

Tilaknagar Industries Ltd (TI)



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Q1 FY2013 Results Overview

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Key Highlights

❑ **Healthy expansion in volumes, ahead of sector growth, in Q1FY13 led by a balanced strategy for growth**

- ✓ Growth achieved driven by expansion across product lines and geographies
- ✓ Increasing trajectory of sales in East augmented volume increase
- ✓ South India continued to remain a dominant driver for growth
 - Robust growth in states across the region
 - New tie-ups in Tamil Nadu aided normalization of sales in the region to a certain extent, further visibility to be seen in Q2 / H2 FY13
- ✓ Consistent focus on premiumisation
- ✓ Whisky and Rum registered robust growth, while Brandy as a segment witnessed subdued performance due to limited sales in Tamil Nadu, which is one of the key markets for brandy sales for TI
- ✓ In Q1 FY13, sales volumes delivered in CSD remained at the same level as Q1 FY12, aligned to the muted growth in the CSD sector. However the segment serves as a unique platform for growth for TI
- ✓ Enhanced sales of brands in the regular segment in Maharashtra to increase penetration, establish strong distribution and marketing network and accrue the benefits of the Mega Project

❑ **Improved Operating profit increase reflects**

- ✓ Volume performance coupled with Company's prudent cost management system
- ✓ Given the increase in grain prices, the Company sought it economical to source ENA from the market, while optimizing operational costs at its plant

❑ **By virtue of the 'Eligibility Certificate' accorded to the Company with regards to the 'Mega Project' status, by the Government of Maharashtra , TI has recognized Rs 109.8 million as VAT refund for its sales in FY12 in Maharashtra**

❑ **Price hike received in Kerala w.e.f 01 August 2012 which is a key market for TI, to benefit realizations in the coming quarters**



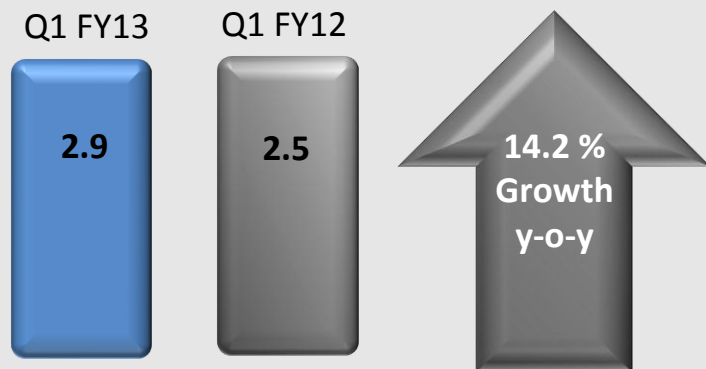
Update on the Mega project Subsidy

- ❑ TI entitled with the Certificate of Eligibility for the 'Mega Project' for its new facilities at Shrirampur, which includes the 50 KLPD molasses based distillation plant and 100 KLPD grain based distillation plant along with captive power plant, under Package Scheme of Incentives (PSI) 2007, by the Government of Maharashtra
- ❑ As a result of its Mega Project status, TI is eligible for an Industrial Promotion Subsidy (IPS) for the period of 7 years ending on March 26, 2018, by way of set off / credit for Tax liability under Maharashtra Value Added Tax Act 2002 and Central Sales Tax Act 1956, for its sales in Maharashtra
- ❑ The Company has a plan to accrue benefits from its Mega Project status and has been focussing its efforts and resources to enhance penetration levels in the state of Maharashtra
 - ✓ With continued success of its brands – BLAC POWER whisky and the recently launched Mansion House Whisky, TI remains encouraged to expand its presence in Maharashtra.
 - ✓ As a concerted strategy the Company has also introduced new products in the regular segment to achieve wider geographical coverage
- ❑ Given the increasing sales in Maharashtra, the Company has recognized Rs. 109.8 million, as VAT refund under the Industrial Promotion Subsidy for its sales in FY12 in Maharashtra
- ❑ The Mega Project status will-
 - ✓ Improve the ROCE on the investments made, which include the 50 KLPD and 100 KLPD plant
 - ✓ Result in better cashflows which can be utilized to drive growth while containing balance sheet leverage

