

# ALOK INDUSTRIES LIMITED

Peninsula Business Park, Tower B, 2nd & 3rd Floor, Ganpatrao Kadam Marg, Lower Parel,  
Mumbai - 400 013. Tel.: 91 22 6178 7000 Fax : 91 22 6178 7118



28 August 2018

BSE Limited. Listing Department, P.J. Towers, Dalal Street, Mumbai - 400 001 Fax No.: 2272 2037 / 2272 2039	National Stock Exchange of India Ltd, Exchange Plaza, 5th Floor, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai-400 051 Fax No.: 2659 8237 / 2659 8238
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Dear Sirs,

**Subject: Approval of the un-audited financial results for quarter ended June 30, 2018**

This is in continuation to our letter dated August 14, 2018 informing submission of results on August 28, 2018.

As you are aware that the Company is under CIR Process and in terms of the Order of Hon'ble NCLT, Ahmedabad dated 18th July, 2017, the powers of the Board of Directors are suspended and are vested in the Resolution Professional.

In terms of applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that the Resolution Professional ('RP') on August 28, 2018 has considered and taken on record the un-audited financial results and limited review for the quarter ended June 30, 2018.

**Statement on Impact of Audit Qualifications**

With regard to qualifications appearing in the Auditors Report, the explanations have been given in Point Nos.4 & 6 of the notes to financial results which are reproduced below:

- "4. *The net deferred tax assets as on 30 June 2018 is Rs. 1423.11 crores (Previous Year Rs. 1423.11 crores). The Resolution Plan for the Company is under consideration of the Adjudicating Authority. Reliable projections of future taxable income, therefore, shall be available only when the Resolution Plan is implemented. Accordingly, net deferred tax assets for the current period are presently not recognised and the net deferred tax assets as at the end of the previous financial year has been carried forward.*
  
6. *The Company current level of operations, at about 30% of the capacity, may not be an indication of the future performance of the Company. A Resolution Plan for revival of the Company is under consideration of the Adjudicating Authority. Therefore, until a resolution plan has been implemented, reliable projections of availability of future cash flows of the Company supporting the carrying value of Property, Plant and Equipment cannot be determined, hence are not available. Accordingly Impairment testing under Ind AS has not been performed while presenting these results."*

## **ALOK INDUSTRIES LIMITED**

The Un-audited Financial Results for the quarter ended June 30, 2018 were certified by the Chief Financial Officer and Company Secretary and the same were taken on record by the Resolution Professional at the meeting held on 28th August, 2018.

The meeting commenced at 3.00 p.m. and concluded at 6.40 p.m.

In terms of the applicable provisions, of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2017, the results are also being published in the newspaper and placed on Company's website [www.alokind.com](http://www.alokind.com).

The above is for your information and record.

Thanking you.

**FOR ALOK INDUSTRIES LIMITED**



**K. H. GOPAL**  
**COMPANY SECRETARY**

**Statement of Unaudited Standalone Financial Results for the Quarter Ended 30 June 2018**

Rs in crores (except EPS)

