



HARSHIL SHAH & COMPANY

Chartered Accountants

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Limited Review Report on the Un-Audited Quarterly Standalone Financial Results and Year to Date Results of Tilaknagar Industries Limited pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors of Tilaknagar Industries Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of **Tilaknagar Industries Limited** ("the Company") for the quarter ended September 30, 2020 and the year to date results for the period April 01, 2020 to September 30, 2020 ("the Statement"), 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, as amended ('Listing Regulations').
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"), prescribed under Section 133 of the Companies Act, 2013, as amended read with relevant rules issued there under 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 Statement is 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. Attention is invited to the following:
 - a. 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. 4 of the standalone statement.
 - b. 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. 5 of the standalone statement.



- c. 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. 6 of the standalone statement.
- d. Punjab Expo Breweries Private Limited ("Punjabexpo") wholly owned subsidiary of the Company, has incurred net loss during the quarter 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. 3748.15 lakhs to Punjab expo as required by Indian Accounting Standard (Ind AS 36) 'Impairment of assets'. Reference is invited to note no. 7 of the standalone statement.

The above matters were also qualified in our report on the audited financial results for the quarter and year ended March 31, 2020.

5. Based on our review conducted and procedures performed as stated above, except for the possible effects for the matters described in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard 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 Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw attention to note no. 8 of the standalone statement 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 the loss incurred during the year to date results for the period April 01, 2020 to September 30, 2020 and erosion of Net worth and that the going concern assumption is appropriate in preparation of the statement. Our conclusion is not modified in this matter.

For Harshil Shah & Company

Chartered Accountants

ICAI Firm Reg. No. 141179W



Harshil Shah

Partner

Membership No.124146



Place: Mumbai

Date: November 12, 2020

ICAI UDIN: 20124146AAAEM9016

TILAKNAGAR INDUSTRIES LTD. (CIN: L15420PN1933PLC133303)

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(Rs. in lacs)							
Statement of Standalone Unaudited Financial Results for the Quarter and Half Year ended September 30, 2020							
	Particulars	Quarter ended			Half Year ended		Previous Year
		30.09.2020 Unaudited	30.06.2020 Unaudited	30.09.2019 Unaudited	30.09.2020 Unaudited	30.09.2019 Unaudited	31.03.2020 Audited
I	Revenue from Operations	35,987.81	18,542.75	53,268.26	54,530.56	73,494.88	1,47,918.39
II	Other Income	299.59	27.43	104.01	327.02	201.15	1,864.84
III	Total Income (I + II)	36,287.40	18,570.18	53,372.27	54,857.58	73,696.03	1,49,783.23
IV	Expenses						
	(a) Cost of materials consumed	6,753.85	3,325.33	12,091.67	10,079.18	17,890.72	32,086.37
	(b) Purchases of stock-in-trade	-	-	-	-	-	-
	(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	(451.49)	(876.89)	1,166.80	(1,328.38)	266.75	2,857.72
	(d) Excise duty	22,747.28	12,904.56	32,220.56	35,651.84	40,463.99	83,063.01
	(e) Employee benefits expense	487.87	445.07	533.81	932.94	1,058.94	1,897.80
	(f) Finance costs	1,551.65	1,621.33	4,671.27	3,172.98	9,089.26	12,508.30
	(g) Depreciation and amortization expense	790.67	786.86	779.01	1,577.53	1,556.39	3,118.90
	(h) Other expenses	4,256.57	2,261.42	5,059.27	6,517.99	9,797.80	28,892.00
	Total Expenses	36,136.40	20,467.68	56,522.39	56,604.08	80,123.85	1,64,424.10
V	Profit/(Loss) Before Exceptional Items And Tax (III-IV)	151.00	(1,897.50)	(3,150.12)	(1,746.50)	(6,427.82)	(14,640.87)
VI	Exceptional Items	-	-	-	-	-	45,518.35
VII	Profit/(Loss) Before Tax (V+/-VI)	151.00	(1,897.50)	(3,150.12)	(1,746.50)	(6,427.82)	30,877.48
VIII	Tax Expense						
	(a) Current tax	-	-	-	-	-	-
	(b) Taxes for Earlier Years	-	1.33	-	1.33	-	85.48
	(c) Deferred tax	-	-	-	-	-	-
	Total Tax Expense	-	1.33	-	1.33	-	85.48
IX	Profit/(Loss) For The Period (VII-VIII)	151.00	(1,898.83)	(3,150.12)	(1,747.83)	(6,427.82)	30,792.00
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	(3.52)	(3.52)	(1.99)	(7.04)	(3.97)	(14.09)
	(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)]	(3.52)	(3.52)	(1.99)	(7.04)	(3.97)	(14.09)
XI	Total Comprehensive Income/(Loss) For The Period (IX+X)	147.48	(1,902.35)	(3,152.11)	(1,754.87)	(6,431.79)	30,777.91
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	12,513.38
XIII	Reserves as per Balance Sheet of Previous Accounting Year						(14,888.03)
XIV	Earnings Per Equity Share of Rs. 10 /- Each (not annualized)						
	(a) Basic (Rs.)	0.12	(1.52)	(2.52)	(1.40)	(5.14)	24.61
	(b) Diluted (Rs.)	0.12	(1.52)	(2.52)	(1.40)	(5.14)	24.53

