BATLIBOI & PUROHIT
Chartered Accountants

INDEPENDENT AUDITORS' REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF TILAKANAGAR INDUSTRIES LTD.

1. We have reviewed the accompanying statement of unaudited standalone financial results of **Tilaknagar Industries Ltd. ("the Company")** for the quarter and nine months ended December 31, 2016 ('the Statement'), being submitted by the Company pursuant to Regulation 33 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015. This statement which is the responsibility of the company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS 25), prescribed under Section 133 of the Companies Act' 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. 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 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 Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. *Basis of qualified conclusion :*

   a. *We draw attention to note 5of the statement, where there is an indication that one of the Units of the Company may be impaired. The management has not estimated the recoverable amount of the Unit as required by Accounting Standard-28 'Impairment of Assets', and hence we are unable to comment on consequential impact if any on the statement.*

   b. *We draw attention to note 6 of the statement in respect of outstanding receivables amounting to Rs. 4,630.00 lacs, which are considered good and recoverable and no provision is considered necessary by the management. We are unable to verify the recoverability of the amounts due from the parties based on the audit procedures.*

   c. *We draw attention to note no. 7 of the statement in respect of advances given of Rs 7,981.58 lacs. We are unable to verify the recoverability of the amounts due from the partiesbased on the audit procedures.*

4. Based on our review conducted as stated above, *except for effects of the matter described in the basis of qualified conclusion paragraph 3 above* nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognised accounting practices and policies generally accepted in India has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing

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Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. We draw attention to note no.4 of the statement in respect of outstanding MVAT and CST incentive receivable of Rs12,691.10 lacs from the State Government for the years 2012-2013 onwards.Our conclusion is not qualified in respect of this matter.

For BATLIBOI & PUROHIT
Chartered Accountants
Firm Reg No. 101048W

K. A. Mehta

KAUSHAL MEHTA
Partner
Membership No. 111749

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

Place: Mumbai
Dated: 13 February, 2017

TILAKNAGAR INDUSTRIES LTD. (CIN: L15420PN1933PLC133303)
Regd.Office : P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra - 413720
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(Rs in lacs)

Statement of Standalone Unaudited Financial Results for the Quarter & Nine months ended December 31, 2016

	Particulars	Quarter ended			Nine months ended		Previous Year Ended
		31.12.2016 Unaudited	30.09.2016 Unaudited	31.12.2015 Unaudited	31.12.2016 Unaudited	31.12.2015 Unaudited	31.03.2016 (Audited)
1	**Income from operations**						
	(a) Gross Sales / Income from Operations	17,047.45	14,224.54	18,303.47	42,380.37	48,849.70	63,926.66
	Less:Excise duty	6,377.90	5,093.61	8,004.33	15,359.57	23,293.20	29,431.51
	Net sales / income from operations (Net of excise duty)	10,669.55	9,130.93	10,299.14	27,020.80	25,556.50	34,495.15
	(b) Other Operating Income (Refer Note 5)	54.51	43.25	59.97	111.53	2,715.80	2,743.68
	Total Income from operations (net)	**10,724.06**	**9,174.18**	**10,359.11**	**27,132.33**	**28,272.30**	**37,238.83**
2	**Expenses**						
	(a) Cost of materials consumed	6,022.53	5,375.86	5,649.88	15,848.37	14,165.18	18,861.12
	(b) Purchases of stock-in-trade	-	-	412.71	-	1,463.15	1,463.15
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(831.00)	342.82	416.83	(118.36)	1,453.58	764.54
	(d) Employee benefits Expense	569.68	612.79	899.22	1,764.71	2,313.44	3,185.77
	(e) Depreciation and amortisation expense	917.13	920.45	912.26	2,751.02	2,740.46	3,659.94
	(f) Other expenses	5,834.47	4,217.52	4,784.07	13,842.94	13,812.48	18,773.86
	(g) Provision for doubtful advances		-	-		-	4,737.22
	Total expenses	**12,512.81**	**11,469.44**	**13,074.97**	**34,088.68**	**35,948.29**	**51,445.60**
3	**Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)**	**(1,788.75)**	**(2,295.26)**	**(2,715.86)**	**(6,956.35)**	**(7,675.99)**	**(14,206.77)**
4	Other income	8.30	158.70	15.18	176.97	59.98	90.07
5	**Profit/(Loss) from ordinary activities before finance costs and exceptional items (3 + 4)**	**(1,780.45)**	**(2,136.56)**	**(2,700.68)**	**(6,779.38)**	**(7,616.01)**	**(14,116.70)**
6	Finance costs	3,254.05	3,467.45	2,795.97	9,925.51	8,420.22	11,961.58
7	**Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5 - 6)**	**(5,034.50)**	**(5,604.01)**	**(5,496.65)**	**(16,704.89)**	**(16,036.23)**	**(26,078.28)**
8	Exceptional items	-	-	-	-	169.00	713.39
9	**Profit/(Loss) from ordinary activities before tax (7 - 8)**	**(5,034.50)**	**(5,604.01)**	**(5,496.65)**	**(16,704.89)**	**(16,205.23)**	**(26,791.67)**
10	Tax expense	-	-	-	-	-	(188.29)
11	**Net Profit/(Loss) from ordinary activities after tax (9 - 10)**	**(5,034.50)**	**(5,604.01)**	**(5,496.65)**	**(16,704.89)**	**(16,205.23)**	**(26,603.38)**
12	Extraordinary items	-	-	-	-	-	-
13	**Net Profit/(Loss) for the period (11-12)**	**(5,034.50)**	**(5,604.01)**	**(5,496.65)**	**(16,704.89)**	**(16,205.23)**	**(26,603.38)**
14	Paid-up equity share capital (Face Value: Rs.10/- per share)	12,475.61	12,475.61	12,475.61	12,475.61	12,475.61	12,475.61
15	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	-	-	4,775.57
16(i)	**Earnings Per Share of Rs. 10 /- each (EPS) before extraordinary items (Rs.) (not annualised):**						
	(a) Basic (Rs.)	(4.04)	(4.49)	(4.41)	(13.39)	(12.99)	(21.32)
	(b) Diluted (Rs.)	(4.04)	(4.49)	(4.41)	(13.39)	(12.99)	(21.32)
16(ii)	**Earnings Per Share of Rs. 10 /- each (EPS) after extraordinary items (Rs.) (not annualised):**						
	(a) Basic (Rs.)	(4.04)	(4.49)	(4.41)	(13.39)	(12.99)	(21.32)
	(b) Diluted (Rs.)	(4.04)	(4.49)	(4.41)	(13.39)	(12.99)	(21.32)

