

Tilaknagar Industries Limited

Earnings Presentation – Q2 & H1 FY24



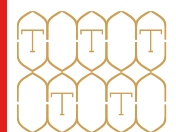


This presentation may include statements which may constitute forward-looking statements including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to **Tilaknagar Industries'** future business developments and economic performance. 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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Q2 & H1 FY24 PERFORMANCE





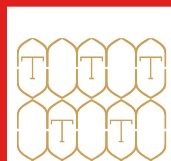
Mr. Amit Dahanukar,
Chairman & Managing Director

“

Our focus over the coming 6-8 quarters will be to increase our market share in existing and new regions through robust growth in our brandy portfolio.

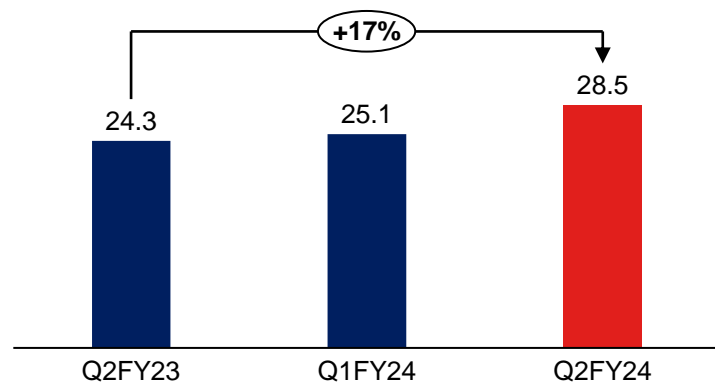
”

- ❖ Our company achieved YoY volume growth of 17.2% in Q2 FY24 and 27.8% in H1 FY24, compared to overall IMFL industry growth of 3-4% in H1
- ❖ While Mansion House Brandy continues to gain market share, Flandy, our flavoured brandy range is helping us make brandy trendy again and position brandy as an aspirational and youthful drink
- ❖ Our Net Sales Realization (NSR) per case further improved to ₹ 1,273 in Q2 FY24 from ₹ 1,179 in corresponding quarter last year, on account of a combination of improved brand and state mix as well as price increases received in our key state of Telangana
- ❖ Our EBITDA margins expanded to 13.4% as compared to 11.4% in Q2 FY23 and 12.6% in Q1 FY24 despite increase in ENA prices; we are however seeing some softening of prices in packing materials
- ❖ EBITDA now stands at ₹ 47 crs in Q2 FY24 and ₹ 86 crs in H1 FY24; a YoY growth of 50.9% and 61.5% respectively
- ❖ Our PAT excluding exceptional items increased 130% YoY to ₹ 32 crs, at a PAT margin of 9%
- ❖ I am also happy to share that we completed the refinancing of our Edelweiss ARC debt in Q2 FY24; we refinanced the ₹ 176 crs debt with a fresh term loan of ₹ 130 crs raised from Kotak Bank. This refinancing provides us with flexibility to better manage cash flows, without significantly increasing interest burden
- ❖ It also gives me great pleasure to share that our new proposition for Mansion House Brandy, “A Warm Welcome” is gaining tremendous traction and enabling us to increase ‘share of voice’ for brandy

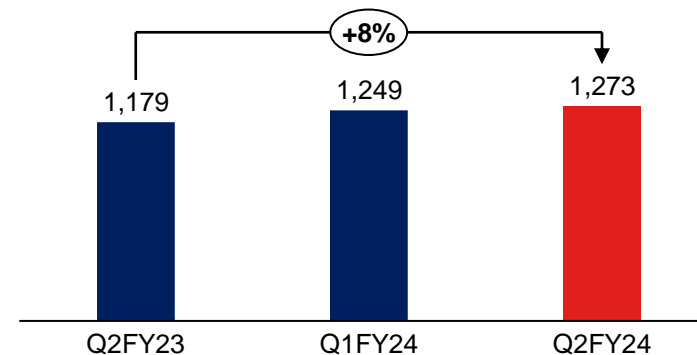


Key highlights - Q2FY24

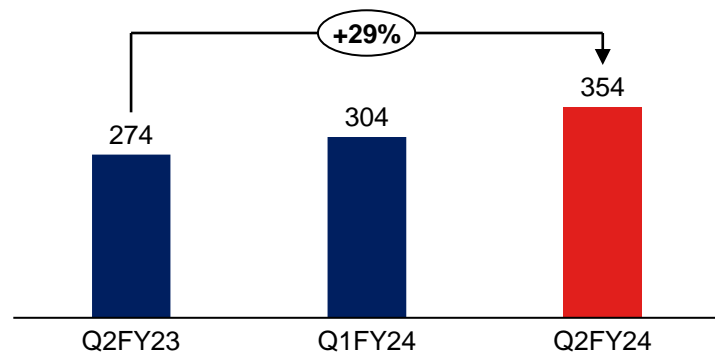
Total Volumes (lacs cases)



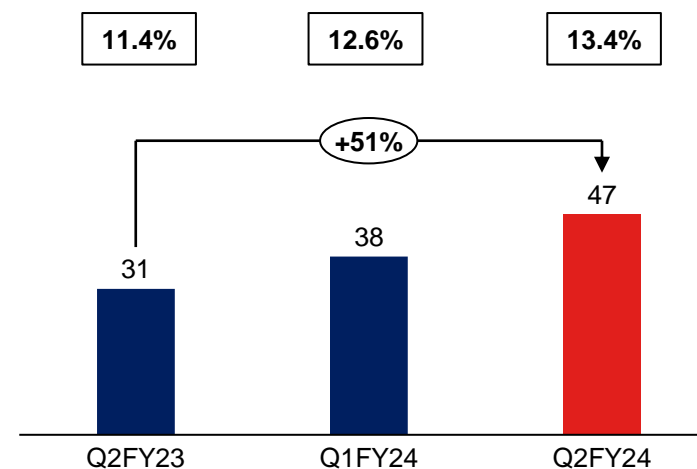
NSR (₹ per case)

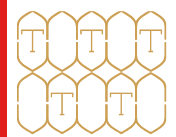


Net Revenue (₹ crs)



