



**February 11, 2025**

To,  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal 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: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript of Earnings Conference Call held for Q3 FY25 results**

Dear Sir/Madam,

With reference to our letter dated January 31, 2025 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the earnings conference call with analysts and investors held on Wednesday, February 05, 2025 to discuss the Q3 FY25 results.

The same is available on the website of the Company at [www.tilind.com](http://www.tilind.com).

Kindly take the above on record and acknowledge receipt.

Thanking you,

Yours faithfully,

For **Tilaknagar Industries Ltd.**

**Minuzeer Bamboat**  
**Company Secretary & Compliance Officer**

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## Tilaknagar Industries Limited Q3 FY25 Earnings Conference Call February 05, 2025

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**Moderator:** Ladies and Gentlemen, Good Day and Welcome to the Tilaknagar Industries Limited's Earnings Conference Call.

I now hand the conference over to Mr. Siddharth Rangnekar from CDR India. Thank you. And over to you, sir.

**Siddharth Rangnekar:** Thank you. Good morning, everyone, and thank you for joining us on Tilaknagar Industries Limited's Q3 FY25 Earnings Conference Call. We are joined today by Chairman and Managing Director, Mr. Amit Dahanukar, President, Strategy and Corporate Development, Ameya Deshpande, and Chief Financial Officer of the Company, Mr. Abhinav Gupta.

We shall commence with views from Mr. Dahanukar on the strategic performance and Mr. Deshpande on the financial highlights, which shall be followed by an Interactive Question-and-Answer session. Before we commence, I would like to state that certain statements made on today's call could be forward-looking in nature and a disclaimer to this effect has been included in the results presentation that was shared with you earlier and which is also available on the stock exchange websites.

I would now like to request Mr. Dahanukar to make his opening remarks. Over to you.

**Amit Dahanukar:** I am pleased to share that Q3 FY2025 has been another period of strategic progress and consistency in earnings growth for Tilaknagar Industries.

The volume performance excluding Andhra Pradesh was on expected lines. Excluding Andhra, our primary volumes in Q3 grew by 10%, indicating strong growth in our other states, especially the southern states, which grew 11% over the same period.

AP volumes were impacted due to transition on account of the new route-to-market in the state. Despite degrowth in primary volumes, secondary volumes in Andhra Pradesh grew at 8%, indicating strong brand equity for our products. We believe that this period of transition in Andhra is over and is reflected by the fact that we have started Q4 on a very strong note, having grown primary volumes by 14% in January 2025 on a YoY basis. We now expect to continue this growth momentum going forward.

On the NSR Front, we had to take a price correction in Andhra Pradesh in order to maintain our competitive position in the state. While the price reduction came through in the last week of November 2024, we had sufficient stocks lying in

depots across the state. With a view that we did not want to impact movement of the stock, which was at a higher price point, we took a one-time call to re-price all the stock which was sitting in the depots. Hence, while the price reduction approval came only at the end of November, the impact of the price reduction has been seen for more than 2 months of Q3. This also had an impact on volumes due to operational challenges of changing the price of stock sitting in the depots.

In terms of our other Key States, we saw Karnataka grow by more than 20% YoY with Q3 registering highest-ever quarterly volumes in the state. Puducherry and Kerala have also seen very strong growth of mid-teens.

We also saw significant market share outperformance in Telangana, where the IMFL industry was almost flat in Q3. We have now expanded our market share in the state to 7.4% compared to 6.8% in FY24.

Moving on to the revenues for the quarter, we witnessed a revenue degrowth on account of the above-mentioned price correction in Andhra, which can be seen from the reduction in NSR per case as shown in our earnings presentation. Despite this, our EBITDA grew by 17% on the back of more efficient selling and distribution spends as well as cost optimizations, undertaken in packing materials.

In terms of our profitability, we have reported a healthy EBITDA both in absolute terms and on margins. Our EBITDA margin for Q3 FY25 stood at 17.7%. Going forward, we expect our EBITDA margins to remain strong and trend in the zone of 15.5% to 17.5% on the back of continued investments in A&SP.

On the debt front, I am happy to share that in Q3, we have reduced our gross debt by Rs.47 crore. This reduction in gross debt was predominantly on account of full repayment of Kotak Bank term loan. Our aggregate gross debt now stands at Rs.45 crore with net cash balance of Rs.31 crore.

I will now speak a little on the IMFL Industry and the trends which we have been seeing. India continues to see headroom for higher AlcoBev consumption with significant innovation taking place both in spirit as a category and other allied products. There is a burgeoning cocktail culture which we are witnessing, especially with a large number of Legal Drinking Age population being added every year. Premiumization remains a key driver across all IMFL categories, with at home consumption aiding the growth even post the pandemic. TI's portfolio reflects these trends with brands across the price ladder in brandy as well as other categories.

