Harshil Shah & Company,
Chartered Accountants

Limited Review Report on the Unaudited Quarterly Standalone Financial 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 June 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 rues 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 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. 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. 5 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. 6 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. 8 of the standalone statement.

d. PunjabExpo Breweries Private Limited ("Punjabexpo") wholly owned subsidiary of the Company, has incurred net loss during the year 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. 3502.55 lakhs to Punjabexpo as required by Indian Accounting Standard (Ind AS 36) 'Impairment of assets'. Reference is invited to note no. 9 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. 12 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 quarter 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.

7. Attention is drawn to the fact that the figures for the quarter ended March 31, 2020 as reported in these financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the quarter ended December 31, 2019 which were subject to limited review.

For Harshil Shah & Company
Chartered Accountants
ICAI Firm Reg. No. 141179W

HARSHIL SHAH
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Date: 2020.10.06 12:48:18 +05'30'

Harshil Shah
Partner
Membership No. 124146
Place: Mumbai
Date: October 06, 2020
ICAI UDIN: 20124146AAAADZ3279

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(Rs. in lacs)

Statement of Standalone Unaudited Financial Results for the Quarter ended June 30, 2020

	Particulars	Quarter ended			Year ended
		30.06.2020	31.03.2020	30.06.2019	31.03.2020
		Unaudited	Audited	Unaudited	Audited
I	**Revenue from Operations**	**18,542.75**	**34,658.44**	**20,226.62**	**1,47,918.39**
II	**Other Income**	27.43	**1,432.72**	97.14	1,864.84
III	**Total Income (I + II)**	**18,570.18**	**36,091.16**	**20,323.76**	**1,49,783.23**
IV	**Expenses**				
	(a) Cost of materials consumed	3,325.33	5,324.53	5,799.05	32,086.37
	(b) Purchases of stock-in-trade	-	-	-	-
	(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	(876.89)	3,189.17	(900.05)	2,857.72
	(d) Excise duty	12,904.56	19,065.40	8,243.43	83,063.01
	(e) Employee benefits expense	445.07	371.57	525.13	1,897.80
	(f) Finance costs	1,621.33	(1,411.38)	4,417.99	12,508.30
	(g) Depreciation and amortization expense	786.86	780.36	777.38	3,118.90
	(h) Other expenses	2,261.42	13,408.00	4,738.53	28,892.00
	Total Expenses	**20,467.68**	**40,727.65**	**23,601.46**	**1,64,424.10**
V	**Profit/(Loss) Before Exceptional Items And Tax (III-IV)**	**(1,897.50)**	**(4,636.49)**	**(3,277.70)**	**(14,640.87)**
VI	Exceptional Items	-	45,518.35	-	45,518.35
VII	**Profit/(Loss) Before Tax (V+/-VI)**	**(1,897.50)**	**40,881.86**	**(3,277.70)**	**30,877.48**
VIII	**Tax Expense**				
	(a) Current tax	-	-	-	-
	(b) Taxes for Earlier Years	1.33	85.48	-	85.48
	(c) Deferred tax	-	-	-	-
	Total Tax Expense	**1.33**	**85.48**	**-**	**85.48**
IX	**Profit/(Loss) For The Period (VII-VIII)**	**(1,898.83)**	**40,796.38**	**(3,277.70)**	**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)	(7.84)	(1.98)	(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)**	**(7.84)**	**(1.98)**	**(14.09)**
XI	**Total Comprehensive Income/(Loss) For The Period (IX+X)**	**(1,902.35)**	**40,788.54**	**(3,279.68)**	**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
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.)	(1.52)	32.60	(2.62)	24.61
	(b) Diluted (Rs.)	(1.52)	32.52	(2.62)	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 October 06, 2020 and have been subjected to a limited review by the Statutory Auditors.

2 The figures for the quarter ended March 31, 2020 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.

3 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.

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 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.

6 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.