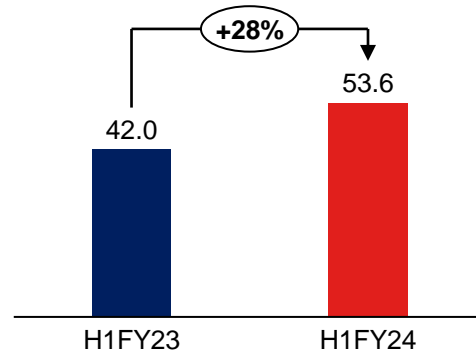
EBITDA (₹ crs) & EBITDA Margin (%)



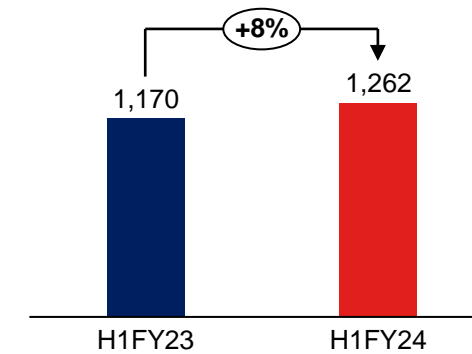


Key highlights – H1FY24

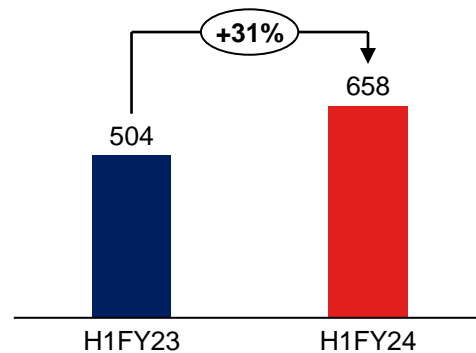
Total Volumes (lacs cases)



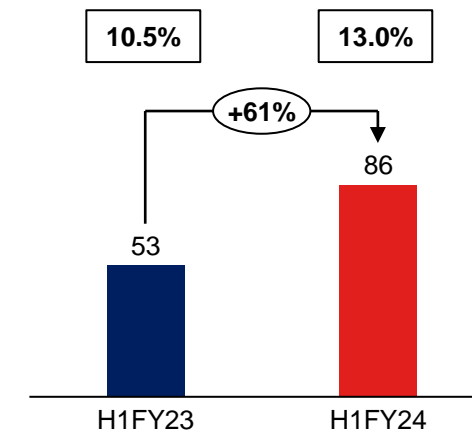
NSR (₹ per case)

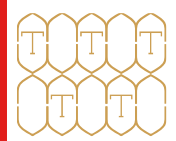


Revenue (₹ crs)



EBITDA (₹ crs) & EBITDA Margin (%)



