



TILAKNAGAR INDUSTRIES LTD.

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Mumbai, 09 February 2011: Tilaknagar Industries Ltd. (TI), a leading player in the Indian Made Foreign Liquor (IMFL) industry has announced its consolidated financial results for the third quarter ended December 31, 2010.

Q3 FY2011 Total Quantitative Volume up 42% at 2.89 million cases

Q3 FY2011 PBT up 27% at ₹ 163.9 million

9M FY2011 Total Quantitative Volume up 46% at 7.79 million cases

Flagship brand 'Mansion House' sales up 27% at 3.95 million cases

9M FY2011 PBT up 57% at ₹ 426.0 million

Q3 FY2011 HIGHLIGHTS: (All comparisons with Q3 FY2010 Figures)

Healthy growth rate in Q3 FY2011

- o Total revenues at ₹ 1,289.4 million, increased by 12.9% from ₹ 1,142.2 million
- o EBIDTA at ₹ 299.1 million from ₹ 216.1 million, registering an increase of 38.4%
- o Brand sales for the quarter at ₹ 3,350 million as against ₹ 2,589 million, registering an increase of 36%

9M FY2011 HIGHLIGHTS: (All comparisons with 9M FY2010 Figures)

- o Total revenues at ₹ 3,411.9 million, increased by 35.5% from ₹ 2,517.7 million
- o EBIDTA at ₹ 838.8 million from ₹ 470.1 million, registering an increase of 78.4%
- o PAT reported at ₹ 285.0 million, a growth of 32.6% from ₹ 214.9 million
- o Brand Sales for 9M FY2011 at ₹ 9,475 million (at gross level) as against 6,664 million (at gross level), registering an increase of 42%

OPERATIONAL PERFORMANCE HIGHLIGHTS:

- o Total number of cases sold: Q3 FY2011 at 2.89 million compared to 2.03 million in Q3 FY2010; 9M FY2011 at 7.79 million compared to 5.32 million in 9M FY2010

- o In Q3 FY2011, TI's brandy and whisky segments contributed 62% and 21% respectively of the total volume sales. While in 9M FY2011 brandy and whisky segments contributed 63% and 20% respectively of the total volume sales.
- o In order to mitigate the impact of rising glass prices and maintain efficiencies, the Company has taken a proactive step by making a one-time investment in 'Family shaped bottles'.
 - The concept involves the usage of bottles which has the Company's name embossed on the same, which facilitates an easier re-procurement system of these bottles. This not only optimizes the usage of the bottles, but also helps in cost optimization.
 - At present, the Company has launched these bottles in Tamil Nadu and Andhra Pradesh for its flagship brand Mansion House and expects to complete the roll out by Q4 FY2011.

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

"I am pleased to share with you TI's results for the quarter. We are excited with the growth of our brands on a pan India basis, enabling us to deliver a robust 42% increase in volumes this quarter.

As a principle, we consistently invest in our brands and operating capabilities. One of our initiatives during Q3 FY2011, was the introduction of 'Family shaped bottles' for Mansion House Brandy. We view this as a one-time investment to be regularised over the first two quarters of FY12 with increased circulation of such bottles.

TI's core business is fundamentally strong. We believe our results this quarter are reflective of the strong volumes at one end and the excellent performance of our brands at the other. Lead by the advantages of our business model and operating strengths, we have not only been able to efficiently withstand the cost pressures prevalent in the industry, but also further invest in our brands.

Going forward, I, along with my team at TI, are confident that the strategies and programs being implemented at TI will continue to deliver long-term sustainable growth and value to our shareowners."

OUTLOOK:

IMFL industry has been growing at 12-14% volume CAGR over the past five years and is definitely poised for further growth, both in value and volume terms. Consumer upgrades from country liquor and positive demographics continue to augur volume growth in the IMFL business.

Thus far, TI has witnessed a healthy growth trajectory with respect to its volumes and revenues. Moreover the Company continues to enhance its business capabilities; with extra neutral alcohol (ENA) capacity quadrupling from 50 KLPD to 200 KLPD and the expansion of its bottling capacity. This planned expansion will underpin TI's potential in the coming years. With continual investment, the Company is remarkably well placed to plan its production and dispatches efficiently. Moreover, with the commissioning of the new grain based facility, TI will be better positioned to manufacture premium products and create an international presence for its brands.

