



CIN: L15420PN1933PLC133303

Registered Office: P.O. Tilaknagar, Tal. Shirampur, Dist. Ahmednagar, Maharashtra-413 720

Corporate Office: 3rd Floor, Industrial Assurance Building, Churchgate, Mumbai, Maharashtra-400 020

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September 2, 2021

BSE Limited The Corporate Relationship Dept, 1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001. Scrip Code : 507205	National Stock Exchange of India Ltd Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai-400 051. Scrip Code : TI
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Dear Sir/s,

Sub: Investor Presentation

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Listing Regulations**”), please find enclosed herewith the Investor Presentation.

The same is available on our website www.tilind.com.

We request you to take the above information on record.

Thanking you,

Yours faithfully,

For Tilaknagar Industries Limited

AMIT

DAHANUKAR

Amit Dahanukar

Chairman & Managing Director

(DIN: 00305636)

Digitally signed by
AMIT DAHANUKAR

Date: 2021.09.02
13:24:33 +05'30'



Tilaknagar Industries Ltd.



Investor Presentation
September 2021



OUR DNA



Meet the Passionate Experts



From our founding years, our story is one of obsession with **customer delight**.

Created by **Babasaheb Dahanukar in 1933**, Tilaknagar is the culmination of years of experience and knowledge coming together to create the **ultimate liquor experience**.



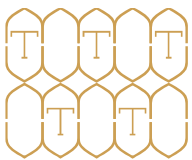
We channel this passion into a clear purpose

To deliver **rich experiences** for consumers by blending decades of experience with continuous innovation.





TILAKNAGAR AT A GLANCE



About the Company

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



Manufacturing units
across 11 states
Owned: 4 units
Tie-up: 12 units



Brands across products



Share of Brandy as %
of total volumes



Volumes (in cases)
sold

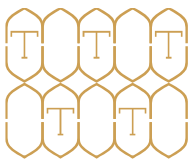


Share of sales to
South India as % of
total volumes



Sales through:
- State corporations
- Distributors
- Direct Sales

* All data is for FY21



We sell millions of cases across India



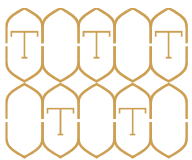
MANSION HOUSE



- ❑ Mansion House is a millionaire brand (more than 4.4 mn cases sold in FY21)
- ❑ 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

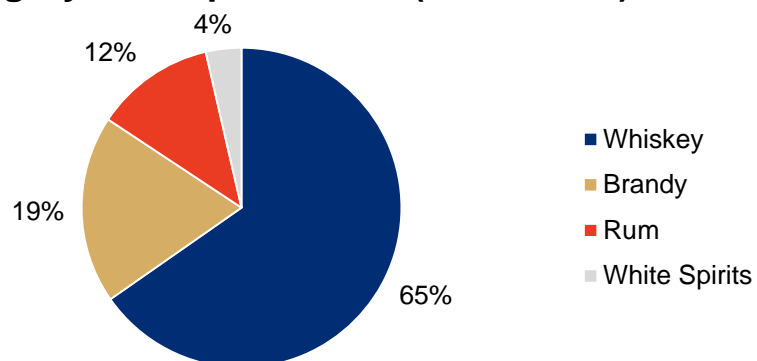
- ❑ Super premium brandy
- ❑ Fast approaching millionaire brand status (0.6 mn cases sold in FY21)



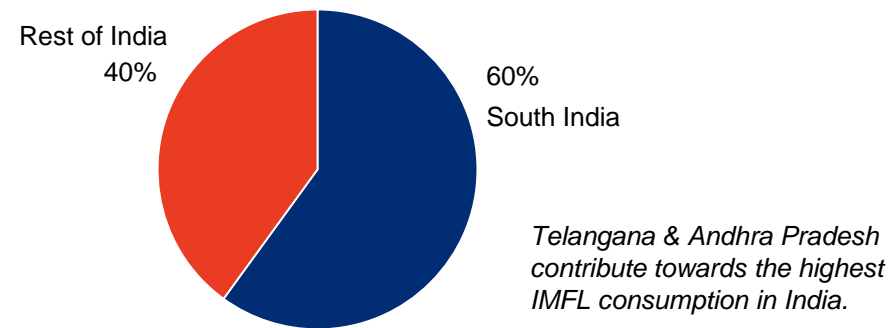
Brandy & South India – Playing to our strengths

Market leadership in the 2nd largest IMFL segment in the largest alcohol consuming region of India

Category-wise spirits sales (in volumes)



