



Date: June 06, 2025

To,
The Listing Compliance Department
BSE Limited
P. J. Tower, Dalal Street
Mumbai – 400001

To,
The Secretary
Calcutta Stock Exchange Limited
7, Lyons Range, Kolkata 700001

Scrip Code: 541741

Subject : TRANSCRIPT OF INVESTORS AND EARNINGS CALL HELD ON FRIDAY 30, 2025

Dear Sir/ Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in continuation to our letter dated May 27, 2025, please find attached the Transcript of investor and earnings concall, held on Friday, May 30, 2025.

<https://investor-relations.fratelliwines.in>

This is for your information and records.

Thanking You,

Yours Faithfully,
For FRATELLI VINEYARDS LIMITED
[formerly known as Tinna Trade Limited]

Mohit Kumar
Company Secretary
ACS 38142

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“Fratelli Vineyards Limited
Q4 FY '25 Results Conference Call”
May 30, 2025



MANAGEMENT: **MR. GAURAV SEKHRI – CHAIRMAN AND MANAGING
DIRECTOR – FRATELLI VINEYARDS LIMITED**
**MR. ADITYA SEKHRI – DIRECTOR – FRATELLI
VINEYARDS LIMITED**
**MR. RAJESH GARG – CHIEF FINANCIAL OFFICER –
FRATELLI VINEYARDS LIMITED**
**MR. HEMANT ARORA – CHIEF BUSINESS OFFICER –
FRATELLI VINEYARDS LIMITED**

MODERATOR: **MS. PRIYA SEN – GO INDIA ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to Fratelli Vineyards Limited Q4 and FY '25 Earnings Conference Call hosted by Go India Advisors. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Priya Sen from Go India Advisors. Thank you, and over to you, Ms. Sen.

Priya Sen: Thank you, Andrew. Good afternoon, everybody, and welcome to Fratelli Vineyards Limited earnings conference call to discuss the Q4 and FY '25 results. We have on the call Mr. Gaurav Sekhri, Chairman and Managing Director; Mr. Aditya Sekhri, Director; Mr. Rajesh Garg, Chief Financial Officer; and Mr. Hemant Arora, Chief Business Officer. We must remind you that the discussion on today's call may include certain forward-looking statement and must be therefore viewed in conjunction with the risks that the company faces.

May I now request Mr. Gaurav Sekhri to take us through the company's business outlook and performance, subsequent to which we will open the floor for Q&A. Thank you, and over to you, sir.

Gaurav Sekhri: Okay. Thank you. Welcome to the Q4 and FY '25 earnings conference call of Fratelli Vineyards Limited. The financial results and investor presentation have been shared, and I trust you've had a chance to review them.

FY '25 has been a year of strategic execution for Fratelli, during which we focused on setting up robust systems and processes that are laying the foundation for our next phase of growth and scale-up. Before I present the key milestones and achievements of the year, I would like to begin with a brief overview of Fratelli's operating model and the legacy of the business.

Fratelli holds a leading position in the Indian wine industry with a market share of approximately 30% and is widely regarded as one of the country's most trusted and respected winemakers. Our business is built on a foundation of deep expertise in viticulture and oenology, which is with a clear focus on crafting premium and super-premium wines that meet the evolving taste of discerning consumers.

As a fully integrated enterprise, we manage every stage of the wine-making process from vineyard cultivation and grape harvesting to production, bottling and distribution. This fully integrated model allows us to maintain rigorous quality standards, ensure consistency across vintages and foster innovation across our product portfolio.

We operate two strategically located facilities, our mother facility being in Akulj, Maharashtra; and another facility at Bijapur, Karnataka. Our flagship facility in Akulj has a capacity of 4.8

million liters and also houses our canning line where we produce TiLT, our innovative wine-in-a-can offering.

Bijapur adds an additional 0.6 million liters to our capacity. This year, we've increased our total installed capacity by one third, bringing it to 5.4 million liters. This expansion has not only strengthened our ability to scale but also enhanced our product quality, supporting better margin realization.

