



February 09, 2022

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalai Street,
Mumbai 400001
Scrip Code : 507205

To,
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block-G,
Bandra-Kurla Complex, Bandra (East),
Mumbai-400 051.
Symbol : TI

Sub: Earnings Presentation for Unaudited Financial Results for Quarter and Nine Months ended December 31, 2021

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Listing Regulations**”), please find enclosed herewith the Earnings Presentation for Unaudited Financial Results for Quarter and Nine Months ended December 31, 2021.

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

We request you to take the above information on record.

Thanking you,

Yours faithfully,

For **Tilaknagar Industries Ltd.**

Amit Dahanukar
Chairman & Managing Director
(DIN: 00305636)

Encl: as above

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E tiliquor@tilind.com

CIN: L15420PN1933PLC133303

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Tilaknagar Industries Ltd.

(BSE: 507205 | NSE: TI)

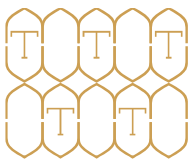


Earnings Presentation

Q3 FY22 (Oct to Dec 2021)



Q3 FY22 PERFORMANCE



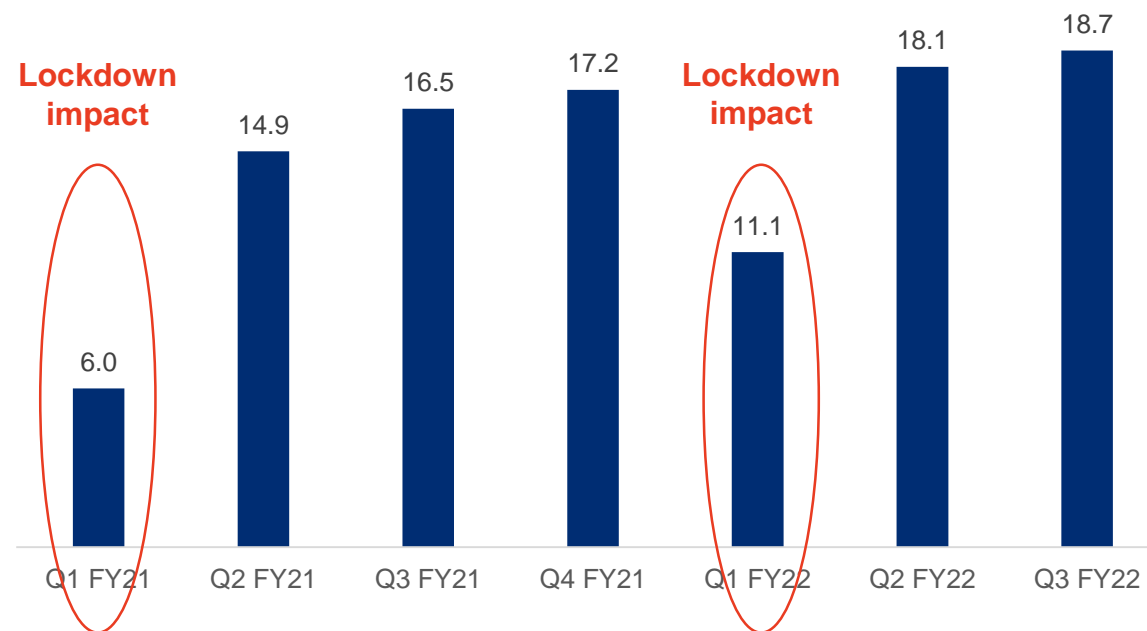
Q3 FY22 Highlights

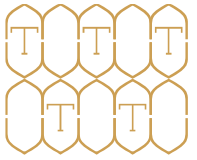


Key Performance Highlights

- Volumes have grown to 18.7 lacs cases in Q3 FY22 (up 13% Y-o-Y)
- Strong NSR of Rs. 1,139 per case (vs. Rs. 1,087 per case in Q2 FY22)
- Net revenue from operations at Rs. 206 crs (up 23% Y-o-Y)
- Gross profit at Rs. 109 crs (up 29% Y-o-Y); Gross margin at 53%
- EBITDA at Rs. 32 crs (up 46% Y-o-Y); EBITDA margin at 15.7%
- Profit after tax at Rs. 10 crs (from loss of last year)
- Debt reduced to Rs. 488 crs as of Dec-21; from Rs. 543 crs as of Mar-21
- Net debt at Rs. 383 crs as of Dec-21