Region-wise IMFL sales

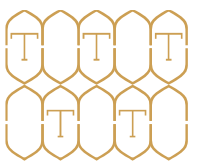


BRANDY CONSUMPTION MOVING TOWARDS BRAND LOYALTY AND PREMIUMIZATION

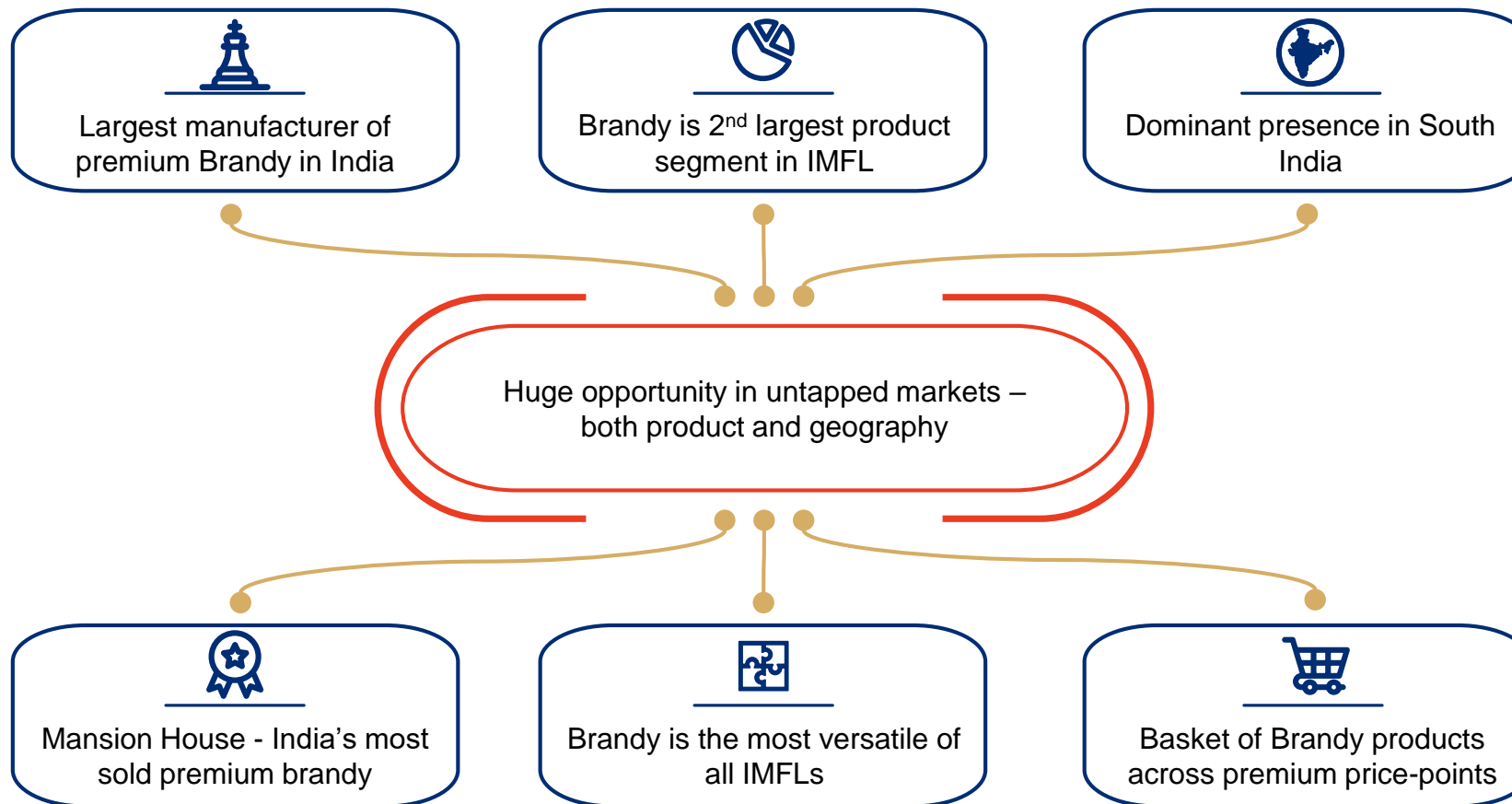
Brandy and South India have both seen an increasing trend in volume sales for the Company

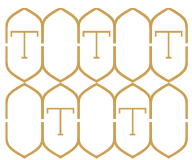
Brandy volume share: 82% (FY17) vs. 92% (FY21)

South India volume share: 79% (FY17) vs. 86% (FY21)

