Unaudited Standalone Financial Results of Tilaknagar Industries Ltd. pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)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

Review Report to The Board of Directors of Tilaknagar Industries Ltd.

1. We have reviewed the accompanying statement of unaudited standalone financial results of **Tilaknagar Industries Ltd.** ("the Company") for the quarter and half year ended September 30, 2019 ("the Statement"), attached herewith, being submitted by the company 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 Company's management and approved by the Company'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"), specified under Section 133 of the Companies Act, 2013, as amended read with relevant rules issued thereunder 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 Statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and an analytical procedure 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. The Company 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. 4 of the Statement.
5. The company 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. 5 of the Statement.
6. 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. 1,543.35 lakhs in Prag as required by Ind AS 36. Reference is invited to note no. 7 of the Statement.



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7. Based on our review conducted and procedures performed as stated in paragraph 3 above, except for the effects of the matters described in paragraph 4, 5 and 6 above nothing has come to our attention that causes us to believe that the accompanying Standalone 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.
8. We draw attention to note no. 6 in the Statement that the Company 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 Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.
9. We draw attention to note no. 8 in the Statement that the Company has defaulted principal dues and interest payable to Bank(s) and Financial Institution(s). The Company 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.
10. We draw attention to note no. 12 of the Statement which indicates that the statement of standalone cash flows for the corresponding half year ended September 30, 2018, as reported in the accompanying Statement have been approved by the Company's Board of Directors, but have not been subjected to review.
11. The comparative financial results of the company for the immediately preceding quarter ended June 30, 2019 and corresponding quarter and half year ended September 30, 2018 were reviewed by the predecessor auditor who expressed 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



Date: December 16, 2019

Place: Mumbai

ICAI UDIN: 9124146AAAAGJ9352

**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 Unaudited Financial Results for the Quarter and Half Year ended September 30, 2019							
	Particulars	Quarter ended			Half Year ended		Previous Year
		30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I	Revenue from Operations	53,268.26	20,226.62	14,493.10	73,494.88	23,563.10	78,161.22
II	Other Income	104.01	97.14	48.21	201.15	94.20	204.39
III	Total Income (I + II)	53,372.27	20,323.76	14,541.31	73,696.03	23,657.30	78,365.61
IV	Expenses						
	(a) Cost of materials consumed	12,091.67	5,799.05	4,887.39	17,890.72	7,239.08	23,554.86
	(b) Purchases of stock-in-trade	-	-	-	-	-	-
	(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	1,166.80	(900.05)	(831.08)	266.75	(799.44)	(2,355.10)
	(d) Excise duty	32,220.56	8,243.43	4,571.22	40,463.99	6,976.13	29,262.11
	(e) Employee benefits expense	533.81	525.13	563.98	1,058.94	960.63	2,359.46
	(f) Finance costs	4,671.27	4,417.99	3,409.83	9,089.26	6,857.15	16,819.13
	(g) Depreciation and amortization expense	779.01	777.38	891.62	1,556.39	1,773.39	3,499.44
	(h) Other expenses	5,059.27	4,738.53	5,712.72	9,797.80	10,163.01	20,113.69
	Total Expenses	56,522.39	23,601.46	19,205.68	80,123.85	33,169.95	93,253.59
V	Profit/(Loss) before Exceptional Items and Tax (III-IV)	(3,150.12)	(3,277.70)	(4,664.37)	(6,427.82)	(9,512.65)	(14,887.98)
VI	Exceptional Items	-	-	-	-	-	-
VII	Profit/(Loss) before Tax (V-VI)	(3,150.12)	(3,277.70)	(4,664.37)	(6,427.82)	(9,512.65)	(14,887.98)
VIII	Tax Expense						
	(a) Current tax	-	-	-	-	-	-
	(b) Deferred tax	-	-	-	-	-	-
	Total Tax Expense	-	-	-	-	-	-
IX	Profit/(Loss) for the period (VII-VIII)	(3,150.12)	(3,277.70)	(4,664.37)	(6,427.82)	(9,512.65)	(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	(1.99)	(1.98)	(5.71)	(3.97)	(11.43)	(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)]	(1.99)	(1.98)	(5.71)	(3.97)	(11.43)	(7.94)
XI	Total Comprehensive Income/(Loss) for the period (IX+X)	(3,152.11)	(3,279.68)	(4,670.08)	(6,431.79)	(9,524.08)	(14,895.92)
XII	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
XIII	Reserves as per Balance Sheet of Previous Accounting Year						(45,691.60)
XIV	Earnings Per Equity Share of Rs. 10/- Each (not annualized)						
	(a) Basic (Rs.)	(2.52)	(2.62)	(3.73)	(5.14)	(7.62)	(11.91)
	(b) Diluted (Rs.)	(2.52)	(2.62)	(3.73)	(5.14)	(7.62)	(11.91)