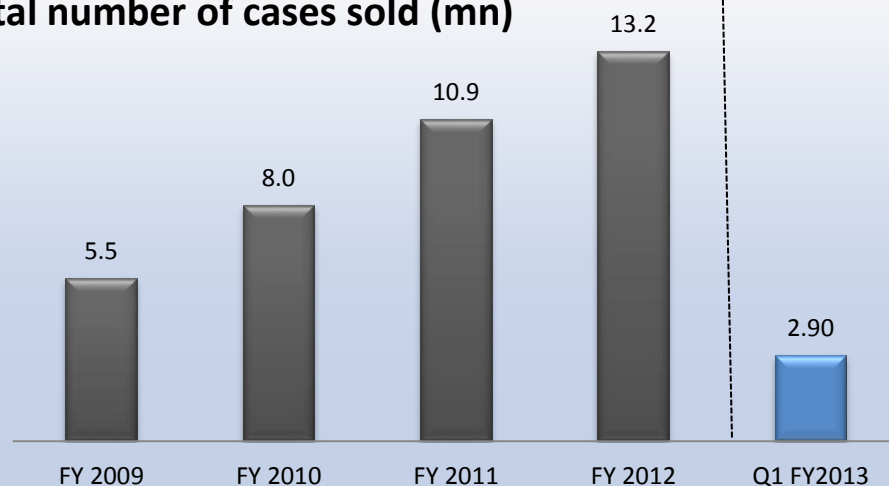


Operational Highlights

Total number of cases sold (mn)

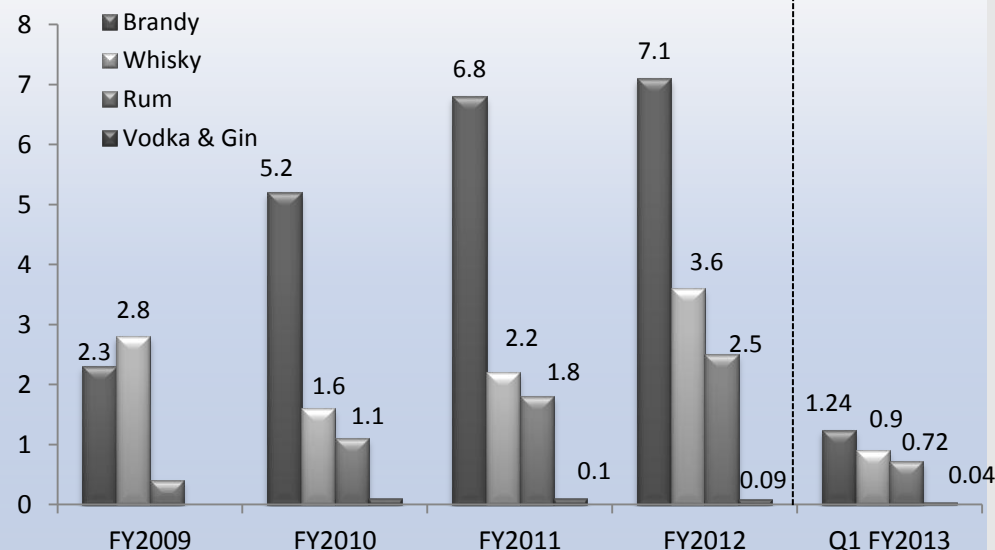


Total number of cases sold (mn)