I will highlight few of our recent initiatives for everyone's benefit today. A key highlight of the quarter was the successful launch of Monarch Legacy Edition, our first luxury brandy. Monarch blends French grape spirits aged up to 8 years in French oak casks with premium Indian grape spirit from Maharashtra's Sahyadri region. This introduction into luxury aligns with our goal to elevate the perception of brandy in India. The early response has been encouraging, reinforcing the vast potential for luxury brandy in the country. Currently, launched in Maharashtra and international markets, we are excited to soon introduce Monarch in Goa, Karnataka and Puducherry. Our Prestige & Above portfolio continues to gain traction, validating our price laddering strategy for brandy.

The Premium segment within the CNB family portfolio has grown further, a trend we expect to continue as consumers seek more premium options. Flandy, our flavored brandy offering is resonating well with a broader consumer

base, positioning brandy as a versatile beverage suitable for various occasions. On the Non-Brandy front, Mansion House Whisky in Assam has continued to gain strong traction, performing well in the semi-premium segment with expanding consumer acceptance. The brand is leveraging our distribution network to strengthen its presence in key whisky consuming markets. We now also expect to kick-start sales of Samsara Gin and Sitara Rum in Q4 on the back of our usership agreement with Spaceman Spirits Lab. On its own, SSL has seen very strong growth in Q3 and has gained market share within the overall premium Gin industry in most of the states its present in.

With softening cost pressures on raw materials and packaging, our premiumization strategy is expected to continue to support margins. While we remain vigilant about ENA price trends, the overall cost environment has been favorable, strengthening our profitability outlook.

In terms of our CAPEX plans, while maintenance CAPEX will range between Rs.15 to 20 crore, we are exploring making an investment amounting to around Rs.35 to 50 crore for the expansion of our own unit in Andhra Pradesh, housed in our wholly-owned subsidiary, Prag Distillery Private Limited. This investment is being considered on the back of the strong growth we expect for our brands in the state. This investment will enable us to expand our capacity from around 6 lakh cases per annum to 36 lakh cases per annum. We expect to have significant operating savings by bottling in our own unit. The additional volumes over and above what would be met by Prag would be handled by our existing contractual units.

Looking ahead, we remain confident in sustaining our growth momentum both on volume as well as profitability front, supported by strong brand and product strategy and disciplined financial management.

With that, I will now hand it over to Ameya to provide an overview of our operational and financial performance.

**Ameya Deshpande:** Thank you. And a very warm welcome to everyone joining us today.

I will walk you through our financial and operational highlights for Q3 FY25. Our revenue for Q3 stood at Rs. 340 crore with underlying volume growth of 2.3%. If we exclude the RTM impact in Andhra, the volume growth during Q3 stood at 10% YoY, and as Mr. Dahanukar mentioned earlier, this further accelerated in January 2025 to 14% YoY. Revenue for the first nine months stood at Rs. 1,028 crore and the NSR per case was at Rs. 1,161 in Q3. This level is a departure from the growth trend we have seen in the recent past owing to the changes in the RTM in AP. However, we expect to grow our NSR on the back of our continued premiumization strategies on this base.

Q3 also saw us delivering our highest ever EBITDA; EBITDA for the quarter grew 17% YoY to Rs. 60 crore, supported by ongoing cost optimization efforts as well as efficient levels of S&D expenses. EBITDA margins expanded by 408 basis points to 17.7% on the back of lower NSR and reduced S&D expenses. For the first nine months of FY25, EBITDA reached Rs. 176 crore with margins at 17.2%, marking an expansion of 390 basis points. Adjusting for the subsidy income, EBITDA for the nine months stood at Rs. 161 crore at a margin of 15.9%.

Similarly, PAT increased by 23% to Rs. 54 crore in Q3, up from Rs. 44 crore last year. For the first nine months, PAT grew to Rs. 152 crore, marking an increase of 50% compared to the same period last year.

Operationally, while Q3 FY25 saw primary volume degrowth in AP, secondary volumes grew 8% in the state. And as Mr. Dahanukar mentioned earlier, we have seen initial signs of growth trajectory returning to normal. Additionally, we are also happy to share that TI market share as percentage of overall IMFL in its key southern states has now increased to 6.2% in Q3 from 5.8%, as was seen in FY24.

Before I close the opening remarks, I would like to reiterate that we remain committed to delivering profitable growth, reinforcing our market leadership and driving innovation within the Indian AlcoBev sector as we seek to align ourselves to the emerging consumption trends.

With that, I would now request the operator to open the call for Q&A.

**Moderator:** Thank you very much. We will now begin the Q&A session. The first question is from Abneesh Roy from Nuvama. Please go ahead.

**Abneesh Roy:** My first question is on RM. On RM, you mentioned that it is likely to be soft and you did say that ENA we have to be watchful. Could you tell us for each of your key raw material in FY26, do you think that those will be soft on an overall basis, including ENA, what will be views on each of the components?

