

TILAKNAGAR INDUSTRIES LTD.



Q1 FY2012 Results Overview

Table of Contents

- Key Highlights
- Operational Highlights
- Financial Performance
- Volume Growth Snapshot
- Financial Synopsis
- Key Balance Sheet Perspectives
- Chairman's Message
- Company Overview
- Outlook

Note- All financial discussions are on consolidated results



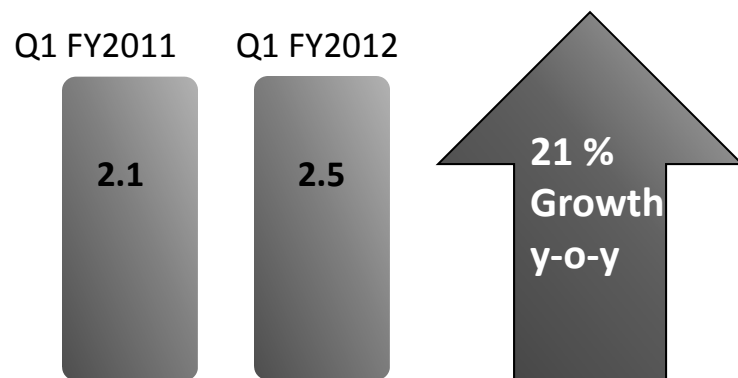
Key Highlights

- Healthy growth in volumes delivered; in line with plan
 - Volume trajectory fortified by a fundamentally strong business model
 - Brand portfolio comprising of over 40 brands at varied prices focused on different consumer segments; Millionaire brands - 'Madira Rum' & 'Mansion House' Brandy continue to gain traction
 - Strategic presence in South India coupled with tapping of new geographies- domestic and overseas
 - Strong growth in CSD sales contribute to overall growth
 - Growth in volumes, despite H1 being a lean season, given TI's product profile
- Increased sales in premium products has lead to higher average realizations
 - Focus on premium and semi-premium products at various price points
 - New brand offering 'Blac Power' Whisky remain well accepted
 - Focus on premiumisation is further strengthened via the commencement of the grain based distillery. This provides flexibility to alter the product mix between grain and molasses whilst at the same time hedge against cost pressures
- Recent introduction of Family shaped bottles for the flagship brand 'Mansion House' Brandy to yield incremental cost reduction benefits going forward
- Volume Growth benefits revenue performance
 - EBITDA higher but margins consider cost pressures
 - PBT covers higher interest and depreciation costs due to commencement of production at new plant

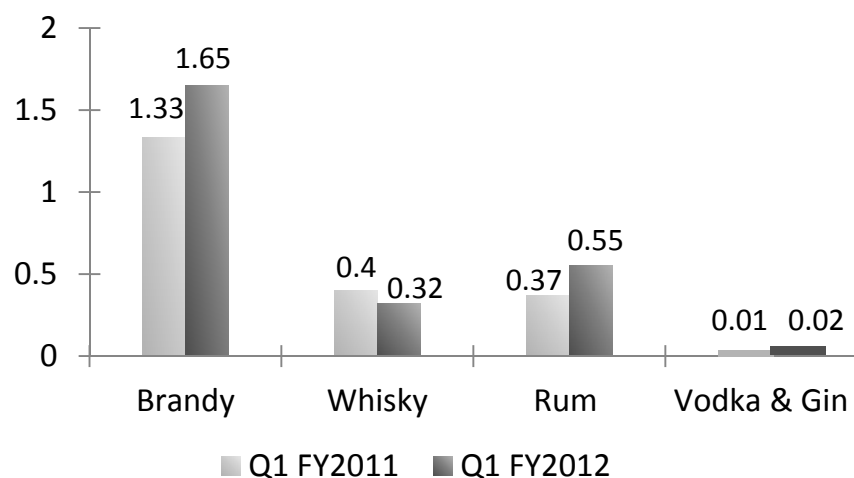


Operational Highlights

Total number of cases sold (mn)



Quantitative sales – Segment wise data (mn)



- Achieved volume growth by virtue of :
 - Orientation towards premiumisation
 - Launch of new brands and variants
 - Enhanced marketing and distribution network
 - Strong growth in CSD segment

