



# Tilaknagar Industries Ltd.

*(BSE: 507205 | NSE: TI)*

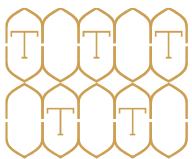


## Earnings Presentation

*Q1 FY23 (Apr to Jun 2022)*



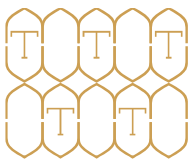
# Q1 FY23 PERFORMANCE



# Q1 FY23 – at a glance



	Q1 FY23	Q1 FY22	YoY	Q4 FY22	QoQ	
<b>Volumes (cases)</b>	17.7 lacs	11.1 lacs	↑ 59.2%	19.5 lacs	↓ 9.4%	<ul style="list-style-type: none"> <li>▪ Strong growth in what has historically been the weakest quarter for TI</li> <li>▪ Volumes above pre-Covid levels</li> </ul>
<b>Revenue (Net) (Rs.)</b>	230 crs	135 crs	↑ 69.7%	241 crs	↓ 4.8%	<ul style="list-style-type: none"> <li>▪ NSR per case largely stable at Rs. 1,157 for Q1 FY23 vs. Rs. 1,162 for Q4 FY22 (-0.5% QoQ); predominantly due to region mix</li> </ul>
<b>Gross Profit (Rs.)</b>	103 crs	76 crs	↑ 36.3%	118	↓ 12.0%	<ul style="list-style-type: none"> <li>▪ Significant inflationary pressures felt on raw material and packaging material costs               <ul style="list-style-type: none"> <li>– ENA cost increased by 18% YoY and 3.5% QoQ</li> <li>– Glass bottles' cost increased by 30% YoY and 20% QoQ</li> </ul> </li> </ul>
<b>EBITDA (Rs.)</b>	22 crs	23 crs	↓ -7.1%	26 crs	↓ 15.8%	<ul style="list-style-type: none"> <li>▪ Foreign exchange fluctuation loss has impacted EBITDA by Rs. 2.55 crs, compared to Rs. 0.68 crs in Q1 FY22 and Rs. 0.85 crs in Q4 FY22</li> </ul>