**Ameya Deshpande:** Hi, Abneesh. Thanks for your question. Yes, for the moment, we are assuming that ENA would range in this region. We haven't taken any kind of reduction on ENA prices currently, but our expectation is that it shouldn't be highly inflationary going forward.

**Abneesh Roy:** What about glass and other raw material, packaging?

**Ameya Deshpande:** They will be stable, Abneesh. We've already seen some level of correction in glass prices over the past few quarters. We haven't factored in any further savings on that front.

**Abneesh Roy:** Sure. You did comment on Andhra market. Now, in Andhra market, other liquor players are seeing good revival and we also had a challenging time there, you have also rationalized the price. The price rationalization impact, will it continue in the coming quarters also? And if you could tell us what has changed, was it because you were already doing business there. So, for you, the incremental changes are negative, and for the national players it was on the positive side, whisky and beer, both.

**Amit Dahanukar:** I will respond to this question, Abneesh. I think the one-time price correction which we had to do in line with competition that has already been effected and the reason we saw the volume degrowth in Andhra Pradesh was on account of the transition which I have explained in the opening remarks. Going forward, we do expect it to bounce back. I think the overall industry also has grown from an average of 28 lakhs to 29 lakhs, last 2 months December and January the industry itself has average at around 34 lakhs. Importantly, we are maintaining our market share even with the advent of more players in this field, we are still able to protect our market share. I think we are on a very strong wicket now, and as the industry grows, we will be in a good position to benefit from this.

**Abneesh Roy:** Two quick follow-up. One is in terms of competition, is your post the price cut now at par with the competition and the transition impact it is done and dusted?

**Amit Dahanukar:** Yes, that transition impact is now behind us. It was almost a 1.5 month of transition period which we had to undergo which resulted in some primary volume degrowth. The second question which I had to respond to is that in

terms of brandy saliency also, it has not changed, in Andhra Pradesh also the brandy saliency is roughly retained at around 35%. Even post advent of other players in whisky category, the brandy saliency at least in the last 3-4 months post-RTM change from October has roughly remained the same.

**Ameya Deshpande:** And Abneesh, just one more data point on top of that, in Andhra, we actually closed out the quarter very strongly. Our market share in Andhra in December was almost 11.5%, this is more than even a pre-transition market shares in the state. Obviously, Q3 had an impact of October and November, but starting December, when anyway secondaries were decent, we did pretty well and Jan onwards we've seen decent movement on primaries as well.

**Abneesh Roy:** One understanding I wanted here was, now national whisky players and maybe beer players are also very active there, consumer essentially has more choice and consumer doesn't remain married to one segment, if he has more choices, he's very happy to sample. Here just 3 months data you are saying brandy is stable. Is that too early to call that out? And second will be in terms of the market share data, which market share data is it something which is a third-party data you are referring to?

**Ameya Deshpande:** This is corporation given volume data. This is on secondary volumes.

**Amit Dahanukar:** Even from 2014-2019, roughly, the brandy saliency, has remained same, I mean even when the whisky segment was very active, the saliency has remained same.

**Abneesh Roy:** Understood. Last quick question. Karnataka has done well for you. If you could talk about why you have gained market share there and has there been any change in the competition there?

**Amit Dahanukar :** Karnataka, one of the primary drivers was that the excise duty was reduced on premium products, which led to a price correction, and the price correction has enabled us to deliver strong volume growth in Karnataka.

**Abneesh Roy:** How much was the price correction could you tell us at your portfolio level?

**Ameya Deshpande:** Talking about our NIP pricing, right, 180 ML from Rs. 257, this came down to Rs. 235.

**Amit Dahanukar:** And this was on account only of the excise duty reduction. There was no reduction in ex-factory or EDP price of the company. The reduction was wholly driven by reduction in the excise duty by the government.

**Abneesh Roy:** Sure. Thanks, Very helpful. Thank you.

**Moderator:** The next question is from Vishal Gutka from HDFC Securities. Please go ahead.

**Vishal Gutka:** Just wanted to check what is the quantum of blended price correction in Andhra Pradesh you had taken and shall it impact the margins for balance one year given that recent price correction you had taken?

**Ameya Deshpande:** The price correction in Andhra blended level on a state basis would be around Rs. 200, reduction.

**Vishal Gutka:** Okay. In percentage terms, what would be in that specific market?

**Ameya Deshpande:** We don't provide statewide EDP/NSR. What I can speak is on an overall basis, right, so as you would have seen in Q1 or rather in Q2, our NSR was around Rs. 1,270, that is the impact and assuming around 30% of our total volumes are driven by Andhra, you can kind of get a sense.

**Vishal Gutka:** This should have an impact on margins for balance 12 months given the price correction flow through over the next 12 months? Although you are in an expansion mode, but that margin could moderate from here on, for your expansion, at least for next 12 months. I agree that premiumization trends you have been consuming, and commodity costs are benign, but because of this action, could be moderation in margins that we could see for the next 4 quarters?