Notes :

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at its Meeting held on November 12, 2020 and have been subjected to a limited review by the Statutory Auditors.
 - 2 The above results 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.
 - 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.
 - 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 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.
 - 5 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.
 - 6 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.
 - 7 The net worth of PunjabExpo Breweries Private Limited ("PunjabExpo"), a subsidiary of TI, has been eroded and has incurred net loss during the current quarter. 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 PunjabExpo. Moreover, the PunjabExpo 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 PunjabExpo'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 are required.
 - 8 The erosion of the net worth of the Company has been substantially recovered in the previous financial year and the negative networth stands at Rs 4,093.81 lacs as at September 30, 2020. 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 Trustsin 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.
- 9 Impact of COVID-19:
The Company's operations and financial results for the quarter ended June 30, 2020 were adversely impacted by the outbreak of COVID-19 pandemic and the consequent lockdown announced by the Government of India. The operations have resumed with requisite precautions in place. The situation is continuously evolving, the impact assessed may be different from the estimates made as at the date of approval of these financial results and management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Company and take necessary measures to address the situation.
 - 10 The previous period figures have been regrouped and reclassified wherever necessary.

11 Standalone Unaudited Statement of Assets and Liabilities as at September 30, 2020

		(Rs. in lacs)	
Particulars		As at	As at
		30.09.2020	31.03.2020
		(Unaudited)	(Audited)
A ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment		46,470.43	48,023.36
(b) Capital Work-in-Progress		-	-
(c) Right of Use Assets		60.16	81.54
(d) Other Intangible Assets		37.93	39.86
(e) Financial Assets			
(i) Investments		4,763.85	4,763.85
(ii) Loans		-	-
(iii) Other Financial Assets		2,552.85	2,517.38
(f) Deferred Tax Assets (Net)		-	-
(g) Other Non-Current Assets		6,956.41	6,893.01
(h) Non-Current Tax Assets (Net)		254.31	455.72
Total Non-Current Assets		61,095.94	62,774.72
CURRENT ASSETS			
(a) Inventories		7,109.14	5,941.78
(b) Financial Assets			
(i) Trade Receivables		17,933.79	23,695.35
(ii) Cash and Cash Equivalents		616.67	1,099.56
(iii) Bank Balance other than (ii) above		106.75	111.03
(iv) Loans		1.05	1.65
(v) Other Financial Assets		5,108.33	5,165.99
(c) Other Current Assets		3,232.11	2,291.43
Total Current Assets		34,107.84	38,306.79
TOTAL ASSETS		95,203.78	1,01,081.51
B EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital		12,513.38	12,513.38
(b) Other Equity		(16,607.19)	(14,888.03)
Total Equity		(4,093.81)	(2,374.65)
LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings		47,691.32	48,936.09
(ii) Lease Liabilities		31.13	52.48
(iii) Other Financial Liabilities		18,357.15	20,455.44
(b) Provisions		334.78	309.06
(c) Deferred Tax Liabilities (net)		-	-
(d) Other Non-Current Liabilities		3,708.50	4,329.51
Total Non-Current Liabilities		70,122.88	74,082.58
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings		1,138.31	2,404.66
(ii) Lease Liabilities		41.11	39.63
(iii) Trade Payables			
Total outstanding dues of micro enterprises and small enterprises		1,492.87	1,659.41
Total outstanding dues of creditors other than micro enterprises and small enterprises		10,458.25	12,314.55
(iv) Other Financial Liabilities		12,128.85	10,118.97
(b) Provisions		2,449.71	1,383.52
(c) Other Current Liabilities		1,465.61	1,452.84
Total Current Liabilities		29,174.71	29,373.58
TOTAL EQUITY AND LIABILITIES		95,203.78	1,01,081.51

Standalone Unaudited Statement of Cash Flow for the half year ended September 30, 2020

(Rs. in lacs)

Particulars	Period ended September 30, 2020	Period ended September 30, 2019
	Unaudited	Unaudited
Net profit before tax	(1,746.48)	(6,427.82)
Operating Profit before working capital changes	4,637.97	11,580.50
Net Cash flow from Operating Activities (A)	4,082.53	5,248.18
Net Cash flow from Investing Activities (B)	14.64	55.16
Net Cash flow from Financing Activities (C)	(4,580.06)	(4,430.12)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(482.89)	873.22
Cash and cash equivalents at the beginning of the period (D)	1,099.56	1,097.85
Cash and cash equivalents at the end of the period (E)	616.67	1,971.07
Net increase / (decrease) in cash and cash equivalents (E-D)	(482.89)	873.22

**By Order of the Board
For Tilaknagar Industries Ltd.**

**Place: Mumbai
Date : November 12, 2020**

**Amit Dahanukar
Chairman & Managing Director
(DIN: 00305636)**