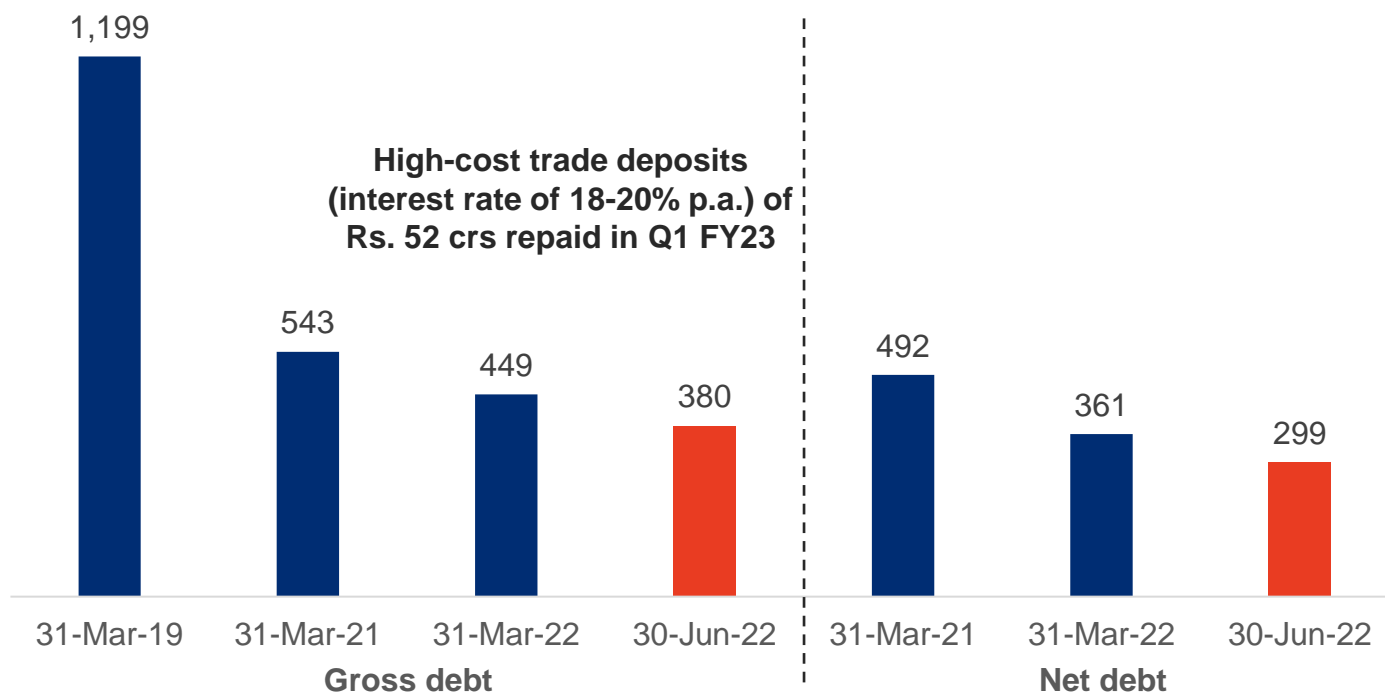


# Debt reduction journey...

...working towards near net debt-free position by FY24

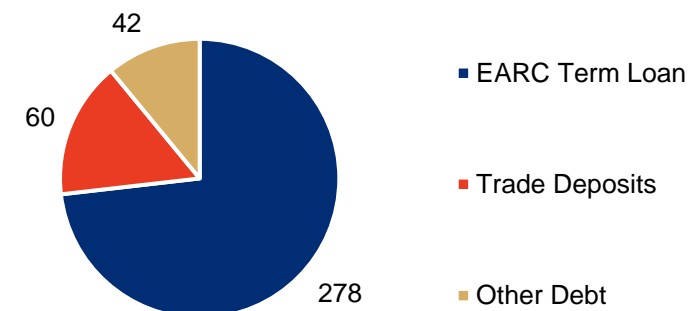


## Debt reduction (Rs. Crs)<sup>(a)(b)(c)</sup>

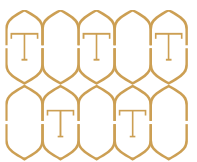


(a) Debt adjusted for EARC balance debt of Rs. 130 crs which would be waived off in FY24 on following the repayment schedule  
 (b) Debt adjusted for EARC balance debt of Rs. 34 crs which has been converted to equity in Apr-21  
 (c) Debt includes interest bearing trade deposits which is a part of Other Financial Liabilities

## Debt as of 30-Jun-22<sup>(a)(b)(c)</sup>



- EARC debt is at 9% p.a.
- EARC balance debt of Rs. 130 crs will be waived off on satisfactory repayment
- 81% of EARC Term Loan is repayable in FY24 → Rs. 54 crs to be repaid in FY23



