

Independent Auditors' Report

To the Board of Directors of Tilaknagar Industries Limited

Report on the Audit of the Consolidated Annual Financial Results

Qualified Opinion

We have audited the accompanying consolidated annual financial results of **Tilaknagar Industries Limited** (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and an associate for the year ended 31 March 2021, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in basis for qualified opinion paragraph below, the aforesaid consolidated annual financial results:

- a. include the annual financial results of the following subsidiaries and associate:

	Holding Company
1	Tilaknagar Industries Ltd
	Subsidiaries:
2	Prag Distillery (P) Ltd
3	Vahni Distilleries Pvt. Ltd
4	Kesarval Spring Distillers Pvt. Ltd
5	Punjab Expo Breweries Pvt. Ltd
6	Mykingdom Ventures Pvt. Ltd
7	Studd Projects P Ltd
8	Srirampur Grains Pvt. Ltd
9	Shivprabha Sugars Ltd
	Associate:
10	Mason & Summers Marketing Services Pvt. Ltd

- b. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- c. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of consolidated net loss and other comprehensive income and other financial information of the Group for the year ended March 31, 2021.

Basis for Qualified Opinion

- a. The Holding Company has not carried out impairment assessment of one of the ENA plants as required by Indian Accounting Standard (Ind AS 36) 'Impairment of Assets'

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though there is an indication of impairment. Reference is invited to note no.5 of the consolidated annual financial results.

- b. The Holding Company has not recognised impairment loss on 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 consolidated annual financial results.
- c. The following paragraph in respect of Basis for Qualified Opinion was included in the audit report dated May 28, 2021 issued on the Financial Statements of Prag Distillery (P) Ltd ("Prag"), a subsidiary company of the Holding Company issued by an Independent Firm of Chartered Accountants, is reproduced as under:
 - We draw attention to note no. 36 of the Financial Statements which states that the Company has incurred capital expenditure of Rs. 10,010.03 lakhs as at March 31, 2021 on expansion project ('the Project') grouped under the head capital work in progress. Work on the said project has been suspended and has not been completed since many years. Further the net block as on March 31, 2021 of Building, Plant and Equipment aggregating Rs 804.75 lakhs has remained idle due to shut down of the Plant. The Company has not tested the said project, building, plant and equipment ('Tangible assets') for impairment loss as per Ind AS 36 - Impairment of Assets. In absence of sufficient audit evidence, we were unable to determine the amount of impairment in the value of project and Tangible assets.
 - We draw attention to note no. 37 of the financial statements which states that there are unsecured overdue trade receivables of Rs 586.55 lakhs and deposits of Rs. 182.05 lakhs from Andhra Pradesh Beverage Corporation Ltd and unsecured advances given to suppliers of Rs. 210.99 lakhs which are long overdue and doubtful of recovery. The management has not considered any provision for allowance on doubtful trade receivables (expected credit loss), deposits and advances though it is long overdue. In absence of sufficient appropriate audit evidence and balance confirmations, we are unable to verify the recoverability amount of the trade receivables, deposits and advances.

Note no. 36 and 37 of Prag as described above is reproduced as note no. 8 and 9 to the consolidated financial results respectively.

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in sub paragraph (a) of the "Other Matters"

paragraph below, is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated annual financial results.

Material uncertainty related to going concern in respect of subsidiaries:

- a. The following paragraph in respect of material uncertainty related to going concern was included in the audit report dated May 28, 2021 issued on the Financial statements of PunjabExpo Breweries Pvt. Ltd (“Punjabexpo”), a subsidiary company of the Holding Company issued by an Independent firm of Chartered Accountants, is reproduced as under:

We draw attention to Note no. 38 of the financial statements which indicates that the Company has incurred a net loss after other comprehensive income of Rs. 1,066.99 lakhs during the current year. The Company has accumulated losses of Rs. 1,891.51 lakhs and its net worth has been fully eroded as at March 31, 2021. These conditions indicate that a material uncertainty exists that may cast a significant doubt about the Company’s ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.

Note no. 38 of Punjabexpo as described above is reproduced as note no. 7 to the consolidated financial results.

