

Tilaknagar Industries Ltd (TI)



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Q2 & H1 FY2013 Results Overview

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Key Highlights

❑ Focus on semi premium and premium brands aids profitability

- ✓ Continued and steady progress in **premiumisation**, contributes to higher average realizations, driving overall growth
- ✓ Strategy to drive **higher realizations** through premium segments, translates to overall volume growth being moderated y-o-y to 7% in H1 FY13
- ✓ Growth in key markets such as **South** remains healthy with a positive growth trend in **Eastern** region
 - Tamil Nadu volume growth trending towards normalization, however launch of premium variants has translated into higher realizations from the region
- ✓ **White House Rum** launched in Kerala in March 2012 and registered an impressive growth trajectory by recording 50K cases pm in September, 2012
- ✓ While CSD as a sector remained subdued, the Company has witnessed encouraging growth in its **export** markets given TI's efforts to expand its presence internationally too
- ✓ Dedicated efforts to grow distribution in key markets and new regions translates into **higher level of penetration**
 - TI remains committed to its plan to accrue benefits from the Mega Project status, with consistent increase in distribution in Maharashtra
- ✓ Witnessed **benefits of price hike** received in Kerala w.e.f 01 August, 2012 along with partial benefit of price hike received in Odisha in September, 2012
- ✓ Earnings also witnessed an impact due to increased cost of raw material as well as packaging



Strategic developments to extend growth opportunities

❑ Pernod Ricard India (P) Ltd

- ✓ Through TI's strategic bottling agreement with Pernod Ricard India (PRI), TI to manufacture PRI's products at its bottling facilities in Maharashtra and Andhra Pradesh (AP) respectively, under the tie up model
- ✓ TI has applied and is currently awaiting a Government order for extending its bottling capacities at Prag from 50,000 cases to 6 lac cases. Post government approval for expansion, TI will allocate 2 lac cases per month to PRI from current level of 40,000 cases pm
- ✓ In Maharashtra, TI to manufacture PRI products of 50,000 cases per month in FY13 and plans to increase it to 2 lac cases in a phased manner upto in FY14 - FY15

❑ Investment in Mason and Summers Marketing Services (MSMSPL)

- ✓ TI's recent acquisition of 26% equity stake in MSMSPL presents a unique platform for TI to showcase its premium products in territories in North and East India
- ✓ At present, TI has limited presence in these territories and the development will enable TI to utilize the vast distribution network of MSMSPL, to enhance penetration in the IMFL industry
- ✓ This acquisition is an excellent strategic fit and underlines TI's commitment to focus on premiumisation strategy and also grow and expand TI in new markets



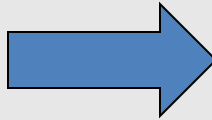
Launch of Seven Islands Vintage Single Malt Scotch Whisky in Chennai

- ❑ Seven Islands Vintage Single Malt Scotch Whisky is mystical in origin and eclectic in spirit. This super premium whisky has a rich golden colour with notes of butterscotch, honey and vanilla, mingled with a delicate hint of spices and a faint trace of apples and pears
- ❑ Seven Islands Vintage was launched at the after party of Seven Islands International Film Festival at Chennai in October, 2012. The exclusive evening was attended by whisky connoisseurs, film and glamour personalities, cricketers and socilaites
- ❑ The launch is thus aligned to TI's concerted strategy to expand its geographic reach with a keen focus on premiumisation while fortifying its diversified brand portfolio
- ❑ The Seven Islands Vintage has been meticulously designed and created by Ryan50 Scotland Limited, UK, a multi-faceted company in luxury and lifestyle industry, exclusively for TI, in strategic association with BenRiach Distillery, Scotland, which is a leading distillery in Scotland producing a variety of scotches
- ❑ The brand was previously launched in London in April 2012, and continues well appreciated by whisky connoisseurs

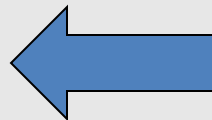


New premium launches in H1 FY13

- ❑ **Launch of Courier Napoleon Blue** – a super premium brandy launches in the state of Tamil Nadu
- ❑ The Company plans to increase its foray steadily in other states too



- ❑ **Launch of Courier Napoleon Green** premium brandy launches in the state of Tamil Nadu, Pudducherry, Goa, Sikkim