**Ameya Deshpande:** This refers to the guidance that Mr. Dahanukar also provided in the opening remarks. While we did 17.7% in Q3, we don't expect to maintain that 17.7% to be very frank. The guidance that we are giving is in the range of 15.5% to 17.5% with a slight bias towards the higher end of the range.

**Vishal Gutka:** I have one more strategy question is that, most of the mainstream liquor companies, they are trying to foray into various segments like gin, rum, vodka. Just wanted to get your thoughts on how easy or difficult is it to make a brand and given that in FMCG industry, we have seen that a brand creation is very, very difficult. And if you can just broadly throw light, what is the secret sauce, if one needs to build a brand in different categories, or a premium brand what you call in the brandy category. Broader thoughts I think would be really helpful. Thank you.

**Ameya Deshpande:** See, the thing is that from a gin perspective, we have already backed an existing trending gin, in the form of Samsara. At least on that front, we are fairly clear that there are certain categories that we would like to do on our own, but certain categories that we believe that there is some amazing work being put in by some young founders that we want to back, Samsara is a part of that. The benefit of investing in a company like Samsara is the fact that it already has a significant brand equity. Today, you think of gin, and if there is a pink gin, anyone wants to have it is a Samsara pink gin. There is no other out there, right despite the fact that there are some brands which are providing a pink gin. So that is more from a strategic investment perspective. Obviously at our end, when we look to drive any kind of organic growth with new brands coming in, the clear differentiator or the clear identifier over here is the market size, right, and the opportunity that exists out there and what does it add in the overall scheme of things for Tilaknagar Industries. So, to be very frank, is there any secret sauce? Well, I can't tell you, otherwise it won't be a secret anymore.

**Vishal Gutka:** Got it. I just wanted to check more about the recipe distribution, broader thoughts, what drives, is the product differentiation versus other products available in the market with the distribution strength that you have or what are the key moats that are there for a brand to get achieve success of strike rate?

**Ameya Deshpande:** I think distribution is a key part, right, in today's times, and that is exactly the reason why we have come up with Mansion House Whisky in the semi-premium segment. It is a highly competitive segment, but at the same time it is a very large segment, 50 million odd cases strong. So, from that perspective, given our distribution strengths in southern India as well as in East, we do believe that there is a decent play. Distribution will play a very important role, along with that obviously, I think in today's time, especially on the premium side of the products, while the blend is extremely important, so is the packaging around it, and the communication that goes around it as well. So, just a couple of aspects that we do keep an eye on when we take any calls on organic growth.

**Vishal Gutka:** Got it. Last question from my side. Do you expect any more favorable regulatory tailwinds? I think a recent article was there that Karnataka is thinking of increasing the number of liquor shops, because I think it's been a while since they've increased number of liquor shops, similarly in Kerala, I think some movement is happening. Just wanted to pick up your brains anything that you have noted that any favorable tailwinds are possible or many more? Because in Andhra we have seen, but in the 5 southern states in which we operate mainly, any possible tailwinds?

**Amit Dahanukar:** I will not be able to react on specific states, but overall if I have to give some broad indications, I do expect that there will be more states which will take cues from maybe, if I had to name states, maybe UP and Andhra Pradesh, which have been progressive in the outlook towards the trade and in UP the example is that in 7-8 years almost revenue of government has grown from Rs. 15,000 crore to Rs. 60,000 crore, lot of new brands have come and market also has expanded. So, I'm sure that overall also there will be more states adopting progressive policies like UP and AP, which will be beneficial to the company in the longer-term.

**Vishal Gutka:** Thank you. Wishing you the best, sir. Just wanted to check with 14% growth in brandy in Andhra, do you expect similar volumes to continue in Andhra, right, post RTM?

**Amit Dahanukar:** 14% was on the overall basis for the company what I mentioned for the month of January 2025.

**Vishal Gutka:** Okay, great. Thank you.

**Moderator:** Thank you. Next question is from Rishabh Gang from Sancheti Family Office. Please go ahead.

**Rishabh Gang:** Yes, thank you for the opportunity, sir. We have had EBITDA margins improved due to reduced S&D spend, right? So, I wanted to understand, right, what are the reasons like how did the reduction happen and how sustainable it is? So, how does this S&D spend reduce impact the brand building and productiveness since I think Tilaknagar spends very less in such activities versus other IMFL players, who are more whisky-focused. So how do you think about this?

**Abhinav Gupta:** Hi, Rishabh. I think since we came to know that there will be a price correction which we will undertake in the state of AP due to competitive intensity and in order to maintain our leadership position, we took a call to efficiently manage our S&D expenses so that the margins don't get hit. However, as we have always maintained that we are the key leader in the brandy industry, and the voice of brandy is something which we should carry forward as a leading player in the brandy category. We expect that these expenses will increase in future and hence as Mr. Amit Dahanukar has given the guidance that our EBITDA guidance will be in the range of 15.5% to 17.5% going forward in future.