- b. The following paragraph in respect of Material uncertainty related to going concern was included in the audit report dated May 28, 2021 issued on the Financial statements of Prag Distillery (P) Ltd (“Prag”), a subsidiary company of the Holding Company issued by an Independent firm of Chartered Accountants, is reproduced as under :

We draw attention to Note no. 38 the financial statements which states that the Company has been referred to National Company Law Tribunal for Corporate Insolvency Resolution Process (CIRP) under the provisions of Insolvency and Bankruptcy Code 2016 (the Code) and the Board of Directors of the Company have been suspended. Further the Company has incurred net loss during the year ended March 31, 2021 and as of that date the business has ceased completely and there are defaults in repayment of bank loans. The uncertainty of the outcome of the NCLT proceedings and other events as mentioned above, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Note no. 38 of Prag as described above is reproduced as note no. 8 to the consolidated financial results.

Emphasis of matter

The following Emphasis of matter was included in the audit report dated May 28, 2021 issued on the Financial Statements of Prag Distillery (P) Ltd (“Prag”), a subsidiary company of the Holding Company issued by an Independent firm of Chartered Accountants, is reproduced as under:

We draw attention to note no. 39 of the financial statements regarding the pending litigation between the Company and DCB Bank wherein the outcome of the matter is uncertain. Our opinion is not modified in respect of this matter.

Note no. 39 of Prag as described above is reproduced as note no. 10 to the consolidated financial results.

We draw attention to note no. 11 of the annual consolidated financial results which describes the assessment made by the management of the Group that no material uncertainty exists on the Groups ability to continue as a going concern, despite erosion of net worth and that the going concern assumption is appropriate in preparation of these financial results.

Management's and Board of Directors' Responsibilities for the Consolidated Annual Financial Results

These consolidated annual financial results have been prepared on the basis of the consolidated annual financial statements.

The Holding Company's Management and the Board of Directors are responsible for the preparation and presentation of these consolidated annual financial results that give a true and fair view of the consolidated net loss and other comprehensive income and other financial information of the Group in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated annual financial results by the Management and the Directors of the Holding Company, as aforesaid.

In preparing the consolidated annual financial results, the Management and the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a

high level of assurance, but is not a guarantee that an audit conducted in accordance with SA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the consolidated financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial results, including the disclosures, and whether the consolidated annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results of the entities within the Group to express an opinion on the consolidated annual financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results

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of which we are the independent auditors. For the other entity included in the consolidated annual financial results, which has been audited by other auditor, such other auditor remains responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated annual financial results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the circular No CIR/CFD/CMDI/44/2019 issued by the SEBI under Regulation 33(8) .of the Listing Regulations, as amended, to the extent applicable.

Other Matters

- a. The consolidated annual financial results include the results for the quarters ended March 31, 2021 and March 31, 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the respective financial years which were subject to limited review by us.
- b. We did not audit the financial statements/ information of 8 subsidiaries included in the consolidated financial results whose Ind AS financial statements include total assets of Rs. 19,181.24 lakhs as at March 31, 2021 and total revenue of Rs. 376.81 lakhs, net cash inflows of Rs. 563.42 lakhs and total loss of Rs. 1,833.71 lakhs including other comprehensive income for the year ended March 31, 2021 as considered in the consolidated annual financial results. These Financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the Consolidated Ind AS financial results insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of section 143 (3) of the Act insofar as it relates to the aforesaid subsidiaries is based solely on the reports of such auditors.
Our opinion on the consolidated Ind As financial results is not modified in respect of the above matter with respect to our reliance on the work done and the reports of other auditors.
- c. The Consolidated financial results also include Group's share of loss / profit Rs Nil for the year ended March 31, 2021 as considered in the consolidated financial results

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in respect of 1 Associate whose financial statements have not been audited by us. The Financial Statements / information of the Associate is not available and the Group has provided its share of loss to the extent of the Investment. In our opinion and according to the information and explanation given to us by the management this financial statements / information are not material to the Group.

Our opinion is not modified in respect of the above matter.

- d. The management of the Holding company was able to perform year-end physical verification of inventories at most of the units, However , we were not able to physically observe the stock verification due to Covid-19 related restrictions, when carried out by the management. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Considerations for Selected Items" and have obtained sufficient appropriate audit evidence to issue our opinion on the Holding Company's Financial Statements / results.

Our opinion is not modified in respect of the above matter.

