

M. M. PARIKH & CO.

Chartered Accountants



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Independent Auditor's Review Report on the Quarterly 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

To Board of Directors of Tilaknagar Industries Ltd.

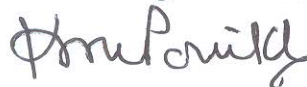
1. We have reviewed the accompanying statement of unaudited standalone financial results of **Tilaknagar Industries Ltd.** (the "Company") for the quarter ended June 30, 2019 ('the Standalone Statement'), attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended.
2. This Standalone 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"), prescribed under Section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Standalone Statement based on our review.
3. We conducted our review of the Standalone 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 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 (Ind AS 36) 'Impairment of Assets' though there is an indication of impairment. Reference is invited to note no 5 of the standalone statement.
5. The company has not made Impairment of 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 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. 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 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 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 specified under the Act, read with relevant rules issued thereunder 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 Listing Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
8. We draw attention to note 7 in the standalone statement that the Company has incurred net loss during the quarter and due to accumulated losses, the 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 9 in the standalone statement that the Company has defaulted principal dues and Interest payable to Banks and Financial Institutions. The Company has provided interest liability based on the last available sanction letter on the principal outstanding and is actively in discussions with the Lenders for Debt restructuring /one-time settlement. Pending the final outcome of the settlement with the Lenders 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.

For M. M. Parikh & Co
Chartered Accountants
ICAI Firm Reg. No.107557W



Kishor Parikh
Partner
Membership No.031110



Place: Mumbai
Date: August 9, 2019
UDIN: 19031110AAAAAB3849

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Statement of Standalone Unaudited Financial Results for the Quarter ended June 30, 2019					(Rs in lacs)
	Particulars	Quarter ended		Year ended	
		30.06.2019 Unaudited	31.03.2019 Audited	30.06.2018 Unaudited	31.03.2019 Audited
I	Revenue from Operations	20,226.62	28,587.98	9,015.77	78,161.22
II	Other Income	97.14	50.39	45.99	204.39
III	Total Income (I + II)	20,323.76	28,638.37	9,061.76	78,365.61
IV	Expenses				
	(a) Cost of materials consumed	5,799.05	9,158.44	2,351.69	23,554.86
	(b) Purchases of stock-in-trade	-	-	-	-
	(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	(900.05)	(1,852.69)	31.64	(2,355.10)
	(d) Excise duty	8,243.43	10,929.36	2,404.91	29,262.11
	(e) Employee benefits expense	525.13	878.86	396.65	2,359.46
	(f) Finance costs	4,417.99	4,539.97	3,447.32	16,819.13
	(g) Depreciation and amortization expense	777.38	833.93	881.77	3,499.44
	(h) Other expenses	4,738.52	4,225.60	4,396.06	20,113.69
	Total Expenses	23,601.46	28,713.47	13,910.04	93,253.59
V	Profit/(Loss) before exceptional items and tax (III-IV)	(3,277.70)	(75.10)	(4,848.28)	(14,887.98)
VI	Exceptional items	-	-	-	-
VII	Profit/(Loss) before tax (V-VI)	(3,277.70)	(75.10)	(4,848.28)	(14,887.98)
VIII	Tax Expense				
	(a) Current tax	-	-	-	-
	(b) Deferred tax	-	-	-	-
	Total Tax Expense	-	-	-	-
IX	Profit/(Loss) for the period (VII-VIII)	(3,277.70)	(75.10)	(4,848.28)	(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	(1.98)	9.20	(5.71)	(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)]	(1.98)	9.20	(5.71)	(7.94)
XI	Total Comprehensive Income/(Loss) for the period (IX+X)	(3,279.69)	(65.90)	(4,853.99)	(14,895.92)
XII	Paid-up equity share capital (Face value of Rs. 10/- per Share)	12,513.38	12,513.38	12,493.12	12,513.38
XIII	Reserves excluding Revaluation 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.)	(2.62)	(0.06)	(3.89)	(11.91)
	(b) Diluted (Rs.)	(2.62)	(0.06)	(3.89)	(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 August 09, 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 figures for the quarter ended 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.
- 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") 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. The Official Liquidator has initiated the process of liquidation of the company 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 all the lenders for debt restructuring / compromise settlement. However interest has been provided in books of accounts on the principal outstanding at original contracted rates.
- 10 State Bank of India, a financial creditor of the Company has filed an application before the National Company Law Tribunal, 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 is pending admission by the Tribunal. The Company is in advanced stage of negotiating compromise settlement.
- 11 The Company has adopted modified simplified 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 profit and loss for the current period, instead of rent expenses (as accounted under previous periods), amortization of right of use 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 effects of adoption of Ind AS 116 on results for the quarter ended June 30, 2019 are as follows:

Particulars	Amount
	(Rs in lacs)
Profit / (loss) before adoption of Ind AS 116 for the quarter ended June 30, 2019	(3,283.18)
Earnings per share for the quarter ended June 30, 2019 (before adoption)	(2.62)
Impact of Ind AS 116:	
Less: Increase in depreciation and amortization expenses	(9.65)
Less: Increase in finance cost	(3.70)
Add: Decrease in other expenses (operating rent expense)	9.86
Net impact of profit for the quarter ended June 30, 2019	(3.49)
Profit / (loss) after adoption of Ind AS 116 for the quarter ended June 30, 2019	(3,279.69)
Earnings per share for the quarter ended June 30, 2019 (as reported)	(2.62)

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

By Order of the Board
For Tilaknagar Industries Ltd.

Amit Dahanukar
Amit Dahanukar

Chairman & Managing Director

Place: Mumbai

Date : August 09, 2019