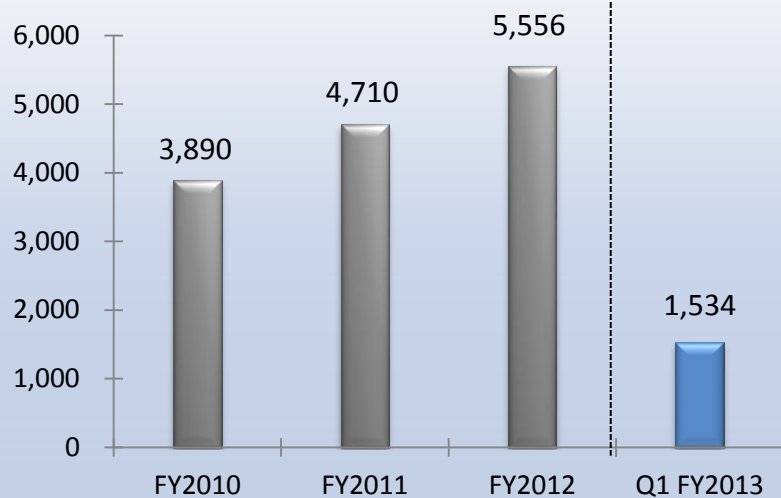
- Volume growth maintains upward trajectory
 - ✓ Ahead of sector performance continues
 - ✓ Broad-based growth across brands, categories and geographies
 - ✓ Positive impact of consistent focus on distribution networks
 - ✓ Whisky and Rum as categories witnessed healthy growth, thereby driving volumes, while Vodka and Gin remained at the same level
 - ✓ Brandy as a segment, witnessed a muted quarter primarily on account of lower sales in Tamil Nadu as compared to Q1 FY12. The Company has however progressed well with its new tie ups in the region and expect normalized sales to resume in the coming quarters

Segment wise cases sold(mn cases)

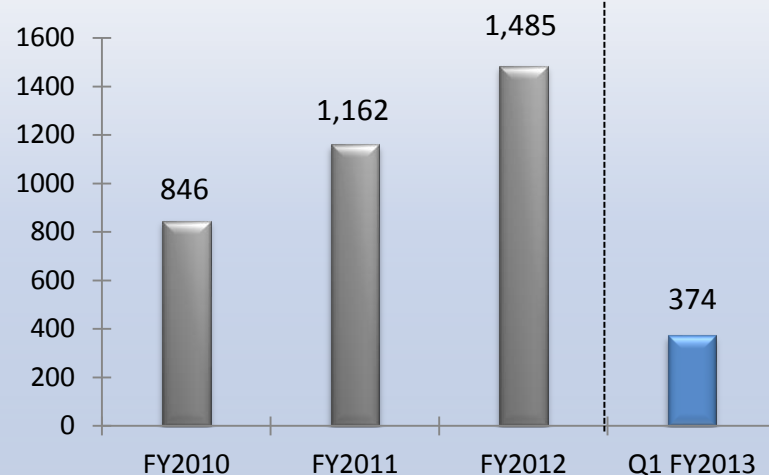


Financial Synopsis

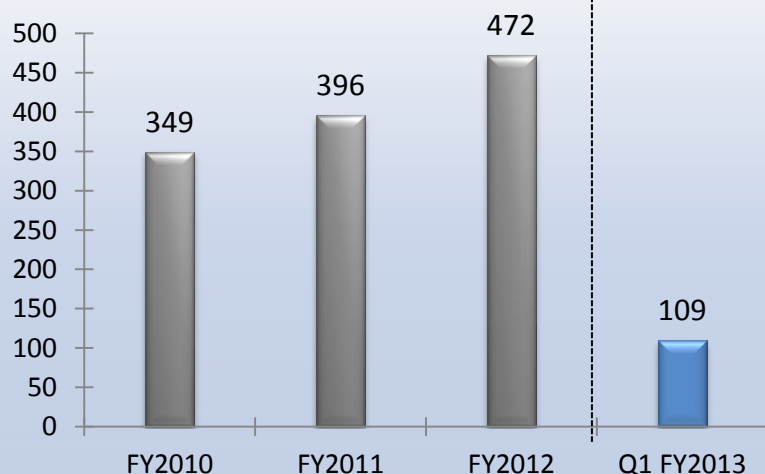
Revenues (Rs mn)



EBITDA (Rs mn)



PAT (Rs mn)