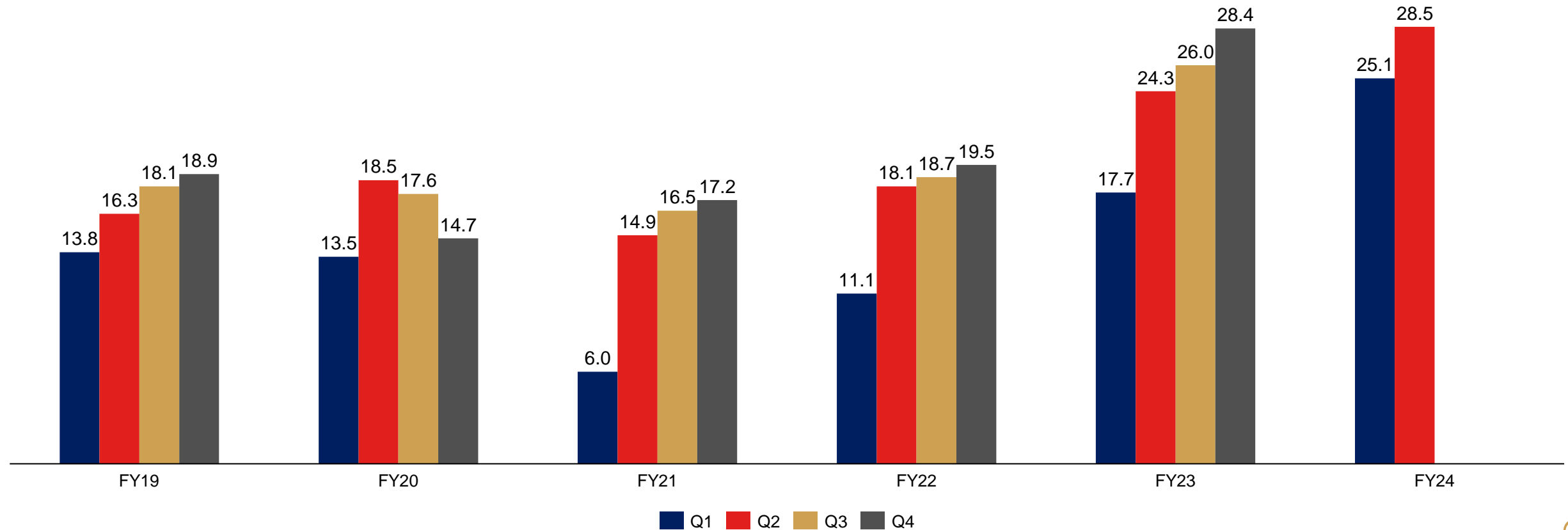


Consistent growth in volumes

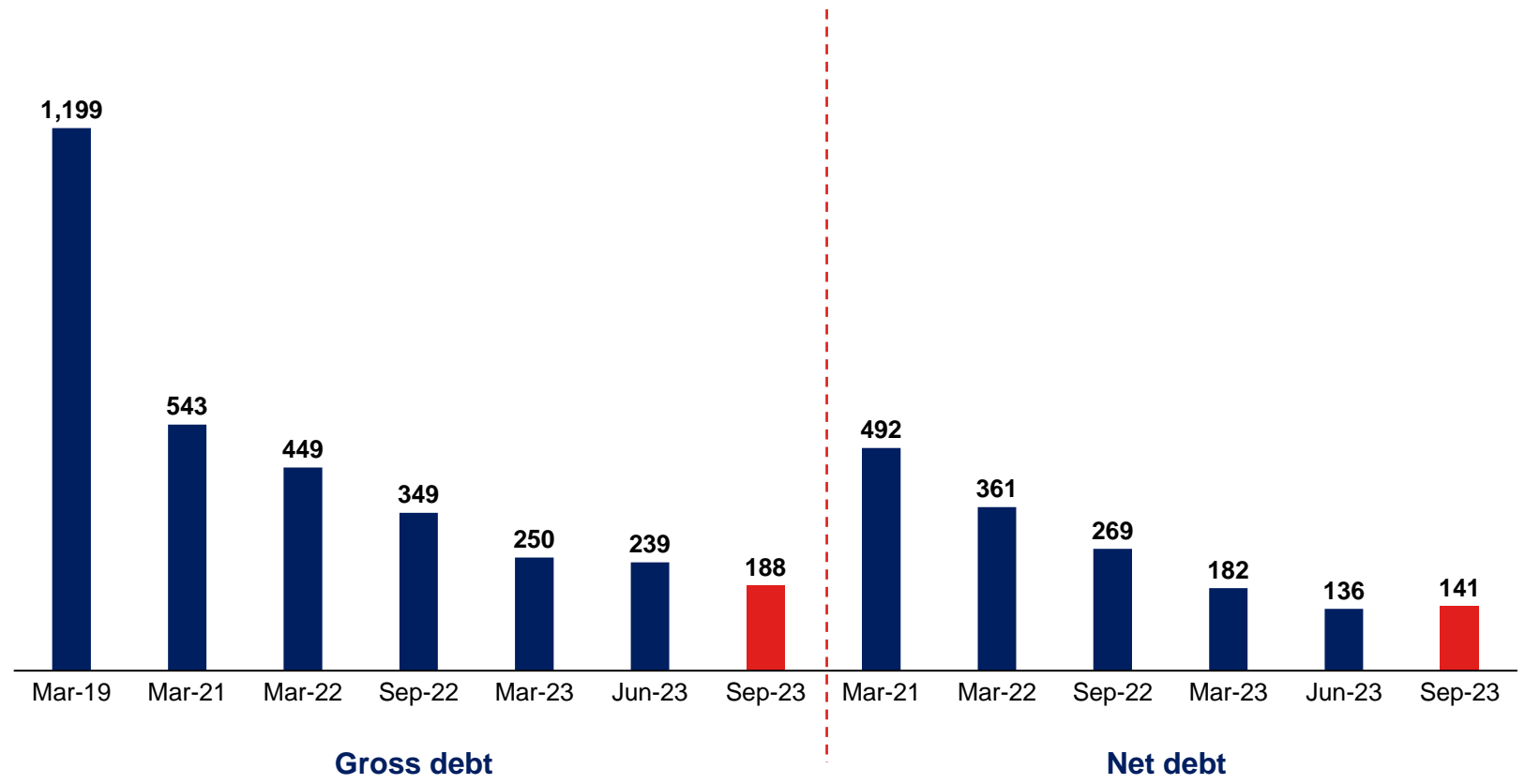
...Q2FY24 has been the highest selling quarter since FY15

Quarterly volumes (lacs cases)

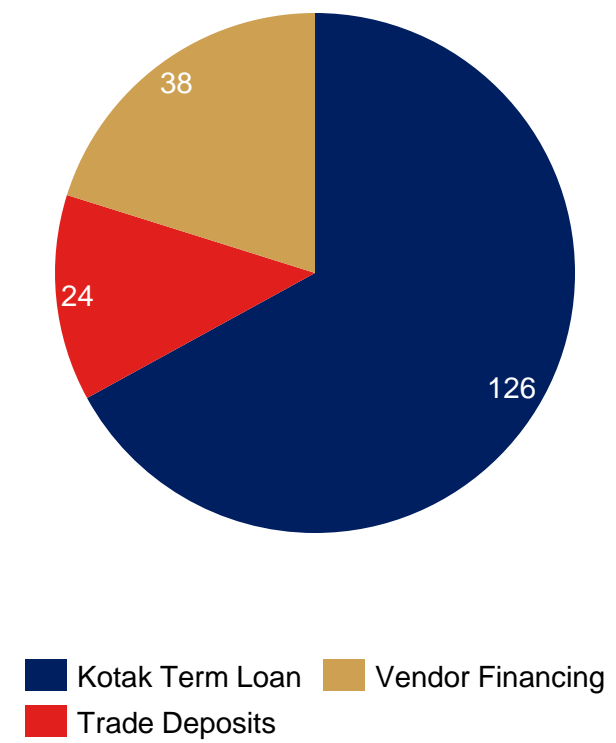
54% volume growth vs. Q2 FY20 (pre-Covid)



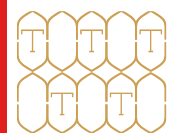
Debt Journey (₹ Crs)^(a)



Debt as of 30-Sep-23^(a)



^(a) Debt includes interest bearing trade deposits



Refinancing of EARC debt through Internal Accruals & Term Loan

We have refinanced the Edelweiss ARC ("EARC") debt from **Internal Accruals & a fresh Term Loan facility** from Kotak Mahindra Bank

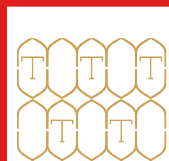
EARC debt balance of ₹.176 crores was refinanced with **existing cash reserves & ₹ 130 crores of fresh Kotak Term Loan**

Term Loan to be **repaid in 4 years**

This refinancing enables entry into **regular banking channels**

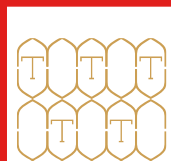
Offers immediate flexibility in **managing cash flows**, enabling investment in brand building