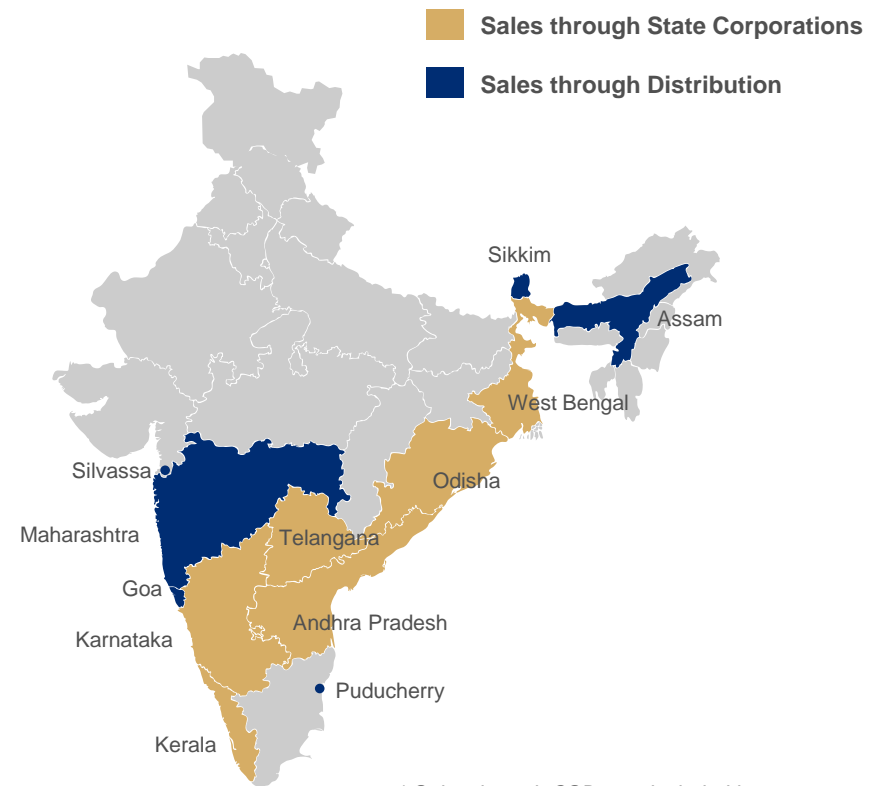
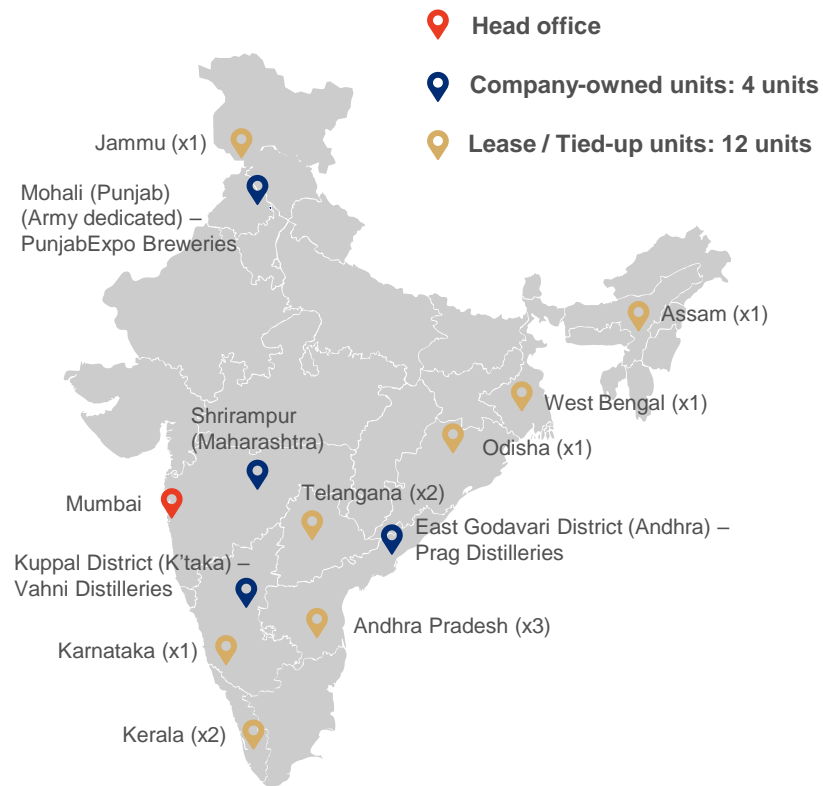


India's undisputed Brandy king





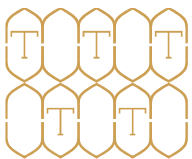
Our manufacturing and consumption footprint



* Sales through CSDs not included in map



ROADMAP AND TEAM



Our journey

At the cusp of a turnaround



Beginning

- ❑ 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

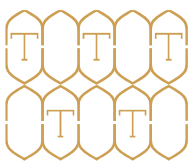
- ❑ Acquired subsidiaries Vahni Distilleries (Karnataka), Prag Distilleries (Andhra), Kesarval Springs Distillers (Goa) and PunjabExpo (Punjab)
- ❑ Acquired seven brands from Alcobrew Distilleries for CSD segment and IFB Agro's IMFL business ('Volga' vodka and 'Blue Lagoon' gin) for an entry into East 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 Rs. 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
- ❑ One-time settlements reached with all lenders
- ❑ Enters into 10 yrs agreement to manufacture products for Pernod Ricard products at bottling plant in Maharashtra
- ❑ Achieved EBITDA margin of 10% for FY21
- ❑ Growth in volumes from 4 mn cases in FY16 to 5.5 mn cases in FY21