Operational Highlights

Total number of cases sold (mn)

Q2 FY13

3.14

Q2 FY12

3.08

2 %
Growth
y-o-y

Total number of cases sold (mn)

H1 FY13

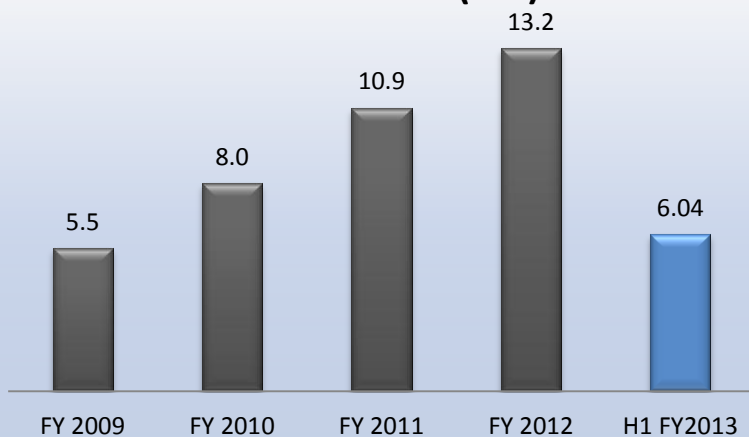
6.04

H1 FY12

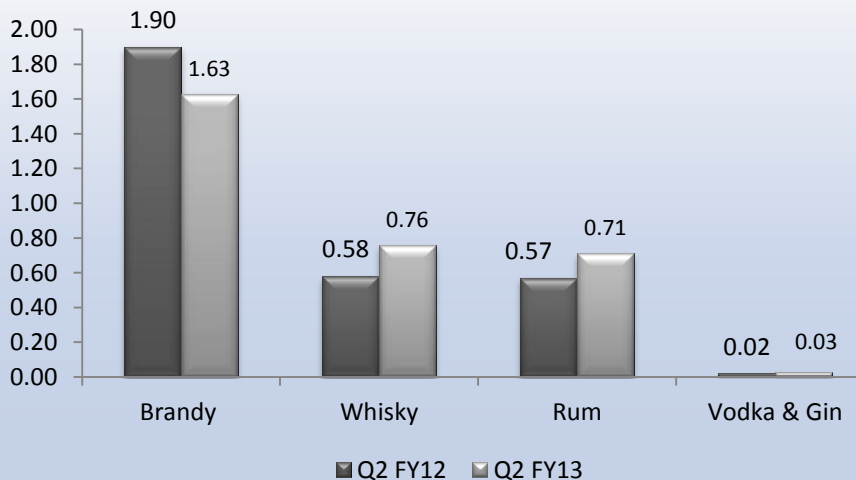
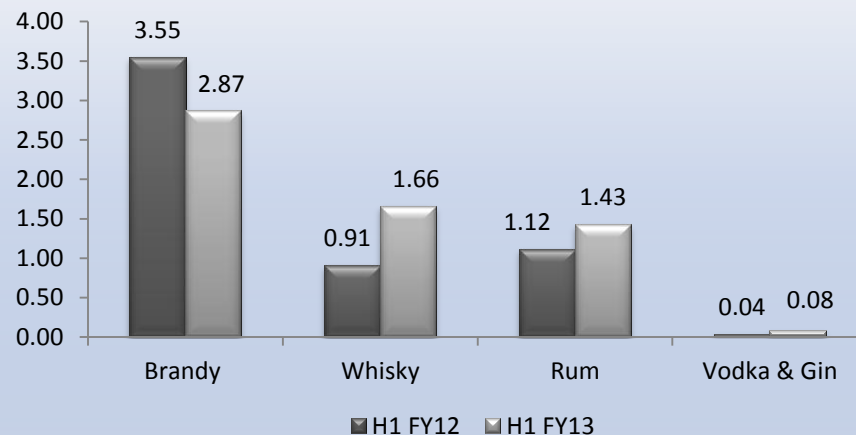
5.62

7 %
Growth
y-o-y

Total number of cases sold (mn)



Segment wise cases sold(mn cases)