We intend to become **near net debt free** by March 2025



Income Statement

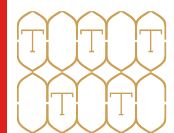
Particulars (₹ Crs)	Q2 FY24	Q2 FY23	Y-o-Y	Q1 FY24	Q-o-Q	H1 FY24	H1 FY23	Y-o-Y
Revenue from Operations (Gross)	750.2	596.1	25.9%	640.0	17.2%	1,390.2	1,076.6	29.1%
Excise Duty	395.8	321.6	23.1%	335.9	17.8%	731.7	572.5	27.8%
Revenue from Operations (Net)	354.4	274.5	29.1%	304.1	16.5%	658.5	504.0	30.6%
Cost of Material Consumed	176.2	147.5	19.5%	150.2	17.3%	326.5	268.9	21.4%
Change in Inventories	5.4	-7.8	NM	0.8	585.6%	6.2	-3.2	NM
Total Cost of Goods Sold	181.7	139.7	30.0%	151.0	20.3%	332.6	265.7	25.2%
Gross Profit	172.7	134.8	28.1%	153.1	12.8%	325.8	238.3	36.7%
Employee Expenses	10.4	9.0	15.5%	10.0	3.2%	20.4	17.5	16.9%
Other Expenses	114.9	94.4	21.7%	104.7	9.8%	219.6	167.7	31.0%
EBITDA	47.4	31.4	50.9%	38.4	23.5%	85.8	53.1	61.5%
EBITDA Margin (%)	13.4%	11.4%	193 bps	12.6%	75 bps	13.0%	10.5%	249 bps
Other Income	0.5	0.6	-17.9%	1.2	-58.7%	1.6	1.3	31.3%
Depreciation	8.2	8.2	0.3%	7.8	5.6%	16.1	16.3	-1.3%
EBIT	39.7	23.8	66.7%	31.8	24.9%	71.4	38.1	87.3%
EBIT Margin (%)	11.2%	8.7%	253 bps	10.4%	77 bps	10.8%	7.5%	327 bps
Finance Cost	7.7	9.9	-21.9%	6.0	28.6%	13.8	23.2	-40.7%
Exceptional Items	5.1	0.0	NM	0.0	NM	5.1	0.0	NM
Profit before Tax	37.0	13.9	166.8%	25.7	43.9%	62.8	14.9	320.8%
Profit before Tax (%)	10.4%	5.0%	539 bps	8.4%	200 bps	9.5%	3.0%	656 bps
Tax	0.0	0.0	NM	0.0	NM	0.0	0.0	NM
Profit After Tax	37.0	13.9	166.8%	25.7	43.9%	62.8	14.9	320.8%
Profit After Tax excl. Exceptional Items	31.9	13.9	129.9%	25.7	24.0%	57.7	14.9	286.5%
PAT Margin (%) excl. Exceptional Items	9.0%	5.0%	395 bps	8.4%	56 bps	8.7%	3.0%	578 bps
Reported Diluted EPS (As per Profit after Tax)	1.95	0.81	140.6%	1.35	44.4%	3.59	0.89	302.3%



Balance Sheet

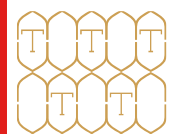
Particulars (₹ Crs)	As at Sep-23	As at Mar-23
EQUITY & LIABILITIES		
Equity		
(a) Equity share capital	191.7	185.3
(b) Other equity	377.6	297.6
Total Equity	569.3	482.9
Non-controlling interests		
Total Equity	569.3	482.9
Liabilities		
Non-Current Liabilities		
Financial liabilities		
(i) Borrowings	129.7	24.0
(ii) Lease liabilities	2.1	2.1
(iii) Other Financial Liabilities	58.0	64.3
Provisions	4.4	4.1
Total Non-Current Liabilities	194.1	94.5
Current Liabilities		
Financial liabilities		
(i) Borrowings	57.8	229.1
(ii) Lease liabilities	0.3	0.3
(iii) Trade payables; total outstanding dues of		
(a) micro enterprises and small enterprises	37.0	34.4
(b) creditors other than micro enterprises and small enterprises	100.8	94.7
(iv) Other financial liabilities	37.3	29.6
Other current liabilities	9.0	12.2
Provisions	29.2	33.7
Total Current Liabilities	271.4	434.1
Total Equity & Liabilities	1,034.9	1,011.5

Particulars (₹ Crs)	As at Sep-23	As at Mar-23
ASSETS		
Non-Current Assets		
Property, plant and equipment	407.8	417.5
Capital work-in-progress	0.1	0.1
Right of use assets	2.1	2.2
Intangible assets	0.3	0.3
Financial Assets		
(i) Investments	10.8	0.5
(ii) Loans	0.1	0.1
(iii) Other Financial Assets	28.3	28.5
Income Tax Assets (Net)	5.7	4.3
Other non-current assets	7.3	6.5
Total Non - Current Assets	462.5	460.1
Current Assets		
Inventories	114.7	116.2
Financial Assets		
(i) Investments	9.2	22.1
(ii) Trade receivables	378.1	338.8
(iii) Cash and cash equivalents	14.9	34.8
(iv) Other bank balances	25.2	9.4
(v) Loans	0.0	0.0
(vi) Other current financial assets	3.7	7.7
Other current assets	26.6	22.5
Total Current Assets	572.3	551.5
Total Assets	1,034.9	1,011.5



Cash Flow Statement

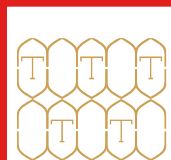
Particulars (₹ Crs)	Half year ending Sep-23	Half year ending Sep-22
Cash Flow from Operating Activities		
Profit before Tax	62.8	14.9
Adjustment for Non-Operating Items	32.4	45.7
Operating Profit before Working Capital Changes	95.1	60.6
Changes in Working Capital	-48.4	4.0
Cash Generated from Operations	46.7	64.6
Less: Direct Taxes paid	-1.4	-4.0
Net Cash from Operating Activities	45.3	60.6
Net Cash from Investing Activities	-17.7	-7.3
Net Cash from Financing Activities	-47.5	-53.5
Net increase/ (decrease) in Cash & Cash equivalent	-19.9	-0.2
Opening cash and cash equivalents	34.8	42.7
Closing cash and cash equivalents	14.9	42.5



"A Warm Welcome"

...Mansion House Brandy's new proposition, giving the brandy category the voice, it deserves

