



May 21, 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 Q4 & FY25 results

Dear Sir/Madam,

With reference to our letter dated May 08, 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 Thursday, May 15, 2025 to discuss the Q4 & FY25 results.

The same is available on the website of the Company at 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

Q4 & FY25 Earnings Conference Call Transcript

May 15, 2025

Moderator: Ladies and gentlemen, good day and welcome to the Tilaknagar Industries Limited Q4 FY25 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 Q4 and FY25 Earnings Conference Call. We have with us today, 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, kindly note that the call could contain certain forward-looking statements and a disclaimer to this effect has been included in the results presentation which is uploaded on the stock exchange websites.

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

Amit Dahanukar: Good morning, everyone. Happy to have you all join us on this earnings call to discuss the Q4 and FY25 Results.

After a subdued first nine months of the financial year due to industry-wide disruptions in some of our key states, I am happy to share that we are back to our industry-beating growth trajectory on the back of stable and progressive excise policy changes, as well as our new product launches.

During Quarter 4, our volume performance was strong with growth at 20.1% YoY and 13.5% QoQ. The route-to-market change in our largest state of Andhra Pradesh is now firmly behind us and has stabilized. Not only have we seen our market share inch back to earlier levels, but rather over the past 3-4 months have seen them expand. And we expect to maintain, if not better, our share in one of the fastest growing IMFL states in India.

Our other core southern states have also continued to showcase impressive growth, with each of them improving market share in Q4. Karnataka, on the back of reduction

in excise duties in mid FY25, has seen strong growth momentum, with our volumes in the state growing by more than 25% YoY in H2 FY25.

We continue to be the third largest P&A IMFL player in Karnataka, a state in which more than 80% of all IMFL consumed is whisky. This is especially noteworthy given that our entire portfolio in Karnataka currently consists of brandy products. We expect this trend of market share expansion to continue across all key states given our strong launch pipeline for the quarters ahead.

On the portfolio front, our luxury and super premium portfolio is showing promising signs. Monarch Legacy Edition Brandy, our first luxury foray, has now been launched in Maharashtra, Goa and Puducherry and has shown encouraging traction not only from the trade but consumers as well. The brand is especially doing well in Puducherry, with a very good width of distribution achieved and repeat orders coming in.

Business on the back of our usership agreement with Spaceman Spirits Lab, our investee Company, has also kicked in. We did our first dispatch of Samsara Gin in April 2025. And believe that the SSL portfolio comprising of Samsara Gin, Sitara Rum and Amara Vodka will be a big contributor to our super premium portfolio.

As mentioned earlier as well, Tilaknagar Industries will leverage its robust distribution network to sell SSL brands in certain states in India and abroad. With the above and the impending super premium whisky launch in H1 FY26, we will have a play in the luxury and super premium segment in all the five key categories of IMFL; Whisky, Brandy, Gin, Vodka and Rum.

Our mass prestige portfolio including Mansion House Brandy and Courier Napoleon Brandy continues to perform well. Our commitment to ensuring Brandy's share of voice reflects its share of the market remains steadfast. While we are still in the early stages of our marketing investment journey, we are beginning to see a shift in consumer perception. Through continued marketing efforts and innovation, we are optimistic about making Brandy a more aspirational and inclusive category.

While Brandy continues to be our dominant category in the portfolio, we have made an entry into the semi-premium whisky segment with the relaunch of Mansion House Whisky in a new avatar. We have launched Mansion House Whisky in East and Northeastern states of India and will be soon launching in our distribution-strong states of South India. The initial traction has been encouraging. Our mid-to-long term aim is to expand on a non-brandy portfolio through innovative launches in the growing and profitable prestige and above segment. These launches will fill up gaps in our portfolio and enable us to have a more meaningful play across the country.

Before I hand over to Ameya, I will very briefly talk about our financial performance. Our revenues in Q4 saw a healthy growth of 13.1%. The revenue growth was subdued vis-a-vis volume growth due to reduction in price in our key state of Andhra Pradesh from Q3 FY25 onwards.