- Brandy segment has grown by 24% to 1.65 million cases in Q1 FY2012 as compared to 1.33 million cases in Q1 FY2011
 - Millionaire brand – Mansion House Brandy and Madira Rum gain traction and record sales at 1.33 million cases and 0.35 million cases respectively

- Whisky segment reported total volume sales of 0.32 million cases
 - 'Blac Power' whisky continues to exhibit a positive growth



Financial Performance

Particulars (Rs. in million)	Rs. mn		
	Q1 FY2012	Q1 FY2011	Shift (%)
Net Sales	1067.7	839.2	27.2
Other Operating Income	3.4	4.0	(14.3)
Total Revenues	1071.2	843.2	27.0
Expenditure	848.4	668.8	26.9
EBITDA	222.8	174.4	27.8
PBT	39.6	72.7	(45.5)
PAT	24.0	48.7	(50.6)
Basic EPS	0.21	0.50	(58.5)

- Revenues increase on the back of volume growth:
 - Enhanced average realizations on account of higher sales of premium products
 - Flagship Brands – ‘Mansion House’ Brandy and ‘Madira Rum’ grew by 23.1% and 29.7% respectively in Q1 FY2012
 - Strong growth witnessed in CSD sales
 - Price hikes still awaited in respect of sales through government corporations

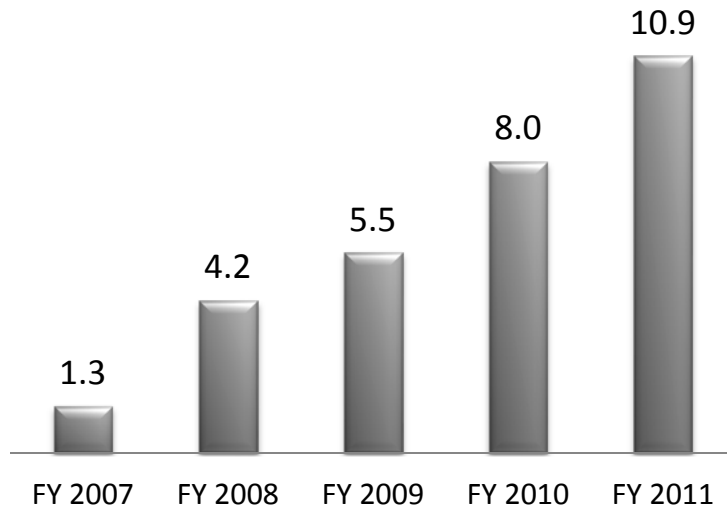
- EBITDA grew to Rs. 222.8 million in Q1 FY2012 from 174.4 million in Q1 FY2011
 - Benefits from volume growth
 - Considers pressures of increasing input costs especially glass and packaging materials

- PAT in Q1 FY2012 at Rs. 24 million
 - Higher depreciation & interest due to commissioning of grain based distillery

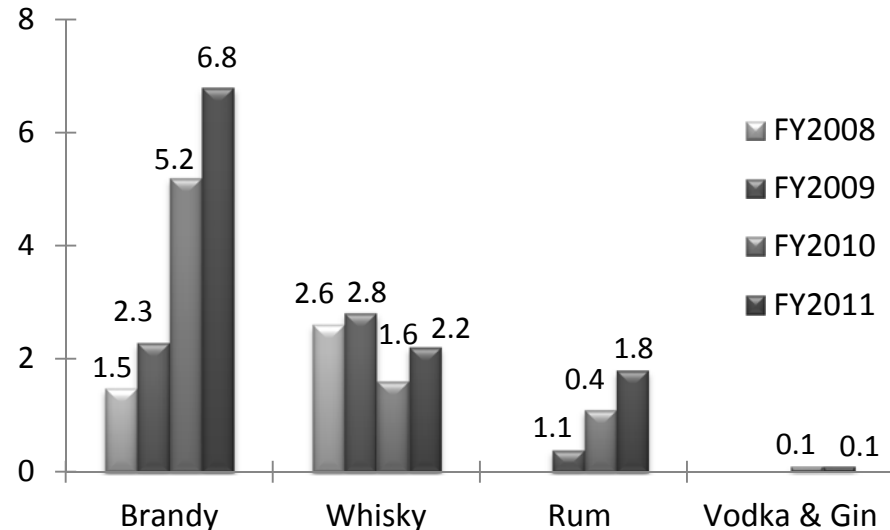


Volume Growth Snapshot

Total number of cases sold (mn)