Financial Performance

Particulars (Rs. in million)	Q2 FY2013	Q2 FY2012	Shift (%)	H1 FY2013 *	H1 FY2012	Shift (%)
Net Sales	1757.47	1436.74	22.32%	3171.21	2504.49	26.62%
Other Operating Income	4.11	2.32	77.16%	124.5	3.73	3237.80%
Total Revenues	1761.57	1439.07	22.41%	3295.7	2508.22	31.40%
Expenditure	1307.17	1024.74	27.56%	2467.01	1873.15	31.70%
EBITDA	454.40	414.33	9.67%	828.70	635.08	30.49%
PAT	158.65	156.57	1.33%	267.96	180.60	48.37%
Basic EPS (Rs.)	1.32	1.36	(2.94%)	2.23	1.57	42.04%

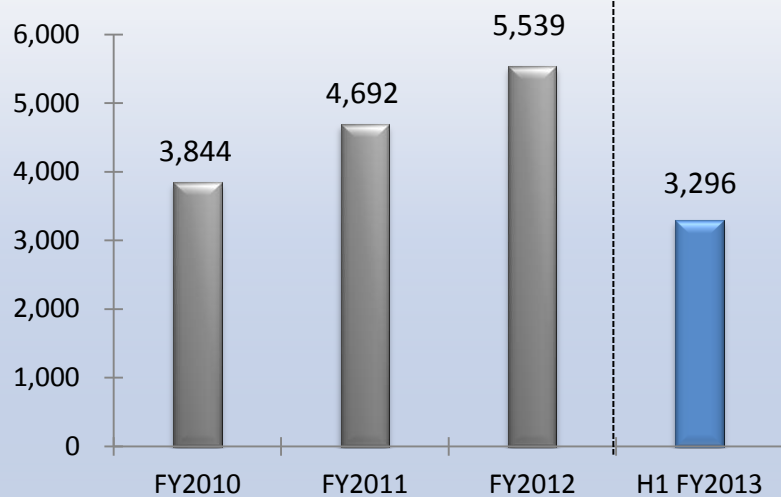
- ❑ Overall revenues enhanced on the back of improved average realizations and on account of efforts to increase penetration of premium brands in new and existing markets
- ❑ Earnings grew in line with business performance, however the Company witnessed increase in raw material expenses driven by higher costs of raw material and packaging

* By virtue of the 'Mega Project' status, TI had recognized Rs 109.8 million as VAT refund in Q1FY13 for its sales in FY12 in Maharashtra

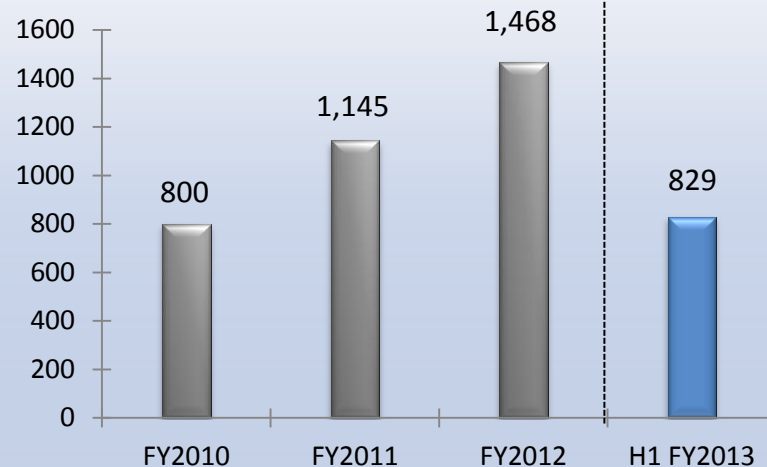


Financial Synopsis

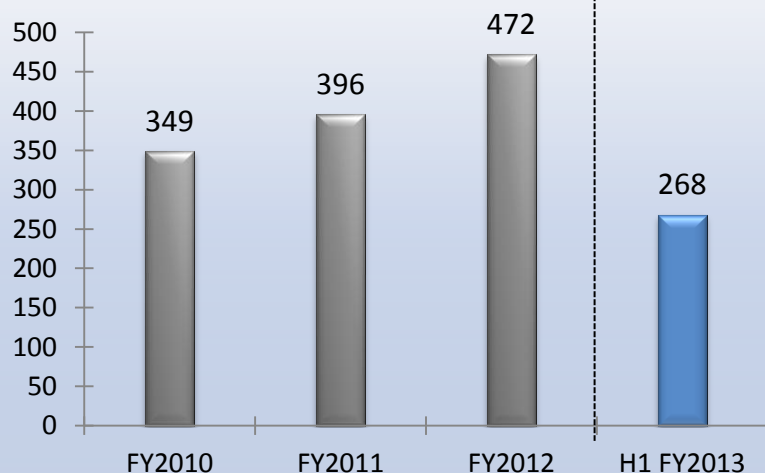
Revenues (Rs mn)