Business Strategic Roadmap



Brandy focus

- Drive market leadership in brandy - Mansion House sells more than 4 mn cases annually
- Brandy presence across premium price-points – MHB, CNB Green, CNB Blue, CNB Gold



Drive scale

- Strong volumes despite imposition of AED due to Covid-19
- Further growth in existing markets
- Expansion in fast-growing new markets across India
- Bottling arrangements to drive growth

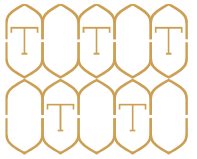


Focus on margins, cash-flows & deleveraging

- Impact of operating leverage
- Strengthen balance sheet
- Debt reduced from Rs. 1,252 crs as of Mar-19 to Rs. 627 crs as of Mar-21 ^{(a)(b)}

(a) Debt adjusted for EARC balance debt of Rs. 145 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



Our strategy to reduce debt



Operating leverage



Margin expansion



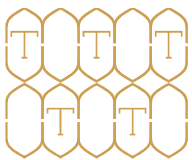
Asset-light model



Cash-flow generation



Reduce debt



Experienced and energized team at the helm



**Amit Dahanukar,
Chairman & Managing Director**

- ❑ 45 years of age, he has over 20 years of industry experience
- ❑ CMD since 2006, he graduated in electrical engineering with a masters degree in engineering management from Stanford University, U.S.A



**Ajit Sirsat,
Chief Financial Officer**

- ❑ Has over 26 years of experience in Finance and Accounts across industries
- ❑ He is a Chartered Accountant and Cost & Management Accountant



**Varadarajan Srinivasaraghavan,
General Manager –
Manufacturing**

- ❑ Has over 25 years of industry experience
- ❑ He is a B. Tech (Mechanical) and looks at overall manufacturing and procurement at corporate level

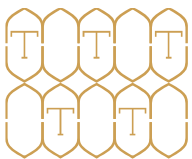


**Ameya Deshpande,
Head – Corporate
Development & Strategy**

- ❑ Has been an Investment Banker with Deutsche Bank and BNP Paribas and was also co-founder of a food-travel start-up called Authenticook
- ❑ He has recently joined the Company in July 2021



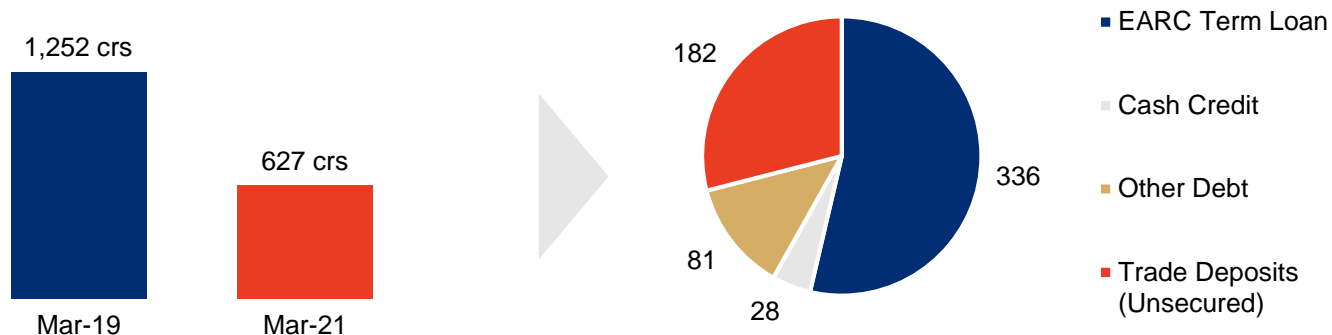
FINANCIALS



Debt restructuring update



Debt as of 31-Mar-21 (a)(b)



(a) Debt adjusted for EARC balance debt of Rs. 145 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

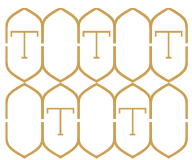
- EARC debt is at 9% p.a.
- EARC balance debt of Rs. 145 crs will be waived off on satisfactory repayment
- 70% of EARC Term Loan is repayable after 2 years

Settlements reached with nearly all lenders

Lender	Full settlement achieved
SBI	✓
Bank of India	✓
IDBI Bank	✓
Standard Chartered Bank	✓
DCB Bank	✓

EARC debt repayment schedule

(Rs. Crs)	< 1 yr	1 – 2 yrs	2 – 3 yrs
EARC Trust SC233	5.60	6.80	15.68
EARC Trust SC241	28.00	34.00	188.97
EARC Trust SC269	11.20	13.60	32.38
Total	44.80	54.40	237.02