Our vineyard ecosystem is a key competitive advantage for Fratelli and unique to us. It is anchored in 400 acres of vineyards, which are found by us and supported by over 1,000 acres under long-term contract farming. This integrated model ensures food traceability, consistency and supply resilience at scale.

Today our wines are available across approximately 25,000 touch points nationwide. Internationally, we continue to expand our footprint in high-potential markets, including the U.K., U.S., Italy, Japan, Dubai and Australia, demonstrating the growing global appeal for our brand.

With a 15-year legacy and expertise, Fratelli continues to redefine winemaking, whether through our premium award-winning labels, innovation in new formats or our expanding market presence. Our portfolio is anchored by marquee brands like J'NOON and Sette and the Master Selection range, each reflecting our commitment to quality and craftsmanship.

This year, we made meaningful progress on both innovation and progress. We upgraded our tech stack to support faster and sharper decision-making. On the product side, we introduced exciting additions to our portfolio, our first Pinot Noir as well as the Master Selection Late Harvest, and our latest offering is Shotgun, a ready-to-drink, crafted product to engage younger consumers and expand the category. We also strengthened our leadership in the wine-in-a-can segment, taking it deeper into Tier 2 cities and unlocking new consumers and demographics.

Another exciting milestone was the launch of our first Pour Room Bar and Coffee place in partnership with Blue Tokai in Koramangala, Bangalore. This is a unique wine-meets-coffee experience designed to engage urban consumers in a more immersive way.

Looking ahead, we remain firmly focused on elevating our premium wine portfolio, deepening our investments in hospitality and expanding our presence across emerging Tier 2 and Tier 3 markets. As a professionally managed family-led enterprise, we are leveraging our strong foundation to drive sustainable growth, creating enduring value and delivering exceptional experiences.

We wish to set new standards for the wine industry in India and with this, I would like to welcome Aditya to take us through some of the strategic and financial update for FY '25. Over to you, Aditya.

Aditya Sekhri:

Thank you. Hi, everyone. In FY '25, 73% of our revenue was contributed by the Premium & Above segment, reinforcing our strong brand positioning and the shift in consumer preference towards our quality offerings. Our revenue stood at INR182 crores, reflecting the impact of supply chain streamlining measures and broader macroeconomic headwinds.

Gross margins improved by 200 basis points year-on-year driven by an enhanced product mix and operational efficiencies. EBITDA remained under pressure due to elevated investments in long-term strategic initiatives. This included category development, infrastructure upgrades and sustained brand-building efforts. We continue to strengthen internal capabilities throughout this year, onboarding new talent, expanding the team and laying the groundwork for future growth.

The brand remains well positioned to scale profitability in FY '26 with clear visibility on margin recovery through cost optimization and enhanced operating leverage going forward. Our priority remains on driving EBITDA recovery while continuing to invest in capacity, brand development and systems that will support long-term sustainable growth.

Our focus-driven portfolio and our unwavering commitment to crafting exceptional wine experiences have been instrumental in reinforcing brand as well. Strategic partnerships have amplified our reach and visibility this year and our presence at marquee events such as Nykaaland, ProWine, Nagpurwine Fest, and Viva La Vino allowed consumers to engage directly with our brand. And also, experienced our new offerings of the Master Selection in our newly launched Pinot Noir as well first hand. These platforms continue to be vital touch points in deepening consumer connection and driving new addition for us.

We continue to scale TiLT, our wine-in-a-can offering by strengthening its presence at high-energy cultural and music festivals such as Bandland and Doon Music festival. These platforms are key to our strategy of integrating wine into contemporary casual consumption occasions, bordering category feel and accelerating trial among younger urban consumers. This is a deliberate step in our ongoing effort to redefine how wine fits into India's evolving lifestyle landscape.

We also introduced our innovative RTD offering, Shotgun, a cold convenient format designed to appeal to a wider and younger consumer base. With its vibrant packaging and easy-to-enjoy profile, Shotgun is helping us start to new consumption occasion and expand our presence in the fast-growing RTD segment. Currently, the RTD industry in India is roughly \$150 million.

Looking ahead, we are poised to benefit from enhanced production capacity in the strong harvest, both of which will support the increased demand across our premium portfolio with a robust and differentiated product mix, expanding routes to market and continued investment in brand and consumer engagement.