# Significant volume growth over pre-Covid levels

...strong start to FY23



## Volume (lacs cases)

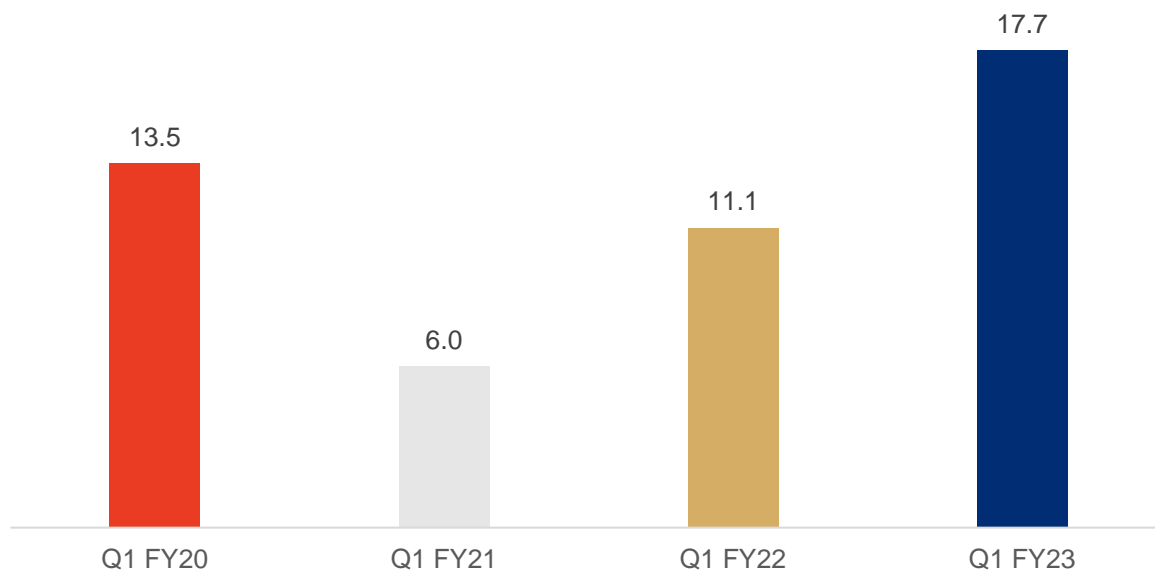
71%

41%

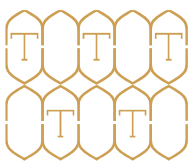
64%

91%

Q1 volumes as % of preceding quarter i.e. Q4 of previous financial year

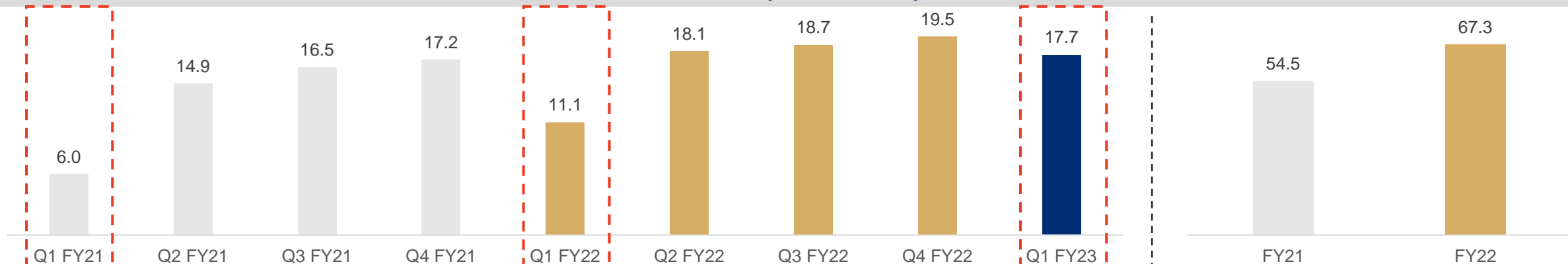


- Volumes have significantly surpassed pre-Covid levels
- Q1 FY23 vs. Q1 FY20:
  - Overall volumes ↑ 31%
  - MHB volumes ↑ 37%

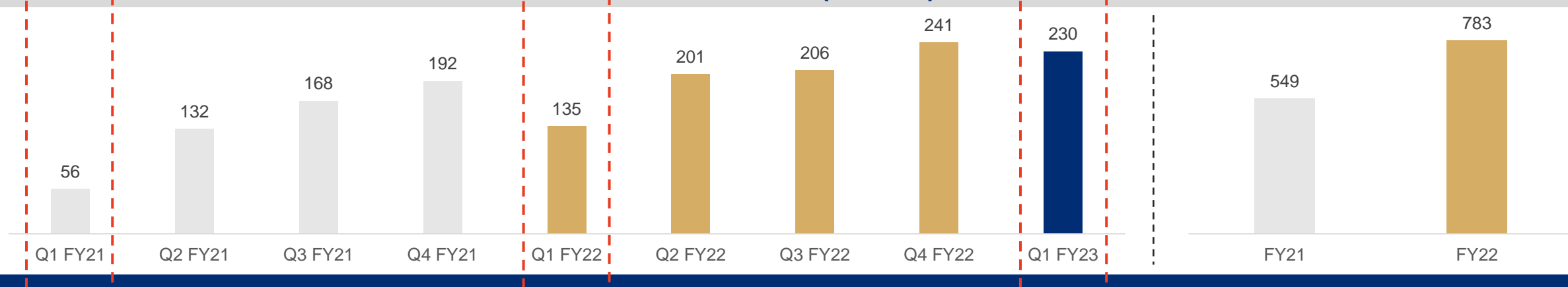


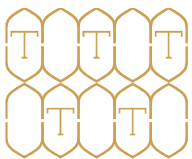
# Operational highlights (1/2)