**Rishabh Gang:** Also, sir, can you give some insights on the marketing spends, right, what is going to be your incremental strategy for it? As well as how much as a percentage of revenue and maybe some tentative absolute amount that you would like to spend in the whole FY26? Because I was reading your FY25 annual report and you have clubbed sales promotion and advertising expenses in selling expenses and it was Rs. 281 crore. So, I was not able to understand how much you are spending on marketing and advertising?



**Ameya Deshpande:** Rishabh, as we mentioned earlier as well, our A&SP reinvestment rates are fairly low compared to our peers. So, our A&SP reinvestment rates range anywhere between 1% to 1.5-1.7%, depending upon the quarter. We end up doing more A&SP spends during the peak seasons as such. So, that is the range that I can provide you in terms of what is the bifurcation between the selling and distribution and A&SP.

**Rishabh Gang:** And this is of net revenue or gross revenue?

**Ameya Deshpande:** Net revenue. But having said that, going forward, we do expect to increase this. So, also one of the reasons why we are guiding towards a slightly lower EBITDA margin than what we've seen in Q3, part of that is also to do with us reinvesting in A&SP.

**Rishabh Gang:** Can you share details about the incremental strategy for marketing, right, like which kind of marketing spend you would like to deploy the money, right, some insights on that?

**Ameya Deshpande:** We do a lot of BTL as well as ATL kind of activities. You would have seen the campaigns that we have come out with, whether it is 'Welcome The Now' or 'A Warm Welcome' as well as a certain Mini TV series that we have been associated with. So, those are the kind of ATL activities that we do undertake. The reason for undertaking these activities is like Abhinav mentioned earlier, to give a voice to brandy. We have all been very accustomed to seeing a lot of these kind of campaigns or activities from whisky players, but never from a brandy player. So, that is something that in order to bring in a more aspirational quotient to the category, ATL is something that we end up doing. Also, 'Below the Line' activities is something that we have focused on pretty significantly especially in the state of Telangana and as well as Assam with Mansion House Whisky. So, depending upon the product and the kind of segment and category that we deal in, we do undertake certain BTL activities as well. And frankly, when we guide towards a higher reinvestment on A&SP, we are guiding on both the fronts.

**Rishabh Gang:** Got it. Also, I want to understand what do you think about export potential as well as any limitation we have there on the part of using Mansion House brand since we only have only rights in India for the Mansion House brand?

**Amit Dahanukar:** The export market is fairly robust for us. We have grown quite nicely in this current year. In fact, entire volume which we had done in the previous year, we have completed in nine months itself. Overall, we see a good traction on the export business, particularly in African markets, Middle East, Southeast Asia, and also new brands which we are having like for example the Monarch Legacy Edition, the first market where we launched Monarch was export before it was even introduced in the civil market.

**Rishabh Gang:** So, as per my understanding, we only have rights in India for the Mansion House brand, right? Do we have any limitations like setting up Mansion House brand in Africa or somewhere?

**Amit Dahanukar:** Wherever we are selling we are registered. I would not like to comment anything more than that.

**Moderator:** The next question is from the line of Madhu Kela from MK Ventures. Please go ahead.

**Madhu Kela:** Hi, Amit and Ameya, this is Madhu Kela here and congratulations on continued good performance. My question was more strategic in nature. As we see the

company will have a few hundred crore rupees of cash over the next 2-3 years, what is the intent. How do you want to deploy the cash, would you get into other categories, how will this cash be deployed? And the second question on the Andhra Pradesh, even though you have clarified, for my benefit, these sales and distribution costs have come down significantly in the last quarter. Is this sustainable going forward?

**Amit Dahanukar:**

Yeah, Madhu, first question, I think it's a good question. I think you're right, as we go forward, since virtually we have no debt, company is debt-free, whatever EBITDA we make, we are converting to cash, we don't have any tax also not in this current year and not expected to have in the following year as well, FY25-26 also we don't expect tax. All part of the EBITDA is going to be converted into free cash other than what we would need for incremental working capital. So, there would be essentially 2 avenues. One would be to grow our existing business organically, which we have been doing and I think January is an indication where the growth is around 15%. We expect to grow our existing business, the brandy portfolio in the existing states. All the states are showing encouraging signs, I think even sans AP also our growth was in double digit and now with AP with route-to-market stabilizing, we expect good growth in Andhra Pradesh as well.