Segment wise cases sold (mn)

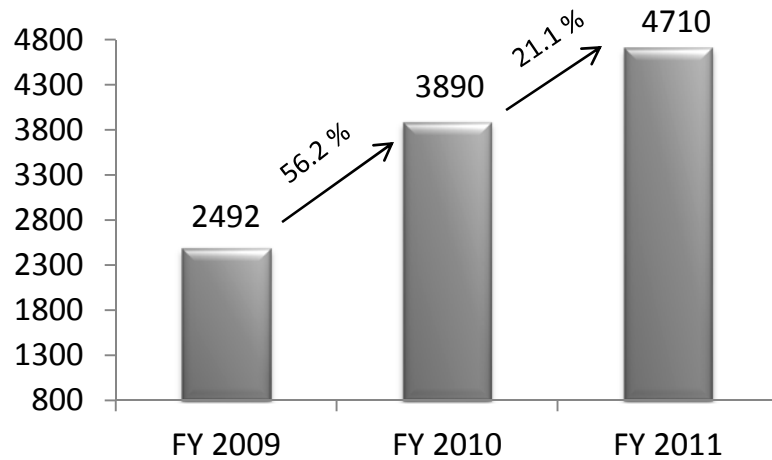


- 8X growth in sales volume from FY2007-11, way ahead of sector growth
- Volume growth to strengthen with further developments of brands along with increased penetration in domestic and international geographies
- TI's two millionaire brands- Mansion House Brandy and Madira Rum have grown by 20% and 25% respectively in FY2011. Mansion House reigns the second highest in Brandy segment (sales volume)
- CSD is a key growth driver and continues to drive volumes significantly

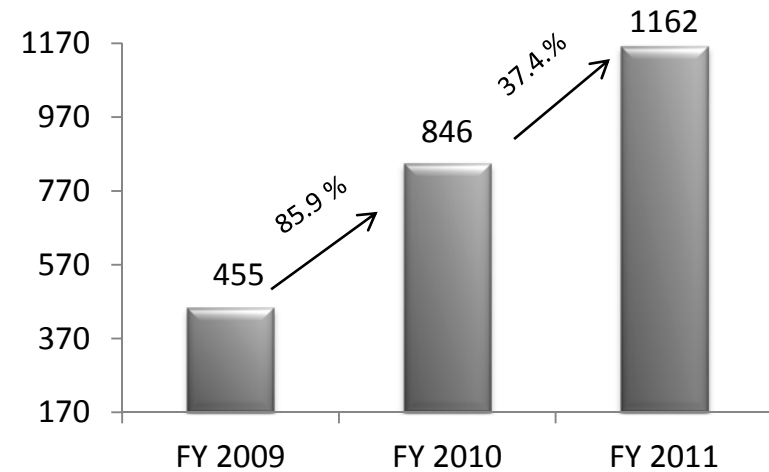


Financial Synopsis

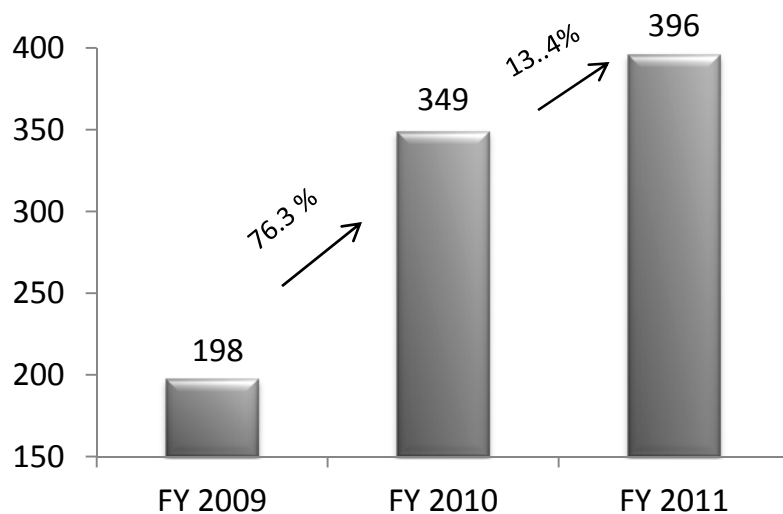
Revenues (Rs. mn)



