

Independent Auditors' Report

To the Board of Directors of Tilaknagar Industries Limited

Report on the audit of the Standalone Annual Financial Results

Qualified Opinion

We have audited the accompanying standalone annual financial results of Tilaknagar Industries Limited (hereinafter referred to as the "Company") for the year ended March 31, 2021, attached herewith, being submitted by the 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 matter described in basis for qualified opinion paragraph below the aforesaid standalone annual financial results:

- a. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- b. 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 the net loss and other comprehensive income and other financial information for the year ended March 31, 2021.

Basis for Qualified Opinion

1. 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 annual financial results.
2. 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 annual financial results.
3. 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 annual financial results.
4. 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

HARSHIL SHAH & COMPANY
CHARTERED ACCOUNTANTS

recognised provision for impairment in equity investment of Rs. 1,080.39 lakhs and loans & advances given of Rs. 4,278.64 lakhs to Punjabexpo as required by Indian Accounting Standard (Ind AS 36) 'Impairment of assets'. Reference is invited to note no. 7 of the standalone annual financial results.

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 Standalone Annual Financial Results section of our report. We are independent of the Company, 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 we have obtained, is sufficient and appropriate to provide a basis for our qualified opinion on the Standalone annual financial results.

We draw attention to note no. 8 of the standalone annual financial results 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 erosion of Net-worth and that the going concern assumption is appropriate in preparation of these Financial Statements.

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

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

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these standalone annual financial results that give a true and fair view of the net loss and other comprehensive income and other financial information 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the 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 standalone annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone annual financial results, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the standalone 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 SAs 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 standalone 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 standalone 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 standalone 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 standalone 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone annual financial results, including the disclosures, and whether the standalone annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with those charged with governance 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.

Other Matters

- a. The standalone 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. The management of the Company has performed 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 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 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: 21124146AAAABT8911

TILAKNAGAR INDUSTRIES LTD. (CIN: L15420PN1933PLC133303)

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

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(Rs. in lacs)						
Statement of Standalone 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	34,658.44	1,41,836.42	1,47,918.39
II	Other Income	743.56	99.42	1,432.72	1,170.00	1,864.84
III	Total Income (I + II)	44,922.72	43,226.12	36,091.16	1,43,006.42	1,49,783.23
IV	Expenses					
	(a) Cost of materials consumed	10,290.88	8,762.02	5,324.53	29,132.08	32,086.37
	(b) Purchases of stock-in-trade	-	-	-	-	-
	(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	399.89	(465.26)	3,189.17	(1,393.75)	2,857.72
	(d) Excise duty	24,945.13	26,364.37	19,065.40	86,961.34	83,063.01
	(e) Employee benefits expense	218.85	403.05	371.57	1,554.84	1,897.80
	(f) Finance costs	1,780.37	1,586.70	(1,411.38)	6,540.05	12,508.30
	(g) Depreciation and amortization expense	772.76	790.99	780.35	3,141.28	3,118.89
	(h) Other expenses	7,781.70	5,696.06	13,408.01	19,995.75	28,892.01
	Total Expenses	46,189.58	43,137.93	40,727.65	1,45,931.59	1,64,424.10
V	Profit/(Loss) Before Exceptional Items And Tax (III-IV)	(1,266.86)	88.19	(4,636.49)	(2,925.17)	(14,640.87)
VI	Exceptional Items	-	-	45,518.35	-	45,518.35
VII	Profit/(Loss) Before Tax (V+/-VI)	(1,266.86)	88.19	40,881.86	(2,925.17)	30,877.48
VIII	Tax Expense					
	(a) Current tax	-	-	-	-	-
	(b) Taxes for Earlier Years	(47.29)	-	85.48	(45.96)	85.48
	(c) Deferred tax	-	-	-	-	-
	Total Tax Expense	(47.29)	-	85.48	(45.96)	85.48
IX	Profit/(Loss) For The Period (VII-VIII)	(1,219.57)	88.19	40,796.38	(2,879.21)	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	(12.59)	(3.53)	(7.84)	(23.16)	(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)]	(12.59)	(3.53)	(7.84)	(23.16)	(14.09)
XI	Total Comprehensive Income/(Loss) For The Period (IX+X)	(1,232.16)	84.66	40,788.54	(2,902.37)	30,777.91
XII	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
XIII	Reserves as per Balance Sheet				(17,780.24)	(14,888.04)
XIV	Earnings Per Equity Share of Rs. 10 /- Each (not annualized)					
	(a) Basic (Rs.)	(0.97)	0.07	32.60	(2.30)	24.61
	(b) Diluted (Rs.)	(0.97)	0.07	32.53	(2.30)	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 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 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. ("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. 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 year. 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 management believes that no provision for impairment in equity investment and loans & advances given is 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 5,236.78 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 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 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 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:
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 Comany'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 Company is having sufficient liquidity and demand for its products to continue its operations. However, the Company will continue to closely monitor any material changes, looking at future economic conditions
- 10 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.
- 11 The previous period figures have been regrouped and reclassified wherever necessary.