We are expanding categories as we have mentioned in the earlier call. Mansion House Whisky was launched in Assam in North Eastern territory, and it is off to a stable start. Mansion House Whisky we will bring it to the Southern states where we already have a strong distribution presence and a strong network. We intend to leverage the strength of Mansion House Brandy and our existing product portfolio to build whisky brands as well. So, that is as far as the organic opportunities are concerned, and yes, we will remain open to inorganic opportunities as well. In terms of our participation in the Samsara brand, we have 20% and we have a pathway towards increasing our stake also eventually. As the brand grows, now we have a royalty arrangement in place where we are selling Samsara in our existing states, and also exporting it. It will be both organic and inorganic. And the last question regarding the sales and distribution expenses, you had the question was whether it is sustainable? So, the answer is that, yes, it is sustainable. I think the current levels which we have, they would be sustainable going forward.

**Madhu Kela:**

Amit, sorry to harp on the same question again. I can't figure out in my head that few 100 crore can be absorbed into our current strategy. Even we have done our numbers, after incremental working capital also you will be left with Rs. 200 crore of cash. What my point is, that is there any framework to do acquisitions going forward? The Samsara acquisition was a good acquisition. So, will we adopt the same strategy of acquiring smaller companies and growing big or are you also open to make some larger acquisitions and leverage the balance sheet?

**Amit Dahanukar:**

Madhu, I think my response would be, whatever strategy we adopt, it would be a financial prudent strategy what we feel would be in the best interest of the stakeholders for the long-term in terms of delivering value for them. I think we will take these calls as a company, as an organization, as management, we continuously evaluate opportunities to grow the business, expand the business both product wise and through geographic distribution as well. Tactical acquisitions we certainly remain open to. I hope that addressed your question. I think more in terms of distribution of the surplus cash I think that would be more of a Board decision and we don't have a formal policy in place, but we will address that question as well.

**Madhu Kela:**

Thank you, Amit. That was useful. Thank you so much.

**Moderator:** Next question is from Yashovardhan Banka from Tiger Assets. Please go ahead.

**Yashovardhan Banka:** Hello, sir. Thank you for the opportunity. Sir, wanted to understand where are we currently on the acquisition of Imperial Blue, could just throw some light on that?

**Amit Dahanukar:** I think I have made comment before to Mr. Kela's question also in terms of being open to acquisitions which, I have clarified that technically even though the company evaluates opportunities on an ongoing basis, and if it fits in with the long-term vision of the company in terms of the product portfolio and the approach, we are open to evaluating opportunities, of course managing the balance sheet prudently would be of paramount importance. To specific opportunities, we would not be able to comment. Of course, if there's anything meaningful, we would be of course intimating the exchanges and the shareholders at the appropriate time.

**Moderator:** Next question is from Darshika Khemka from AV Fincorp. Please go ahead.

**Darshika Khemka:** Hi, thank you for the opportunity. I have a couple of questions, sir. Firstly, in the last quarter you mentioned about tax incidence starting from Q1. What would be the expected rate of this tax incidence?

**Abhinav Gupta:** I think we had guided for that either, we may have tax incidence from first quarter of next year which would be at a normal rate of 25%. However, having said that, as you are aware that we had a search operation from IT department last year on February 2nd. And subsequent to that, we have received orders for various years except AY 24-25. So, once we receive all the orders, we will be in a position to better comment on that and maybe by next quarter call we should be able to give you precise guidance.

**Darshika Khemka:** For now, we assume 25%?

**Abhinav Gupta:** Yes, you can assume that for the time being.

**Darshika Khemka:** Secondly, what is the CAPEX guidance for FY26 and where will this be used and what will be the full potential from this CAPEX that we can achieve and when will be achieved?

**Amit Dahanukar:** In terms of the maintenance CAPEX, I have already guided for a maintenance CAPEX for approximately Rs. 20 crore for the next year. There might be a potential investment which we are exploring of around Rs. 50 crore for the expansion of our own unit in Andhra Pradesh, which is Prag Distillery, which would entail expanding our capacity from 6 lakh cases to 36 lakh cases per annum.

**Darshika Khemka:** Okay. And what will be the full revenue potential of this?

**Abhinav Gupta:** It would be consolidated. Currently, we are bottling with outside contract units, but since it is our key state and we are expecting that AP industry might grow quite significantly, we are exploring that, we might expand in our own distillery itself so that we are not much dependent on other contract units and as well as it will give us savings in terms of bottling charges which we give to other units.

**Darshika Khemka:** The revenue may not be as much incremental revenue, but there will be an advantage on the margins?

**Abhinav Gupta:** Yes, on a consolidated basis, there will be no revenue as such, but it will result in an improvement in margins.

**Darshika Khemka:** Thirdly, we have received a subsidy of around Rs. 16 crore YTD for the nine months. Do we expect any more subsidy coming in the fourth quarter and what is the guidance for subsidy for FY26?

**Amit Dahanukar:** We do expect further subsidy to be received in Q4, but it will be difficult at this point to quantify the amount.