## Volume (lacs cases)



## Net Revenue (Rs. Crs)

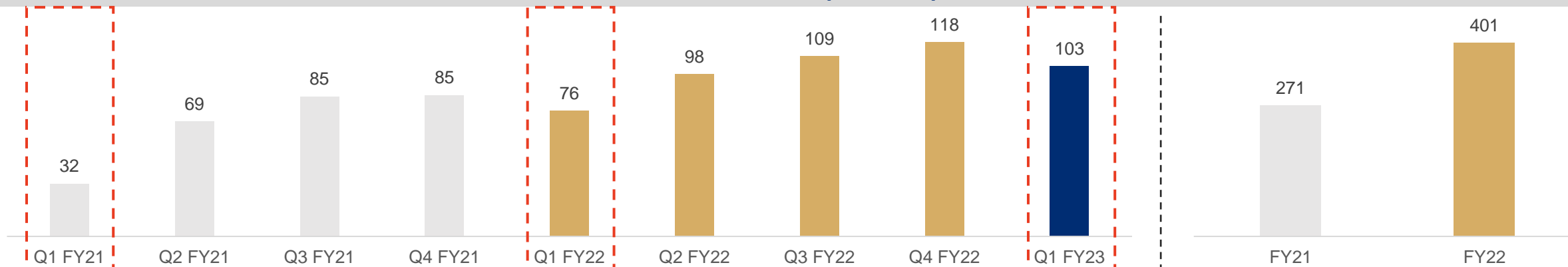




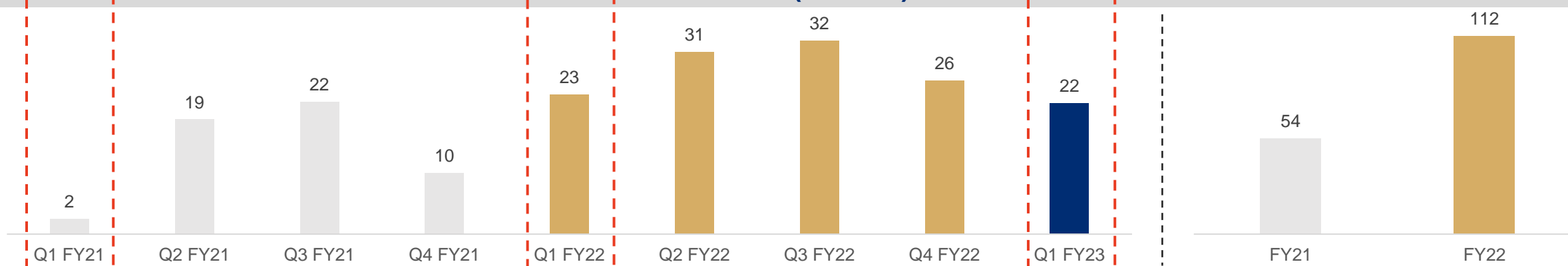
# Operational highlights (2/2)

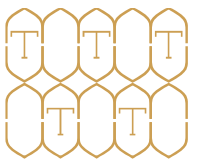


## Gross Profit (Rs. Crs)



## EBITDA (Rs. Crs)





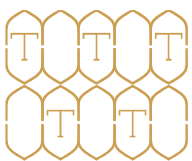
# Management commentary

*From the desk of Mr. Amit Dahanukar, Chairman & Managing Director*



- ❑ As expected, the inflationary headwinds persist
  - While we expect these headwinds to abate in the medium term, we estimate that these pressures will persist in the immediate short term; over the next quarter or two
  - Q1 FY23 saw significant pressures on raw material costs as well as packaging material costs
- ❑ As mentioned in our earnings presentation for Q4 FY22, we are adopting multiple mitigation strategies including focus on profitable brands, favorable product & regional mix, cost optimization efforts and improved productivity
  - In addition, we also expect some price increases coming along industry-wide, which will help us lessen the impact of inflation
- ❑ Our focus on brandy and innovation continues
  - In June 2022, we launched India's first premium flavoured brandy under our flagship brand Mansion House, thereby opening doors to a new segment of young and experimental audience
- ❑ In FY23, we have also raised Rs. 85 crs by way of a preferential issue of equity shares and warrants to our long term channel partners in the important southern states of Kerala, Andhra Pradesh and Telangana. This fund raise brings to a close the company's Rs 200 crore capital infusion program
- ❑ In the quarter gone by, we have also reduced our debt by almost Rs. 70 crs and are well on course to become near net debt free by end of FY24; a journey which will be achieved through a mix of internal accruals as well as above mentioned equity fund raise