We are strategically positioned to strengthen our leadership in the premium and wine segment. Backed by operational discipline and a long-term vision, we remain confident in our ability to drive sustained top line growth and a margin expansion by shaping the future of wine

consumption in India. With that, I conclude my remarks and request the moderator to open the floor for questions. Thank you.

- Moderator:** The first question comes from the line of Girish Kumar with Valpro. Please go ahead.
- Girish Kumar:** Thank you, sir. Sir, I have three questions. The first one is what's your outlook on the wine industry over the next few years in the India. And the second one is, are you seeing any slowdown in the demand for wines, especially from premium urban consumers? And the third and the last one is, what innovation or new strategies are you exploring to drive future growth?
- Aditya Sekhri:** Sure. Girish, I can take this question. So as we've mentioned in our previous earnings call as well, last year was an aberration not only for us but for a lot of the other alcobev players as well, but our outlook, as mentioned previously as well, remains consistent. We're looking to grow at a CAGR of 15% to 20% year-on-year. And therefore, our outlook remains consistent with that. With respect to demand, we've seen a robust recovery in Q1, and we see that continuing this year as well going forward.
- Girish Kumar:** And in the innovation strategies, are you exploring to drive the growth?
- Aditya Sekhri:** We couldn't hear you, Girish. Can you repeat your question?
- Gaurav Sekhri:** Innovation.
- Aditya Sekhri:** What innovation or strategies are you exploring to drive the future growth?
- Aditya Sekhri:** So we've launched TiLT about 3 years ago, which has scaled up well. And it's the largest player now in the wine RTD segment, especially with respect to wine-in-a-can. And we've recently launched Shotgun as well. And with Shotgun, we believe that the total addressable market, especially pertaining to wine, we feel we can dramatically increase that. And obviously, the updates will come in the following quarters because we've just done a soft launch in Q4, and more updates will be given to you in the following quarters.
- Moderator:** Next question comes from the line of Chetan with Systematix Group. Please go ahead.
- Chetan:** Hi, thank you for the opportunity. I have a few questions. First, on the distribution strategy. Sir, the company is expanding its distribution footprint into Tier 2 and Tier 3 towns, where it is already witnessing growing traction. Are there any differentiated product development or marketing strategies being tailored specifically for these markets as, say, different than the metro urban center? And additionally, are innovative products such as cans and RTDs being strategically positioned for these regions?
- Gaurav Sekhri:** Hi, Gaurav. Sekhri, here. So Tier 2, Tier 3 cities, some customization is done to have a better reach, while the broad initiatives remain fairly consistent between the metro cities and Tier 2, Tier 3 cities. But sometimes, some level of vernacularity comes into play.

There is also the need of samplings and tastings because, in many cases, while people understand or have a desire to try wine, but they have probably not experienced it before. So one needs to customize those aspects. But otherwise, initiatives are not that dramatically different from metros.

And our -- we have a very complete range of wine products in terms of price points, in terms of taste profile, etc. So we have something for everyone. And we kind of see our audience, and then accordingly, we will propose them to try those category of wines.

Chetan:

Okay, okay. Thank you. Second question is on the product mix and margins. So currently, say, over 70% of the company sales are derived from premium and luxury wines, which significantly we can say, contributes to EBITDA. However, in fiscal '25, EBITDA margins are impacted due to the increased investments in brand-building initiatives. So how is the company balancing its focus on maintaining a high-margin premium product mix with the necessary investments to support the growth of, say, the emerging potentially lower-margin segments such as RTDs and cans?

Okay. Specifically, I mean that, are there any initiatives in place to ensure that the rising volumes from the newer categories do not dilute the overall premium mix or the company's margins?

Gaurav Sekhri:

Sure, sure. So Gaurav again. Let me attempt to answer your question. And if Hemant or Adityawish to add, they can elaborate. But essentially, we have a certain expectation, benchmark of gross margins and EBITDA margins from products as well as regions, so which we keep a close eye. And it has to meet our criteria to qualify for it to become a product. That is a given to begin with.