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

Harshil Shah
Partner
Membership No. 124146

Place: Mumbai
Date: May 29, 2021
ICAI UDIN: 21124146AAAABU2651

TILAKNAGAR INDUSTRIES LTD. (CIN: L15420PN1933PLC133303)

Corporate Office: 3rd Floor, Industrial Assurance Building, Churchgate, Mumbai, Maharashtra - 400 020

Regd. Office : P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra - 413 720

Email: investor@tilind.com; Website: www.tilind.com; Phone: +91 22 22831716/18; Fax: +91 22 22046904

(Rs. in lacs)						
Statement of Consolidated Audited Financial Results for the Quarter and Year ended March 31, 2021						
Particulars	Quarter ended			Year ended		
	31.03.2021 Audited	31.12.2020 Unaudited	31.03.2020 Audited	31.03.2021 Audited	31.03.2020 Audited	
I Revenue from operations	44,179.16	43,126.70	34,677.11	1,41,836.42	1,48,345.79	
II Other Income	734.27	76.14	2,514.12	1,141.95	2,994.22	
III Total Income (I + II)	44,913.43	43,202.84	37,191.23	1,42,978.37	1,51,340.01	
IV Expenses						
(a) Cost of materials consumed	10,291.11	8,761.79	6,872.95	29,132.08	32,108.21	
(b) Purchases of stock-in-trade	-	-	-	-	-	
(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	399.65	(465.02)	1,660.04	(1,393.75)	3,112.09	
(d) Excise duty	24,945.13	26,364.37	19,065.40	86,961.34	83,063.01	
(e) Employee benefits expense	441.32	633.74	630.06	2,515.56	2,960.04	
(f) Finance costs	1,870.79	1,847.70	(1,306.00)	7,096.50	12,893.27	
(g) Depreciation and amortization expense	810.47	834.21	823.92	3,312.43	3,298.13	
(h) Other expenses	7,078.07	5,614.63	16,804.14	19,212.09	32,296.67	
Total expenses	45,836.54	43,591.42	44,550.51	1,46,836.25	1,69,731.42	
V Profit/(Loss) before exceptional items and tax (III-IV)	(923.11)	(388.58)	(7,359.28)	(3,857.88)	(18,391.41)	
VI Exceptional items	-	-	45,518.35	-	45,518.35	
VII Profit/(Loss) Before Tax (V+/-VI)	(923.11)	(388.58)	38,159.07	(3,857.88)	27,126.94	
VIII Tax Expense						
(a) Current tax	-	-	(10.93)	-	0.62	
(b) Taxes for Earlier Years	(20.79)	-	120.34	(17.58)	120.34	
(c) Deferred tax	-	-	-	-	33.22	
(d) MAT	-	-	-	-	-	
Total tax expense	(20.79)	-	109.41	(17.58)	154.18	
IX Profit/(Loss) for the period before share of Profit/(Loss) of associate (VII-VIII)	(902.32)	(388.58)	38,049.66	(3,840.30)	26,972.76	
X Share of Profit/(Loss) of associate	-	-	-	-	-	
XI Profit/(Loss) for the period (IX+X)	(902.32)	(388.58)	38,049.66	(3,840.30)	26,972.76	
XII 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	(26.08)	(2.81)	0.02	(34.50)	(13.85)	
(ii) Tax on above	-	-	-	-	-	
(b) Items that will be reclassified to Profit & Loss	-	-	-	-	-	
Total Other Comprehensive Income/(Loss) for the period [(a) +(b)]	(26.08)	(2.81)	0.02	(34.50)	(13.85)	
XIII Total Comprehensive Income/(Loss) for the period (XI+XII)	(928.40)	(391.39)	38,049.68	(3,874.80)	26,958.91	
XIV Profit/Loss for the period attributable to						
(a) Owners of the Company	(902.32)	(388.58)	38,049.66	(3,840.30)	26,972.76	
(b) Non-Controlling Interests	-	-	-	-	-	
XV Other Comprehensive Income/(Loss) for the period attributable to						
(a) Owners of the Company	(26.08)	(2.81)	0.02	(34.50)	(13.85)	
(b) Non-Controlling Interests	-	-	-	-	-	
XVI Total Comprehensive Income/(Loss) for the period attributable to						
(a) Owners of the Company	(928.40)	(391.39)	38,049.68	(3,874.80)	26,958.91	
(b) Non-Controlling Interests	-	-	-	-	-	
XVII Paid-up equity share capital (Face value of Rs. 10/- per Share)	12,543.46	12,528.36	12,513.38	12,543.46	12,513.38	
XVIII Reserves as per Balance Sheet				(18,115.30)	(14,250.66)	
XIX Earnings Per Equity Share of Rs. 10 /- each (not annualized)						
(a) Basic (Rs.)	(0.72)	(0.31)	30.41	(3.07)	21.56	
(b) Diluted (Rs.)	(0.72)	(0.31)	30.34	(3.07)	21.49	