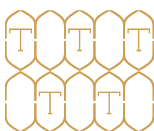




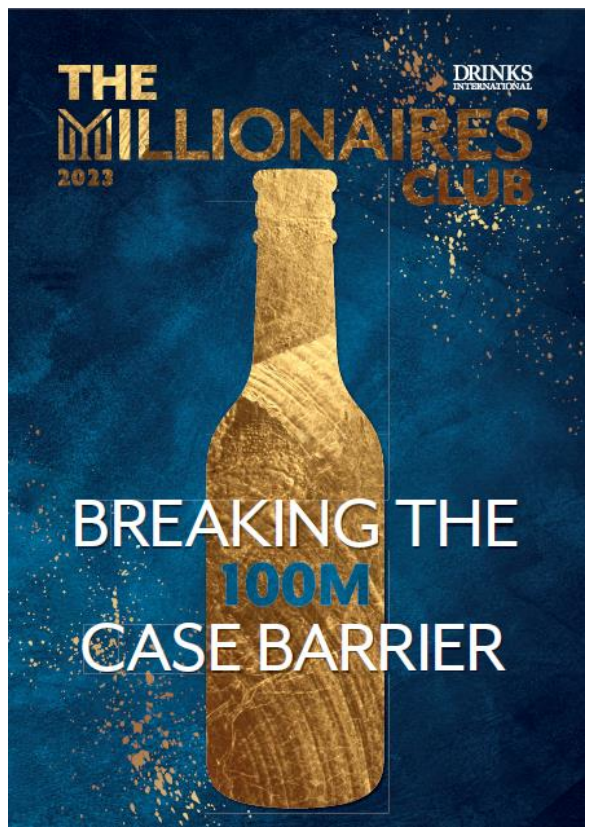
Disruptive renovation of Blue Lagoon Gin bearing fruit in Assam and West Bengal



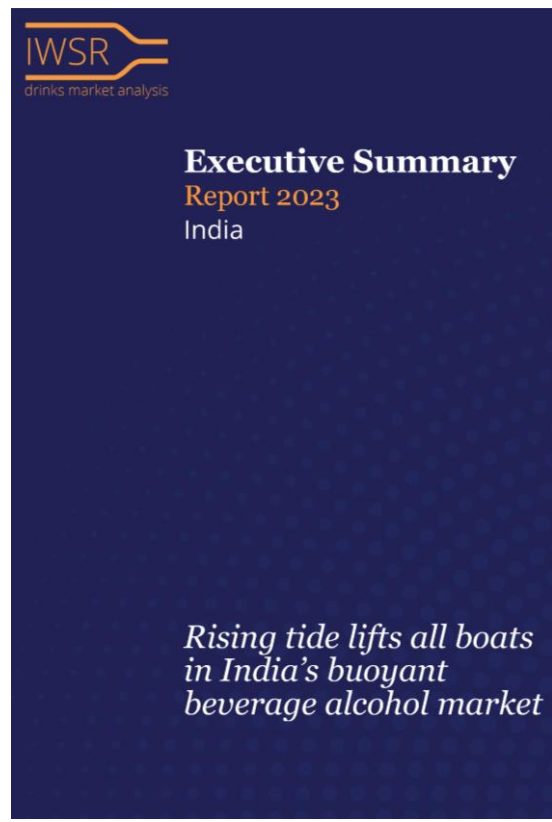
MHB is the main sponsor for the biggest talk show in South India



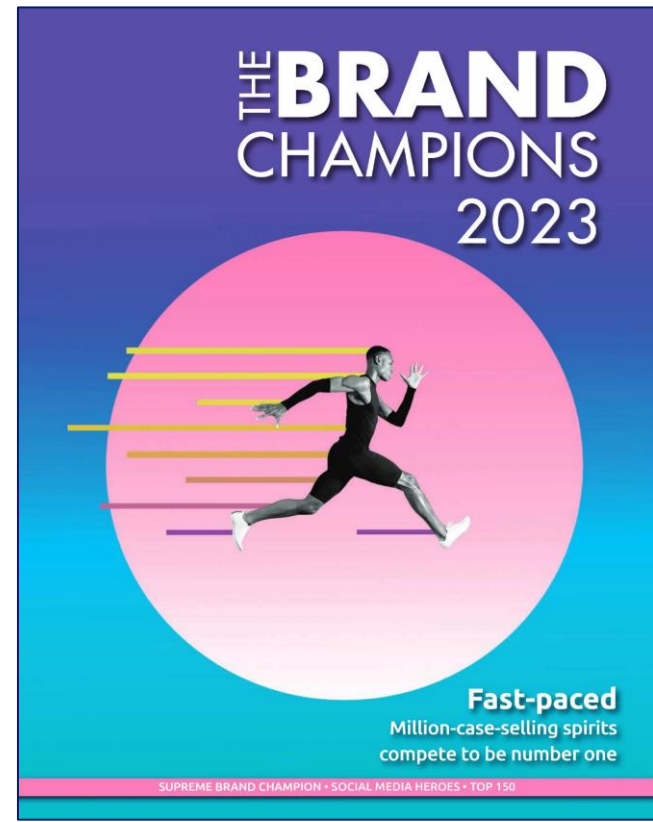
Accolades & Recognition for MHB



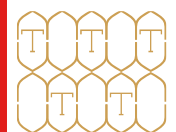
World's 2nd Fastest Growing Spirits Brand



India's Largest Selling Brandy and World's 2nd Largest Selling Brandy



Brandy Brand Champion 2023



Two millionaire brands in the portfolio

MANSION HOUSE

*India's largest
selling brandy*



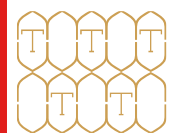
COURRIER NAPOLEON

*Our second
Millionaire brand*



COMPANY & INDUSTRY OVERVIEW





About the Company

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



1933

90 years since
incorporation & 50+
years of experience in
alcobev
manufacturing



19

Manufacturing units
across 12 states
Owned: 4 units
Contract
manufacturing: 15
units



15+

Brands across
products



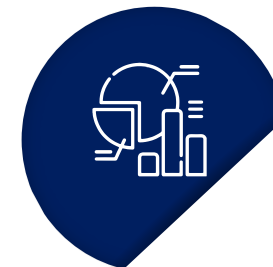
93%

Share of Brandy as %
of total volumes



9.64mn

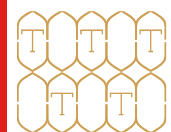
Volumes (in cases)
sold



86%

Share of sales to
South India as % of
total volumes

* All data is for FY23; manufacturing units is as on date



Our journey

The turnaround well and truly coming to fruition



1933-2007

- Founded in 1933 as Maharashtra Sugar Mills Ltd. (MSML) to manufacture sugar and allied products
- Tilaknagar Distilleries and Industries Ltd. (TDIL) promoted as 100% subsidiary of MSML to manufacture industrial alcohol, IMFL and sugar cubes
- TDIL merged with MSML after MSML exits sugar business and renamed to Tilaknagar Industries