12 Standalone Audited Statement of Assets and Liabilities as at March 31, 2021

Particulars		(Rs. in lacs)	
		As at 31.03.2021	As at 31.03.2020
		(Audited)	(Audited)
A	ASSETS		
	NON-CURRENT ASSETS		
	(a) Property, Plant and Equipment	44,923.99	48,023.36
	(b) Capital Work-in-Progress	-	-
	(c) Right of Use Assets	44.39	81.54
	(d) Other Intangible Assets	35.45	39.86
	(e) Financial Assets		
	(i) Investments	4,763.85	4,763.85
	(ii) Loans	-	-
	(iii) Other Financial Assets	2,604.45	2,517.38
	(f) Deferred Tax Assets (Net)	-	-
	(g) Other Non-Current Assets	6,975.94	6,893.01
	(h) Non-Current Tax Assets (Net)	363.31	455.72
	Total Non-Current Assets	59,711.38	62,774.72
	CURRENT ASSETS		
	(a) Inventories	7,139.76	5,941.78
	(b) Financial Assets		
	(i) Trade Receivables	17,485.50	23,695.36
	(ii) Cash and Cash Equivalents	1,288.95	1,099.56
	(iii) Bank Balance other than (ii) above	186.02	111.03
	(iv) Loans	868.10	1.65
	(v) Other Financial Assets	5,624.22	5,165.98
	(c) Other Current Assets	3,172.93	2,291.44
	Total Current Assets	35,765.48	38,306.80
	TOTAL ASSETS	95,476.86	1,01,081.52
B	EQUITY AND LIABILITIES		
	EQUITY		
	(a) Equity Share Capital	12,543.46	12,513.38
	(b) Other Equity	(17,780.24)	(14,888.04)
	Total Equity	(5,236.78)	(2,374.66)
	LIABILITIES		
	NON-CURRENT LIABILITIES		
	(a) Financial Liabilities		
	(i) Borrowings	45,895.06	48,936.09
	(ii) Lease Liabilities	10.56	52.48
	(iii) Other Financial Liabilities	18,166.47	20,455.44
	(b) Provisions	293.27	309.06
	(c) Deferred Tax Liabilities (net)	-	-
	(d) Other Non-Current Liabilities	3,053.22	4,329.51
	Total Non-Current Liabilities	67,418.58	74,082.58
	CURRENT LIABILITIES		
	(a) Financial Liabilities		
	(i) Borrowings	2,650.83	2,404.66
	(ii) Lease Liabilities	45.50	39.63
	(iii) Trade Payables		
	Total outstanding dues of micro enterprises and small enterprises	2,220.71	1,659.41
	Total outstanding dues of creditors other than micro enterprises and small enterprises	11,058.95	12,314.55
	(iv) Other Financial Liabilities	12,565.44	10,118.99
	(b) Provisions	2,892.70	1,383.52
	(c) Other Current Liabilities	1,860.93	1,452.84
	Total Current Liabilities	33,295.06	29,373.60
	TOTAL EQUITY AND LIABILITIES	95,476.86	1,01,081.52

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TILAKNAGAR INDUSTRIES LTD.