Notes :

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at its Meeting held on May 29 , 2021. The Statutory Auditors have expressed qualified audit opinion.
- 2 The above results have been prepared in accordance with Indian Accounting Standards ("Ind AS") 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 above results have been prepared by the Company in accordance with IND-AS 110: Consolidated Financial Statements and IND-AS 28: Accounting for Investments in Associate in Consolidated Financial Statements prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies.
- 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 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 PunjabExpo. Moreover, PunjabExpo is also in the process of rationalization of its administrative overheads. In order to reponse faith in Punjabexpo, TI has subscribed to rights issue of 69,99,300 shares of Rs 10 each of Punjabexpo in the month of April 2021 thereby further improving the net worth of the company. 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 accounts of PunjabExpo have been prepared on a going concern basis.
- 8 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, as a going concern. The Official Liquidator has obtained the order of liquidation of Prag as a going concern and is in the process for the same. Tilaknagar Industries Ltd. has submitted a formal proposal to the two Financial lenders for full and final settlement of all their claims, the Settlement agreement with Standard Chartered Bank, one of the Financial Lender has been entered and a sum of USD 11,00,000/- have been paid to them. The agreement with DCB bank is yet to be entered. Hence, the accounts of Prag have been prepared on a going concern basis. The impairment, if any, of the project undertaken by Prag in earlier years and of the existing Building, Plant and Equipment of Prag will be considered on completion of the liquidation process/ final settlement as the case may be, as the recoverable value is not currently ascertainable.
- 9 Trade Receivables of Prag Distillery (P) Ltd, wholly owned subsidiary of the Company ("Prag"), include Rs. 586.55 lacs (March 31, 2020 Rs. 586.55 lacs) receivable from Andhra Pradesh Beverage Corporation Ltd. towards sale of IMFL made by the Company in 2018-2019 and 2019-2020. Prag, through the Liquidator is in the process of filing an application with National Company Law Tribunal for approval to initiate legal action against Andhra Pradesh Beverage Corporation Ltd. for recovery of the same. The Management believes that no provision for doubtful debts is required to be made against this receivable as the amount is expected to be received. The Earnest Money Deposit and the advances to suppliers are mainly given for the expansion of prag capacity and the same would be capitalised as soon as the entire licence fees are paid and the plant become operational at expanded capacity.
- 10 Prag Distillery (P) Ltd has filed an application with the Hon'ble National Company Law Tribunal seeking reversal of interest debited by DCB Bank during the Corporate Insolvency Resolution Process. The Hon'ble National Company Law Tribunal Had directed DCB Bank to reverse the interest debited. The said order has been appealed against by DCB bank with the Hon'ble National Company Law Appellate Tribunal and later with the Hon'ble Supreme Court of India, where the matter is currently pending. Prag has also filed a Miscellaneous Application to the Hon'ble National Company Law Tribunal against DCB Bank Ltd., seeking removal of the lien marked on the bank account with DCB Bank and an order declaring the realisation/enforcement of security interest of DCB Bank Ltd. as null and void. The said application is pending before the National Company Law Tribunal for further arguments.
- 11 The erosion of the net worth of the Group has been substantially recovered in the previous financial year and the negative networth stands at Rs 5,571.84 lacs as at March 31, 2021. 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 Trusts in 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 Group 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 financial year 2020-21, 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 Group'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.
- 12 Impact of COVID-19:
Nationwide lockdown imposed by the Government of India, w.e.f. 24th March 2020 due to the COVID -19 pandemic, has been lifted in a phased manner, as per the MHA guidelines. Accordingly, the Group's entire operations including bottling facilities have become operational with necessary safety measures. The impact of COVID-19 in Q4 of F.Y. 2020-2021 on financial results have been marginalised. The Group is having sufficient liquidity and demand for its products to continue its operations. However, the Group will continue to closely monitor any material changes, looking at future economic conditions.
- 13 The Standalone and Consolidated unaudited financial results of the Company for the quarter and year ended March 31, 2021 are available on the Company's website (www.tilind.com) and on the website of BSE (www.bseindia.com) and NSE (www.nseindia.com).
- 14 Figures for the quarters ended March 31, 2021 and March 31, 2020, are the balancing figures between audited figures in respect of the respective full financial years and the published year-to-date figures up to the third quarter of the respective financial years, as adjusted for certain regroupings/ reclassifications.
- 15 The previous period figures have been regrouped and reclassified wherever necessary.