2008-2014

- Acquired subsidiaries Vahni Distilleries (Karnataka), Prag Distilleries (Andhra), Kesarval Springs Distillers (Goa) and PunjabExpo (Punjab)
- Acquired seven brands from Alcobrew Distilleries for CSD segment and IFB Agro's IMFL business ('Volga' vodka and 'Blue Lagoon' gin) for an entry into East Indian markets of West Bengal, Assam and Odisha
- Commissioned expansion of 50 KLPD molasses based distillery to 100 KLPD and 100 KLPD grain based distillery
- At its peak, registered net revenue of ₹ 824 crs in FY14

2014-2017

- Expansion project at Prag stalled
- Defaults in repayment to banks and financial institutions
- Sale of assets of Kesarval Springs Distillers to Indospirit Beverages Pvt. Ltd. in 2015

2018 onwards

- Restructuring of debt completed with EARC and one-time settlements reached with all lenders
- Enters into 10 yrs agreement to manufacture products for Pernod Ricard products in Maharashtra
- EBITDA more than doubled in FY23 to ₹ 137 crs
- Volumes in FY23 at 9.6 mn
- Gross debt as of 30-Jun-23 at ₹ 239 crs and Net debt at ₹ 136 crs
- Raised more than ₹ 310 crs through preferential issue of equity and warrants, since Dec-21
- Edelweiss ARC debt refinanced through existing cash reserves & Term Loan from Kotak Mahindra Bank

Super-Premium
₹ 1,000 & Above



Mansion House Reserve Brandy



Courier Napoleon Brandy Green



India's first premium flavoured brandy
Mansion House Flandy

Premium / Semi-Premium
₹ 700-1,000



#1 Premium Brandy in India
Mansion House Brandy



Mansion House Gold Whisky



New Launch
Blue Lagoon Gin

Deluxe
₹ 500-700



Madiraa XXX Rum



Courier Napoleon Brandy Gold

(Note: All MRP for 750ml)



Senior management



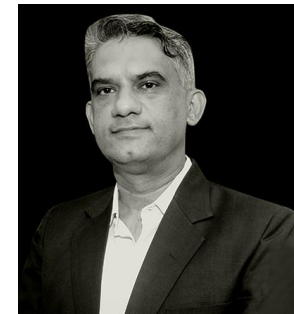
Amit Dahanukar
Chairman & Managing Director



Abhinav Gupta
CFO
Previously CFO with Trident Limited



Ameya Deshpande
President – Strategy & Corp Dev
Previously Investment Banker with Deutsche Bank and BNP Paribas & Co-founder at Authenticook



Tarun Behl
Vice President – Works
22+ yrs of alcobev experience
In United Spirits/Diageo India, Shaw Wallace



Shivani Dahanukar
Executive Director



Ahmed Rahimtoola
CMO
14+ yrs with Allied Blenders & Distillers



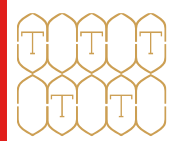
Col. Bineet Walia (Retd)
President – Institutional Sales
Former Colonel of the Indian Army



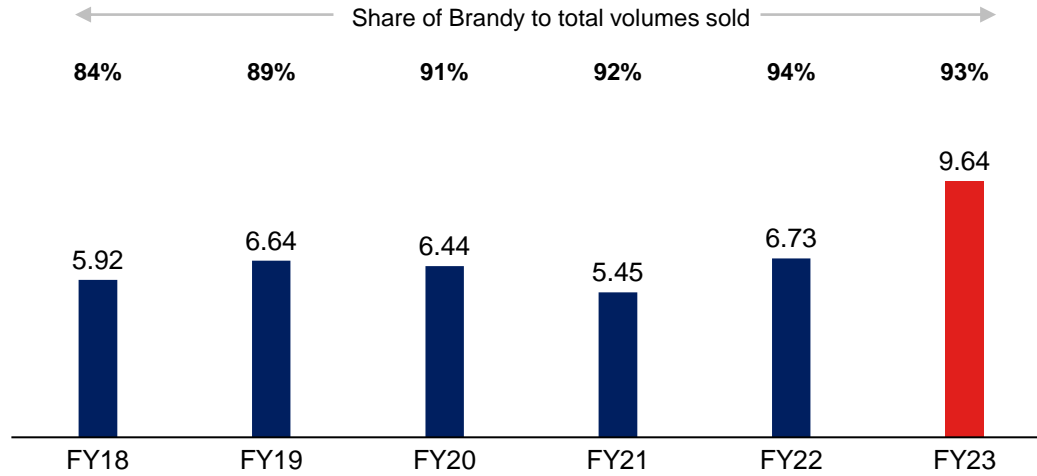
Yuvraj Singh Som
Vice President – Strategy & Operations
13+ yrs with Radico Khaitan