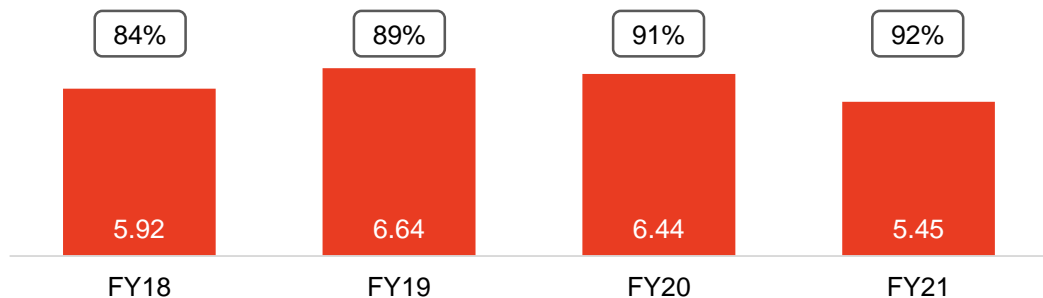


Improving business fundamentals

Premiumisation strategy to enhance margins and cash flows



Total Volumes Sold (mn cases)

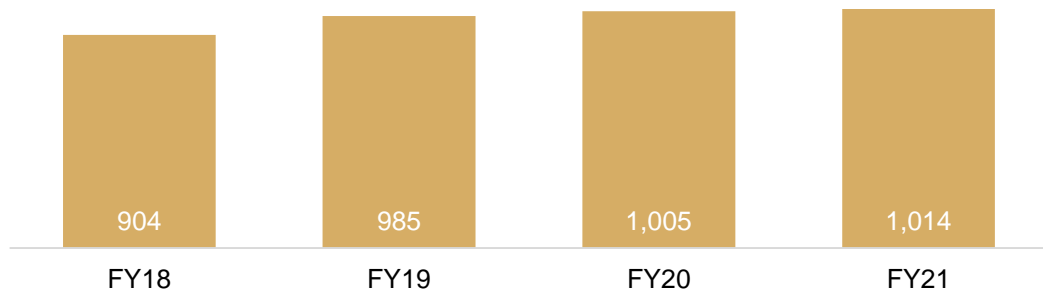


Share of Brandy to total volumes sold

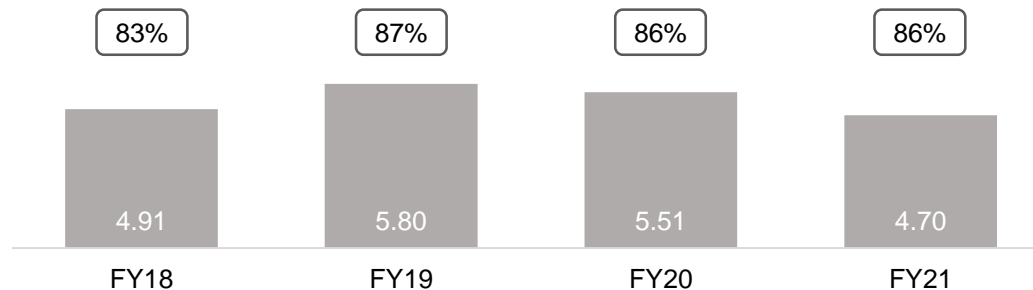
Brandy Sales (mn cases)



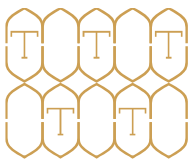
NSR per case (Rs.)



