

Tilaknagar Industries Limited

Earnings Presentation – Q3 & 9M FY24



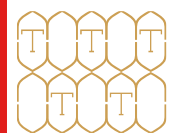


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Q3 & 9M FY24 PERFORMANCE





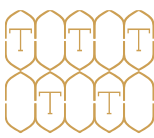
Mr. Amit Dahanukar,
Chairman & Managing Director

“

We continue to be focused on a three-pronged strategic approach; sustainable growth, margin expansion and cash flow management

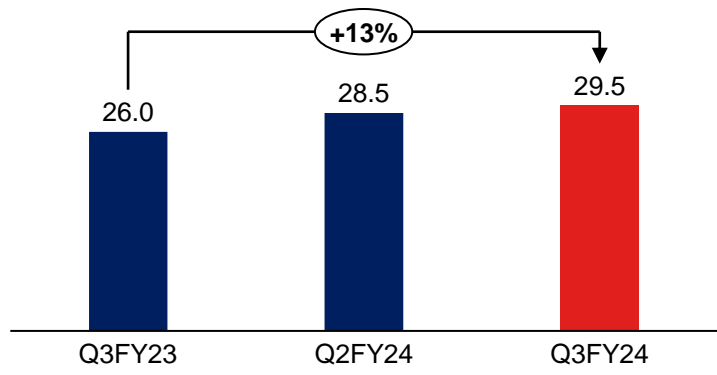
”

- ❖ Our company achieved YoY growth of 13.1% in Q3 FY24 and 22.2% in 9M FY24, compared to overall IMFL industry growth of 2-3% for 9M FY24
- ❖ Both our millionaire brands, MHB and CNB continue to gain market share; Flandy saliency as % of MHB in relevant states has also grown significantly
- ❖ Mansion House Chambers, our latest premium brandy, is showing promising results in Puducherry, our first launch state; we will soon launch Chambers in our other key states
- ❖ Our Net Sales Realization (NSR) per case continues to expand, ₹ 1,309 in Q3 FY24 compared to ₹ 1,222 in Q3 FY23, a YoY growth of 7%; on account of improved brand and state mix as well as price increases received over the course of this financial year
- ❖ The industry continues to reel under significant inflationary pressures, especially on the raw material side; despite this, we have been able to expand our margins due to a sustained premiumization trend and other cost optimization initiatives
- ❖ I am pleased to announce that CRISIL has assigned a rating of A-/Stable in January 2024, which could potentially lead to reduced interest rates for us in the future
- ❖ Our strategy to meet need gaps across price points in brandy category continues, with the launch of Mansion House Chambers in Puducherry; we now have 5 offerings across price points in the brandy category in the state; a strategy we intend to replicate across states
- ❖ On the marketing front, we released “The Flandy Song” on World Brandy Day i.e. 8th December 2023; our first large scale brand anthem. The video and the song has received tremendous traction and is helping us in our aim to make brandy more youthful, aspirational and inclusive

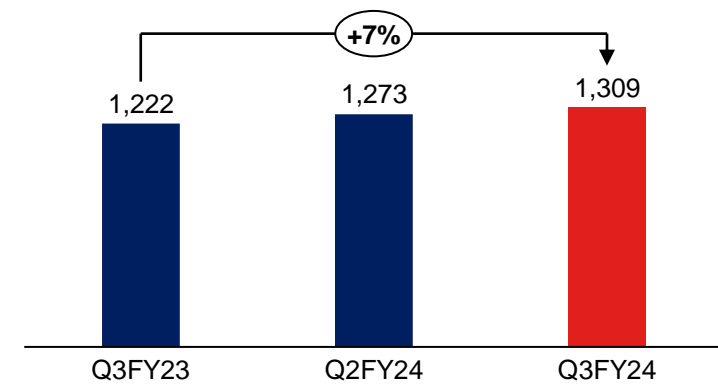


Key highlights – Q3FY24

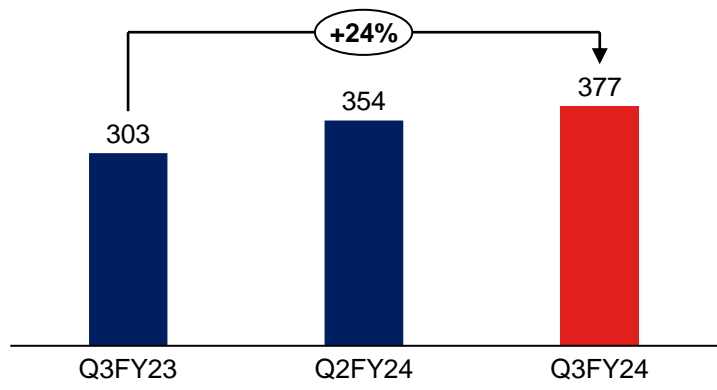
Total Volumes (lacs cases)



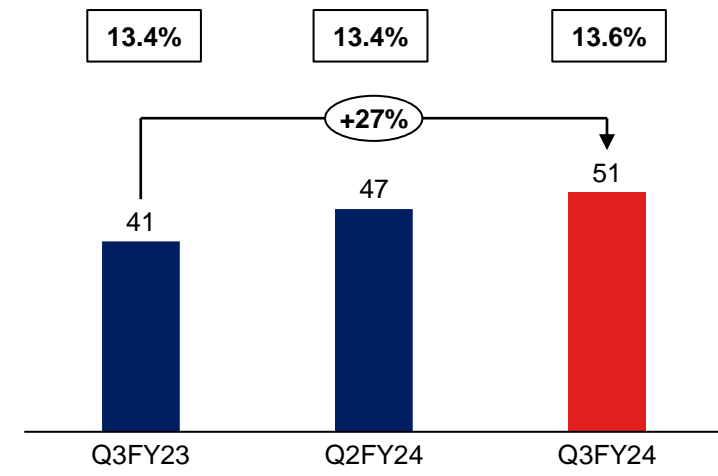
NSR (₹ per case)

