



TILAKNAGAR INDUSTRIES LTD.

P.O. Tilaknagar, Tal. Shrirampur, Ahmednagar, Maharashtra – 413 720

Mumbai, 02 August 2011: Tilaknagar Industries Ltd. (TI), a leading player in the Indian Made Foreign Liquor (IMFL) industry has announced its consolidated financial results for the first quarter ended June 30, 2011.

Q1 FY2012 HIGHLIGHTS: (All comparisons with Q1 FY2011 Figures)

Encouraging growth rate in Q1 FY2012

- ❖ Total revenues at Rs. 1,071 million, increased by 27.2% from Rs. 839.2 million
- ❖ EBIDTA at Rs. 222.8 million from Rs. 174.4 million, registering an increase of 27.8%
- ❖ PAT reported at Rs. 24 million from Rs. 48.7 million
- ✓ Brand sales for the quarter at Rs. 3,218.0 million as against Rs.2,563.3 million, registering an increase of 25.5%
- ❖ Flagship brand 'Mansion House' sales up 23.1% at 1.33 million cases
- ❖ CSD segment witnessed an healthy growth to 0.48 million cases during the quarter as compared to 0.25 million cases in Q1 FY2011

OPERATIONAL PERFORMANCE HIGHLIGHTS:

- ❖ Total number of cases sold: Q1 FY2012 at 2.5 million compared to 2.1 million in Q1 FY2011
- ❖ In Q1 FY2012, TI's brandy and rum segments together contributed 86.6% of the total volume sales as compared to 80.8% in Q1 FY2011

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."

OUTLOOK:

- ❖ Building long term sustainable business, on the back of a well-defined strategy to deliver volume growth ahead of the sector growth
 - ✓ 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 government 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 FY12 performance to show significant improvement over H1 FY12 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
 - ✓ H1 is normally a lean period for the Company given TI's product profile and H2 will be much better
 - ✓ Continuous premiumisation of product portfolio
 - ✓ Awaiting price hikes from Government Corporation sales – Clarity to still emerge with time
- ❖ Confronting certain challenges specific to the industry
 - ✓ Inflationary pressures
 - ✓ Increase in packaging costs especially glass
 - ✓ Excise duty and taxes
 - ✓ 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.

TILAKNAGAR INDUSTRIES LTD (TI): BRIEF OVERVIEW

Tilaknagar Industries is a well-established player in the expanding Indian Made Foreign Liquor (IMFL) industry in India. TI's expansive brand portfolio comprises of over 40 brands catering different price points. 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 acquired 7 more brands from the Alcobev Industry to broaden its brand bouquet and expand its reach in different market geographies. These brands are also registered with CSD and also sold in the Northern markets.

The Company has 32 manufacturing facilities spread across India which it operates through 1 owned, 3 subsidiaries, 7 lease arrangements and 21 tie-up arrangements. Its primary manufacturing facility is in Shrirampur, Maharashtra with an installed capacity of 100 KLPD including a new 50 KLPD molasses based distillation plant commissioned in October 2009. The Company commenced commercial production at its new grain based distillery of 100 KLPD.

TI has successfully evolved over the years to be a dominant player in the Southern Indian states including Andhra Pradesh, Kerala and Tamil Nadu. TI consistently introduces brands to cater to the needs of different segments of society.

About Tilaknagar Industries Ltd (TI)

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 (P) Ltd and Kesarval Springs Distillers (P) Ltd. The Company exports its products to Western Africa, the Middle East, the Far East and Caribbean countries.

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

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