Robust sales in South India



Share of South India sales to total volumes sold

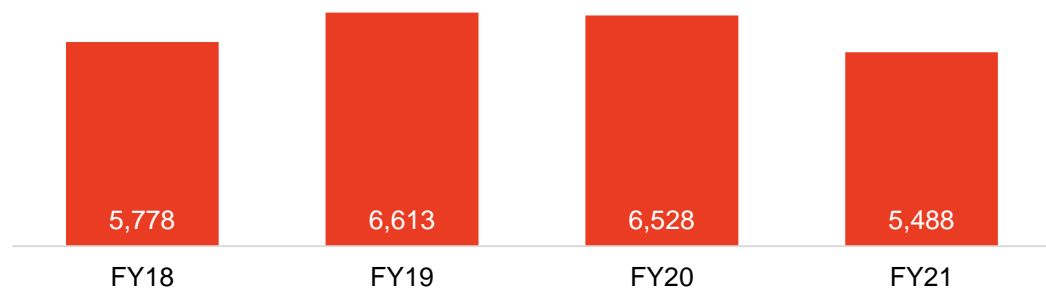


Focus on margins and cashflows

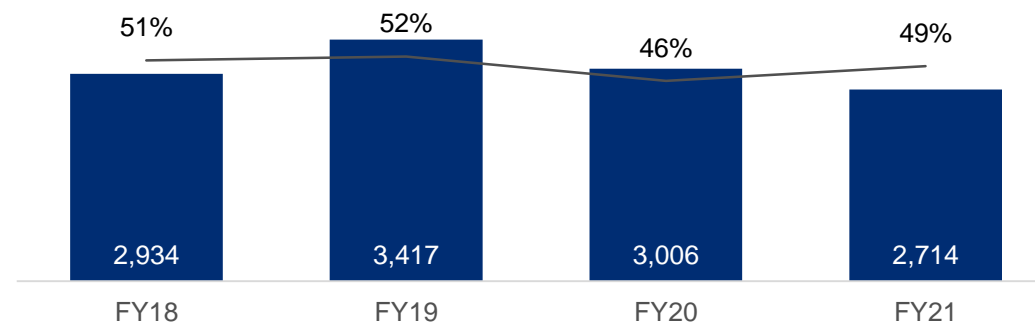


Most of write-offs impacting EBITDA have been undertaken

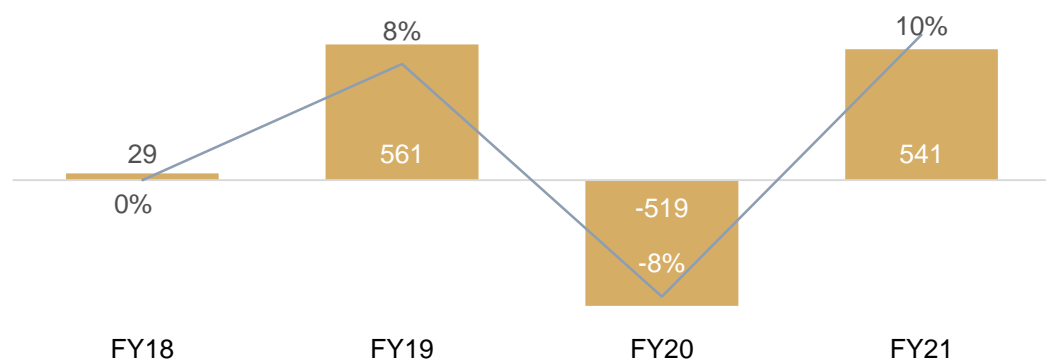
Net Revenues (Rs. Mn)



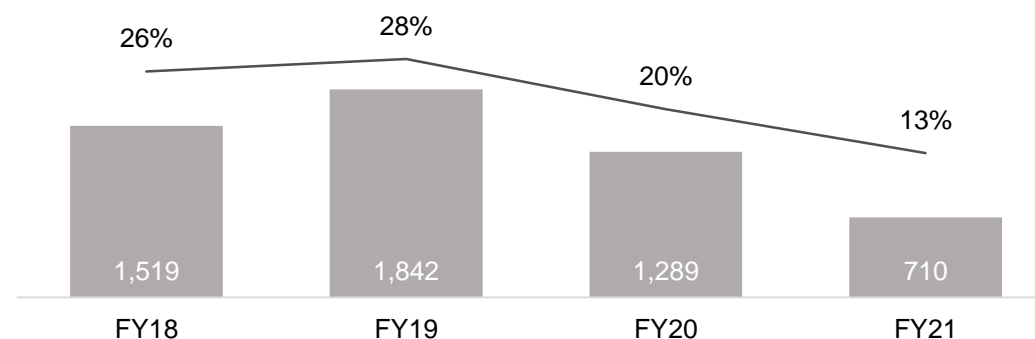
Gross Profit (Rs. Mn) and Gross Margin (%)



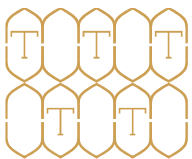
EBITDA (Rs. Mn) and EBITDA Margin (%)