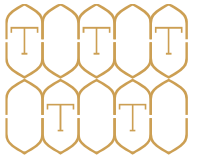




# Extract of Income Statement



(Rs. Crs)	Y-o-Y			Q-o-Q			Y-o-Y		
	Q1 FY23	Q1 FY22	growth %	Q4 FY22	growth %	FY22	FY21	growth %	
<b>Revenue from operations (Gross)</b>	<b>480.5</b>	<b>324.1</b>	<b>48.2%</b>	<b>520.9</b>	<b>-7.8%</b>	<b>1,792.1</b>	<b>1,418.4</b>	<b>26.3%</b>	
Less: Excise Duty	251.0	188.8	32.9%	279.8	-10.3%	1,008.7	869.6	16.0%	
<b>Revenue from Operations (Net)</b>	<b>230</b>	<b>135</b>	<b>69.7%</b>	<b>241.1</b>	<b>-4.8%</b>	<b>783.4</b>	<b>548.8</b>	<b>42.8%</b>	
Other income	0.7	0.2	239.2%	7.8	-91.5%	10.5	11.4	-8.3%	
<b>Total Revenue (I)</b>	<b>230.2</b>	<b>135.5</b>	<b>69.9%</b>	<b>248.9</b>	<b>-7.5%</b>	<b>793.8</b>	<b>560.2</b>	<b>41.7%</b>	
<b>EXPENSES:</b>									
(a) Cost of materials consumed	121.4	63.8	90.3%	120.6	0.7%	378.0	291.3	29.7%	
(b) Purchases of stock-in-trade	0.0	0.0	NM	0.0	NM	0.0	0.0	NM	
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	4.6	-4.4	NM	2.9	62.0%	4.4	-13.9	NM	
(d) Employee benefits expense	8.5	7.1	19.0%	11.7	-27.6%	32.1	25.2	27.5%	
(e) Other expenses	73.3	45.4	61.3%	80.1	-8.5%	256.8	192.1	33.6%	
<b>Total Expenses (II)</b>	<b>207.8</b>	<b>111.9</b>	<b>85.7%</b>	<b>215.3</b>	<b>-3.5%</b>	<b>671.3</b>	<b>494.7</b>	<b>35.7%</b>	
<b>Profit before interest, tax, depreciation and amortisation (I - II)</b>	<b>22.4</b>	<b>23.6</b>	<b>-5.0%</b>	<b>33.6</b>	<b>-33.4%</b>	<b>122.6</b>	<b>65.5</b>	<b>87.1%</b>	
Finance costs	13.3	15.0	-11.4%	15.5	-14.2%	61.9	71.0	-12.8%	
Depreciation and amortisation expense	8.0	8.2	-1.8%	8.1	-0.4%	32.7	33.1	-1.2%	
<b>Profit before tax</b>	<b>1.0</b>	<b>0.4</b>	<b>179.4%</b>	<b>10.0</b>	<b>-89.7%</b>	<b>28.0</b>	<b>-38.6</b>	<b>NM</b>	
<i>Tax expenses :</i>									
(a) Current tax	0.0	0.0	NM	0.0	NM	0.0	0.0	NM	
(b) Tax for earlier periods	0.0	0.0	NM	0.0	NM	-4.0	-0.2	NM	
(c) Deferred tax	0.0	0.0	NM	0.0	NM	0.0	0.0	NM	
<b>Total tax expense</b>	<b>0.0</b>	<b>0.0</b>	<b>NM</b>	<b>0.0</b>	<b>NM</b>	<b>-4.0</b>	<b>-0.2</b>	<b>NM</b>	
<b>Profit for the period</b>	<b>1.0</b>	<b>0.4</b>	<b>179.4%</b>	<b>23.2</b>	<b>-95.5%</b>	<b>45.2</b>	<b>-38.4</b>	<b>NM</b>	



# Recent Product Developments

## Product Launch



- Launch of Mansion House Flavoured Brandy; India's First Premium Flavoured Brandy
- An inclusive drink for all; across age-groups, genders, for all occasions
- Available in three flavours
  - Peach
  - Orange
  - Cherry
- Initially launched in Puducherry; other regions to follow
- Can be enjoyed neat, on the rocks, with a single mixer, as the base in a cocktail or as a liqueur

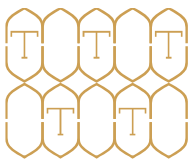
## Removal of Monocartons

- ✓ Focus on sustainability
- ✓ Cost saving measure





# COMPANY & INDUSTRY OVERVIEW



# About the Company

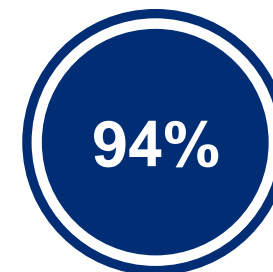
*Largest premium brandy manufacturer in India with presence across all segments of IMFL*



Manufacturing units  
across 12 states  
Owned: 4 units  
Contract manufacturing:  
12 units



Brands across products



Share of Brandy as %  
of total volumes

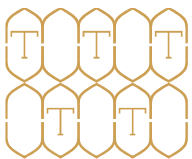


Volumes (in cases)  
sold



Share of sales to  
South India as % of  
total volumes

*\* All data is for FY22*



# We sell millions of cases across India



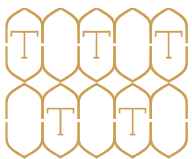
## MANSION HOUSE



- ❑ Mansion House is a millionaire brand (more than 5.5 mn cases sold in FY22)
- ❑ Mansion House is the highest selling premium brandy in India
- ❑ Manufactured across all units
- ❑ A brand with a high brand loyalty driving repeat purchases

## COURRIER NAPOLEON

- ❑ Fast approaching millionaire brand status (0.8 mn cases sold in FY22)



# Our strategic focus...

...the way forward



## Volume growth

- FY22 growth in volumes for MHB and CNB stands at 24% each
- 6 yrs CAGR of 9.1% for MHB
- Equal focus on high-growth, nascent regions

## Market share growth<sup>(b)</sup>

- Continued focus on brandy
- Market share (as % of brandy) growth from 12.4% to 16.8%
- Market share (as % of IMFL) growth from 2.4% to 3.4%

## Efficient levels of capacity utilisation

- Pernod Ricard agreements enables efficient capacity utilisation levels
- Incremental region-specific growth enabled through bottling arrangements

## Debt repayment and cash flow generation

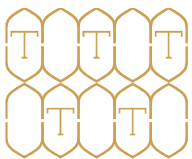
- Focus on repayment of high-cost debt
- Target to become near net debt free by FY24