Of course, premium products, luxury products will tend to offer you better margins, and our focus is that. Our premium range of wines have been growing at a CAGR of 15% over last few years. So while we expand TAM by introducing products like wine-in-a-can, Shotgun, even filling some categories of products which may have been lacking in the past.

Our focus remains and number show in premiumization because having, owning and controlling our own vineyards, that is where our expertise lies is to make high-quality wines where we are delivering extremely high-quality experience at a much lower price compared to imported wines. So that is really our key focus area. I think that should sufficiently have answered your question?

Chetan:

Yes. Yes, that was helpful. And just last question on the expansion of this cultivation area. So the company had planned a capital expenditure of approximately INR5 crores for the expansion of its vineyard area by additional 100 acres. Could you specify the expected time line for the commencement of, say, commercial yield from this?

Gaurav Sekhri:

Sure. Typically, it takes about 3 years for us to get a viable yield out of any new plantation. So this capex is underway in a place called Jambhali in Ahmednagar district, where we have already planted approximately 40 acres. The net planting area we will get in this land is about 100 acres,

and we've planted about 40 as of now. And the big chunk is getting done in this financial year. And usually, it's a 3-year time line to get yields.

Moderator: Next question comes from the line of Janvi Shah with Marble Arc Capital. Please go ahead. Ms. Shah, please go ahead with your question. Ms. Shah, if you have muted your line, unmute yourself and go ahead with your question.

Janvi Shah: Hello, everyone. Thank you so much for giving me this opportunity. My question is that our sales are down by 1% Y-o-Y in Q4 FY '25. So what was the volume variance for Q4 FY '25?

Gaurav Sekhri: You are asking for the variance of volume between FY '24 and FY '25? Have I understood your question correctly?

Janvi Shah: That is one part of the question. I also wanted to know the Q4 FY '25, Q4 of FY '25?

Gaurav Sekhri: Okay. It's along the lines of our -- we've lost about INR30-odd crores of top line from INR215 crores to about INR180-odd crores. And in terms of the drop in revenue -- drop in volume, it is almost similar. But give us about 2 minutes, and we'll come back to you with the exact percentage.

Janvi Shah: Sure. And you'll help me with both, right, Q4 FY '25 and the full year FY '25, which is '24-'25?

Gaurav Sekhri: Sorry, ma'am, can you repeat the question?

Janvi Shah: Yes. My question is that you will be getting back to me with both the numbers, the Q4 FY '25 and the full year FY '25?

Gaurav Sekhri: Sure. My colleague, Hemant, our CBO, is going to answer that.

Hemant Arora: Hi, ma'am, volume dropped by 13% in FY basis.

Janvi Shah: Oh, it dropped by 13% in FY '25?

Hemant Arora: Yes, on Y-o-Y basis.

Janvi Shah: And in Q4?

Hemant Arora: Sorry?

Gaurav Sekhri: Q4.

Janvi Shah: In Q4 FY '25?

Hemant Arora: It's almost same

Gaurav Sekhri: We'll come back to you, ma'am, on the Q4 number shortly. Do you have a third question?