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		(2,925.17)		30,877.48
Adjustment for:				
Depreciation	3,141.28		3,118.90	
Loss / (Profit) on sale of assets	9.66		(1.77)	
Gain on write back of loans under restructuring	-		(45,518.35)	
Allowance for doubtful advances/ deposits	831.88		8,007.88	
Advances written off	29.38		2,600.62	
Allowance for slow/ non moving inventories	983.94		-	
Bad Debts	-		423.62	
Sundry balances written back	(251.83)		(1,169.93)	
Excess provision written back	(650.34)		-	
Expected Credit Loss / (Write back)	358.62		(382.19)	
Unrealised Foreign Exchange Fluctuation (Gain) / Loss	(136.46)		417.49	
Employee stock option expenses	-		25.65	
Finance costs	6,540.04		12,508.30	
Interest income	(87.43)		(44.31)	
Operating Profit before working capital changes		10,768.74		(20,014.09)
Adjustment for:				
(Decrease)/ Increase in trade payables, current liabilities, provisions and other financial liabilities	(1,299.81)		9,329.36	
(Increase) / Decrease in loans and advances and other assets	(3,196.34)		5,163.67	
(Increase) / Decrease in inventories	(2,181.92)		1,608.79	
(Increase) / Decrease in trade receivables	5,851.24	(826.83)	(6,042.01)	10,059.81
Direct taxes net refund / (paid)		138.38		(161.34)
Net Cash from Operating activities		7,155.12		20,761.86
B) Cash Flow from Investing activities				
Purchase of property, plant and equipment	(7.66)		(47.42)	
Sale of property, plant and equipment	1.95		4.45	
(Increase) / Decrease in other bank balances	(74.99)		28.64	
Interest received	46.32		44.31	
Net Cash from Investing Activities		(34.38)		29.98
C) Cash Flow from Financing activities				
Issue of share capital	40.25		-	
Proceeds from borrowings	3,337.57		5,111.25	
Repayment of borrowings	(4,765.32)		(4,595.70)	
Payment of unclaimed dividend	(10.39)		(6.42)	
Principal payment of lease liabilities	(51.23)		(30.34)	
Finance costs paid	(5,482.23)		(21,268.92)	
Net Cash from Financing Activities		(6,931.35)		(20,790.13)
Net increase in Cash & Cash equivalents		189.39		1.71
Opening cash & cash equivalents		1,099.56		1,097.85
Closing cash & cash equivalents		1,288.95		1,099.56

Notes :

	(₹ in Lacs)	
	As at March 31, 2021	As at March 31, 2020
(a) Cash and cash equivalents comprises of		
i) Balances with Banks		
In Current Accounts	1,274.23	1,086.30
ii) Short-Term Bank Deposits (Maturity within 3 months)	7.49	3.45
iii) Cash on Hand	7.23	9.81
	1,288.95	1,099.56

By Order of the Board
For Tilaknagar Industries Ltd.

Place: Mumbai
Date : May 29, 2021

Amit Dahanukar
Chairman & Managing Director

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

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	1,43,006.42	1,43,006.42
	2	Total Expenditure	1,45,931.59	1,58,908.05
	3	Net Profit/(Loss) after tax	(2,879.21)	(15,855.67)
	4	Earnings Per Share (In Rs.)	(2.30)	(12.66)
	5	Total Assets	95,476.86	82,500.40
	6	Total Liabilities	95,476.86	82,500.40
	7	Net Worth	(5,236.78)	(18,213.24)
	8	Any other financial item(s) (as felt appropriate by the management)	Nil	Nil
II.	Audit Qualification (each audit qualification separately):			
	a.	Details of Audit Qualification:	<p>(i) 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 annual financial results.</p> <p>(ii) 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 annual financial results.</p> <p>(iii) 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 annual financial results.</p>	

		(iv) 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. 1,080.39 lakhs and loans & advances given of Rs. 4,278.64 lakhs to Punjabexpo as required by Indian Accounting Standard (Ind AS 36) 'Impairment of assets'. Reference is invited to note no. 7 of the standalone annual financial results.
b.	Type of Audit Qualification:	Qualified Opinion
c.	Frequency of qualification:	Point (i) - Appearing sixth time Point (ii) - Appearing fifth time Point (iii) - Appearing forth time Point (iv) – Appearing for second time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	<p><u>Response to Point (II)(a)(ii)</u></p> <p>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.</p> <p><u>Response to Point (II)(a)(iii)</u></p> <p>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</p>

		<p>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. 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.</p> <p><u>Response to Point (II)(a)(iv)</u></p> <p>The net worth of PunjabExpo Breweries Private Limited ("PunjabExpo"), a subsidiary of TI, has been eroded and has incurred net loss during the current year. 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 management believes that no provision for impairment in equity investment and loans & advances given is required.</p>
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the	Nil for the reasons given at para 2(e)(ii)

	impact of audit qualification:	below
	(ii) If management is unable to estimate the impact, reasons for the same:	<p><u>Response to Point (II)(a)</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 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.</p>
	(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	