16 Consolidated Audited Statement of Assets and Liabilities as at March 31, 2021

Particulars	(Rs. in lacs)	
	As at	As at
	31.03.2021	31.03.2020
	(Audited)	(Audited)
A ASSETS		
NON-CURRENT ASSETS		
(a) Property, Plant and Equipment	46,776.75	50,049.72
(b) Capital Work-in-Progress	10,010.03	10,035.97
(c) Right of Use Assets	44.39	81.54
(d) Goodwill	-	-
(e) Other Intangible Assets	36.00	40.41
(f) Financial Assets		
(i) Investments	3.77	3.77
(ii) Loans	-	-
(iii) Other Financial Assets	2,901.95	2,823.80
(g) Deferred Tax Assets (Net)	-	-
(h) Other Non-Current Assets	7,086.18	6,994.21
(i) Non-Current Tax Assets (Net)	380.09	651.33
Total Non-Current Assets	67,239.15	70,680.75
CURRENT ASSETS		
(a) Inventories	7,207.61	6,009.64
(b) Financial Assets		
(i) Investments	-	-
(ii) Trade Receivables	18,110.18	24,337.52
(iii) Cash and Cash Equivalents	4,486.40	3,733.58
(iv) Bank Balance other than (iii) above	324.49	237.77
(v) Loans	0.47	1.65
(vi) Other Financial Assets	24.85	143.51
(c) Other Current Assets	3,758.82	2,861.72
Total Current Assets	33,912.82	37,325.39
TOTAL ASSETS	1,01,151.97	1,08,006.14
B EQUITY AND LIABILITIES		
EQUITY		
(a) Equity Share Capital	12,543.46	12,513.38
(b) Other Equity		
(i) Equity Attributable to Owners of the Company	(18,115.30)	(14,250.66)
(ii) Non-Controlling Interests	-	-
Total Equity	(5,571.84)	(1,737.28)
LIABILITIES		
NON-CURRENT LIABILITIES		
(a) Financial Liabilities		
(i) Borrowings	45,895.06	48,940.21
(ii) Lease Liabilities	10.56	52.48
(iii) Other Financial Liabilities	18,166.47	20,455.44
(b) Provisions	433.00	438.34
(c) Deferred Tax Liabilities (Net)	-	-
(d) Other Non-Current Liabilities	3,053.22	4,329.51
Total Non-Current Liabilities	67,558.31	74,215.98
CURRENT LIABILITIES		
(a) Financial Liabilities		
(i) Borrowings	5,580.91	5,000.16
(ii) Lease Liabilities	45.50	39.63
(iii) Trade Payables		
Total outstanding dues of micro enterprises and small enterprises	2,540.36	1,722.91
Total outstanding dues of creditors other than micro enterprises and small enterprises	12,264.01	13,803.69
(iv) Other Financial Liabilities	13,903.56	12,042.98
(b) Provisions	2,901.79	1,388.54
(c) Current Tax Liabilities (Net)	0.62	0.62
(d) Other Current Liabilities	1,928.75	1,528.91
Total Current Liabilities	39,165.50	35,527.44
TOTAL EQUITY AND LIABILITIES	1,01,151.97	1,08,006.14

:: 4 ::
TILAKNAGAR INDUSTRIES LTD.