## Resolution of auditor qualifications

- Focus on taking proactive measures to resolve all auditor qualifications

(a) The above volume data is for Mansion House Brandy in the states of Telangana, Andhra Pradesh, Karnataka, Kerala, Puducherry and Goa i.e. states which contribute 88% of our total volumes

(b) Market share growth comparison between FY17 and FY22 in the states of Telangana, Andhra Pradesh, Karnataka, Kerala, Puducherry and Goa



# MHB and MHB Brandy segment growing faster...

...than overall Brandy, Whiskey and IMFL

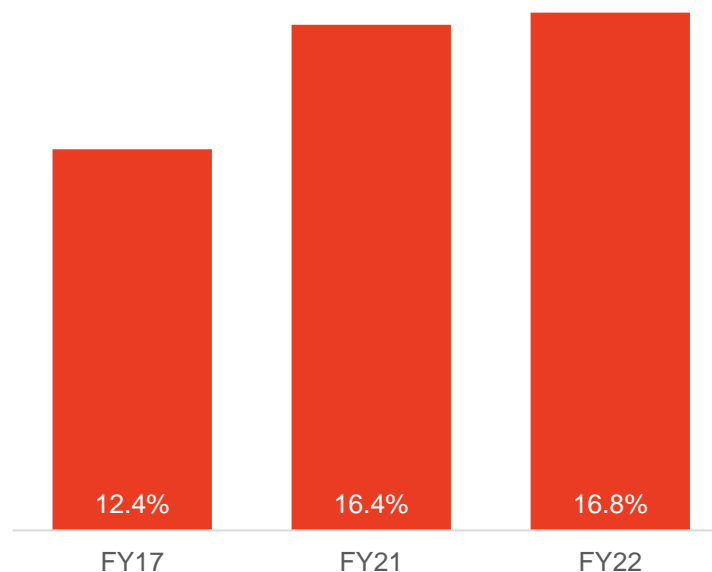


## MHB vs. Industry Growth (a)

Category	CAGR
MHB	↑ 9.1%
Brandy Segment	↑ 2.6%
Whiskey Segment	↑ 2.1%
IMFL	↑ 1.9%

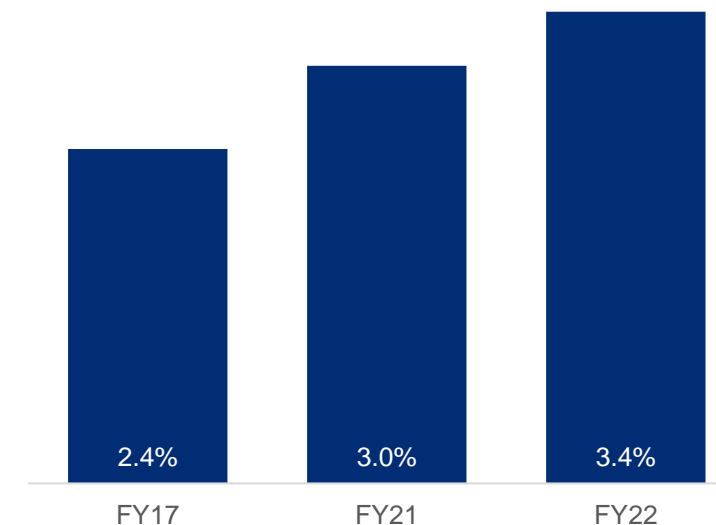
## MHB market share as % of brandy (a)

Market share growth of 36% over 6 years



## MHB market share as % of IMFL (a)

Market share growth of 41% over 6 years



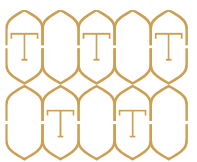
MHB: Mansion House Brandy; 6 year CAGR from FY17 to FY22

(a) The above data is for the states of Telangana, AP, Karnataka, Kerala, Puducherry and Goa i.e. states which contribute 88% of our total volumes