**Darshika Khemka:** I had a question, I joined the call a little late, I'm sorry if this question was asked earlier, but we have sort of partnered with Samsara Gin like made an acquisition, why did we not follow similar strategy for whisky as well, why did we go in-house in terms of making our own whisky or our own brand?

**Ameya Deshpande:** The thing over here is that, firstly, Samsara was an opportunity which came pretty early on in our entire thought process of strategic investments. As Mr. Dahanukar has also mentioned earlier, we keep looking at interesting opportunities and whisky obviously is one of them as well. But having said that, it's also a function of the price point at which we want to look at inorganic investments, right, especially with Samsara, its a craft product, okay, and these smaller acquisitions that we do look at, we are looking at more of startups which are in the craft space, and not in the in the mass space as such. And given the fact that Mansion House Whisky is a semi-premium whisky, and we anyways had that brand, it's not that it was something that we were starting from scratch, we had that brand, it was a refresh that we did and launched it in Assam. It was a pretty quick turnaround in terms of a launch in the space, but just to reiterate, we do keep looking at interesting opportunities, and as and when something interesting does come up, we are not averse to looking at something in whisky as well.

**Moderator:** The next question is from Aditya Singh from Multi-bagger Stocks. Please go ahead.

**Aditya Singh:** I had a couple of questions. First question was could you please quantify the amount of sales that you made in Andhra Pradesh?

**Amit Dahanukar:** We have given rough guidance that Andhra has approximately 30% of our overall portfolio.

**Aditya Singh:** And second question is despite the reduction in ENA prices, I do not see much change in the results. Is there any particular reason for that?

**Ameya Deshpande:** Sorry, despite reduction in?

**Aditya Singh:** ENA, one of the raw materials.

**Ameya Deshpande:** No, there hasn't been any significant reduction in ENA for this quarter. In fact, the reduction in the COGS side has been on the packing material side, but not on the raw material side.

**Aditya Singh:** Okay. And the last question, if you could provide me with the revenue guidance for FY26?

**Ameya Deshpande:** We are looking at mid to high teens kind of growth in terms of revenue.

**Aditya Singh:** Okay, thank you so much. I wish you all the best for your future endeavors.

**Ameya Deshpande:** Thank you.

**Moderator:** The next question is from Rishabh Gang from Sancheti Family Office. Please go ahead.

**Rishabh Gang:** We know that you have a usership agreement for Samsara, right? But how are we growing the revenues of Bartisans, like what is the synergy plan, some granular insights on how are Bartisans benefiting as well as how Tilaknagar is benefitting, something on that?

**Ameya Deshpande:** See the entire intent with the investment in Bartisans was the fact that it is a superior priced cocktail mixer, with strong unit economics. Obviously as they keep growing their business on the D2C front as well as quick commerce, we are looking from our perspective, we are also looking at entering into collaborations to develop mixers for brandy. As you have known in today's times, any mixer company that you look at or think about even going to any restaurant, you would have a cocktail menu, but when you look at the cocktails, which are a part of that menu, you will not see too many brandy drinks. There will be certain Cognac drinks, but beyond that, not too many, so, we want to change the way people look at brandy, the consumption patterns as well around brandy, the kind of demographic as well as bring in a more aspirational and fun element to the category and that is where the entire Bartisans situation came around and we did it.

**Rishabh Gang:** Okay. On Samsara, right, what is the stake if you can share?

**Ameya Deshpande:** After our entire commitment that we made right now, we will own 20% of the company. In addition to that, we also obviously have the usership agreement that even you alluded to, but as a part of our definitive agreements, we do have a path to increase our stake on the basis of progress that the company makes.

**Rishabh Gang:** What is the founder stake in Samsara?

**Ameya Deshpande:** The founder owns 60% plus of the company.

**Rishabh Gang:** Excellent. Good skin in the game. Also, the CAPEX that we are doing in Prag, can you share some details on the incremental savings and how much we are saving in terms of bottling charges, some raw numbers, right, which tells about the ROI or the payback for the Rs. 50 crore in case it is possible to share?

**Amit Dahanukar:** As I mentioned before, we are at a preliminary stage where we are exploring the possibility, we are not in a position to say definitely whether we will be going ahead, we are evaluating the opportunity.

**Rishabh Gang:** But when you evaluate like the ROI or payback which you try to achieve like you will be having some number, right, internal that it should cross the threshold.

**Amit Dahanukar:** Between 3-5 years.

**Rishabh Gang:** All right. And, just one last question from my side. As the company expands, right, we have around Rs. 1,000 crore plus revenue, and ~Rs. 5,000 crore plus of market cap. What is the plan for appointing a bigger audit firm, right, preferably a big four or a well-known Indian mid-size firm who have experience in the AlcoBev sector?