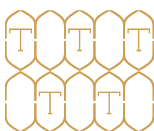


Revenue (₹ crs)



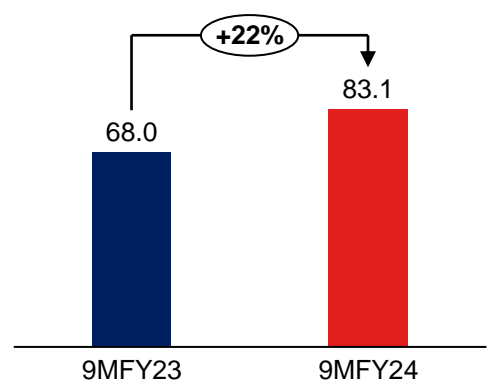
EBITDA (₹ crs) & EBITDA Margin (%)



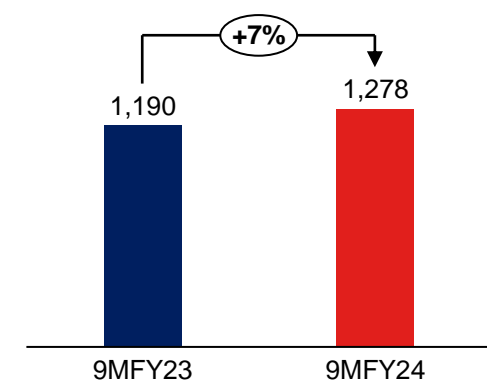


Key highlights – 9MFY24

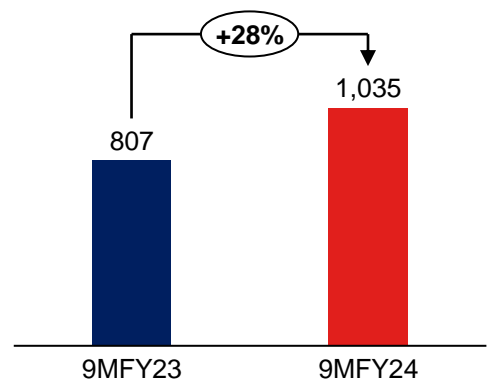
Total Volumes (lacs cases)



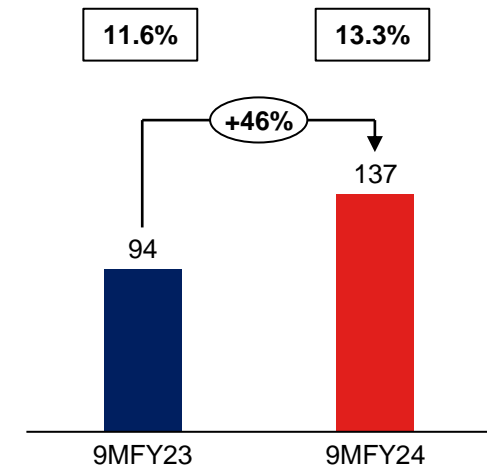
NSR (₹ per case)



Revenue (₹ crs)