# FY22 FINANCIALS



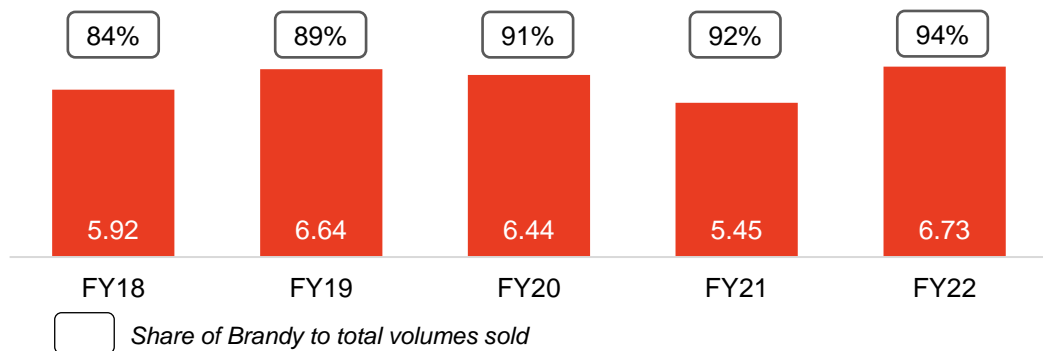


# Improving business fundamentals

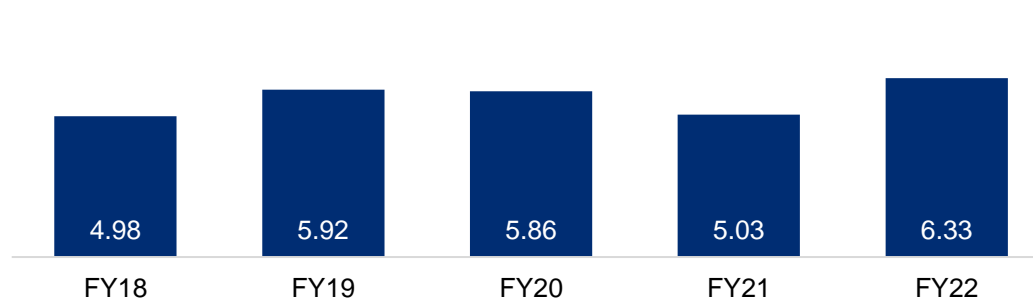
Premiumisation strategy to enhance margins and cash flows



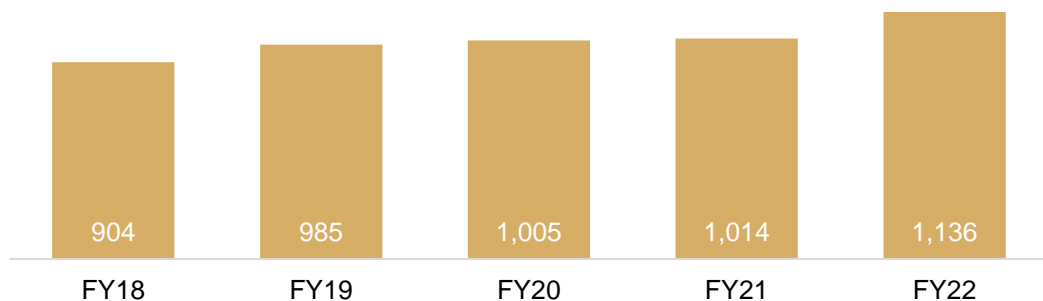
### Total Volumes Sold (mn cases)



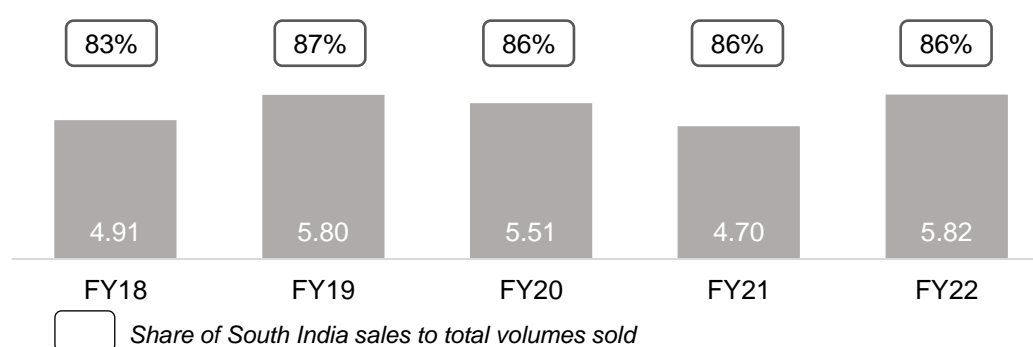
### Brandy Sales (mn cases)