- Abhinav Gupta:** I think our current auditors have a term for 3 years. Once that tenure is over, we will definitely explore appointment of some other auditor.
- Rishabh Gang:** The term is going to get over in which year?
- Abhinav Gupta:** Last year, it has been extended for 3 years, so FY2027.
- Rishabh Gang:** All right. Thank you so much, sir. Wonderful insight.
- Moderator:** Thank you. Next question is from Marcel, who's an individual investor. Please go ahead.
- Marcel:** Hello. My question is very important means in the financial result announced by the company there is no provision for income tax. At the same time, on 1st of February, the company has made a disclosure that they have received the assessment from the income tax department till AY 2023-24, means as of 31-3-2023 financial year. And in that disclosure you mentioned that the department has made some disallowance and some they have added back. So, can you please tell us that how much amount they have disallowed and how much amount they have added there in the assessment, #1. #2, means in the same question that as per your disclosure, the carryforward losses and including unabsorbed depreciation is Rs. 95.15 crore means Rs. 95 crore as on March 31, 2023. If the unabsorbed loss is only Rs. 95 crore, then means like which is already like if we see the profitability for example, last year, last year we made a profit of Rs. 138 crore. So, there is already offset in the last year itself in the 2023-24. On the top of this, this year we have made profit of Rs. 152 crore. So, why the company not made any tax provision, because I guess Rs. 95 crore is carry forward losses till 31.3.2023, subsequent to that in the last 21 months like last full year and this nine months, in the 21 months we have made a profit of almost Rs. 248 crore. So, why the tax provision exposure has not been there?
- Abhinav Gupta:** With respect to the search operation we have received the order still AY 23-24 itself, but not for AY 24-25. Once we receive the order, then accordingly, we will be able to take a call as to how much tax provision if any needs to be made.
- Marcel:** No, sir. first please reply to my question that how much amount they have disallowed and added back, till assessment year 2023-24?
- Amit Dahanukar:** I think what we have stated, we have already given in the disclosure which is already up for shareholder viewing. Beyond that, we don't want to make any specific remark.
- Marcel:** No. Like in the disclosure that is inadequate. You didn't specify how much amount added back. You have just like mentioned only Rs. 95 crore. On the top of this in the last 21 months Rs. 248 crore company has earned before tax, and then on the top of this, the assessment of financial year 2024-25 is immaterial. Because as of March 31<sup>st</sup>, 2023 the unabsorbed depreciation was crystallized to Rs. 95 crore. That means in '24-25 assessment year also, the department is not going to make you some more allowance, it will only disallow, so it will further reduce your carryforward losses. The company must have created the provision, #1. #2, now the company has shifted to the new tax regime like 25% or it is still going under the old tax regime?
- Abhinav Gupta:** For the tax purpose, as we have mentioned in the intimation to the stock exchange also, we have already decided to go in appeal against the order, that is the first point. The second point is that since we have not received the last year order. Once we receive that order, then we will be able to specify as to

what would be the tax going forward. We would like to restrict our response to that.

**Moderator:** Next question is from Himanshu Shah from Dolat Capital. Please go ahead.

**Himanshu Shah:** Thanks for the opportunity. Sorry, I've joined a little bit late, so again asking on AP. First, this price reduction has the full quarter impact come or there will be some more impact which will flow through in Q4 FY25?

**Ameya Deshpande:** Himanshu, the impact of the price reduction was felt for more than 2 months, not the entire quarter, but more than 2 months of the quarter. Unfortunately you didn't join in the beginning, but as a part of our opening commentary, we did mention that the impact was two-fold, right, one was obviously reduction in price, but because of the operational issues, actually it also had an impact on our volumes as such on the primary front. The impact was on both fronts. With regards to Q4, we expect Q4 NSR to be somewhat stable.

**Himanshu Shah:** Okay. That's helpful. Secondly, with the opening up of the state for national players, do you foresee any kind of a risk of shift in consumers from a brandy to a whisky because I believe AP is a slightly brandy-heavy market compared to national average. So, is that a risk? And to mitigate that, will it require much higher S&D spend from our end?

**Ameya Deshpande:** Basically, Himanshu, we don't see a risk to that. The reason for that being that with the new RTM, we expect the industry itself to grow. So, from that perspective, and given the fact that MHB as well as our other brand CNB have such a strong brand equity, we don't foresee any kind of share loss. On the contrary, as I mentioned earlier as well, in the month of December, we actually expanded our market share to an all-time high in the state, right? The impact was felt more in October and November, but actually in December we clawed back to even better shares than earlier. Long story short, we don't see too much of a risk of losing market share or volumes because new entrants have come in.

**Moderator:** Thank you very much. We'll take that as the last question. I would now like to hand the conference back to the management team for closing comments.

**Amit Dahanukar:** Thank you, everyone for being a part of today's call and showing interest in our progress. I hope that we have been able to address your queries today. In case you have any pending queries, I request you to reach us at the coordinates mentioned in the presentation. Thank you very much for your time and for supporting us on our growth journey. Thank you.

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