Volume (in lacs cases)



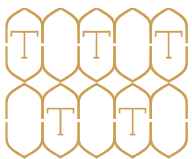


Management commentary on Q3 FY22 results



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

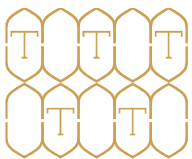
- ❑ Over the last couple of quarters, we have showcased a turnaround strategy not only in terms of net debt management but also around growth and profitability
- ❑ This quarter is no different; our revenues have grown 23% YoY, EBITDA margins have been robust at 15.7% and debt has reduced by Rs. 55 crs since Mar-21
- ❑ In terms of our product portfolio, brandy continues to lead our growth, with Mansion House Brandy, our flagship brandy brand clocking a 17% growth YoY
- ❑ The high growth in brandy volumes indicates the inherent strength of Brandy as a mainstay category within the overall IMFL industry
- ❑ Despite the inflationary pressures being faced across the industry, we have been able to maintain our margins on account of our regional and product mix
- ❑ While the next couple of quarters could be challenging on account of full impact of inflationary pressures especially towards our packing material costs, I am also excited with a slew of new developments from our end; new product launches, regional expansions and introduction of new growth avenues
- ❑ I am also happy to share that to help us meet these developments, we have, in the quarter gone by, completed a preferential issue of Rs. 141 crs



Strong Q3 FY22 performance...



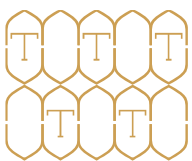
	Q3 FY22	Q3 FY21	Y-o-Y growth	Q2 FY22	Q-o-Q growth	9M FY22	9M FY21	Y-o-Y growth
Volumes (in lacs):								
Brandy volumes	17.64	15.21	15.9%	16.91	4.3%	44.97	34.45	30.5%
Others	1.03	1.26	-18.7%	1.15	-10.7%	2.85	2.89	-1.3%
Total volumes	18.67	16.48	13.3%	18.06	3.4%	47.82	37.34	28.1%
NSR (Rs. per case)	1,139	1,007	13.1%	1,087	4.8%	1,126	1,002	12.4%
Financial performance (Rs. Crs):								
Revenue from operations (Net)	205.9	167.6	22.8%	201.1	2.4%	542.3	356.4	52.2%
Gross profit	109.2	84.7	29.0%	98.2	11.1%	283.4	185.9	52.4%
<i>Gross margin (%)</i>	<i>53.0%</i>	<i>50.5%</i>	<i>252 bps</i>	<i>48.8%</i>	<i>418 bps</i>	<i>52.2%</i>	<i>52.2%</i>	<i>8 bps</i>
EBITDA	32.4	22.2	46.2%	30.5	6.2%	86.3	43.9	96.9%
<i>EBITDA margin (%)</i>	<i>15.7%</i>	<i>13.2%</i>	<i>252 bps</i>	<i>15.2%</i>	<i>56 bps</i>	<i>15.9%</i>	<i>12.3%</i>	<i>362 bps</i>
EBIT	24.2	13.8	75.0%	22.3	8.6%	61.7	18.8	227.5%
Profit / (Loss) after tax	10.3	-3.9	NM	11.3	-9.2%	21.9	-29.4	NM