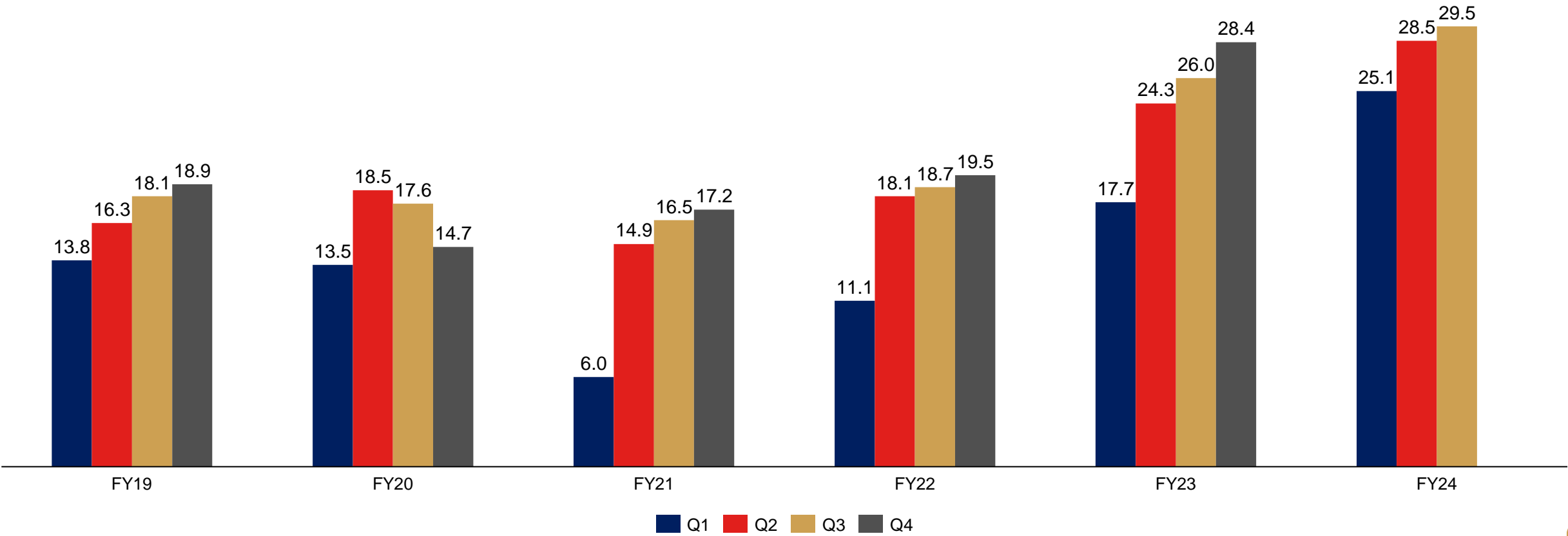


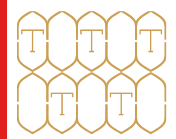
EBITDA (₹ crs) & EBITDA Margin (%)



Quarterly volumes (lacs cases)

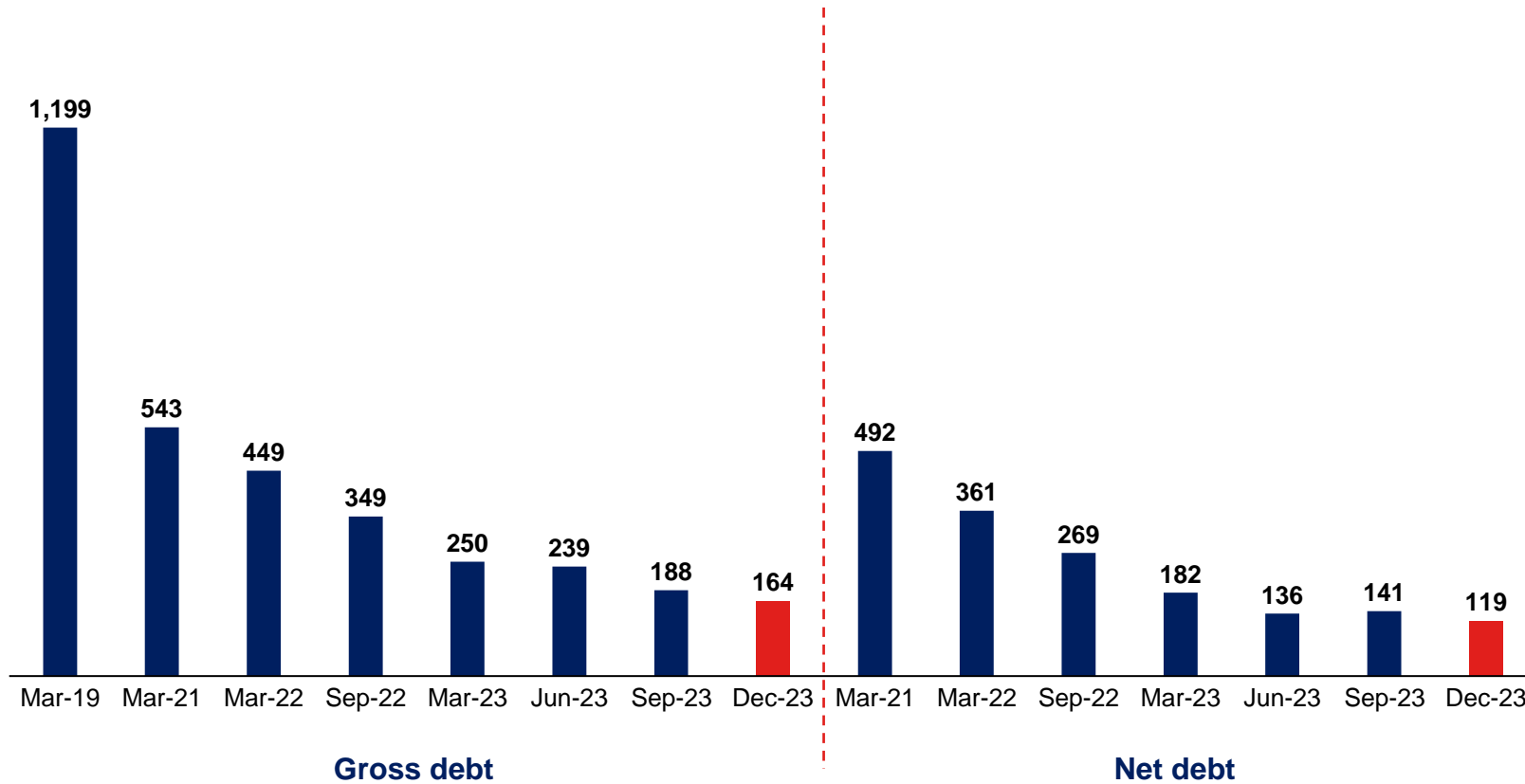
67% volume growth vs. Q3 FY20 (pre-Covid)