EBITDA (Rs. mn)



PAT (Rs. mn)

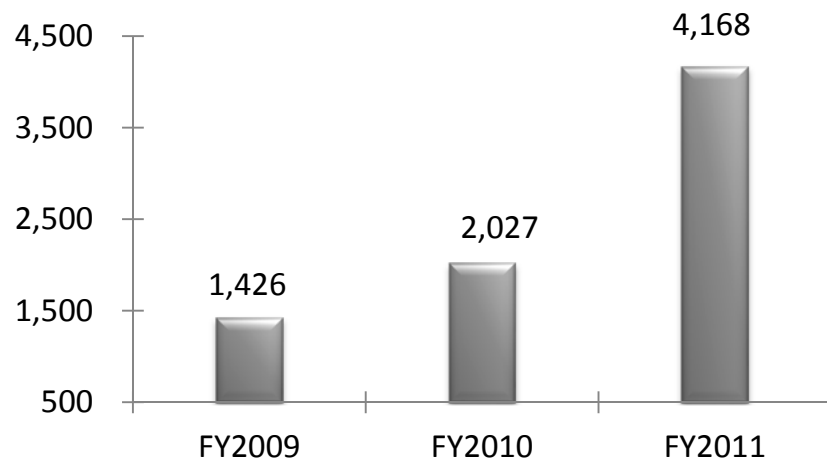


- Consistent increase in revenues driven by strong volume growth and enhanced penetration in the domestic and foreign markets
- Sustained earnings growth despite input cost pressures in the previous year

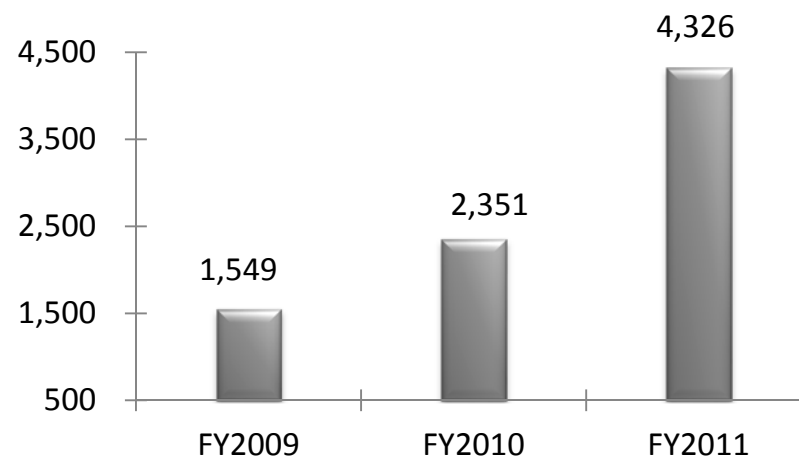


Key Balance Sheet Perspectives

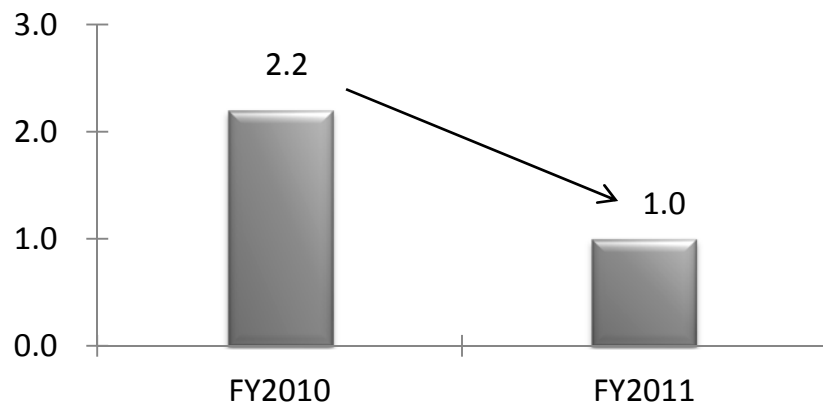
Networth (Rs. mn)