Extract of Income Statement



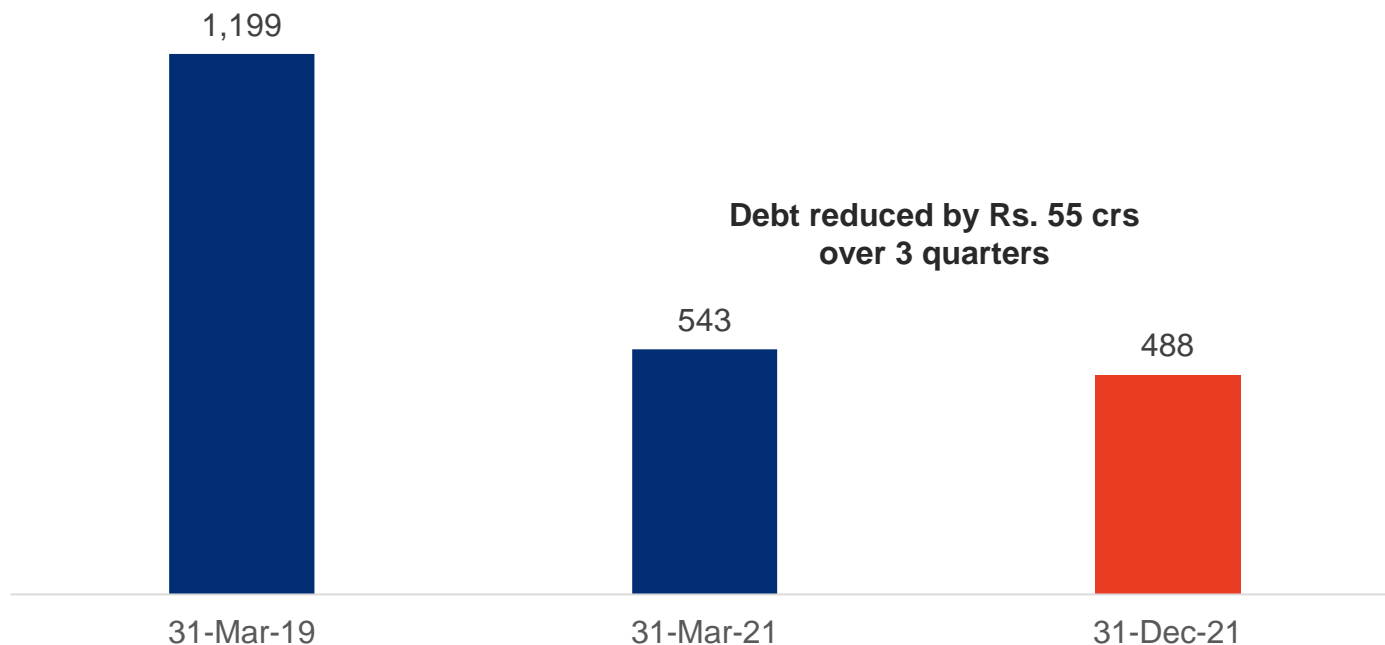
(Rs. Crs)	Y-o-Y			Q-o-Q		Y-o-Y		
	Q3 FY22	Q3 FY21	growth %	Q2 FY22	growth %	9M FY22	9M FY21	growth %
Revenue from operations (Gross)	501.7	431.3	16.3%	445.3	12.6%	1,271.2	976.6	30.2%
Less: Excise Duty	295.8	263.6	12.2%	244.2	21.1%	728.8	620.2	17.5%
Revenue from Operations (Net)	205.9	167.6	22.8%	201.1	2.4%	542.3	356.4	52.2%
Other income	1.1	0.8	46.8%	1.3	-15.7%	2.6	4.1	-35.2%
Total Revenue (I)	207.0	168.4	22.9%	202.4	2.3%	545.0	360.5	51.2%
EXPENSES:								
(a) Cost of materials consumed	99.2	87.6	13.3%	94.4	5.2%	257.4	188.4	36.6%
(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	-2.5	-4.7	NM	8.5	NM	1.6	-17.9	NM
(d) Employee benefits expense	6.9	6.3	9.4%	6.3	10.3%	20.4	20.7	-1.8%
(e) Other expenses	69.8	56.1	24.3%	61.4	13.7%	176.7	121.3	45.6%
Total Expenses (II)	173.5	145.4	19.3%	170.6	1.7%	456.0	312.6	45.9%
Profit before interest, tax, depreciation and amortisation (I - II)	33.5	22.9	46.2%	31.9	5.3%	89.0	47.9	85.6%
Finance costs	15.5	18.5	-15.9%	15.8	-1.9%	46.4	52.3	-11.3%
Depreciation and amortisation expense	8.2	8.3	-1.5%	8.2	-0.4%	24.7	25.0	-1.4%
Profit before tax	9.8	-3.9	NM	7.8	25.7%	17.9	-29.3	NM
<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	-0.5	0.0	NM	-3.5	NM	-4.0	0.0	NM
(c) Deferred tax	0.0	0.0	NM	0.0	NM	0.0	0.0	NM
Total tax expense	-0.5	0.0	NM	-3.5	NM	-4.0	0.0	NM
Profit for the period	10.3	-3.9	NM	11.3	-9.2%	21.9	-29.4	NM



Debt reduction journey...