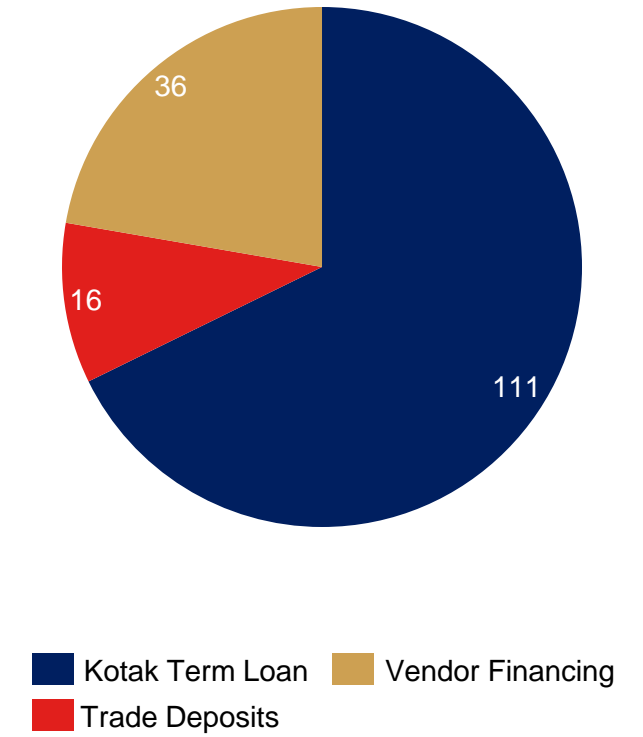


Debt reduction journey

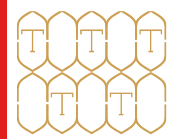
Debt Journey (₹ Crs)^(a)



Debt as of 31-Dec-23 (₹ Crs)^(a)



(a) Debt includes interest bearing trade deposits



CRISIL assigns A-/Stable rating

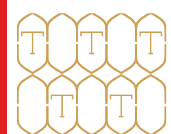
Total bank loan facilities rated

₹ 200 crore

Long term rating

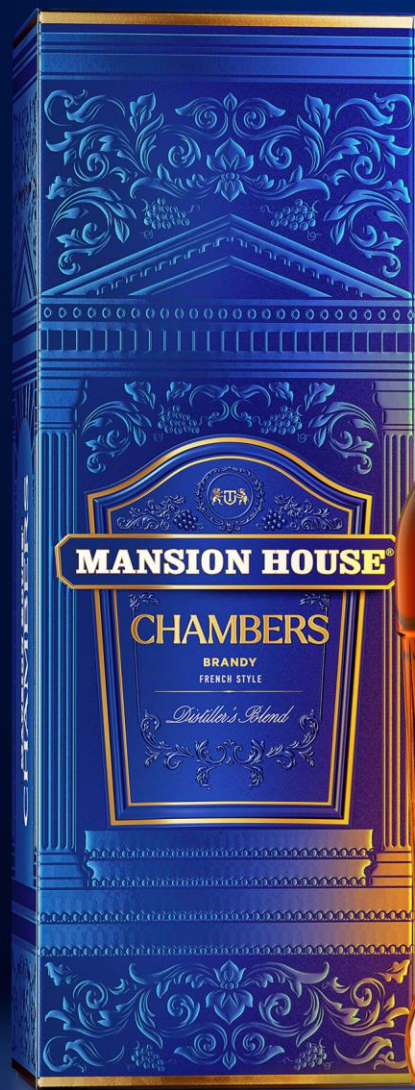
CRISIL A-/Stable (Assigned)

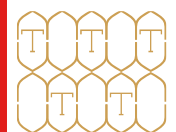
- Rating assigned in January 2024
- Rating assigned for term loan facility of upto ₹ 150 crore and for working capital facility of upto ₹ 50 crore
- The rating reflects the healthy business risk profile of TIL backed by its established leadership position in the brandy segment aided by strong brands such as Mansion House and Courier Napoleon, improving operating efficiency as well as financial risk profile
- Assigned credit rating could potentially reduce interest rates going forward



Income Statement

Particulars (₹ Crs)	Q3 FY24	Q3 FY23	Y-o-Y	Q2 FY24	Q-o-Q	9M FY24	9M FY23	Y-o-Y
Revenue from Operations (Gross)	797.5	675.5	18.1%	750.2	6.3%	2,187.7	1,752.0	24.9%
Excise Duty	420.9	372.6	13.0%	395.8	6.3%	1,152.5	945.1	21.9%
Revenue from Operations (Net)	376.7	302.9	24.4%	354.4	6.3%	1,035.2	806.9	28.3%
Cost of Material Consumed	183.4	174.7	5.0%	176.2	4.0%	509.8	443.6	14.9%
Change in Inventories	8.0	-21.8	NM	5.4	48.5%	14.2	-25.0	NM
Total Cost of Goods Sold	191.4	152.9	25.2%	181.7	5.4%	524.0	418.6	25.2%
Gross Profit	185.3	150.0	23.5%	172.7	7.3%	511.1	388.3	31.6%
Employee Expenses	11.0	10.7	2.8%	10.4	6.2%	31.4	28.2	11.5%
Other Expenses	122.9	98.7	24.5%	114.9	6.9%	342.5	266.4	28.6%
EBITDA	51.4	40.6	26.7%	47.4	8.4%	137.2	93.7	46.4%
EBITDA Margin (%)	13.6%	13.4%	25 bps	13.4%	26 bps	13.3%	11.6%	164 bps
Other Income	8.4	1.2	622.2%	0.5	1647.3%	10.1	2.4	316.0%
Depreciation	8.0	8.2	-1.9%	8.2	-3.0%	24.1	24.4	-1.5%
EBIT	51.8	33.6	54.3%	39.7	30.7%	123.2	71.7	71.9%
EBIT Margin (%)	13.5%	11.0%	241 bps	11.2%	228 bps	11.8%	8.9%	293 bps
Finance Cost	8.1	9.0	-10.8%	7.7	4.0%	21.8	32.2	-32.3%
Exceptional Items	0.0	51.3	-100.0%	5.1	-100.0%	5.1	51.3	-90.0%
Profit Before Tax	43.8	75.9	-42.3%	37.0	18.2%	106.6	90.8	17.4%
Profit Before Tax (%)	11.4%	25.0%	-1359 bps	10.4%	93 bps	10.2%	11.2%	-102 bps
Tax	0.0	0.0	NM	0.0	NM	0.0	0.0	NM
Profit After Tax	43.8	75.9	-42.3%	37.0	18.2%	106.6	90.8	17.4%
Profit After Tax excl. Exceptional Items	43.8	24.6	78.3%	31.9	37.1%	101.4	39.5	157.0%
PAT Margin (%) excl. Exceptional Items	11.4%	8.1%	329 bps	9.0%	237 bps	9.7%	4.9%	483 bps
Reported Diluted EPS (As per Profit after Tax)	2.25	4.31	-47.7%	1.95	15.7%	5.54	5.33	3.8%