EBITDA (Rs mn)



PAT (Rs mn)

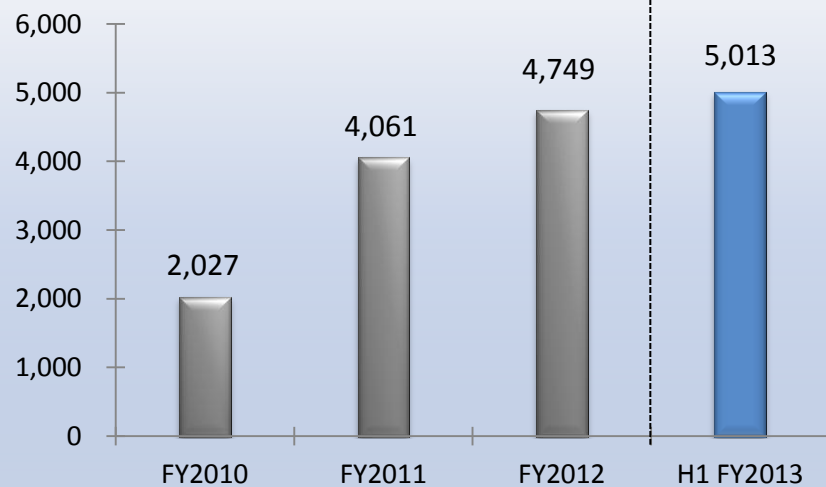


- ❑ Continue to drive revenue growth momentum by
 - ✓ Efforts to tap new markets and increase penetration
 - ✓ Sustained focus on premium portfolio
 - ✓ Benefits of price hike received in Kerala w.e.f 01 August 2012
- ❑ Earnings growth delivered
 - ✓ Improvement on account of overall topline growth coupled with benefits of price increases received and a prudent cost containment system

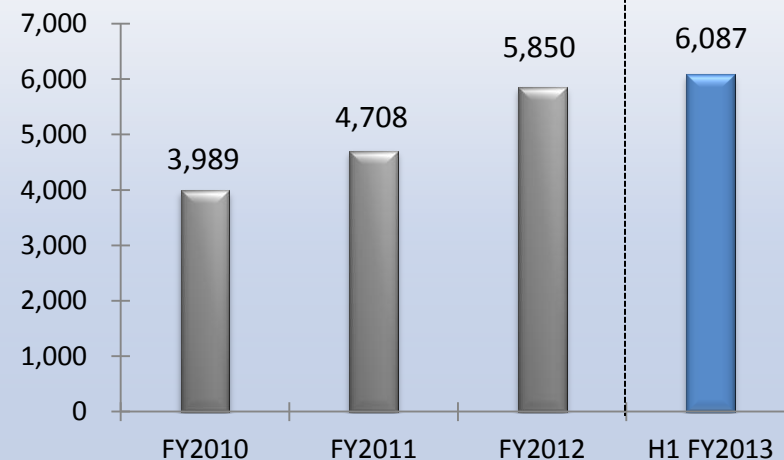


Key Balance Sheet Perspectives

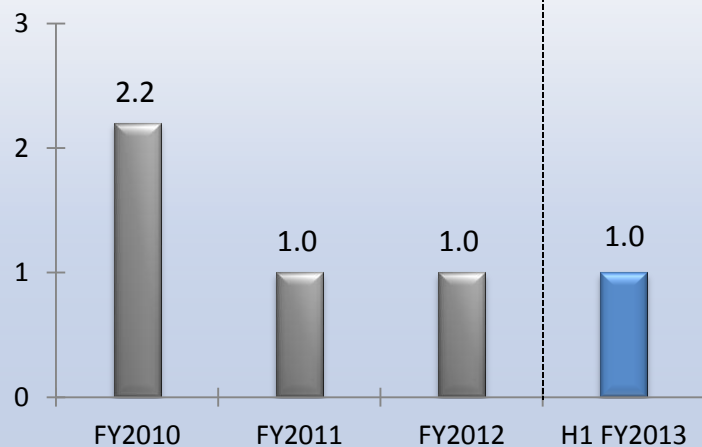
Networth (Rs mn)