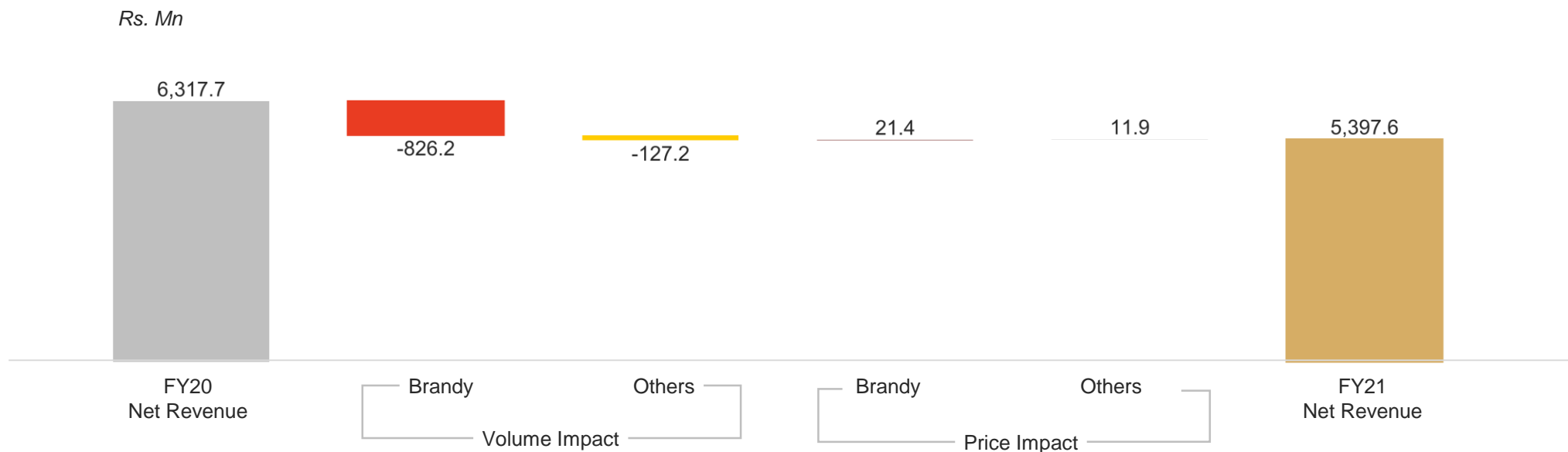
Finance Cost (Rs. Mn) and as % of Net Revenues



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



FY21 revenues vs. FY20 revenues



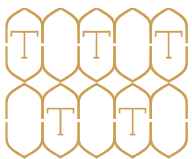
** Net revenue is pertaining to IMFL sales only and excludes revenues from sale of spirits and packing material*

Revenues for FY21 predominantly impacted due to fall in volumes on account of Covid-19 lockdown

Strong close to the year

H2 FY20 vs. H2 FY21: 3.16 mn vs. 3.41 mn cases

8% volume growth Y-o-Y – higher than industry growth



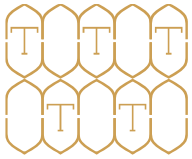
Financial Summary – Income Statement



(Rs. Mn)	FY18	FY19	FY20	FY21
Gross Revenue	12,916	15,255	14,835	14,184
Less: Excise Duty	7,138	8,642	8,306	8,696
Net Revenue	5,778	6,613	6,528	5,488
Gross Profit	2,934	3,417	3,006	2,714
<i>Gross Margin %</i>	<i>51%</i>	<i>52%</i>	<i>46%</i>	<i>49%</i>
Employee Costs	220	333	296	252
<i>As % of Net Revenue</i>	<i>3.8%</i>	<i>5.0%</i>	<i>4.5%</i>	<i>4.6%</i>
Other Expenses	2,686	2,522	3,230	1,921
<i>As % of Net Revenue</i>	<i>46%</i>	<i>38%</i>	<i>49%</i>	<i>35%</i>
EBITDA	29	561	-519	541
<i>EBITDA Margin %</i>	<i>0%</i>	<i>8%</i>	<i>-8%</i>	<i>10%</i>
Depreciation & Amortisation	373	367	330	331
Finance Costs	1,519	1,842	1,289	710
PAT	-1,511	-1,595	2,697	-384
<i>PAT Margin %</i>	<i>-25%</i>	<i>-24%</i>	<i>40%</i>	<i>-7%</i>



Q1 FY22 Result Update

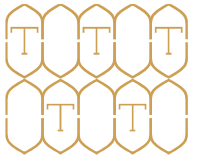


Management commentary on Q1 FY22 results



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

- ❑ While the last couple of years were invested in restructuring our debt, the next couple of years will be invested towards building the business to a scale which enables us to generate cash-flows which will help us in reinvesting for growth as well as comfortably servicing and reducing our debt
- ❑ A favourable product-geography mix has enabled us to increase our gross margins from 44.4% in Q4 FY21 to 56% in Q1 FY22; also leading to higher NSRs
- ❑ EBITDA saw a 128% increase in Q1 FY22 compared to Q4 FY21 on the back of higher NSRs and operating leverage
- ❑ EBITDA margins stood at 17% for Q1 FY22 compared to 10% for FY21
- ❑ We achieved a positive PAT for the first time in many years and expect the upward trend in profitability to continue
- ❑ Finance costs were down 20% in Q1 FY22 compared to Q4 FY21 due to reduction in debt levels
- ❑ We have been servicing the Edelweiss ARC debt on-time and have also reached one-time settlements with all of our other lenders
- ❑ While business was impacted starting 2nd week of April, we have been seeing significant improvement in volumes from mid-June onwards