Launch of Mansion House Chambers...

...Following up on the Flandy launch to make brandy more aspirational

WELCOME TO THE CHAMBERS



- A different kind of welcome inviting discerning individuals into a realm of exquisite style, celebration, sophistication, luxury and timeless refinement
- For those who appreciate the finer things in life and savor life's most extraordinary moments
- Join us in this immersive experience, where every detail speaks to the unparalleled craftsmanship and legacy that defines Mansion House Chambers

Meeting need gaps across premium price points in brandy...

...Puducherry is the first state for launch of Mansion House Chambers

Offerings across multiple P&A segments in Brandy



Mansion House
Chambers



+50%

Latest launch



Courrier Napoleon
Brandy Green



+30%



Mansion House
Flandy



+25%

*India's first premium
flavoured brandy*



Mansion House
Brandy



Base price

*India's highest
selling brandy*

Courrier Napoleon
Brandy Red



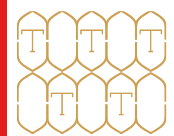
-20%



Prestige & Above segment brand

The percentage for each brand shows the premium/discount to MHB price in Puducherry
Shows Tilaknagar Industries' brands available in Puducherry

Strategy to replicate across states



Launch of “The Flandy Song” from the house of Mansion House



Released on World Brandy Day i.e. 8th December 2023; “The Flandy Song” is TI’s first large scale brand anthem

Collaborated with prominent artists like Vedala Hemachandra, Yashwant Nag, Asura and Nawab Gang, Damini Bhatla

Performance marketing metrics:

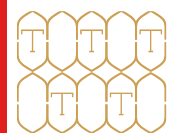
128 mn impressions

29 mn reach

31 mn views

Available across:

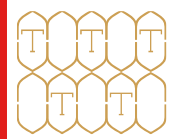




“A Warm Welcome”