Fixed Assets(Rs mn)



Debt to Equity ratio (Rs mn)



- ❑ The Company continues to maintain its overall debt to equity at 1:1
- ❑ Networth increased by 5.6% to Rs. 5, 013 mn in H1 FY13



Commenting on these results, Mr. Amit Dahanukar, Chairman & Managing Director, Tilaknagar Industries Ltd, said: *"I am pleased to share with you TI's Q2 & H1FY13 results. Our strategy remains unchanged and we are continuing to focus on areas such as premiumisation and geographic expansion all while strengthening our position in existing key markets. Diversification, through varied brands in our product portfolio, has enabled TI to expand its customer base while we consistently expand our footprint across the price pyramid to cater to the needs and aspirations of diverse consumers. Nonetheless, our immediate emphasis has been on the development of TI's premium portfolio to leverage our strengths and establishment to pursue the potential in the IMFL space. The very recent launch of Seven Islands Vintage Scotch in India, is one such concentrated effort by the Company to capture the opportunities in the luxury segment.*

We believe, as part of this dynamic industry, our elevated business model with solid infrastructure and distribution reach, ideally places TI to capture more and more opportunities in the alco-bev space. Further, the recent price hike received in the State of Odisha, coupled with the continuing benefits of the Kerala price increase will generate higher realizations for the Company. I am also delighted with our tie up with Pernod Ricard India, as this will help utilize our assets better and improve the return on investment. Also, TI's recent acquisition of 26% stake in Mason & Summers Marketing Services, bodes well for us, as it will enable us to expand distribution of premium brands, enhance geographic scope and access new markets in North and East India.

All in all, I believe our strategies are on track and delivering! We are delivering top quartile growth within the sector and remain confident of achieving sustained growth in the future. "



Targeted and focused strategy for business development

- ❑ TI's highly diversified product portfolio with a keen focus on premiumisation to drive further value
 - ✓ The Company constantly endeavors to strategically position itself to extend its presence across markets
 - ✓ Initiatives targeted towards premiumisation have facilitated in catering to dynamic consumer demands and aided in improving realizations
- ❑ Price hikes in Odisha in the month of September 2012 and in Kerala in August 2012 will further drive realizations in the forthcoming quarters. The Company further anticipates price hikes in Andhra Pradesh and Karnataka in the coming quarters
- ❑ Efforts to tap the niche luxury segment
 - ✓ TI entered H2 FY2013 on a positive note with the launch of the Seven Islands Scotch whisky
 - ✓ The Company plans to further add premium scotch products to its portfolio in the coming future
- ❑ TI also anticipates healthy performance from the institutional segment which includes CSD and Export markets
- ❑ Traditionally, H2 is associated with higher growth patterns on account of the festivities and the year end. TI is well poised to tap the associated potential
- ❑ Systematic penetration in the region of Maharashtra to accrue benefits to TI on account of the Mega project status
 - ✓ VAT refunds under IPS to further support the Company's cashflow position

Strategic partnerships and acquisitions

- ❑ During Q3 FY2013, TI announced a strategic bottling agreement, whereby TI will be bottling PRI's brands at its facilities in Maharashtra and Andhra Pradesh (AP)
 - ✓ The arrangement will ensure increased utilization of the Company's facilities and further drive revenues and profitability
- ❑ Recently, TI also announced the acquisition of 26% equity stake in MSMSPL, a leading Company in the business of sales, marketing and distribution in the alcohol beverage space in India. With MSMSPL's established distribution system and sales & marketing expertise, TI will be able to promote its premium brands and access markets in North and North East India, where currently TI has limited presence

Clear Potential For Top & Bottom Line Growth

- ❑ Long-term revenue & profit growth opportunities created on the back of a robust business model
- ❑ TI continues to focus on leveraging its strategic strength and combining it with their marketing initiatives to drive growth and create value





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), 9 lease arrangements and 16 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



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