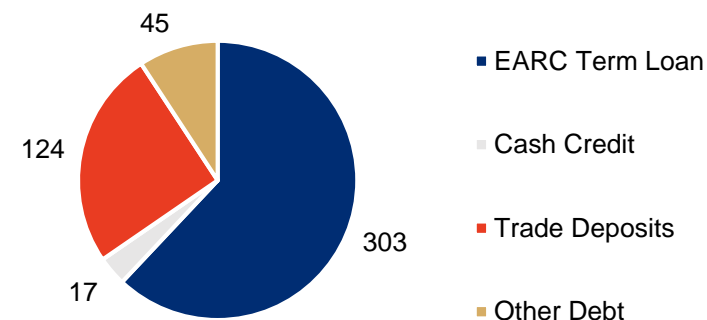
...working towards near debt-free position by FY24

Debt reduction (Rs. Crs)^{(a)(b)(c)}



(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

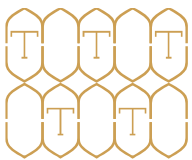
Debt as of 31-Dec-21^{(a)(b)(c)}



- EARC debt is at 9% p.a.
- EARC balance debt of Rs. 130 crs will be waived off on satisfactory repayment
- 70% of EARC Term Loan is repayable after 2 years (in FY24) → Rs. 99.2 crs to be repaid over FY22 and FY23



COMPANY & INDUSTRY OVERVIEW



About the Company

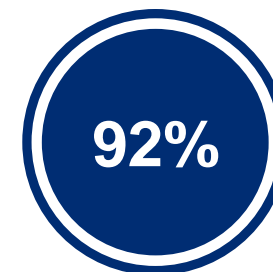
Largest premium brandy manufacturer in India with presence across all segments of IMFL



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



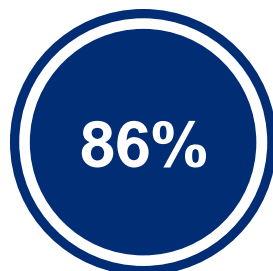
Brands across products



Share of Brandy as %
of total volumes



Volumes (in cases)
sold

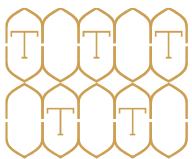


Share of sales to
South India as % of
total volumes



Sales through:
- State corporations
- Distributors
- Direct Sales

* All data is for FY21



We sell millions of cases across India



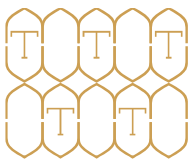
MANSION HOUSE



- ❑ 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

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



Our strategic focus...

...the way forward



Volume growth

- 5 year CAGR^(a) of 14.4% – regions contributing 70%+ of volumes (4.4% when Andhra Pradesh also considered)
- New launches in coming 1-2 quarters

Market share growth^(b)

- Continued focus on brandy
- Market share (as % of brandy) growth from 9.2% to 16.7%
- Market share (as % of IMFL) growth from 1.7% to 2.8%

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

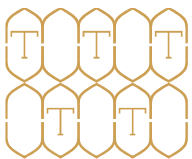
- Focus on repayment of high-cost debt
- Target to become near debt-free by FY24

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, Karnataka, Kerala, Puducherry and Goa i.e. states which contribute 70%+ of our total volumes

(b) Market share growth comparison between FY17 and FY21 in the states of Telangana, Karnataka, Kerala, Puducherry and Goa



MHB and MHB Brandy segment growing faster...