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





Multiple awards at the Spiritz Conclave & Achievers' Awards 2023



Leader of the year

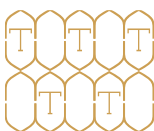


Company of the year



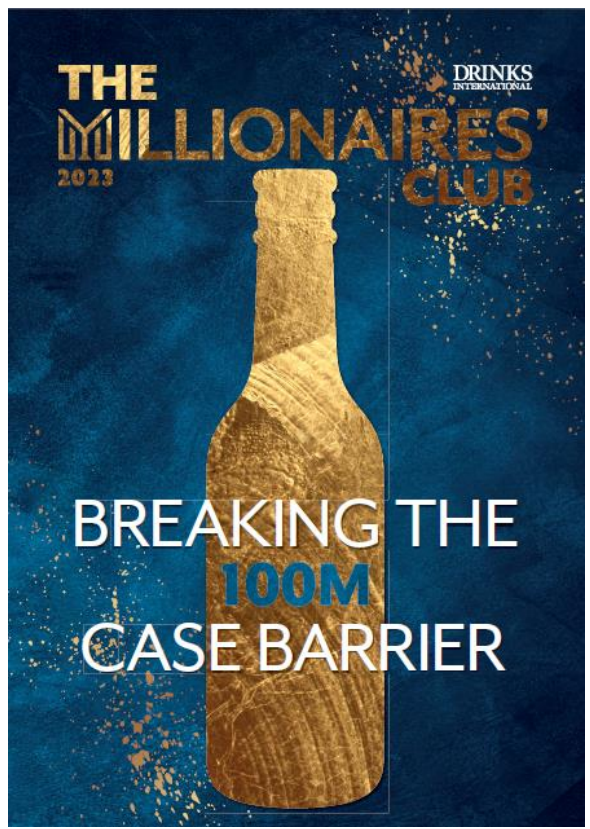
Brand promotion – Digital space



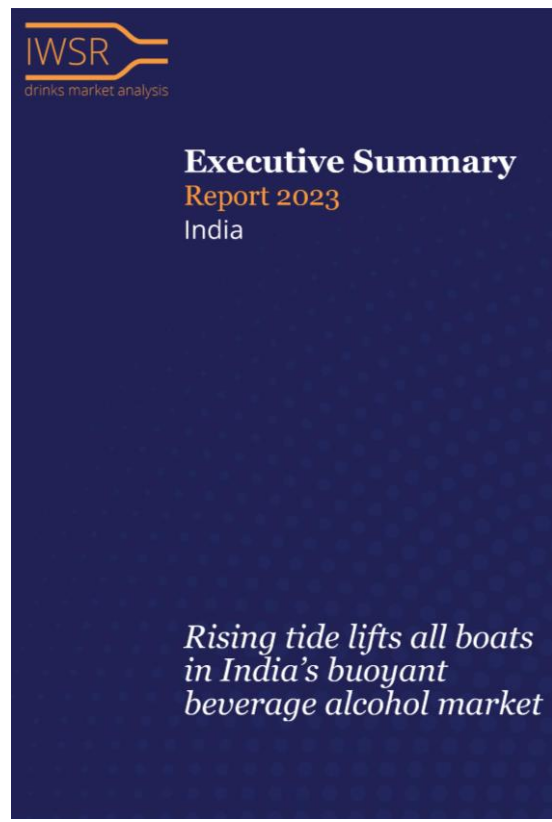


Mansion House Brandy...

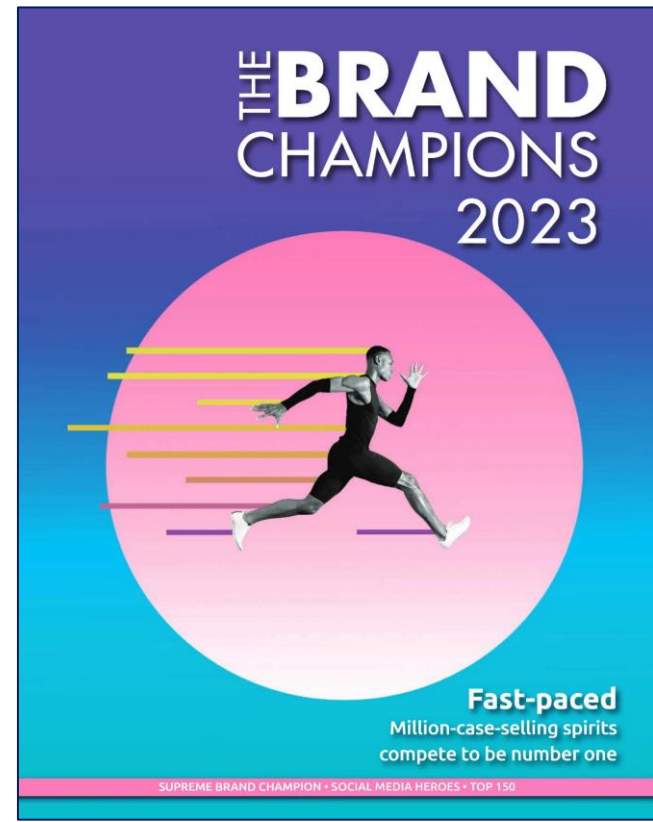
...One of the fastest growing alcohbev and largest selling brandy brands globally



World's 2nd Fastest Growing Spirits Brand



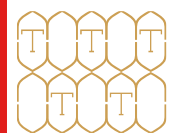
India's Largest Selling Brandy and World's 2nd Largest Selling Brandy



Brandy Brand Champion 2023

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



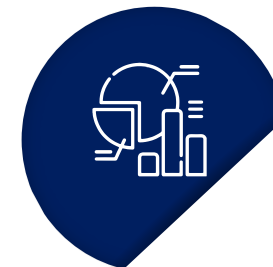
93%

Share of Brandy as %
of total volumes



9.64mn

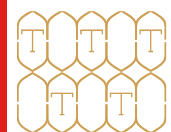
Volumes (in cases)
sold



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

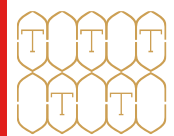
- Acquired subsidiaries Vahni Distilleries (Karnataka), Prag Distilleries (Andhra), Kesarval Springs Distillers (Goa) and PunjabExpo (Punjab)
- Acquired seven brands from Alcobrew Distilleries for CSD segment and IFB Agro's IMFL business ('Volga' vodka and 'Blue Lagoon' gin) for an entry into East Indian 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
- Raised more than ₹ 310 crs through preferential issue of equity + warrants, since Dec-21
- Edelweiss ARC debt refinanced through existing cash reserves & Term Loan from Kotak Mahindra Bank
- CRISIL assigns A-/Stable rating in January 2024



Brand portfolio

Super-Premium ₹ 1,000 & Above



Mansion House
Reserve Brandy



New Launch
Mansion House
Chambers



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



Blue Lagoon
Gin

Deluxe ₹ 500-700

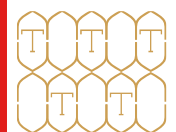


Madiraa XXX Rum



Courier Napoleon
Brandy Gold

(Note: All MRP for 750ml)



Two millionaire brands in the portfolio

MANSION HOUSE

*India's largest
selling brandy*



COURRIER NAPOLEON

*Our second
Millionaire brand*





Senior management



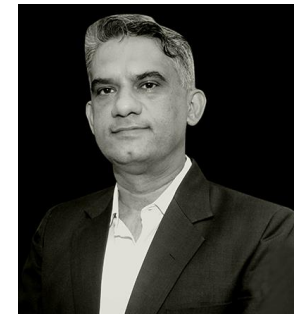
Amit Dahanukar
Chairman & Managing Director