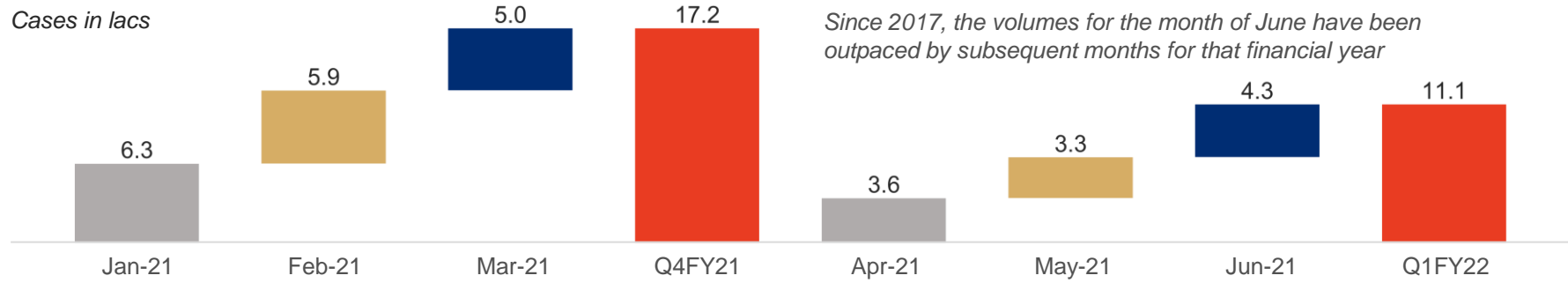


Q1 FY22 Volumes

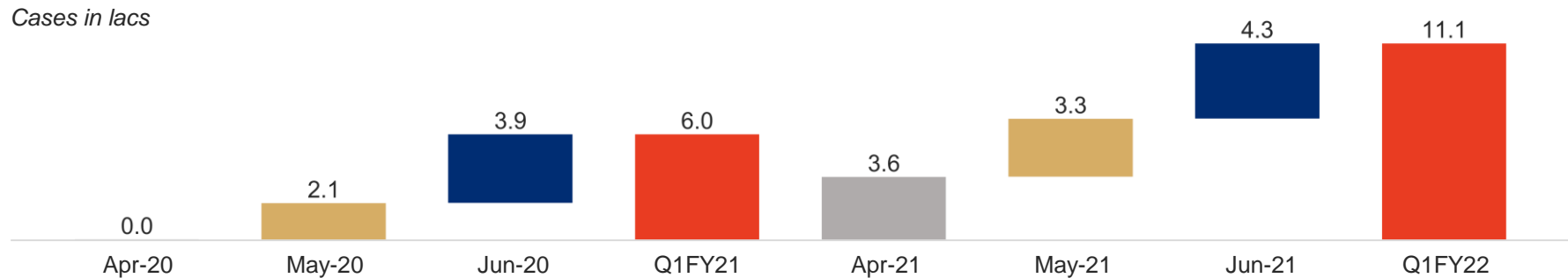


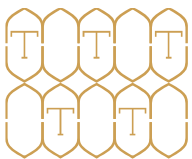
Approaching normal levels of business; July and August touches more than 6 lacs cases

Q1 FY22 vs. Q4 FY21 – On the path to complete recovery



Q1 FY22 vs. Q1 FY21 – 82% growth Y-o-Y



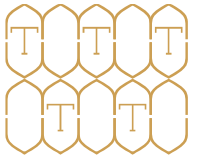


Strong Q1 FY22 performance...



...Despite impact of state-level lockdowns across the country; significant margin expansion compared to a normal like-to-like quarter i.e. Q1 FY20

	Q1 FY22	Q1 FY21	Y-o-Y growth %	Q1 FY20	Q1 FY22 vs Q1 FY20 growth %	Q4 FY21	Q-o-Q growth %
Volumes (in lacs):							
Brandy volumes	10.4	5.4	91%	12.1	-14%	15.8	-34%
Others	0.7	0.5	27%	1.5	-54%	1.4	-51%
Total volumes	11.1	6.0	86%	13.6	-18%	17.2	-36%
Financial performance (Rs. Mn):							
Revenue from operations	1,353.0	563.8	140%	1,350.6	0.2%	1,923.4	-30%
Gross profit	759.5	319.0	138%	649.0	17%	854.3	-11%
Gross margin (%)	56.1%	56.6%	-44 bps	48.1%	808 bps	44.4%	1,171 bps
EBITDA	233.7	24.7	846%	161.6	45%	102.4	128%
EBITDA margin (%)	17.3%	4.4%	1,289 bps	12.0%	531 bps	5.3%	1,195 bps
EBIT	151.8	-58.4	NM	79.3	91%	21.3	611%
Finance Costs	150.1	172.4	-13%	462.2	-68%	187.1	-20%
Profit / (Loss) after tax	3.7	-228	NM	-369.6	NM	-90.2	NM



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.

The information and opinions contained in this presentation are current. The Company undertakes no obligation to update or revise any information or the opinions expressed in this presentation as a result of new information, future events or otherwise. Any opinions or information expressed in this presentation are subject to change without notice.



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THANK YOU