7 Exceptional items accounted during the previous quarter ended March 31, 2020, as net income include the following : a) During 2017-2018, the Company had entered into a One Time Settlement (OTS) with Bank of India at Rs.9,500.00 lacs in full and final settlement of its dues payable over a period of three years. The Company has paid Rs.3,000.00 lacs during the year ended March 31, 2020 in compliance with the payment schedule of the OTS. Until the payment of last instalment, the Company continued to provide interest in books of accounts on the principal outstanding at original contracted rates. Consequent to the full and final payment to Bank of India, the Company has written back Rs.22,623.77 lacs being the difference between the OTS amounts paid and the total dues to Bank of India of Rs.32,123.77 lacs, including interest accounted in books of accounts.
b) During the previous year, the Company entered into a One Time Settlement (OTS) with State Bank of India at Rs.10,200.00 lacs in full and final settlement of its outstanding Working Capital dues of Rs. 29,727.26 lacs as per its books of accounts including interest at original contracted rates, pursuant to which the entire settlement amount has been paid before March 31, 2020 in accordance with the terms and conditions of the OTS. Consequent to the full and final payment to State Bank of India, the Company has written back Rs.19,527.26 lacs being the difference between the OTS amounts paid and the total dues to State Bank of India including interest in books of accounts.
c) During the previous year, the Company entered into a One Time Settlement (OTS) with IDBI Ltd. at Rs.1,603.83 lacs in full and final settlement of its outstanding Working Capital dues of Rs.4,971.15 lacs including interest at original contracted rates, pursuant to which the entire settlement amount has been paid before March 31, 2020 in accordance with the terms and conditions of the OTS. Consequent to the full and final payments to IDBI Ltd., the Company has written back Rs.3,367.32 lacs being the difference between the OTS amounts paid and the total dues to IDBI Ltd. including interest in books of accounts.

Consequent to the full and final payments to the banks with respect to the above Compromise Settlements with the banks, the Company has written back in aggregate Rs. 45,518.35 lacs being the difference between the OTS amounts paid and the total dues to the various banks including interest in books of accounts on the principal outstanding at original contracted rates.

8 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.

9 The Company has executed, during the previous quarter ended March 31, 2020, restructuring documents/agreements with Edelweiss Asset Reconstruction Company Limited (EARC), acting as Trustee of EARC Trust SC233, EARC Trust SC241 and EARC Trust SC269, in favour of whom some of the Lender Banks and Financial Institution had 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. As per the terms of the restructuring documents/agreements the total dues of Rs 52,332.37 lacs were segregated into
i) Restructured debt of Rs. 34,447.23 lacs carrying interest at the rate of 9% per annum payable in instalments by March 31, 2024
ii) Balance debt of Rs. 14,498.38 lacs accruing interest at the rate of 0.001% per annum, the payment. including the interest thereon, of which was to be waived on the repayment of the Restructured Debt to the Lender, to the satisfaction of Lender and
iii) Interest free Converted Balance debt of Rs. 3,386.75 to be converted into Equity shares.
Although certain on account payments were made to Edelweiss Asset Reconstruction Company Limited (EARC)., the Company had defaulted in repayment of principal dues of loans amounting to Rs. 1,000.00 lacs as per the terms of the restructuring documents/agreements with “EARC. The said amount in default has since been paid on June 30, 2020.
The above has been recorded in the financial results as per the requirements of IND AS.

10 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.

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 and thereafter, it has aggregated sales and expenses in its Statement of financial results with respect to these subsidiary companies. Accordingly, current quarter's figures are not comparable with corresponding quarter to that extent. Consequent to these changes, there is no impact on the total profit.

12 The erosion of the net worth of the Company has been substantially recovered in the previous year and the negative networth stands at Rs 4,259.14 lacs as at June 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.

13 Impact of COVID-19:
The outbreak of Covid-19 pandemic continues to spread across India and given its unpredictable and evolving nature, though most of the Company’s manufacturing locations became operational from May 2020 / June 2020 onwards, temporary disruptions have occurred in some locations and units from time to time during the pendency of a lockdown in that location. Management continues to implement appropriate action, as necessary, to scale up manufacturing operations in due compliance with the applicable laws. Sales have resumed in a staggered manner across the country with the sale of beverage alcohol being permitted in most states, as per the Guidelines of the Government of India.

Management has considered various internal and external information available up to the date of approval of financial results in assessing the impact of Covid-19 pandemic in the standalone / consolidated financial results for the quarter ended June 30, 2020 and will continue to monitor changes in future economic conditions. The eventual outcome of the impact of Covid-19 may be different from that estimated as on the date of approval of these financial results.

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

By Order of the Board
For Tilaknagar Industries Ltd.

AMIT DAHANUKAR
Digitally signed by AMIT DAHANUKAR
Date: 2020.10.06 12:44:31 +05'30'

Place: Mumbai
Date : October 06, 2020

Amit Dahanukar
Chairman & Managing Director