Notes :

1 The above Results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on February 13, 2017 and have been subjected to a Limited Review by the Statutory Auditors of the Company.

2 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 and therefore, disclosure under Accounting Standard (AS-17) on "Segment Reporting" issued by the ICAI is not applicable. The Company does not have any geographical segment.

3 The Company has tie-up arrangements in some States and in respect of such arrangements, the turnover as given below has not been treated as 'Sales'. However, the surplus generated out of these arrangements is included in the 'Sales/Income from Operations'.

(Rs in lacs)

Particulars	Quarter ended			Nine months ended		Year ended
	31.12.2016 Unaudited	30.09.2016 Unaudited	31.12.2015 Unaudited	31.12.2016 Unaudited	31.12.2015 Unaudited	31.03.2016 Audited
Gross turnover in respect of tie-up arrangements	18,378.92	16,238.72	13,203.50	47,443.41	26,997.88	41,266.48

(Rs in lacs)

4

Particulars	Quarter ended			Nine months ended		Year ended
	31.12.2016 Unaudited	30.09.2016 Unaudited	31.12.2015 Unaudited	31.12.2016 Unaudited	31.12.2015 Unaudited	31.03.2016 Audited
Amount included in operating income on account of entitlement of MVAT and CST refund	-	-	-	-	2,589.18	2,589.18

The Company is awaiting disbursement of Rs.12,691.10 lacs of MVAT and CST refund for the year 2012-13 onwards. It has been considered prudent to recognize MVAT and CST incentives on disbursement instead of accrual basis from the quarter ended September 2015 onwards.

5 The Company has applied to the state government authorities for dual feed permission for manufacture of ENA through molasses as well as grain at one of its unit and permission is expected soon. In view of this, the management believes that there is no impairment in value of its unit and hence, the recoverable amount of the unit is not required to be estimated.

6 Consequent to the financial difficulties faced by the major tie up unit of the Company in Tamil Nadu, the Company has temporarily suspended its operations from the said tie up unit in Tamil Nadu resulting in drop in sales turnover and adversely affecting the profitability. The Company is negotiating various options including third party equity participation and/or filing a legal suit for recovery and is confident that the major tie up unit is likely to commence its operations in the near future and that it will be able to recover its legitimate dues. The Company has outstanding receivables in the normal course of business amounting to Rs. 4,630.00 lacs from all the tie up units of Tamil Nadu. In view of the above facts, the receivables have been considered good and recoverable and hence, no provision is considered necessary in the books of accounts.

7 In lieu of advances given to certain parties amounting to Rs. 7,981.58 lacs, immovable properties have been offered for which negotiations are in process and hence, no provision is considered necessary in the books of accounts.

8 Employee benefits expense includes the provisions for Employee Retirement Benefits on pro-rata basis.

9 The previous period figures have been regrouped and reclassified wherever necessary.

By Order of the Board
For Tilaknagar Industries Ltd.

Amit Dahanukar
Chairman & Managing Director

Place: Mumbai
Date : February 13, 2017