FULL YEAR FINANCIALS

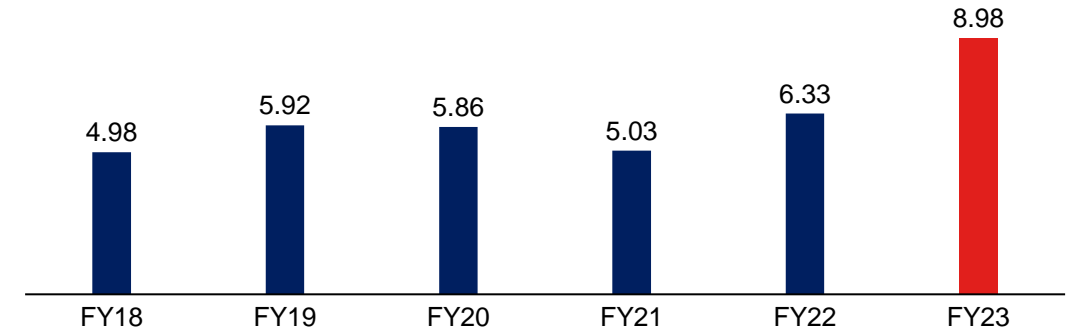




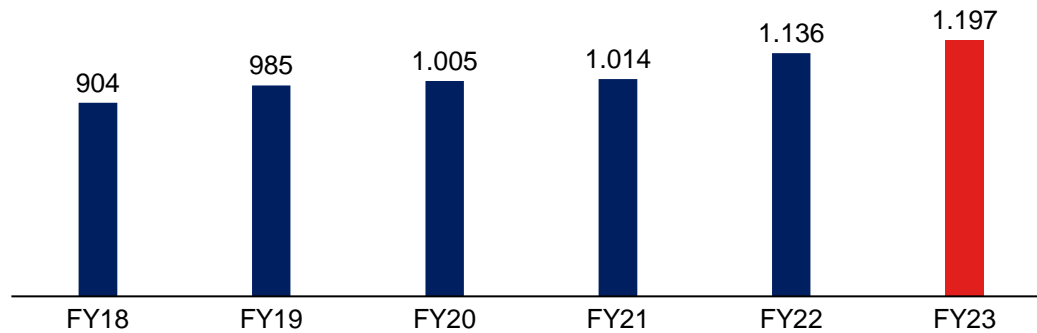
Total Volumes Sold (mn cases)



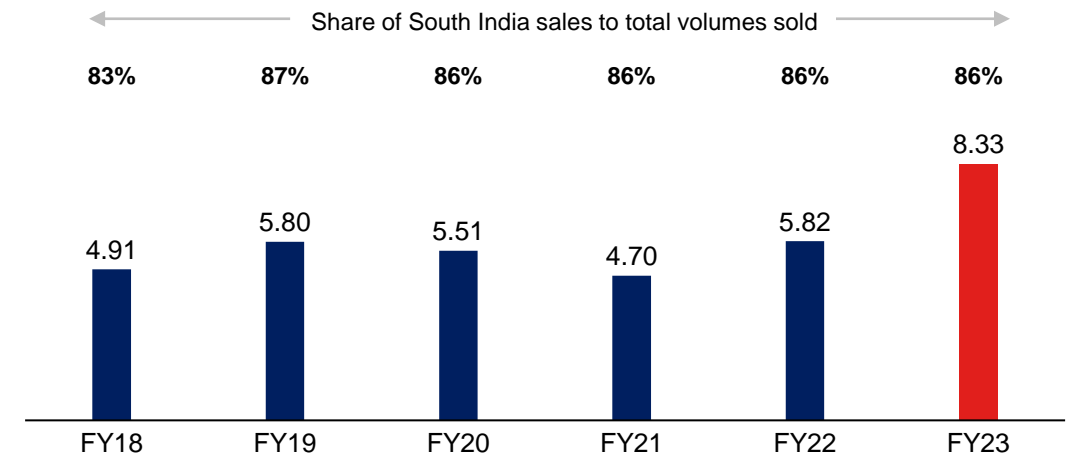
Brandy Sales (mn cases)

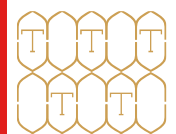


NSR per case (₹)



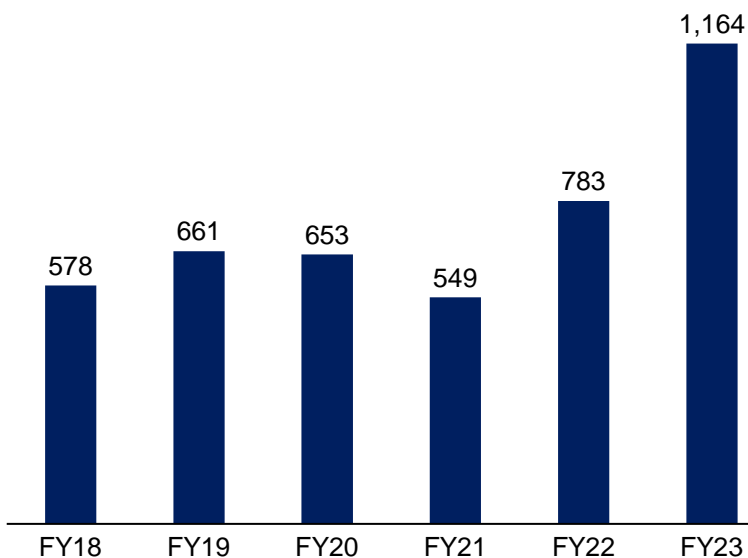
Robust sales in South India (mn cases)



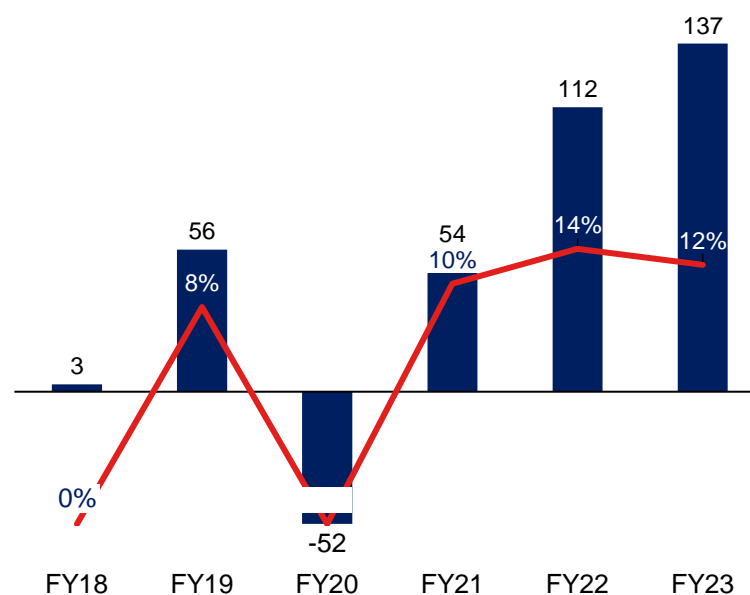


Focus on margins and cashflows

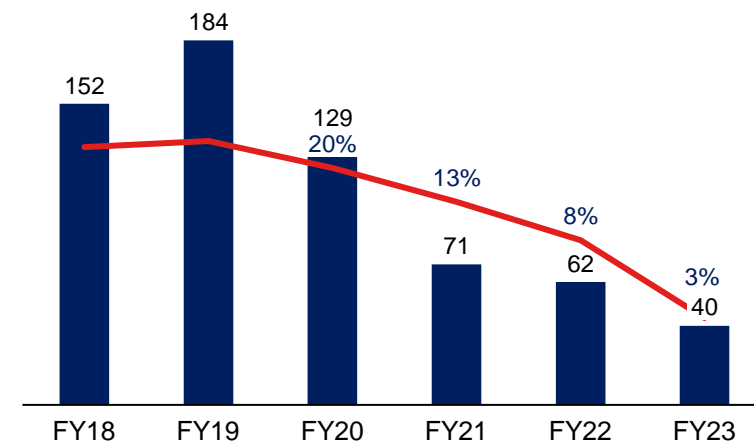
Net Revenues (₹ Crs)