- Janvi Shah:** No. This is the only question, there were only two questions that I wanted to know.
- Gaurav Sekhri:** Sure. Sure. We'll just give you the Q4 variance in volume as well. But you've got the number for year-on-year, right? It's about 13%.
- Janvi Shah:** Yes. I got the percent -- the number right.
- Moderator:** Next question comes from the line of Smith Gala with RSPN Ventures. Please go ahead.
- Smith Gala:** Thank you for the opportunity. We are seeing a degrowth in '25 numbers -- FY '25 numbers. So broadly, what are the factors contributing to the degrowth? Is it we have a loss on volume? Or are we giving more discounts?
- Aditya Sekhri:** Yes. So the degrowth, as I mentioned as well in my opening remarks, are -- were attributed to a couple of key or marque reasons. One major aspect was on account of the change in policies last year, which happened in key states like Karnataka and Andhra Pradesh, even in Delhi. So these are 3 major markets which were disrupted. Another key aspect was the election factor, which led to a high number of dry days and sales opportunity to which we could not do sales during those dry days.
- The third factor also which was the contributor was some disruption in our internal supply chain because we were transitioning into a new unit altogether, and that happened largely in Q4. But I can assure you that, that has been completed. And going forward, there will be no disruption in supplies from our end as well on that account. But these are the three major contributors.
- Smith Gala:** Okay. And what was the number which you mentioned, the volume decrease? I missed it.
- Aditya Sekhri:** It was 13% on a Y-o-Y basis.
- Smith Gala:** 13?
- Aditya Sekhri:** 13.
- Smith Gala:** Next question is in the presentation is also mentioned that some macroeconomic factors also dependent to cause the factor to the demand going down. So the macroeconomic factors will also take time to improve if they are to. So what are the reasons for you to believe that you will be able to deliver a 20% growth year-on-year basis for FY '26?
- Gaurav Sekhri:** Sure. No, it's a great question. Gaurav Sekhri here. So the macro factors is that we have refer to is -- generally, we are seeing a slowdown in any kind of discretionary spending, whether it is apparels or it is alcohol, etc. There is some correction and there are various theories on why that is happening. I don't wish to speculate on that. But it is our understanding that there is a general slowdown in consumer spending, and that impacted demand for us as well.

And our way of tackling it is as follows. We see wine still at a very small base. And I think there is an opportunity to expand TAM. And our focus in expanding TAM is the launch of product like Shotgun, which will help us, to some extent, mitigate this resistance because it's a whole new product from us. It's exploiting a different market base altogether. While leveraging our strength in wine-making, because it is a wine-based product. So that is one.

And second, in the ultra-premium segment, we are not really seeing any slowdown. And we have been focused on the opportunities that exist for us to expand within that category. And that is giving us this confidence that we can achieve our desired growth rate.

Smith Gala: Okay. Thank you. That was helpful. Second question was there is actually -- you must be aware that India has successfully come up with a trade agreement with the EU. So that will also -- the European wines will also flood the market. So do you see that affecting the demand of the domestic wines?

Gaurav Sekhri: See, at this point of time, the FTA, which is being negotiated, it will be along the lines of what has already been done and achieved with Australia. That FTA provides sufficient protection to domestic wines. I don't see any impact of the FTA at this point of time. In fact, more wines becoming available probably helps in expanding TAM and general preference of people. At the same time, I think we have -- we are very aware and we are watching it closely. But the way the FTA provisions are today, we feel comfortable that it will not have any impact on us.

Aditya Sekhri: I'd like to add that in the initial drop that's been proposed, wine has not been covered as part of the spirits, in U.K. at least.

Smith Gala: Okay. U.K. -- then U.K. is not covered?

Aditya Sekhri: Correct.

Smith Gala: Okay, okay. And we have been incurring a loss -- we have incurred a loss in the current year. So what does the tax statement look like for FY '26? So I think we must have savings in FY '26 on account of tax, as we must have created deferred tax asset this year?

Rajesh Garg: So basically, it's an accounting entry. See, whenever you have losses, Hi Rajesh this side, I would like to take this question. So deferred taxes...

Smith Gala: Sorry?

Rajesh Garg: Yes. So basically, it's an accounting function whenever you have some losses, so deferred taxes asset is created. So in the current year, when we will get profit, it will be reversed actually.

Smith Gala: Yes. So this year, tax statement should -- the rate of tax should come down to 5% or maybe even nil?

Rajesh Garg: No, it will be 25% actually. The effective tax rate will be 25%. So...