...than overall Brandy, Whiskey and IMFL

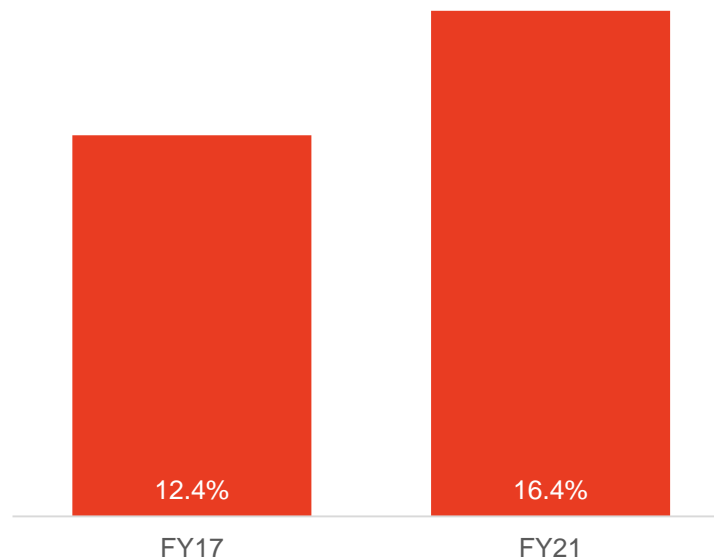


MHB vs. Industry Growth (a)

Category	CAGR
MHB	↑ 4.4%
Relevant Brandy Segment (b)	↑ 2.9%
Relevant Whiskey Segment (b)	↑ 0.5%
Overall Brandy Segment	↓ -2.7%
Overall Whiskey Segment	↓ -0.6%
Overall IMFL	↓ -1.2%

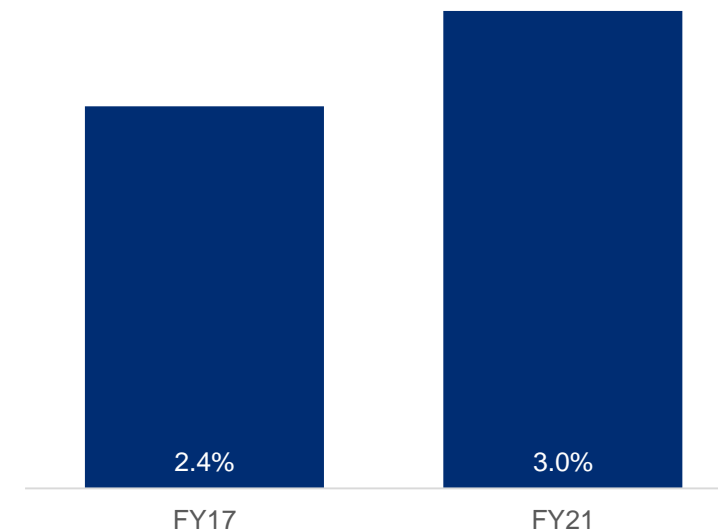
MHB market share as % of brandy (a)

Market share growth of 33% over 5 years



MHB market share as % of IMFL (a)

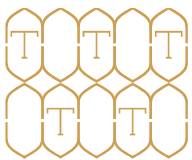
Market share growth of 25% over 5 years



MHB: Mansion House Brandy; 5 year CAGR from FY17 to FY21


(a) The above data is for the states of Telangana, AP, Karnataka, Kerala, Puducherry and Goa i.e. states which contribute 85% of our total volumes

(b) Relevant segment for brandy and whiskey refers to overall brandy and whiskey segment within same price band as MHB respectively



Bottling arrangement with Pernod Ricard

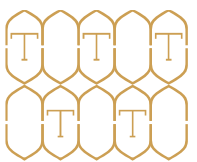


- Bottling at Shrirampur Plant in Maharashtra
- 10 year bottling agreement leading to near-full capacity utilisation
- Potential for providing grain-based ENA
- Impact on revenues: FY21  vs. Going forward 