Gross Block (Rs. mn)



Debt Equity Ratio



- Networth augmented by QIP proceeds and Promoters' contribution
- Significant decrease in leverage consequent to fund infusion



Chairman's Message

Commenting on these results, Mr. Amit Dahanukar, Chairman & Managing Director, Tilaknagar Industries Ltd, said: *"I am pleased to present our results for the first quarter, which is driven primarily by a consistent and planned surge in volumes. The strength of TI's model was evident as we witnessed an increase of 21% in our volumes this quarter, which validates the effectiveness of our key strategies –including focus on strengthening our position in the IMFL space by fortifying our presence in the South whilst expanding ourselves across geographies. Concurrently, we continue to equally focus on portfolio enhancement with an emphasis on premium brands.*

With the recent commencement of our grain based facility, we are better equipped to expand our business. Subsequently, we have the flexibility and the ability to adapt to erratic market contingents effectively.

Furthermore, the Introduction of Family sized bottles for our flagship brand – Mansion House have begun to yield positive benefits and we expect to witness manifold benefits going forward too.

Despite certain inflationary pressures, we stand convinced that we have built a solid case for TI and all our initiatives underscore our goal of fortifying brand TI, tapping various market opportunities and eventually delivering true value for our shareholders."



Company Overview

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
- Increasing footprints across India

Robust Operating Model



- 4 in-house manufacturing (inclusive of 3 subsidiaries), 7 lease arrangements and 21 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, Tamil Nadu, Karnataka, Kerala
- Distributor channels located in Maharashtra, Goa, Silvassa, West Bengal



Outlook

- Building long term sustainable business, on the back of a well defined strategy to deliver volume growth ahead of the sector
 - Actively invest in brand bouquet extension with underlying focus towards premiumisation
 - ✓ Product launches in the premium and semi-premium categories
 - ✓ Average realization to improve with high concentration on premium products
 - Millionaire brands namely, Mansion House Brandy and Madira Rum remain well accepted
 - Systematic efforts to grow core areas of presence domestically and tap new geographies through exports
- Strong volume growth to continue- financial performance benefits to be visible with a lag
 - Rising input costs
 - Price increases of sales through State owned corporations still awaited
 - Higher interest and depreciation costs due to commissioning of the new grain based facility whilst optimal capacity utilization levels are yet to be achieved
- H2 FY2012 performance to show significant improvement over H1 FY2012 results
 - Sustained scale –up in capacity utilization of new grain based plant commissioned recently
 - ✓ Better cost absorption over higher production levels
 - Cost benefits through introduction of family shaped bottles over the last several quarters to be more visible



Outlook

- o H1 is normally a lean period for the Company given TI's product profile and H2 will be much better
- o Continuous premiumisation of product portfolio
- o Awaiting price hikes from Government Corporation – Clarity to still emerge with time
- Confronting certain challenges specific to the industry
 - o Inflationary pressures
 - o Increase in packaging costs especially glass
 - o Excise duty and taxes
 - o Political developments in the Southern states

Going forward, we expect consumer demand to remain robust and stand to gain benefits of our initiatives. We will continue to formulate and implement strategies which better align us to the market trends and thereby enhance our volume growth, profitability & overall efficiencies.



For further information, please visit www.tilind.com:

Contact Details:

Lalit Sethi
Tilaknagar Industries Ltd.
Tel: +91 22 22831718
Fax: + 91 22 22046904
E-mail: lsethi@tilind.com

Urvashi Butani/ Noble Philip
Citigate Dewe Rogerson
Tel.: +91 22 66451219/1236
Fax: +91 22 66451213
E-mail: urvashi@cdr-india.com/
noble@cdr-india.com

Disclaimer:

Certain statements in this document may be forward-looking statements. These statements entail risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. Tilaknagar Industries Ltd (TI) is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise. The Company may, from time to time, make additional written and oral forward looking statements, including statements contained in its filings with the regulatory bodies and reports to shareholders.



Thank You