

BATLIBOI & PUROHIT
Chartered Accountants

**INDEPENDENT AUDITORS' REVIEW REPORT ON REVIEW OF INTERIM
FINANCIAL RESULTS**

TO THE BOARD OF DIRECTORS OF TILAKNAGAR INDUSTRIES LTD.

1. We have reviewed the accompanying statement of standalone unaudited financial results of **Tilaknagar Industries Ltd.** ("the Company") for the quarter ended June 30, 2017 ("the Statement"), being submitted by the Company pursuant to Regulation 33 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

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 Indian Accounting Standard "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

As stated in Note 3 of the Statement, we have not performed a review of the figures relating to the corresponding quarter ended June 30, 2016, including the reconciliation of net loss for the quarter ended June 30, 2016 between the previous GAAP and the Indian Accounting Standards ("Ind AS").

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 no.9 of 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 Indian Accounting Standard (Ind AS) 36 - 'Impairment of Assets', hence we are unable to comment on consequential impact if any on the statement.*

b. *We draw attention to note no.10 of the statement in respect of old advances given to certain parties amounting to Rs.7,981.58 lacs for which 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.*

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 the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, 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 modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.



Place : Mumbai
Date : September 14, 2017

For Batliboi & Purohit
Chartered Accountants
Firm Registration No. 101048W

Kaushal Mehta

Kaushal Mehta
Partner
Membership No. 111749

(Rs in lacs)

Statement of Standalone Unaudited Financial Results for the Quarter ended June 30, 2017

	Particulars	Quarter Ended	
		30.06.2017 Unaudited	30.06.2016 Unaudited
I	Income from operations		
	(a) Gross Sales/ Income from Operations (net of discounts)	4,878.91	10,990.98
	(b) Other Operating Income (Refer Note 8)	19.74	13.77
	Total Revenue from Operations	4,898.65	11,004.75
II	Other Income	74.35	9.97
III	Total Revenue (I + II)	4,973.00	11,014.72
IV	Expenses		
	(a) Cost of materials consumed	2,705.72	4,449.98
	(b) Purchases of stock-in-trade	-	-
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(125.31)	369.82
	(d) Excise Duty	138.97	3,888.07
	(e) Employee benefits expense	519.63	568.23
	(f) Finance costs	3,320.77	3,227.94
	(g) Depreciation and amortization expense	892.49	913.44
	(h) Other expenses	3,602.86	3,671.02
	Total expenses	11,055.13	17,088.50
V	Profit/(Loss) before exceptional items and tax (III-IV)	(6,082.13)	(6,073.78)
VI	Exceptional items	-	-
VII	Profit/(Loss) before tax (V-VI)	(6,082.13)	(6,073.78)
VIII	Tax Expense:		
	(a) Current tax	-	-
	(b) Deferred tax	-	-
IX	Net Profit/(Loss) for the period (VII-VIII)	(6,082.13)	(6,073.78)
X	Other Comprehensive Income/(Loss)		
	(a) Items that will not be reclassified to profit & loss		
	(i) Remeasurement of the defined benefit gain / (losses)	(14.71)	(14.01)
	(ii) Deferred tax on remeasurement of defined benefit gain / (losses)	-	-
	(b) Items that will be reclassified to profit & loss	-	-
	Total Other Comprehensive Income/(Loss) for the period ((a) +(b))	(14.71)	(14.01)
XI	Total Comprehensive Income/(Loss) for the period (IX+X)	(6,096.84)	(6,087.79)
XII	Paid-up equity share capital	12,475.61	12,475.61
XIII	Earnings Per Equity Share of Rs. 10 /- each (Rs.)		
	(a) Basic	(4.88)	(4.87)
	(b) Diluted	(4.88)	(4.87)



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 14, 2017.
- 2 The Company has adopted IND-AS with effect from April 01, 2017 with a transition date of April 01, 2016. 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 IND-AS compliant financial results for the quarter ended June 30, 2017 have been subjected to a limited review by the Statutory Auditors. The IND-AS compliant figures of the corresponding quarter of the previous year have not been subjected to a limited review by the Statutory Auditors. However, the management has exercised necessary due diligence to ensure that such financial results provide a true and fair view.
- 4 The statement does not include IND-AS compliant results for the preceding quarter and previous year ended March 31, 2017 as the same are not mandatory as per SEBI Circular dated July 05, 2016.
- 5 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 as per SEBI Circular dated July 05, 2016 is not applicable.
- 6 Reconciliation of the Net Profit/(Loss) on account of transition from previous GAAP to IND-AS for the quarter ended June 30, 2016 is as under:

Particulars	(Rs in lacs)
	Quarter Ended June 30, 2016
	Unaudited
Net Profit/(Loss) after Tax as reported under Previous GAAP	(6,066.38)
Actuarial gain/(loss) in respect of defined benefit plan reclassified to Other Comprehensive Income	14.01
Financial liabilities measured at amortised cost	(23.93)
Exchange fluctuation on financial liabilities	2.52
Net Profit/(Loss) After Tax as per IND-AS	(6,073.78)

- 7 The Company has tie-up arrangements in some States and in respect of such arrangements the turnover of Rs. 3,681.00 lacs and Rs. 12,825.78 lacs during the quarters ended June 30, 2017 and June 30, 2016 respectively has not been treated as 'Sales'. However, the surplus generated out of these arrangements is included in the 'Sales/ Income from Operations'.
- 8 The Company has been recognizing MVAT and CST subsidy on disbursement instead of accrual basis from the quarter ended September 2015 onwards.
- 9 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.
- 10 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.
- 11 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. The Company is in the process of reviving the business in the state of Tamil Nadu which will yield higher margins. These measures will enhance the liquidity position of the Company resulting in production efficiency. The promoters have the ability to organise additional financial support in future, if required. The Company is also in active discussion with the lenders on debt restructuring.
- 12 The previous period figures have been regrouped and reclassified wherever necessary.

Place: Mumbai

Date : September 14, 2017

By Order of the Board
For Tilaknagar Industries Ltd.

Amit Dahanukar
Chairman & Managing Director