FY21 FINANCIALS

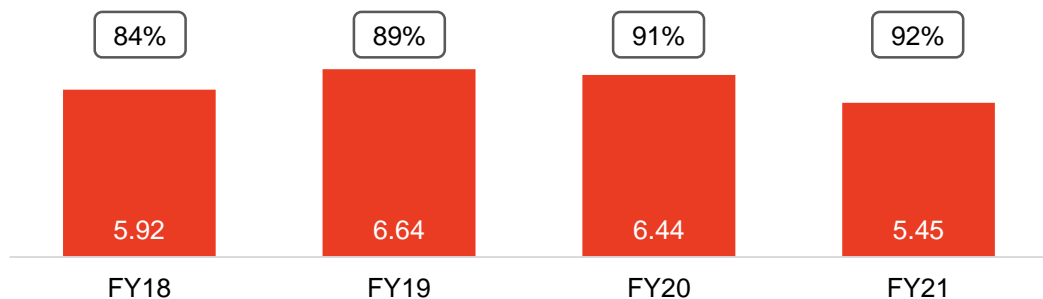


Improving business fundamentals

Premiumisation strategy to enhance margins and cash flows

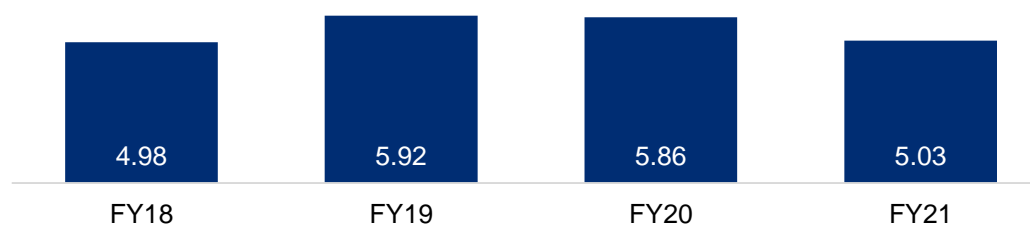


Total Volumes Sold (mn cases)

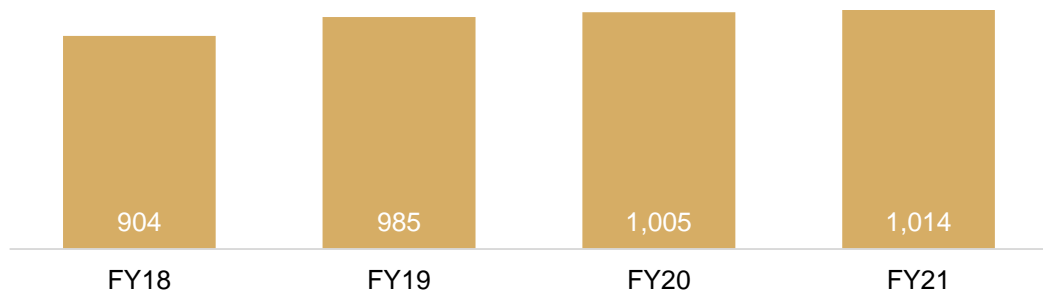


Share of Brandy to total volumes sold

Brandy Sales (mn cases)



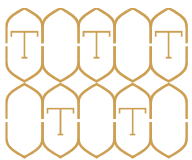
NSR per case (Rs.)