Consolidated Statement of Cash Flow for the year ended March 31, 2021

(₹ in Lacs)

	2020-2021		2019-2020	
A) Cash flow from Operating activities				
Net profit before tax		(3,857.88)		27,126.94
Adjustment for:				
Depreciation	3,312.43		3,298.13	
Loss / (Profit) on sale of assets	10.77		(1.77)	
Loss / (Profit) on sale of investments	-		(40.49)	
Excess Provision written back	(650.34)		-	
Gain on write back of loans under restructuring	-		(45,518.35)	
Dividend Income	-		(0.03)	
Allowance for doubtful advances	5.00		7,968.52	
Allowance for slow/ non moving inventories	983.94		-	
Impairment for goodwill	-		2,326.23	
Advances written off	-		3,621.41	
Sundry balance written back	(252.24)		(2,231.90)	
Expected Credit Loss provided / (reversed)	376.11		(382.19)	
Bad Debts	-		423.62	
Foreign Exchange Fluctuation Loss	10.77		417.49	
Employee stock option expenses	-		25.65	
Finance Costs	7,096.49		12,893.28	
Interest income	(58.97)		(70.74)	
Operating Profit before working capital changes		10,833.96		(17,271.14)
Adjustment for:				
(Decrease)/ Increase in trade payables, current liabilities, provisions and other financial liabilities	(1,435.27)		7,943.29	
(Increase) / Decrease in loans and advances and other assets	(952.34)		(2,040.82)	
(Increase) / Decrease in inventories	(2,181.92)		3,769.94	
(Increase) / Decrease in trade receivables	5,851.22	1,281.69	(280.13)	9,392.28
Direct taxes net refund / (paid)		288.83		(169.32)
Net Cash from Operating activities		8,546.60		19,078.76
B) Cash Flow from Investing activities				
Purchase of property, plant and equipment	(8.41)		(47.42)	
Sale of property, plant and equipment	4.06		4.45	
(Increase) / Decrease in other bank balances	(86.72)		51.05	
Sale of investments	-		384.96	
Dividend received	-		0.03	
Interest received	58.97		70.74	
	-		-	
Net Cash from Investing Activities		(32.10)		463.81
C) Cash Flow from Financing activities				
Issue of share capital	40.25		-	
Proceeds from borrowings including current maturities	3,337.57		5,111.25	
Repayment of borrowings including current maturities	(5,594.72)		(4,606.03)	
Principal payment of lease liabilities	(51.23)		(30.34)	
Payment of unclaimed dividend	(10.39)		(6.42)	
Finance costs paid	(5,483.15)		(21,294.46)	
Net Cash from Financing Activities		(7,761.67)		(20,826.00)
Net increase in Cash & Cash equivalents		752.82		(1,283.43)
Opening cash & cash equivalents		3,733.58		5,017.01
Closing cash & cash equivalents		4,486.40		3,733.58

Notes :

(a) Cash and cash equivalents comprises of	As at March 31, 2021	As at March 31, 2020
i) Balances with Banks		
In Current Accounts	4,409.95	3,670.18
ii) Short-Term Bank Deposits (Maturity within 3 months)	68.43	52.13
iii) Cash on Hand	8.02	11.27
	<u>4,486.40</u>	<u>3,733.58</u>

By Order of the Board
For Tilaknagar Industries Ltd.

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Financial Results (Consolidated)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2021 [See Regulation 33 / 52-of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	SI. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) Rs. in lakhs	Adjusted Figures (audited figures after adjusting for qualifications) Rs. in lakhs
	1	Turnover/Total income	1,42,978.37	1,42,978.37
	2	Total Expenditure	1,46,836.25	1,64,704.70
	3	Net Profit/(Loss) after tax	(3,840.30)	(21,708.75)
	4	Earnings Per Share (In Rs.)	(3.07)	(17.34)
	5	Total Assets	1,01,151.97	83,283.52
	6	Total Liabilities	1,01,151.97	83,283.52
	7	Net Worth	(5,571.84)	(23,440.29)
	8	Any other financial item(s) (as felt appropriate by the management)	Nil	Nil
II.	<u>Audit Qualification (each audit qualification separately):</u>			
	a.	Details of Audit Qualification:	<p>(i) The Holding Company has not carried out impairment assessment 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 consolidated annual financial results.</p> <p>(ii) The Holding Company has not recognised impairment loss on 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 consolidated annual financial results.</p> <p>(iii) The following paragraph in respect of Basis for Qualified Opinion was included in the audit report dated May 28, 2021 issued on the Financial Statements of Prag Distillery (P) Ltd ("Prag"), a subsidiary company of the Holding Company issued by an Independent Firm of Chartered Accountants, is reproduced as under:</p>	