Sr No.	Particulars	Standalone			
		30.06.2018 (Unaudited)	30.06.2017 (Unaudited)	31.03.2018 (Audited)	Year ended 31.03.2018 (Audited)
1	<b>Income</b>				
	a) Revenue from Operations (refer note 5)	786.50	2,793.21	841.81	5,381.95
	b) Other Income	1.67	48.41	106.35	236.31
	<b>Total Income (a + b)</b>	<b>788.17</b>	<b>2,841.62</b>	<b>948.16</b>	<b>5,618.26</b>
2	<b>Expenses</b>				
	a) Cost of materials consumed	521.76	3,485.87	548.94	5,189.14
	b) Changes in Inventories of finished goods and work-in-progress	7.61	(4.13)	(30.83)	(26.22)
	c) Excise Duty (refer note 5)	-	48.33	-	48.33
	d) Employee benefits expense	65.07	68.49	63.76	275.68
	e) Finance costs	1,046.23	837.46	1,041.74	4,682.87
	f) Depreciation and amortisation expense	133.15	134.01	140.37	527.81
	g) Other expenses	211.97	228.63	237.26	980.08
	h) Bad debts written off	-	-	-	585.51
	i) Provision for doubtful debts and advances	-	4,671.09	253.77	11,561.20
	<b>Total expenses [2(a) to 2(i)]</b>	<b>1,985.79</b>	<b>9,469.75</b>	<b>2,255.01</b>	<b>23,824.40</b>
3	<b>Loss before tax (1 - 2)</b>	<b>(1,197.62)</b>	<b>(6,628.13)</b>	<b>(1,306.85)</b>	<b>(18,206.14)</b>
4	<b>Tax expense</b>				
	(i) Current Tax	-	-	-	-
	(ii) Deferred Tax	-	-	(4.66)	(4.66)
	(iii) Provision for tax in respect of earlier years	-	-	18.46	15.85
	<b>Total Tax expense</b>	<b>-</b>	<b>-</b>	<b>13.80</b>	<b>11.19</b>
5	<b>Net Loss for the period (3-4)</b>	<b>(1,197.62)</b>	<b>(6,628.13)</b>	<b>(1,320.65)</b>	<b>(18,217.33)</b>
6	<b>Other comprehensive Income /(Loss)</b>				
	(i) Items that will not be subsequently reclassified to profit or loss				
	(a) Remeasurements gains /(losses) on defined benefit plans	-	-	13.46	13.46
	(b) Income tax on (a) above	-	-	(4.66)	(4.66)
	<b>Total Other comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>8.80</b>	<b>8.80</b>
7	<b>Total comprehensive Loss (5+6)</b>	<b>(1,197.62)</b>	<b>(6,628.13)</b>	<b>(1,311.85)</b>	<b>(18,208.53)</b>
8	<b>Paid up Equity Share Capital</b>	<b>1,368.63</b>	<b>1,377.32</b>	<b>1,368.63</b>	<b>1,368.63</b>
9	<b>Other Equity (excluding Revaluation Reserve)</b>				
10	<b>Earnings per share (of Rs.10 each) :</b>				
	Basic (Rs.)	(8.81) *	(48.81) *	(9.71) *	(133.96)
	Diluted (Rs.)	(8.81) *	(48.81) *	(9.71) *	(133.96)

**Notes :**

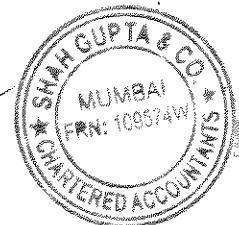
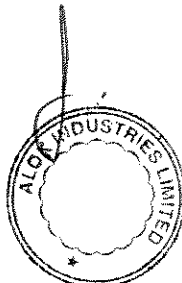
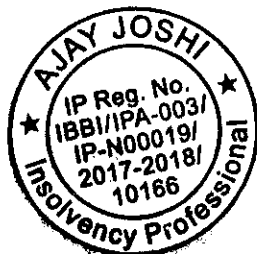
1 Alok Industries Limited ("Company") was admitted under the corporate insolvency resolution ("CIR") process in terms of the Insolvency and Bankruptcy Code, 2016 ("Code"), vide an order dated 18 July 2017 of the Hon'ble National Company Law Tribunal, Ahmedabad ("Adjudicating Authority"). Pursuant to the said order, Mr. Ajay Joshi was appointed as the interim resolution professional for the Company and was subsequently confirmed as the resolution professional ("RP"). During the CIR process, only one resolution plan ("Resolution Plan") was received from JM Financial Asset Reconstruction Company Limited, JM Finance ARC Trust and Reliance Industries Limited jointly ("Resolution Applicants"). This Resolution Plan was not approved by the Committee of Creditors ("COC") with the requisite majority as required then under Section 30 (4) of the Code (which was 75% of assenting voting share). Under the provisions of the Code, the RP filed a liquidation application on 16 April 2018 before the Adjudicating Authority.

Pursuant to promulgation of the Insolvency and Bankruptcy (Amendment) Ordinance dated 6 June 2018 ("Ordinance"), the voting threshold for approval of Resolution Plan was reduced from 75% to 66%. The Adjudicating Authority in an application by Alok Employees Benefit & Welfare Trust passed an order dated 11 June 2018 directing the COC to re-look and consider the Resolution Plan as per the Ordinance. Accordingly, in compliance with the said order, the Resolution Plan submitted jointly by the Resolution Applicants was again placed before the COC for approval under Section 30 (4) of the Code (as amended by the Ordinance). The Resolution Plan was approved by the COC with 72.192% assenting voting share. Subsequently, vide its order dated 25 June 2018, the Adjudicating Authority granted liberty to the RP to withdraw the liquidation application filed by it and file an application for approval of Resolution Plan. Accordingly, the RP withdrew the liquidation application and filed the resolution plan for approval of the Adjudicating Authority. Vide an order dated 17 July 2018, the Adjudicating Authority dismissed the liquidation application. The application filed by the RP for approval of Resolution Plan is currently pending adjudication by the Adjudicating Authority.