However, for a like-to-like comparison, we have seen a strong 19.2% QoQ net revenue growth vis-a-vis volume growth of 13.5%. Adjusted for subsidy income, the net revenue growth is 15.4% QoQ, indicating continuing premiumization trend. The strong trend in profitability continued, contributed by superior state as well as brand mix, as well as operating leverage and disciplined cost management.

EBITDA margins stood at 19.3% in Q4 and adjusted for subsidy income, the margins came in at 16.6%, a more than 300 basis points increase in margin on YoY basis.

On the input side, ENA still remains volatile and has seen some level of increase in Q4 compared to Q3 FY25. However, we have seen some moderation in the ENA prices in April and May 2025 and are hopeful of a more conducive input cost environment.

Our focus drive on cash flow management continues and we now stand at a net cash level of Rs. 107 crore showcasing our balance sheet strength. I am also very happy to share that the Board of Directors has recommended a dividend of Rs. 1 per equity share for FY25 to the members at the ensuing Annual General Meeting.

As we look ahead, our strategy will be driven by enhanced presence across P&A within Brandy and other IMFL categories through our own brands as well as investments. We remain confident in the potential of the business and our ability to support brand expansion in key and newer markets. Our healthy balance sheet position keeps us in good stead to chart a growth path forward.

I would now like to conclude my opening remarks and invite Ameya to continue the discussion with the 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 Q4 and FY25.

As mentioned by Mr. Dahanukar, we are back to our strong growth trajectory, having grown more than 20% in Q4 FY25. Our revenue for the quarter stood at Rs. 406 crore and for the full year FY25, we clocked a net revenue of Rs. 1,434 crore. Our net sales realization per case stood at Rs. 1,182 for Q4 on the back of the price reduction taken in Andhra Pradesh. This NSR will now form the base and we expect the same to improve on the back of our premiumization strategies.

Q4 also marked another strong quarter in our profitability journey with EBITDA growing 62.6% YoY to Rs. 78 crore. EBITDA margin expanded by almost 600 basis points to 19.3%. Adjusted for subsidy income, the EBITDA margin came in at 16.6%.

For the full year FY25, EBITDA stood at Rs. 255 crore, reflecting a margin of 17.8%. Adjusted for subsidy income, the margin was 16.1%, a more than 270 basis points improvement YoY. We expect the EBITDA margin to be in the range of 15.5% to 17% over the next couple of years.

Adjusted for subsidy, PAT for Q4 stood at Rs. 64 crore, a growth of 62.6% YoY. For the full year FY25, PAT excluding subsidy increased to Rs. 201 crore from Rs. 141 crore in FY24.

Our net cash position as of March 2025 stands at Rs. 107 crore, a sharp improvement from a net debt position of Rs. 74 crore as of March 2024, showcasing our disciplined debt and cash management strategies.

Before I close the opening remarks, I would like to reiterate that we remain committed to delivering profitable growth, expanding our presence in both existing and new markets and reinforcing our market leadership through focused innovation and strategic investments. We believe these initiatives will help us capture emerging consumption trends and create long-term value. 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 question-and-answer session.

The first question is from the line of Palak Bhanushali from MIV Investments Manager. Please go ahead.

Palak Bhanushali: Hi, thank you for the opportunity. Sir, I have two questions. My first question is related to volume growth. I mean, after many quarters, we have delivered such a great volume growth. But my question is, is that only because of the Andhra Pradesh? I mean, can you give us the volume growth, excluding the state of Andhra and which states have shown the positive movement?

My second question is regarding the income tax assessment orders, which we have received. And I think in the last call, you mentioned that this quarter you will be able to, you will be in a position to give more color on that. So, these are my two questions.

Amit Dahanukar: I will take the question on the volume growth. The volume growth has been 20%, and we expect to maintain this momentum going forward into this current financial year. Of course, the growth in Andhra, because of the subdued performance in Q2 and Q3 as elaborated earlier, the growth in Andhra was much more in Quarter 4. But the other markets also have shown promising volume growth, particularly Karnataka. And the income tax assessment, the CFO will take over.