		<ul style="list-style-type: none"> • We draw attention to note no. 36 of the Financial Statements which states that the Company has incurred capital expenditure of Rs. 10,010.03 lakhs as at March 31, 2021 on expansion project ('the Project') grouped under the head capital work in progress. Work on the said project has been suspended and has not been completed since many years. Further the net block as on March 31, 2021 of Building, Plant and Equipment aggregating Rs 804.75 lakhs has remained idle due to shut down of the Plant. The Company has not tested the said project, building, plant and equipment ('Tangible assets') for impairment loss as per Ind AS 36 - Impairment of Assets. In absence of sufficient audit evidence, we were unable to determine the amount of impairment in the value of project and Tangible assets. • We draw attention to note no. 37 of the financial statements which states that there are unsecured overdue trade receivables of Rs 586.55 lakhs and deposits of Rs. 182.05 lakhs from Andhra Pradesh Beverage Corporation Ltd and unsecured advances given to suppliers of Rs. 210.99 lakhs which are long overdue and doubtful of recovery. The management has not considered any provision for allowance on doubtful trade receivables (expected credit loss), deposits and advances though it is long overdue. In absence of sufficient appropriate audit evidence and balance confirmations, we are unable to verify the recoverability amount of the trade receivables and advances. <p>Note no. 36 and 37 of Prag as described above is reproduced as note no. 8 and 9 to the consolidated financial results respectively.</p>
b.	Type of Audit Qualification:	Qualified Opinion

	<p>c. Frequency of qualification:</p>	<p>Point (i) - Appearing sixth time</p> <p>Point (ii) - Appearing fifth time</p> <p>Point (iii) - Appearing second time</p>
	<p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</p>	<p><u>Response to Point (II)(a)(ii)</u></p> <p>In lieu of advances given to certain body corporate 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.</p> <p><u>Response to Point (II)(a)(iii)</u></p> <ul style="list-style-type: none"> • 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, as a going concern. The Official Liquidator has obtained the order of liquidation of Prag as a going concern and is in the process for the same. Tilaknagar Industries Ltd. has submitted a formal proposal to the two Financial lenders for full and final settlement of all their claims, the Settlement agreement with Standard Chartered Bank, one of the Financial Lender has been entered and a sum of USD 11,00,000/- have been paid to them. The agreement with DCB bank is yet to be entered. Hence, the accounts of Prag have been prepared on a going concern basis. The impairment, if any, of the project undertaken by Prag in earlier years and of the

		<p>existing Building, Plant and Equipment of Prag will be considered on completion of the liquidation process/ final settlement as the case may be, as the recoverable value is not currently ascertainable.</p> <ul style="list-style-type: none"> Trade Receivables of Prag Distillery (P) Ltd, wholly owned subsidiary of the Company ("Prag"), include Rs. 586.55 lacs (March 31, 2020 Rs. 586.55 lacs) receivable from Andhra Pradesh Beverage Corporation Ltd. towards sale of IMFL made by the Company in 2018-2019 and 2019-2020. Prag, through the Liquidator is in the process of filing an application with National Company Law Tribunal for approval to initiate legal action against Andhra Pradesh Beverage Corporation Ltd. for recovery of the same. The Management believes that no provision for doubtful debts is required to be made against this receivable as the amount is expected to be received. The Earnest Money Deposit and the advances to suppliers are mainly given for the expansion of prag capacity and the same would be capitalised as soon as the entire license fees are paid and the plant become operational at expanded capacity.
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor:
		<p>(i) Management's estimation on the impact of audit qualification:</p> <p>Nil for the reasons given at para 2(e)(ii) below</p>
		<p>(ii) If management is unable to estimate the impact, reasons for the same:</p> <p><u>Response to Point (II)(a)(i)</u></p> <p>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</p>

		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.
	(iii) Auditors' Comments on (i) or (ii) or(iii) above:	Refer II (a) above
III.	<u>Signatories:</u>	
	• CEO/Managing Director	
	• CFO	
	• Audit Committee Chairman	
	• Statutory Auditor	For Harshil Shah & Company Partner
	Place: Mumbai	
	Date : May 29, 2021	