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



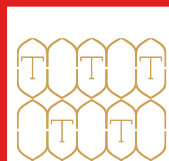
Yuvraj Singh Som
Vice President – Strategy & Operations
13+ yrs with Radico Khaitan



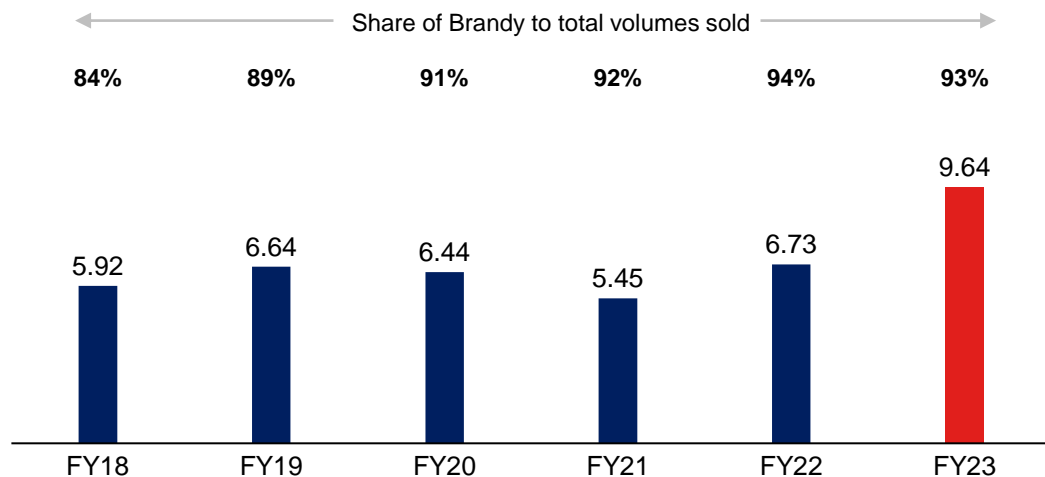
Minu Bamboat
Vice President – Secretarial
20+ yrs experience

FULL YEAR FINANCIALS

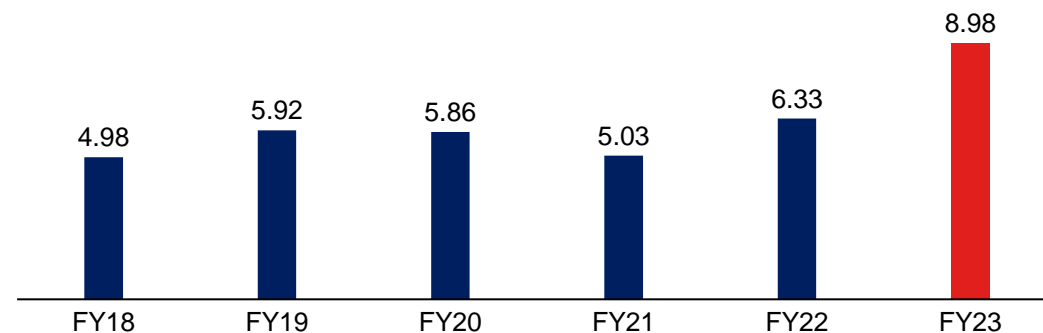




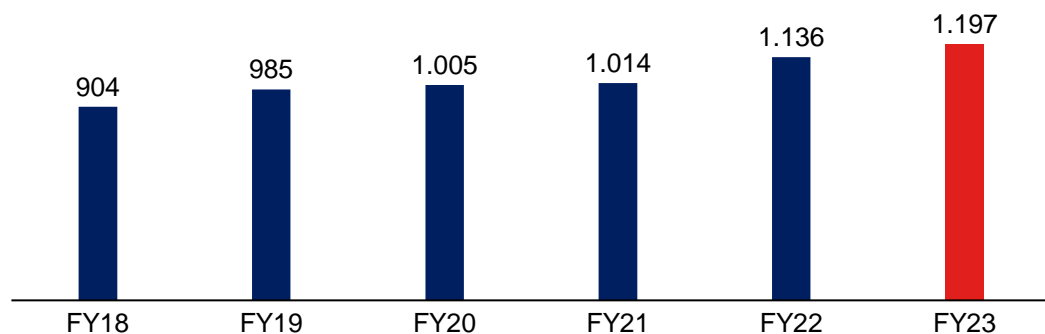
Total Volumes Sold (mn cases)



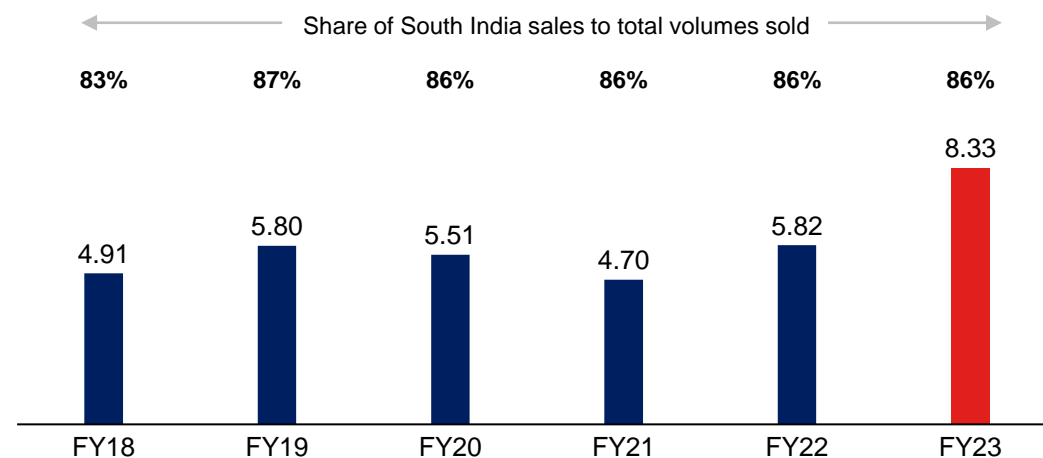
Brandy Sales (mn cases)