Abhinav Gupta: If you see we have already informed the Stock Exchange that post the assessment done by the Income Tax Department, our carry-forward losses stand at around Rs. 32 crore as on March 31st, 2024. However, we have appealed against the assessment done by the Income Tax Department with Commissioner Income Tax and that proceedings are currently underway. We will be able to give you an exact or rather more prudent advice post the outcome of our appeal against the order at Commissioner Income Tax level. As of now, you may assume no tax for the June quarter.

Palak Bhanushali: Sir, you mentioned Rs. 32 crore carry forward losses.

Abhinav Gupta: Yes.

Palak Bhanushali: So, I mean, from next quarter we will start paying the taxes?

Abhinav Gupta: No, so we have already appealed against the order of the income tax, with Commissioner Income Tax. We are hopeful that by next quarter we will be able to know the outcome of the appeal and accordingly we will be able to inform you about from when we will be required to pay tax.

Palak Bhanushali: Sir, just a follow-up question on my first part. Do you have any data of what was the volume growth excluding Andhra?

Ameya Deshpande: Yes, I will just give you a basic sense. So, while Andhra grew by more than 30%, in Q4, states like Karnataka grew by more than 25% in Q4, whole of H2, actually, Karnataka grew by more than 25%. In addition, also states like Tamil Nadu also contributed to our growth along with Odisha and Telangana.

Palak Bhanushali: Any specific reason why Karnataka growth was such good for us?

Ameya Deshpande: Yes, I think it's not only us. To be very frank, it's the entire industry, if you remember, and also what Mr. Dahanukar covered in his opening remarks, that excise duties were reduced in Karnataka towards the latter part of H1 of FY25. So, that brought down the consumer prices by a meaningful number. So, that led to significant growth in H2 for the entire industry as a whole. Obviously, we grew slightly higher than the overall industry, thereby increasing our market share in the state as well. And this

growth, just to clarify, this growth predominantly came in the Prestige and Above segment.

Palak Bhanushali: Any market share gain number that you would like to give us, I mean, in state-wise? You are saying that we have gained some certain market share. So, can you give us a number

Amit Dahanukar: No, state-wise, we can't get into the detailed specifics of state-wise in this forum.

Moderator: The next question is from the line of Chetan Mahadik from Systematix Shares. Please go ahead.

Chetan Mahadik: Hi, thank you for the opportunity and congratulations on a good set of numbers. My question is on the Prag Distillery. We had previously stated capacity expansion at Prag from 6 lakh cases to around 36 lakh cases. Could you please highlight if any or what proportion of this expanded capacity is intended to cater to the Andhra Pradesh market? And if so, is this decision primarily driven by the strong growth we are witnessing in Andhra region? Or is it aimed at only replacing the existing production from the contractual manufacturing units for cost savings? And secondly, again, can you also provide like more details of the evaluation process currently underway or when a final decision on this potential CAPEX can be expected?

Amit Dahanukar: We are awaiting a decision from the government in terms of the calculation for the pending license fees because this application has been pending with the government for almost 10 years. During this interim period, there was a lot of ambiguity because Prag was also going through insolvency proceedings. So, while we await a pending final outcome from the government, we are readying ourselves to make ourselves ready for the investment. So, subject to approval from the government, the Company will consider expanding the capacity at Prag from as you have stated from 6 lakh cases to 36 lakh cases.

This is essentially because we are foreseeing a good growth in Andhra Pradesh over the next 4-5 years' horizon. It is a flagship state for us where we have maximum sales coming from Andhra. So, it will not only replace the current capacity which we have, it will supplement it because even after the expansion, we will still require contractual bottling partners. So, it will supplement the existing partners. And as and when we take any firm view on this, we will intimate the stakeholders through adequate disclosures.

Chetan Mahadik: Okay, yes, that was helpful. Thank you.

Moderator: The next question is from the line of Anjali Bajaj from Naredi Investments. Please go ahead.

Anjali Bajaj: Hello, good morning. Congratulations for the good set of numbers. My first question is regarding how has the price correction impacted the Company's revenue and market share in Andhra Pradesh? What are the long-term implications of price correction in Andhra Pradesh?