Post the commencement of the CIR process, the Company is continuing to operate as a going concern in terms of the Code. Currently, the application for approval of the Resolution Plan is pending with the Adjudicating Authority and therefore the financial statements are being presented on a going concern basis.

2 Certain financial creditors of the Company have filed various applications before the Adjudicating Authority as well as the Hon'ble National Company Law Appellate Tribunal, New Delhi ("Appellate Tribunal"), inter alia, challenging the Resolution Plan of the Company. These applications are pending adjudication by the respective tribunals. In the event, the Adjudicating Authority/Appellate Tribunal (or any subsequent appeals) result in the rejection of the Resolution Plan, the Company may be ordered to be liquidated by the Adjudicating Authority/Appellate Tribunal/subsequent appellate authority.

3 During the quarter, the Company has incurred a net loss of Rs. 1197.62 crores and as of 30 June 2018, the Company's accumulated losses amounted to Rs. 19140.07 crores, as against the Company's negative Net worth of Rs. 15199.07 crore as at 31 March 2018. Total liabilities of the Company as on 30 June 2018 exceeded total assets by Rs. 16409.82 crores.



- 4 The net deferred tax assets as on 30 June 2018 is Rs. 1423.11 crores ( Previous Year Rs. 1423.11 crores). The Resolution Plan for the Company is under consideration of the Adjudicating Authority. Reliable projections of future taxable income, therefore, shall be available only when the Resolution Plan is implemented. Accordingly, net deferred tax assets for the current period are presently not recognised and the net deferred tax assets as at the end of the previous financial year has been carried forward.
- 5 Revenue from operations for the period up to 30 June 2017 included excise duty, which is discontinued with effect from 01 July 2017 upon implementation of Goods and Service Tax (GST) Act. In accordance with 'Ind AS 18 - Revenue', GST is not included in revenue from operations. In view of the aforesaid change, revenue from operations for the quarter ended 30 June 2018, is not comparable to the corresponding previous period.
- 6 The Company current level of operations, at about 30% of the capacity, may not be an indication of the future performance of the Company. A Resolution Plan for revival of the Company is under consideration of the Adjudicating Authority. Therefore, until a resolution plan has been implemented, reliable projections of availability of future cash flows of the Company supporting the carrying value of Property, Plant and Equipment cannot be determined, hence are not available. Accordingly Impairment testing under Ind AS has not been performed while presenting these results.
- 7 Since the Resolution Plan for the Company has not been approved yet by the Adjudicating Authority, Interest on borrowings has continued to be accrued in the accounts. Further, various other items of the balance sheet can also undergo a change based on the final decision of the Adjudicating Authority.
- 8 During the current quarter the company has changed method of inventory valuation from FIFO basis to Weighted Average basis which is one of the method of valuation permitted under Ind AS 2 'Inventories'. The transition to weighted average basis will eliminate manual intervention and provide a consistent basis for inventory valuation going forward and it will enable the Company to utilise the full functionalities of the ERP system that uses weighted average method of inventory valuation.

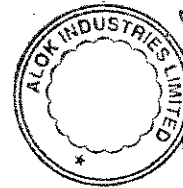
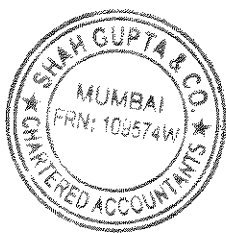
In accordance with Ind AS 8 'Accounting Policies, Changes in Accounting estimates and Errors', the Company is required to give effect of the change in accounting policy retrospectively. However considering the huge volume of inventory in the earlier years as well as number of years involved, the Company has given effect of the change in accounting policy from 01 April 2017.

As at 01 April 2017, on account of above change in accounting policy the value of inventory has been increased by Rs. 3.19 crore and retained earning has been increased by Rs. 2.09 crore (net of tax).

Impact of this change in accounting policy on the published results for the earlier periods / year are as under:

Sr. No.	Particulars	Quarter ended June 2017	Quarter ended Sep 2017	Quarter ended Dec 2017	Quarter ended March 2018	Year ended March 2018
1	Increase / (Decrease) in Inventory	13.57	0.97	(2.38)	1.47	1.47
2	Increase / (Decrease) in Deferred tax Assets	(4.70)	(0.34)	0.83	(0.51)	(0.51)
3	Increase / (Decrease) in Other equity	8.87	0.63	(1.55)	0.96	0.96
4	Increase / (Decrease) in Cost of consumption	(10.38)	12.60	3.35	(3.85)	1.72
5	Increase / (Decrease) in Loss before tax	(10.38)	12.60	3.35	(3.85)	1.72
6	Increase / (Decrease) in Income tax	3.59	(4.36)	(1.16)	1.33	(0.60)
7	Increase / (Decrease) in Net Loss after tax	(6.79)	8.24	2.19	(2.52)	1.12