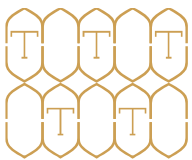


### NSR per case (Rs.)



### Robust sales in South India (mn cases)



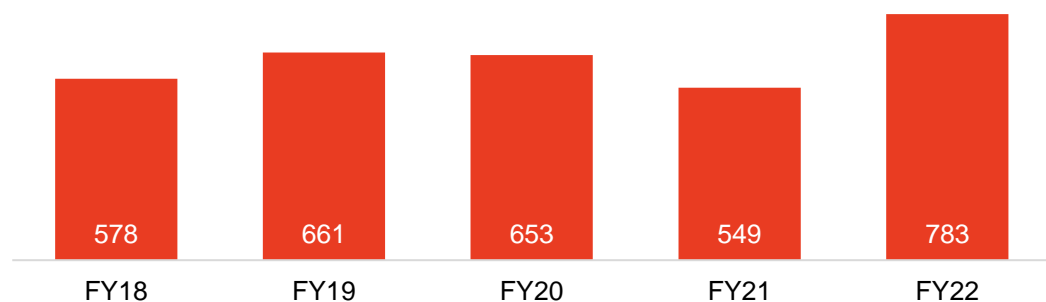


# Focus on margins and cashflows

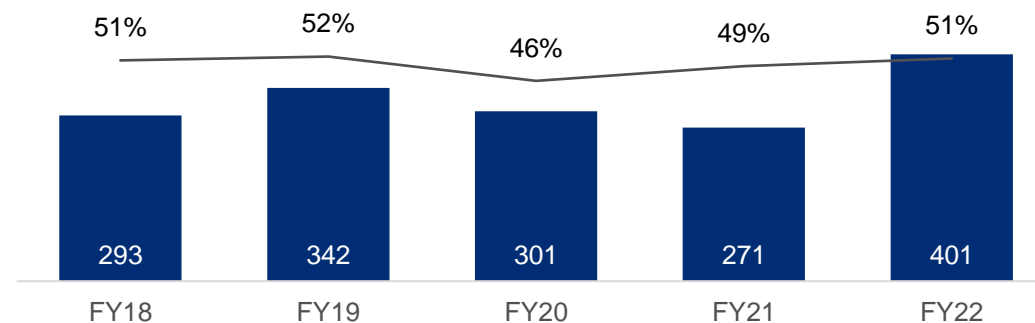


Most of write-offs impacting EBITDA have been undertaken

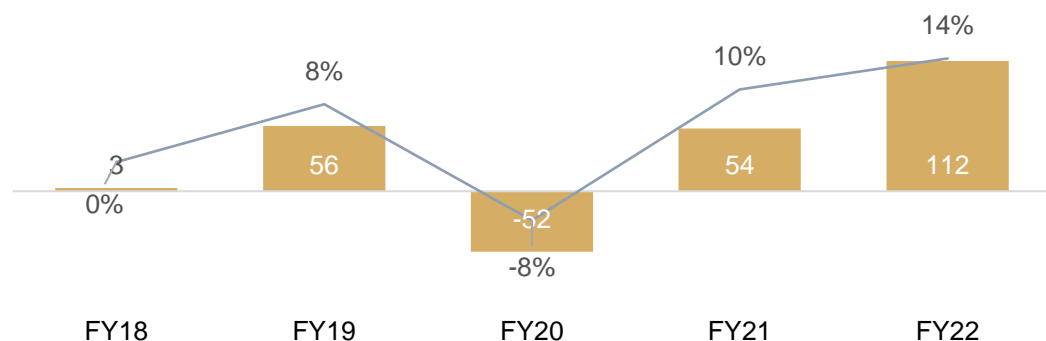
### Net Revenues (Rs. Crs)



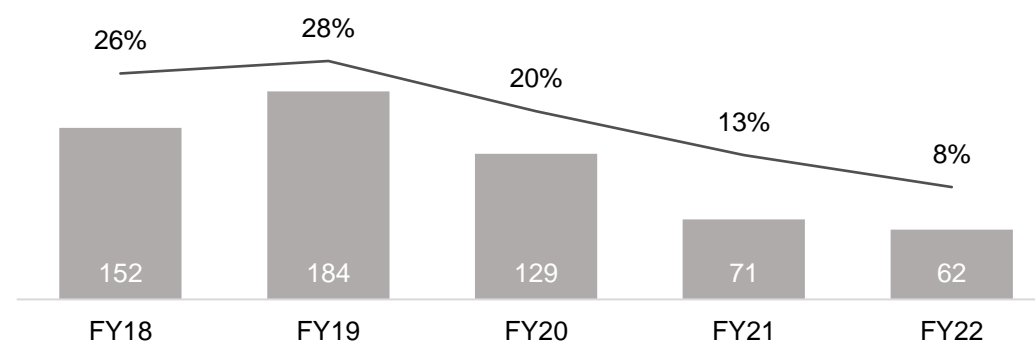
### Gross Profit (Rs. Crs) and Gross Margin (%)



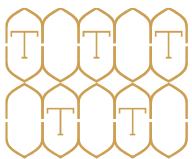
### EBITDA (Rs. Crs) and EBITDA Margin (%)



### Finance Cost (Rs. Crs) and as % of Net Revenues



(a) EBITDA for FY20 is not comparable due to write-offs impacting EBITDA



# Disclaimer



This presentation may include statements which may constitute forward-looking statements including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Tilaknagar Industries' future business developments and economic performance. Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The actual results, performance or achievements, could thus differ materially from those projected in any such forward-looking statements.

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**THANK YOU**