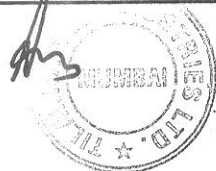
Notes :

- 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 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.
- 4 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.
- 5 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.
- 6 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.
- 7 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 have been prepared on a going concern basis.
- 8 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.
- 9 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 paying Rs.102 crores towards full and final settlement of the total dues.
- 10 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.
- 11 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. However, in the quarter ended September 30, 2019 the Company has aggregated sales and expenses in its Statement of Financial Results and assets and liabilities in its Balance Sheet, with respect to these subsidiary companies. 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 and total equity.
- 12 The Statement of 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.
- 13 The previous period figures have been regrouped and reclassified wherever necessary.



4 Standalone Unaudited Statement of Assets and Liabilities as at September 30, 2019

		(Rs. in lacs)	
Particulars		As at	As at
		30.09.2019	31.03.2019
		(Unaudited)	(Audited)
<b>A ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(a) Property, Plant and Equipment		49,073.91	50,591.23
(b) Right of Use Assets		105.16	-
(c) Capital Work-in-Progress		1,518.16	1,510.77
(d) Other Intangible Assets		42.07	44.29
(e) Financial Assets			
(i) Investments		4,763.85	4,763.85
(ii) Loans		1.94	2.88
(iii) Other Financial Assets		4,902.53	4,724.74
(f) Other Non-Current Assets		7,442.94	7,444.70
(g) Deferred Tax Assets (net)		-	-
(h) Income Tax Assets (net)		417.99	379.87
<b>Total Non-Current Assets</b>		<b>68,268.55</b>	<b>69,462.33</b>
<b>CURRENT ASSETS</b>			
(a) Inventories		7,231.85	7,550.58
(b) Financial Assets			
(i) Trade Receivables		22,289.53	17,694.77
(ii) Cash and Cash Equivalents		1,971.07	1,097.85
(iii) Bank Balance other than (ii) above		83.06	139.66
(iv) Loans		3.57	4.06
(v) Other Financial Assets		5,343.80	5,304.92
(c) Other Current Assets		8,583.29	6,854.97
<b>Total Current Assets</b>		<b>45,506.17</b>	<b>38,646.81</b>
<b>TOTAL ASSETS</b>		<b>1,13,774.72</b>	<b>1,08,109.14</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital		12,513.38	12,513.38
(b) Other Equity		(52,048.33)	(45,691.60)
<b>Total Equity</b>		<b>(39,534.95)</b>	<b>(33,178.22)</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Lease Liabilities		73.79	-
(ii) Other Financial Liabilities		14,676.26	9,854.49
(b) Provisions		290.48	283.89
<b>Total Non-Current Liabilities</b>		<b>15,040.53</b>	<b>10,138.38</b>
<b>CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings		84,053.18	79,247.16
(ii) Lease Liabilities		37.45	-
(iii) Trade Payables			
Total outstanding dues of micro enterprises and small enterprises		1,388.12	698.94
Total outstanding dues of creditors other than micro enterprises and small enterprises		12,374.31	14,361.13
(iv) Other Financial Liabilities		38,920.53	35,591.64
(b) Provisions		1,129.74	908.04
(c) Other Current Liabilities		365.81	342.07
<b>Total Current Liabilities</b>		<b>1,38,269.14</b>	<b>1,31,148.98</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,13,774.72</b>	<b>1,08,109.14</b>



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

(Rs. in lacs)

Particulars	Period ended September 30, 2019	Period ended September 30, 2018
	Unaudited	Unaudited (Refer Note 12)
Net profit before tax	(6,427.82)	(9,512.65)
Operating Profit before working capital changes	11,580.50	12,965.19
Net Cash flow from Operating Activities (A)	5,248.18	(3,733.63)
Net Cash flow from Investing Activities (B)	55.16	12.83
Net Cash flow from Financing Activities (C)	(4,430.12)	5,321.42
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>873.22</b>	<b>1,600.62</b>
Cash and cash equivalents at the beginning of the period (D)	1,097.85	178.77
Cash and cash equivalents at the end of the period (E)	1,971.07	1,779.39
<b>Net increase / (decrease) in cash and cash equivalents (E-D)</b>	<b>873.22</b>	<b>1,600.62</b>

By Order of the Board  
For Tilaknagar Industries Ltd.



*Amit Dahanukar*

Amit Dahanukar  
Chairman & Managing Director  
(DIN: 00305636)

Place: Mumbai  
Date : December 16, 2019