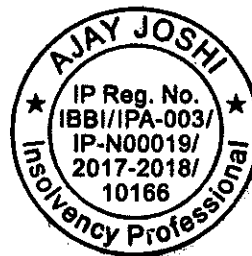
- 9 Considering the nature of its business activities and related risks and returns, the Company had, at the time of transition to Ind AS, determined that it operates in a single primary business segment, namely "Textiles", which constitutes a reportable segment in the context of IND AS 108 on "Operating Segments". There has been no development during the quarter necessitating any changes in Operating Segment.
- 10 The above results were certified by Chief Financial Officer and Company Secretary and taken on record by the Resolution Professional at meeting held on 28 August 2018.
- 11 The figures of previous period have been reclassified / regrouped, wherever necessary, to correspond with those of the current period.



By order of the Board  
For ALOK INDUSTRIES LIMITED

*[Signature]*  
Sunil O. Khandelwal  
(Chief Financial Officer)

*[Signature]*  
K. H. Gopal  
(Company Secretary)



Taken on Record

*[Signature]*  
Ajay Joshi  
(Resolution Professional)

Place: Mumbai  
Date: 28 August 2018

**Shah Gupta & Co.**  
**Chartered Accountants**

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**N B S & Co.**  
**Chartered Accountants**

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**Independent Auditors' Review Report**

To  
Resolution Professional  
**ALOK INDUSTRIES LIMITED**  
Mumbai

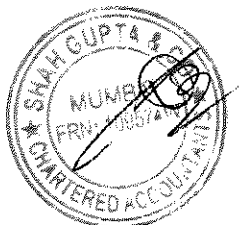
1. We have reviewed the accompanying **Statement of Unaudited Standalone Financial Results** of **ALOK INDUSTRIES LIMITED** (the 'Company') for the quarter ended June 30, 2018 (the 'Statement') being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 05, 2016. This statement is the responsibility of the Company's Management and taken on record by the Resolution Professional. Our responsibility is to issue a report on this statement based on our review.

This Statement, which is the responsibility of the Company's Management and considered and taken on record by the Resolution Professional, relying on certification by the Key Management Personnel, has been prepared in accordance with recognition and measurement principles laid down in Indian Accounting Standard 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. Our responsibility is to issue a report on the Statement based on our review

2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by 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 financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

**3. Basis of Qualified Opinion**

- (i) *As per Ind AS 36 on Impairments of assets, the Company is required to determine impairment in respect of fixed assets as per the methodology prescribed under the said Standard. However the Management of the Company has not done impairment testing for the reasons explained in note no. 6. In the absence of any working for impairment of the fixed assets as per Ind AS 36, the impact of impairment, if any, on the Standalone Financial Results is not ascertainable.*
  - (ii) *As mentioned in note no. 4, the Company continued to recognise deferred tax assets upto March 31, 2017, Rs. 1423.11 crore. Considering the pending NCLT approval for resolution plan and absence of probable certainty and convincing evidence for taxable income in future, as required by the Ind AS - 12, we are unable to ascertain the extent to which these deferred tax assets can be utilized.*
4. Based on our review conducted as above, *except for the possible effects of the matter described in the paragraph 3 above*, nothing has come to our attention that causes us to believe that the accompanying statement prepared in accordance with applicable Accounting Standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular



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No. CIR/CFD/FAC/62/2016 dated July 05, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. We draw attention to the following matter:

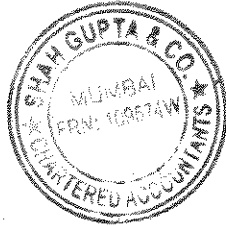
Note no. 3 in the Standalone Financial Results, indicates that the Company incurred a total comprehensive loss of Rs. 1,197.62 crores during the quarter ended June 2018 and, as of that date, the Company's current liabilities exceeded its total assets by Rs. 16409.82 crores and as stated in note no. 1, the events or conditions mentioned therein, along with other matters as set forth in note no. 2, 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 the above matters.

For **Shah Gupta & Co.**  
Chartered Accountants  
Firm Registration No-109574W



**D.V. Ballal**  
Partner  
M.NO.13107  
Place: Mumbai  
Date: August 28, 2018



For **NBS & Co.**  
Chartered Accountants  
Firm Registration No-110100W



**Devdas V. Bhat**  
Partner  
M.NO. 48094  
Place: Mumbai  
Date: August 28, 2018