And a second question regarding how does Tilaknagar Industries plan to manage and reduce the trade receivable in coming quarters? How much dues from the Telangana Government as on the 31st March 2024 and 31st March 2025?

Ameya Deshpande: Yes, as we mentioned, after the price reduction, there has been significant growth that we have seen. We mentioned earlier on this call that more than 30% growth in Q4 on a YoY basis. Obviously, there has been good growth that we have seen in the

state. Along with that, we have also stated that our market share has actually increased since this price reduction. So, there has been inherent benefit that we have received from this decision, and we have increased the market share pretty decently as a part of the overall IMFL industry as such.

Abhinav Gupta: And on the Telangana front, Madam, since September onwards, thankfully we have been receiving payment from Telangana government more or less on time. And there was a sort of a blackout period for us in May and July-August. That payment also has started coming in. Overall, I would say that there are positive signs from the Telangana side.

Moderator: The next question is from the line of Jagvir Singh from Shade Capital. Please go ahead.

Jagvir Singh: Sir, my question is related to the Mansion House Brand, the legal case. So, what is the update on this?

Amit Dahanukar: The update is as follows, I think the counterparty in February, there was an order which was also allowing another body corporate to use the Mansion House trademark in a particular state of West Bengal. So, we referred an appeal against that order before the Division Bench. And as of now the status quo is maintained because the other body corporate, they have given an undertaking to the court that they will refrain from using the February 7th order till the next date when the appeal will be heard.

As on the date, the status quo is maintained. I wouldn't, of course, the matter being sub judge get into more specific details at this point. But just two things I would like to add is that, you know, we have been the exclusive and uninterrupted users of this mark since 1983 and continue to remain so.

Jagvir Singh: Because we are using this brand since 1983, so what is history? How one company can go and claim to use this brand in West Bengal or any other state?

Amit Dahanukar: Those specifics I would not like to get into beyond what I have already commented earlier. You know, since this matter remains sub judge, I think we have made our position clear.

Jagvir Singh: And sir, any guidance for EBITDA margin and the revenue growth for the next financial year FY26?

Amit Dahanukar: EBITDA margins will be in the range of 15.5% to 17% for FY26.

Jagvir Singh: Adjusted to subsidies.

Amit Dahanukar: And revenue guidance will be in the upper teens.

Jagvir Singh: This EBITDA guidance is adjusted to the subsidies?

Amit Dahanukar: Yes, adjusted for subsidy income.

Moderator: The next question is from the line of Yashovardhan Banka from Tiger Assets. Please go ahead.

Yashovardhan Banka: My question is answered. Thank you.

Moderator: The next question is from the line of Daksh Malhotra from Aadriv Global. Please go ahead.

Daksh Malhotra: Yes, hello and thank you for the opportunity. Congratulations on the good set of numbers. Wanted to take your view on the UK FTA agreement and how will it impact our luxury portfolio, which we are planning to grow in the near future? That is question one.

And question two, just wanted to get a sense on how are we planning or are we planning to increase our stake in SSL, the Samsara Gin, Sitara Rum from 20% in the near future?

Ameya Deshpande: On the first part regarding the UK FTA, from an existing business perspective it doesn't impact us much for the simple reason that we are a predominantly brandy player and brandy does not get impacted significantly by the UK FTA.

With regards to the super premium luxury business that we have guided towards even with a whisky launch, to be very frank, I think there is a very clear positioning that Indian brands have created for themselves, whether it is the Indian single malts or the Indian malts that are coming in. So, we frankly don't see a significant impact on industry as such. But time will tell, and we don't want to guide towards anything on that front. Having said that, we do see tremendous and promising opportunities from an Indian luxury play over here.

With regards to Spaceman Spirits Lab, the intent obviously is to increase our stake. It is a strategic investment for us. By the end of the committed investment will be owning around 20.02% in the Company and very soon we will be looking at increasing that stake further pretty significantly. And the end game obviously is to have majority in the Company and to acquire the Company at some point in time, but at the right time.