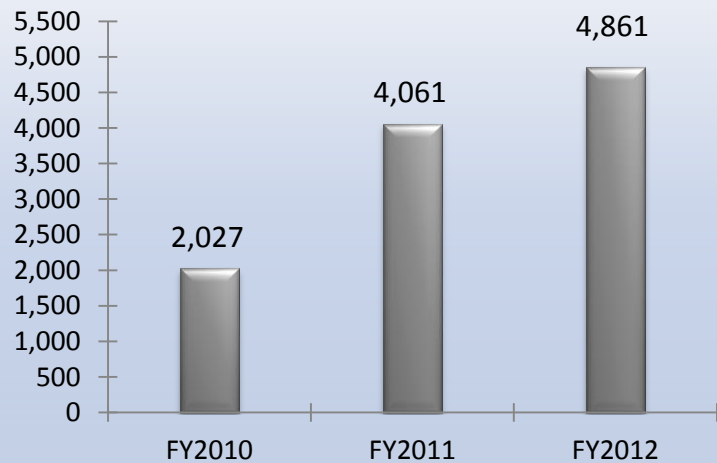


- ❑ Enhanced topline visibility backed by
 - ✓ A boutique of brands encompassing a range of price points and catering to a wide audience
 - ✓ Systematic efforts to expand in new geographies on a pan India basis
- ❑ Earnings enhancement due to
 - ✓ This was in light of the Company's healthy performance in sales and efficient cost management system at operating level

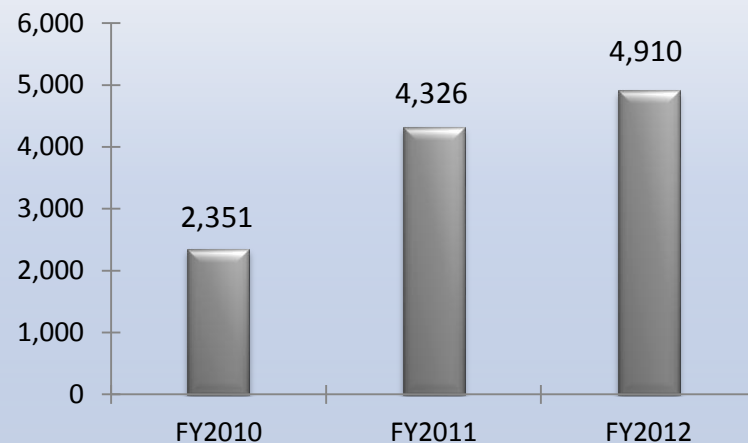


Key Balance Sheet Perspectives

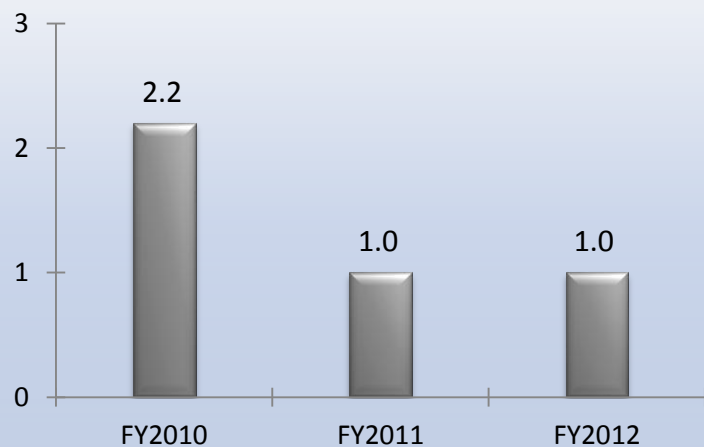
Networth (Rs mn)



Gross Block (Rs mn)



Debt to Equity ratio (Rs mn)



- ❑ Networth increased by 19.7% y-o-y to Rs. 4,861 mn in FY12
- ❑ Gross Block increased by 13.5% y-o-y to Rs. 4,910 mn in FY12



Financial Performance

Particulars (Rs. in million)	Q1 FY2013	Q1 FY2012	Shift (%)
Net Sales	1,413.7	1,067.8	32.4
Other Operating Income	120.4	1.4	8438.2
Total Revenues	1,534.1	1,069.2	43.5
Expenditure	1,159.8	848.4	36.7
EBITDA	374.3	220.8	69.6
PAT	109.3	24.3	354.9
Basic EPS (Rs.)	0.91	0.21	336.6