The Company continues to focus on extending its product portfolio for premium brands across all market segments and at various price points. Moreover, TI is expanding its diversified product portfolio with the launch of new brands; 'Blacpower Whisky', 'Duchess VSOP' and 'MHVSOP'.

Moving ahead, the Company has mapped out new territories for fortifying TI's foothold. The CSD vertical beholds great potential for progress going forward, and the Company expects to conclude the year with more than 10% market share in this channel.

Considering TI's initiatives to witness growing volumes and revenues, the Company is looking forward to experience its benefits in the coming quarters. With a well-defined business strategy to expand its product portfolio and grow geographically, backed by expanded capacities, the Company is positive about its operating and financial performance going forward.

TILAKNAGAR INDUSTRIES LTD (TI): BRIEF OVERVIEW

Tilaknagar Industries Ltd (TI) is a leading player in the Indian Made Foreign Liquor (IMFL) industry in India. TI manufactures, markets and sells the whole gamut of products under the IMFL space namely brandy, whisky, gin, vodka and rum at highly competitive price points. TI has a diversified brand portfolio comprising of more than 40 brands.

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. TI possesses a widespread marketing and distribution network to enhance its strong product portfolio. TI has strived to establish its distinct identity in the liquor industry and to position itself in the premium segments by continuously introducing brands catering to the requirements of the upwardly mobile segment of the community.

Key Strengths

- **Robust Business model:** TI's business model encompasses in-house manufacturing, lease arrangements and tie-up arrangements across India for carrying out manufacturing and bottling activities. TI owns well-established manufacturing facilities located in Maharashtra, Karnataka and Andhra Pradesh; coupled with this the Company has lease arrangements with manufacturing units across India. These lease arrangements help TI to use all the capacities installed of the lessee in return of lease rentals. TI also functions via tie-up arrangements, wherein TI supplies all materials and oversees the blending and bottling operations at these units.
- **Widespread manufacturing facility set-up:** TI enjoys state-of-the-art manufacturing set up with 32 facilities (one company owned manufacturing facility, 3 subsidiaries, 7 lease arrangements and 21 tie-up arrangements) spread across India
 - Primary manufacturing facility in Shirampur, Maharashtra with an installed capacity of 100 KLPD including a new 50 KLPD molasses based distillation plant which was commissioned in October 2009
 - The Company commenced commercial production at its new grain based distillery of 100 KLPD. This manufacturing facility would further help TI to produce superior quality alcohol and also reduce the over dependence on molasses as feedstock.
- **Diverse brand portfolio:** The Company offers a wide array of more than 40 brands in the IMFL space. These brand offerings cater to various customer segments at varied price points. TI brand array houses two millionaire brands, Mansion House Brandy and Madira Rum which were also recognised as the fastest growing domestic brands in a study by Euromonitor.

The Company has also acquired seven brands from Alcobrew Distilleries to further expand its brand portfolio and the market geography. These brands are also registered with CSD and also sold in the Northern markets.
- **Efficient sales distribution system:** TI has nearly 82% of sales flowing through State Corporations and 13% through Canteen Stores Department. These State

Corporations sales are dispersed across Delhi, Andhra Pradesh, Karnataka, Kerala, Chattisgarh, etc. The Company has approximately 5% of sales coming in through distributor channels located in Maharashtra, Goa, Silvassa, West Bengal, Sikkim, etc.

- **Solid distribution network via Canteen Sales Department (CSD):** Q3 FY2011, continued to witness healthy growth volumes from the CSD segment, which is largely attributable to its own brands and seven brands acquired by the Company in the last year from Alcobrew. Moving ahead, the Company is confident that the CSD arm will help the Company strengthen its volume base.
- **Dominance in Southern India:** TI derives nearly 82% of its revenues from the fast growing southern Indian market. The Company has a strong presence in Karnataka, Andhra Pradesh, Kerala, Pondicherry and Tamil Nadu.
- **Geographical Expansion:** The Company has taken effective steps to increase its presence in North and West India. In addition TI caters to Western Africa, the Middle East, the Far East and Caribbean countries.

Key achievements and awards received

- Won the Emerging Company of the Year Award at BevIndia 2010
- Best Business Partner of CSD 2009-10
- Brandy of the Year award at INDSPIRIT 2009 for Mansion House
- TI's millionaire brands, Madira Rum and Mansion House, ranked at No.1 position and No.3 position respectively by EuroMonitor. These two brands were recognised as the fastest growing domestic brands for FY2010 (recording sales of a minimum 1 mn cases).

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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