Moderator: The next question is from the line of Dhaval Jain from Sequent Investments. Please go ahead.

Dhaval Jain: Sir, I just wanted to understand what exactly, how do we aim to achieve, go about our advertisement expenses going forward? And is it like a capped to the percentage of sales or a more broader understanding on this front?

Amit Dahanukar: I can give a broad outlook on that. See, you know, Brandy as a category we believe has been under-invested in terms of brand building and marketing. We have now started investing behind the category. I think one was, of course, with the introduction of Flandy, we did something to reinvigorate the category. And for the first time, I think we will also be using a celebrity. We have signed on a celebrity, and our teaser campaign has just been rolled out today as we speak. There will certainly be more activity on this front in terms of investment behind the brandy category.

Ameya Deshpande: And in terms of quantifying, your question was also in terms of how do we see this, right, in terms of capping it. See, the thing is that Q4 we did an reinvestment rate of around 1.8% of net revenue, right. For FY26, you will look at this at more than 2% as we try building on the entire brandy narrative as well as our introduction in the super premium luxury space. Even that will require good amounts of investment. You are looking at an A&SP reinvestment rate of more than 2% for the coming year. And our EBITDA guidance, EBITDA margin guidance takes that into consideration as well.

Dhaval Jain: One more thing on our volume-to-volume growth annually, so it's around 6.7% if I'm not wrong.

Ameya Deshpande: Yes, that's right.

Dhaval Jain: So, this we expected to be high mid-teens now like going forward on FY26.

Ameya Deshpande: Yes, it will be high teens.

Dhaval Jain: I just wanted to understand like where exactly this growth is going to come from is just the southern market or it's the expansion into new markets or which exactly the State you're targeting at?

Ameya Deshpande: Yes, it will be significantly from the existing states itself. So, obviously, with the whisky, semi-premium whisky brand being launched in the East and Northeastern states, you will see East and Northeast growing at a decent clip. But at the same time, what we also need to look at is that the first nine months of this financial year, of the financial year that went by, you saw some subdued volume growth So, from that perspective, we will be regaining the share from that perspective. And that is how we will grow at a high teens kind of a rate in volume terms. It will be a combination of both Southern markets as well as your East and Northeastern markets.

Dhaval Jain: And just one more last question on the front of our case, I understand sub judice, but when's the next hearing date on this?

Ameya Deshpande: That is in June, on the 9th of June.

Dhaval Jain: I understand like last time it was in April, around April, if I'm not wrong.

Ameya Deshpande: Yes, so the hearings have been taking place. But it is status quo as Mr. Dahanukar mentioned earlier.

Moderator: The next question is from the line of Aaditya Singh from Multibagger Stocks. Please go ahead.

Aaditya Singh: Good morning, team. Congratulations on the great set of numbers. I only had one question. And my question was regarding the tax incidence. So, I just heard that there would be no tax incidence for the June quarter. So, can we expect it from next quarter?

Abhinav Gupta: No, as I said, if you see our carry forward losses are around Rs. 32 crore as of March 31st, 2024. But we have considerate against the assessment order of the income tax and the appeal is now pending at the Commissioner Income Tax level.

Once that appeal is heard and we are able to know that what exactly has been the additions to our assessed income, then only we will be able to exactly give you the guidance since when we can expect the tax. We have just said that for the current quarter, since we are not expecting any judgment in this quarter, you may assume no tax and exact from when tax will be required to be paid, perhaps by next quarter we will have a better position to answer.

Moderator: As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.

Amit Dahanukar: Thank you, everyone, for being a part of today's call and showing interest in our progress. I also invite all of you to check out our brand handles on social media, Instagram, Facebook and YouTube where the campaign featuring the brand extension Mansion House packaged drinking water, a campaign featuring one of South India's biggest superstars N Balakrishna would have gone live this morning.

I also hope that in the call we have been able to address your queries. 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.

Moderator: Thank you. On behalf of Tilaknagar Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Disclaimer: This is a transcription and may contain transcription errors. The document has been edited for clarity. The Company takes no responsibility of such errors, although an effort has been made to maintain a high level of accuracy.