Robust sales in South India



Share of South India sales to total volumes sold

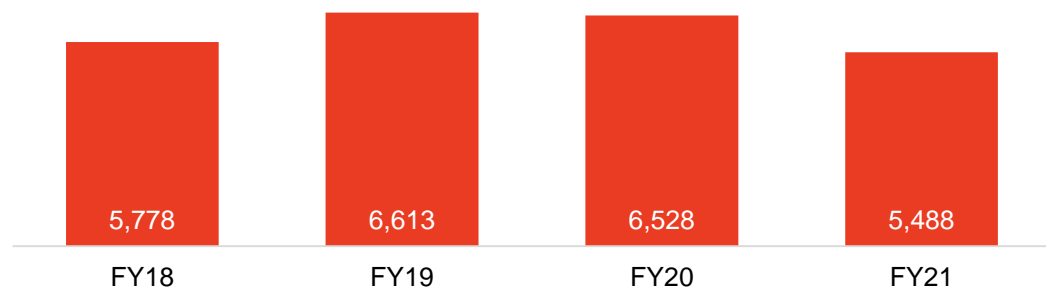


Focus on margins and cashflows

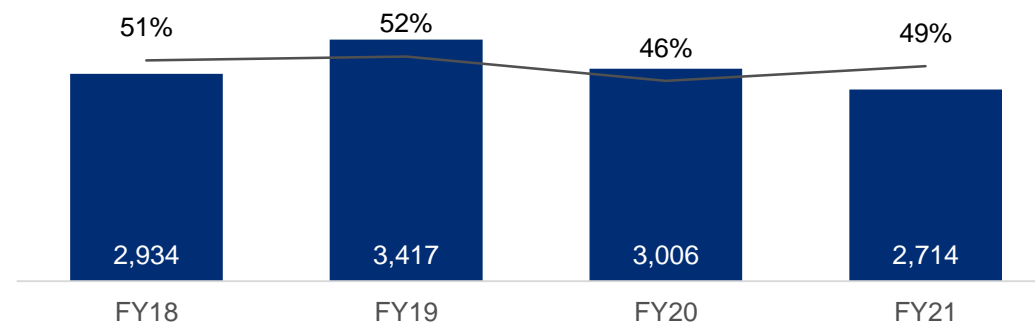


Most of write-offs impacting EBITDA have been undertaken

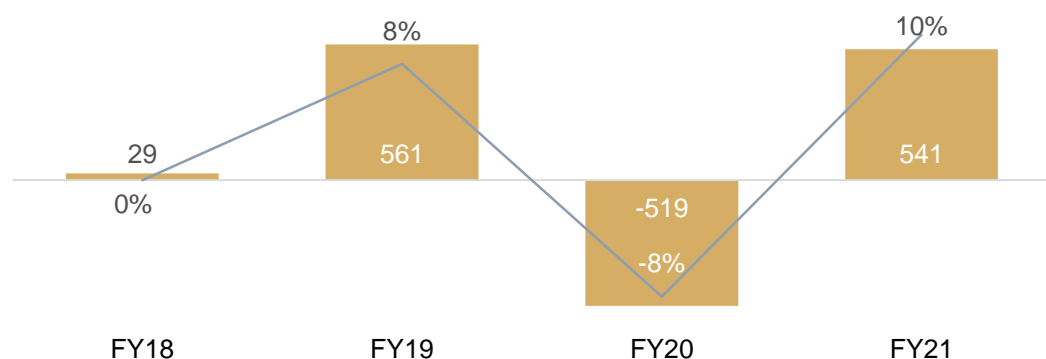
Net Revenues (Rs. Mn)



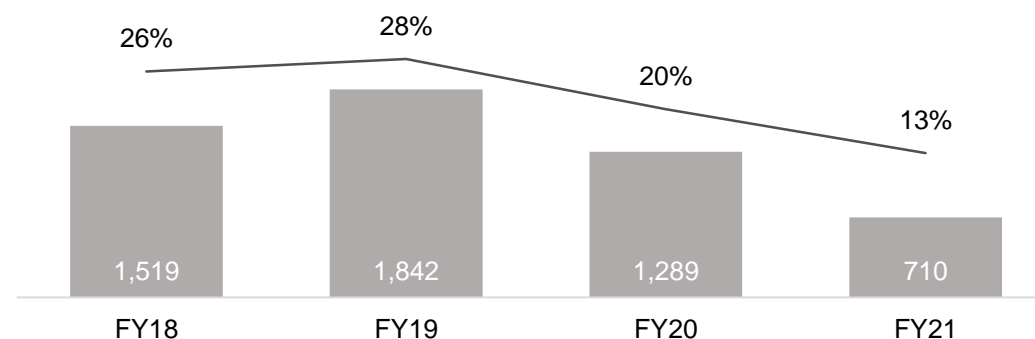
Gross Profit (Rs. Mn) and Gross Margin (%)



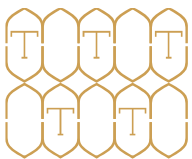
EBITDA (Rs. Mn) and EBITDA Margin (%)



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



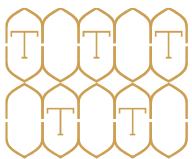
(a) EBITDA for FY20 is not comparable due to write-offs impacting EBITDA



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>



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