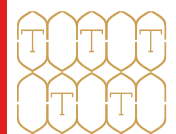


NSR per case (₹)



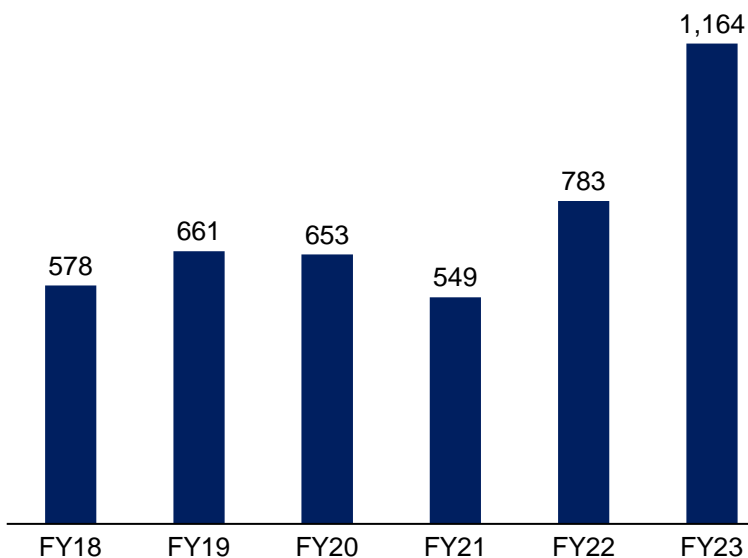
Robust sales in South India (mn cases)



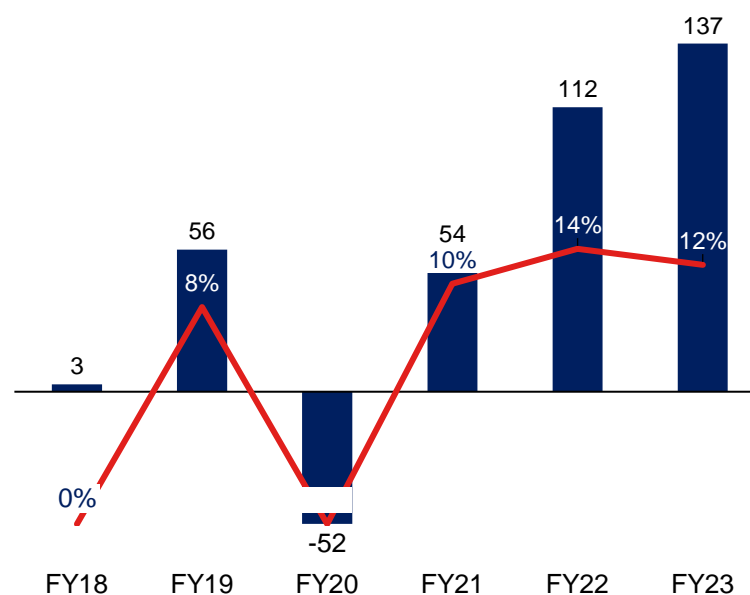


Focus on margins and cashflows

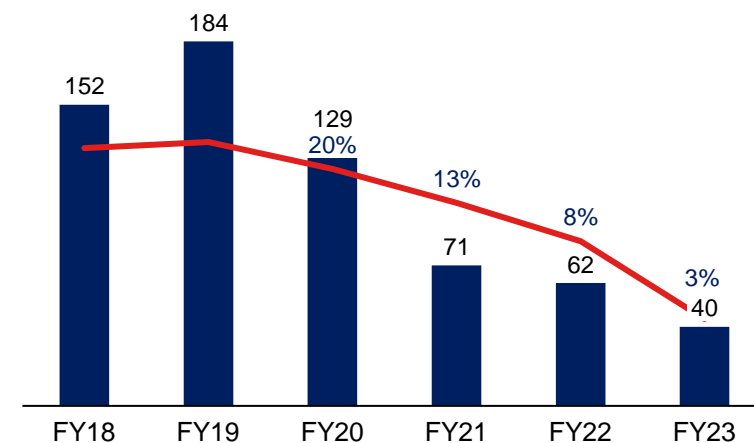
Net Revenues (₹ Crs)



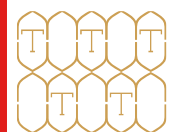
EBITDA (₹ Crs) and EBITDA Margin (%)



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

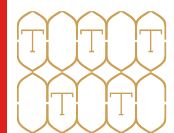


(a) EBITDA for FY20 is not comparable due to write-offs impacting EBITDA



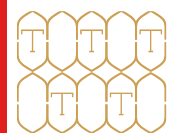
Income Statement

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)



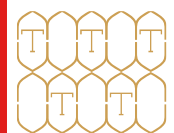
Balance Sheet

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



Balance Sheet

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