- ☐ Revenues increase on the back of volume expansion:
 - ✓ A strong product portfolio and increase across categories and price points
 - ✓ East and South continue to witness high levels of growth
 - ✓ VAT refund on account of Mega project status registered under Other Operating Income at Rs. 109.8 million
- ☐ EBITDA grew to Rs. 374.3 million in Q1 FY13 from 220.8 million in Q1 FY12
 - ✓ Continuing increase in volumes
 - ✓ Increase in costs of raw materials such as grain and packaging material – glass are to be considered
- ☐ PAT in Q1 FY13 at Rs. 109.3 million
 - ✓ PAT reflects increase in overall revenues combines with the recognition of IPS Vat refund



Commenting on these results, Mr. Amit Dahanukar, Chairman & Managing Director, Tilaknagar Industries Ltd, said:

"We are pleased with our overall performance this quarter as we continued to operate our business through prudent strategies and careful execution, which underscores a solid foundation that provides reliable top-line and bottom-line growth.

Our varied product line and brands along with our premiumisation focus, drive our volumes and sales performance. Further, to optimize the benefits of the Mega Project status accorded to TI, the Company has expanded its efforts and dedicated resources to leverage this platform for growth in Maharashtra. Thus we believe our dynamic business model enables us to adapt and make strategic adjustments, all while maintaining our business priorities of creating sustainable long term profitability.

On the other hand we remain committed to strengthen our brand portfolio with the intent of extending TI to a wider audience with varied preferences. We are also encouraged by the progress we are making with our new tie ups in Tamil Nadu along with brand extensions and expect to witness further normalization in sales from this region in the coming quarters. We have already received a price hike in Kerala w.e.f 01 August 2012 and are also awaiting a long anticipated price hike in AP for which the tender has already been submitted. We will continue monitoring business conditions closely and will balance near-term financial performance with longer-term growth opportunities.

Overall, as we look ahead to FY2013 and beyond, I am confident that our system has only just begun to achieve its potential and unlock the benefits of the investments made in the recent times."





Leading player in Indian Made Foreign Liquor (IMFL)

Dominance in Karnataka, Andhra Pradesh, Kerala, Tamil Nadu and Puducherry
Strengthening the foothold in East and West India
One of the largest players in the Canteen Stores Dept. (CSD)

Robust Operating Model

5 in-house manufacturing (inclusive of 4 subsidiaries and 5 subsidiaries for TI's allied activities), 10 lease arrangements and 10 tie-up units

Diversified Brand Portfolio

Brand bouquet of more than 40 brands at attractive price points and for varied customer
Focus on Premiumisation
Two millionaire brands 'Madira Rum' and 'Mansion House'

Efficient Distribution Sales Force

Sales through State Corporation across Delhi, Andhra Pradesh, Karnataka, Kerala
Distributor channels located in Maharashtra, Goa, Silvassa, West Bengal



Continue to create and unlock value

- ❑ Wide range of portfolio with brand extensions and presence in various price and product categories creates growth and value creation opportunities
- ❑ TI is strategically positioned across geographies to capture an increasing share of a growing marketplace
- ❑ Dedicated efforts to premiumize and innovate brand portfolio to tap the emerging consumer trends
- ❑ On track progress of sales from new tie ups in Tamil Nadu, to further normalize aiding overall volume enhancement
- ❑ Price increase received in Kerala in the month of August, to further encourage realizations in the coming quarters
- ❑ Tender for price hike in Andhra Pradesh has been submitted; this much awaited hike to further benefit realizations
- ❑ Launch of Seven Islands Scotch in H2 FY12 to strengthen TI's brand presence and capture the opportunities in the luxury market in India

Committed to leverage the Mega Project Status

- ❑ The Company's Mega Project status and eligibility, encourages TI to enhance penetration in Maharashtra
- ❑ TI to pursue expansion in the region in a systematic approach
 - ✓ Launch of brands across price categories, with higher focus on regular and economy range in the initial stages, to aid wider coverage
 - ✓ Consequent VAT refunds under IPS to consistently aid the Company's cashflow position

Focus on delivering sustainable growth

- ❑ TI has and will continue to strengthen its model and adapt to the business environment to align its growth drivers with industry opportunities



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