



Mumbai, 3 November 2012: Tilaknagar Industries Ltd. (TI), a leading player in the Indian Made Foreign Liquor (IMFL) industry announced its consolidated financial results for the quarter ended September 30, 2012.

Q2 FY13 Total Revenues at Rs.1,761.57 million

Q2 FY13 PAT at Rs. 158.65 million

Q2 FY13 Volumes at 3.14 million cases

H1 FY13 Volumes at 6.04 million cases

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

❑ **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 socialites
- ✓ 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, Puducherry, Goa, Sikkim

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.”

OUTLOOK:

❑ 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 on 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

TILAKNAGAR INDUSTRIES LTD (TI): BRIEF OVERVIEW

Tilaknagar Industries Ltd. (BSE: 507205 / NSE: TI) is one of the renowned Indian Made Foreign Liquor players (including whisky, brandy, gin, rum and vodka) with presence across India. The Company manufactures, markets and sells more than 40 brands across all price points. TI's subsidiaries are Prag Distillery (P) Ltd, Vahni Distilleries Private Limited, Kesarval Springs Distillers Pvt. Ltd., Punjab Expo Breweries Private Limited, with additional 5 subsidiaries for TI's allied activities. The Company exports its products to Western Africa, the Middle East, the Far East and Caribbean countries.

TI's expansive brand portfolio comprises of over 40 brands catering different price points along with a bouquet of semi premium and premium products. TI has engineered the creation of two millionaire brands, 'Mansion House' brandy and 'Madira' Rum which according to Euromonitor, was recognized as the fastest growing domestic brands.

Besides popular In-house brands, TI has a dominant presence in the Canteen Stores Departments (CSD). The Company was awarded the "CSD – Best Business Partner for Excellent Performance for 2011-12."

TI, currently, has its manufacturing facilities spread across India which it operates through 1 owned, 4 subsidiaries and 5 Allied subsidiaries, 9 lease arrangements and 16 tie-up

arrangements. Its primary manufacturing facility is in Srirampur, Maharashtra with an installed capacity of 200 KLPD, including 100 KLPD of grain based distillery and 100 KLPD of molasses based distillation.

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