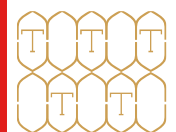
EBITDA (₹ Crs) and EBITDA Margin (%)



Finance Cost (₹ Crs) and as % of Net Revenues



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

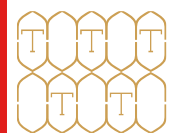


Income Statement

Particulars (₹ Crs)	Mar-23	Mar-22	Mar-21
Revenue from Operations (Gross)	2,469.3	1,792.1	1,418.4
Excise Duty	1,304.9	1,008.7	869.6
Revenue from Operations (Net)	1,164.4	783.4	548.8
Cost of Material Consumed	633.3	378.0	291.3
Change in Inventories of Finished goods & Work in Progress	-17.0	4.4	-13.9
Total Cost of Goods Sold	616.3	382.4	277.4
Gross Profit	548.1	401.0	271.4
Employee Expenses	37.6	32.1	25.2
Other Expenses	373.3	256.8	192.1
EBITDA	137.2	112.1	54.1
EBITDA Margin (%)	11.8%	14.3%	9.9%
Other Income	7.5	10.5	11.4
Depreciation	32.3	32.7	33.1
EBIT	112.3	89.8	32.4
EBIT Margin (%)	9.6%	11.3%	5.8%
Finance Cost	40.2	61.9	71.0
Exceptional Items/Share from Associates	77.7	13.2	0.0
Profit before Tax	149.9	41.2	-38.6
Profit before Tax (%)	12.8%	5.2%	-6.9%
Tax	-0.0	-4.0	-0.2
Profit After Tax	149.9	45.2	-38.4
Profit After Tax excl. Exceptional Items	72.2	32.0	-38.4
PAT Margin (%) excl. Exceptional Items	6.2%	4.0%	-6.9%
Reported Diluted EPS (As per Profit after Tax)	8.56	3.08	(3.07)

Particulars (₹ Crs)	Mar-23	Mar-22	Mar-21
ASSETS			
Non - Current Assets			
Property, plant and equipment	417.5	438.8	467.8
Capital work-in-progress	0.1	100.2	100.1
Right of use assets	2.2	0.2	0.4
Intangible assets	0.3	0.3	0.4
Financial Assets			
(i) Investments	0.5	0.0	0.0
(ii) Loans	0.1		
(iii) Other Financial Assets	28.5	41.4	29.0
Income Tax Assets (Net)	4.3	3.1	3.8
Other non-current assets	6.5	9.2	69.8
Total Non - Current Assets	460.1	593.3	671.3
Current Assets			
Inventories	116.2	72.3	72.1
Financial Assets			
(i) Investments	22.1		
(ii) Trade receivables	338.8	236.8	181.1
(iii) Cash and cash equivalents	34.8	42.7	44.9
(iv) Bank balances other than (iii) above	9.4	27.9	3.2
(v) Loans	0.0		0.0
(vi) Other current financial assets	7.7	17.0	0.2
Other current assets	22.5	23.3	38.7
Total Current Assets	551.5	420.0	340.2
TOTAL ASSETS	1011.5	1013.3	1011.5

Particulars (₹ Crs)	Mar-23	Mar-22	Mar-21
Equity			
(a) Equity share capital	185.3	158.6	125.4
(b) Other equity	297.6	-25.1	-181.2
Total Equity	482.9	133.5	-55.7
Liabilities			
Non - Current Liabilities			
Financial liabilities			
(i) Borrowings	24	381	459
(ii) Lease liabilities	2.1	0.1	0.1
(iii) Other Financial Liabilities	64.3	40.2	60.2
Deferred Tax Liabilities			
Provisions	4.1	4.7	4.3
Other Non-Current Liabilities		14.5	30.5
Total Non- Current Liabilities	94.5	440.5	554.1
Current Liabilities			
Financial liabilities			
(i) Borrowings	229.1	204	242.9
(ii) Lease liabilities	0.3	0.1	0.5
(a) total outstanding dues of micro enterprises and small enterprises	34.4	23.7	25.4
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	94.7	147.6	122.6
(iv) Other financial liabilities	29.6	17.7	73.4
Other current liabilities	12.2	19.8	19.3
Provisions	33.7	26.3	29
Current tax liabilities (net)			0
Total Current Liabilities	434.1	439.3	513.1
Total Equity and Liabilities	1012	1013.3	1012



Cash Flow Statement

Particulars (₹ Crs)	Mar-23	Mar-22	Mar-21
Cash Flow from Operating Activities			
Profit before Tax	149.9	41.2	-38.6
Adjustment for Non-Operating Items	4.7	-86.9	-106.9
Operating Profit before Working Capital Changes	145.2	128.1	68.3
Changes in Working Capital	-72.8	-67.6	14.3
Cash Generated from Operations	72.4	60.4	82.6
Less: Direct Taxes paid	-1.2	4.7	2.9
Net Cash from Operating Activities	71.3	65.1	85.5
Cash Flow from Investing Activities	-11.8	-25.9	-0.3
Cash Flow from Financing Activities	-67.4	-41.3	-77.6
Net increase/ (decrease) in Cash & Cash equivalent	-7.9	-2.1	7.5
Add: Cash and cash equivalents as at 1st April	42.7	44.9	37.3
Add: Net effect of exchange gain on cash and cash equivalents			
Cash and cash equivalents as at 31st March	34.8	42.7	44.9

For further information, please contact:

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Thank You