- Smith Gala:** Effective rate of 25%, I understand, but we will get credits of the losses of this year, right?
- Rajesh Garg:** Yes. So in that case, the deferred tax will reverse. I mean here, you're seeing the negative figure. In that case, it will become positive figure. So the effective tax rate will be around 25% only. Though there will be no cash outflow, I mean, in terms of the tax payment, there will be no tax payment. But the asset which is created, it will get reversed.
- Smith Gala:** Yes, yes. That was the question. And so is the construction of the tourism facility on track with the planned construction time line? And we go live by end of '27?
- Gaurav Sekhri:** Gaurav Sekhri here. We are still in planning stage. We haven't yet begun construction. We are still very much attempting to have the facility ready by and open in 2027. But at this point, we are still in planning stage.
- Smith Gala:** Okay. That was helpful. And my last question from my side, is there enough any plans to merge the holdco with Fratelli to save some of the cost of consolidation and some expenses?
- Gaurav Sekhri:** We are evaluating it, yes.
- Moderator:** Next question comes from the line of Amit Mehendale with Robo Capital. Please go ahead.
- Amit Mehendale:** Thank you. Thanks for the opportunity. My first question is on the EBITDA. If I look at year-on-year EBITDA, I think you are down by about INR25 crores, INR30 crores. And there was a comment earlier that we have invested some amount. So could you throw some light on what type of extra expenses have been incurred and if these are recurring? For the same set of top line, can you go back to INR20 crores, INR25 crores? Just some color on the will be helpful.
- Gaurav Sekhri:** Hi. Gaurav Sekhri here. If I've understood your question correctly, I think you would like some information on what expenses were incurred in this financial year, what kind of expenses which impacted EBITDA. Is that your question?
- Amit Mehendale:** Yes. That's right. And also, I mean, if those expenses are recurring in nature, they were one-off expenses?
- Gaurav Sekhri:** Of course, of course. So broadly, there are two or three categories of expenses, which have adversely impacted EBITDA in this financial year. We -- some are, of course, recurring in nature in the sense that we continue to be very focused on brand building. And we don't wish to slow down on those kind of initiatives because it does expand the total addressable market and recruiting new consumers, etc.
- Our brand investments in FY '25 went to about 8% of our top line from 6% in the previous year. We do not wish to slow down on this. So this would be recurring in nature. Although in absolute percentage terms with the higher top line expected in this financial year, in percentage, some of these numbers should come down to, hopefully, by at least 1 percentage point, maybe 100 bps.

Secondly, in terms of one-off expenses, we have done a lot of work in this financial year to make the company future-ready. We redesigned our planned playbook. We worked on rebranding of our Master Selection range. We have just completed our work on a new bottle and new design for our Gran Cuvée Brut, which is our premium sparkling wine. It needed an upgrade.

It was done almost 12, 13 years ago when the product was launched to truly reflect the product and the liquid that is inside we had to undertake this process. That was a onetime thing. And of course, Shotgun, which is our new product launch. Any new launch, any new product, the R&D that goes into it, the launched related research, etc, that goes into it. So those are all onetime.

Now the product is launched, is already in the market. We are already selling it successfully in markets like Kerala, Uttar Pradesh, West Bengal, Uttarakhand, Rajasthan, Maharashtra. So a few states, we've already rolled it out and the response is extremely encouraging. So some of those kind of expenses were one-off in nature. I hope this helps give you more information and clarity.

Amit Mehendale: Yes, yes. Sure. Thank you. And my next question is on FY '26. Now supposing -- do we expect like 15% growth? Also, is that a fair assessment? And what -- if I add 15% to the current top line, what type of EBITDA margins broadly, some range, if you could indicate we could target for FY '26?

Gaurav Sekhri: I don't want to speculate so much on the EBITDA margin side. But what I can tell you is that on the sales of previous year, we are fairly confident that we will achieve this year about 20% to 25% growth.

Amit Mehendale: On the top line, sir, you mean?

Gaurav Sekhri: On the top line, and this is not including the Shotgun product launch. That will be on top. So my revenue guidance for this financial year is about INR 250 crores.

Amit Mehendale: Okay. Great, sir. And my last question is on Shotgun. What type of -- if you could tell us a little bit about the size of the industry market share, what are we aiming to do there? That will be helpful. Thank you.

Aditya Sekhri: Yes. So this is Aditya. So Shotgun falls in the RTD segment, as I mentioned. The total market size as of today is roughly about \$150 million. There are some players in the market who actually have a large share in the segment already and they've been existing for a while.

With respect to Fratelli launching Shotgun, we already have a very, very robust distribution channel across the country. We are available in 25,000 touch points already. In alcobev, potentially, there are 70,000-plus touch points available across the country. And with the launch of Shotgun, we believe we can foray into a lot of these other touch points which would traditionally not be available for wine sales. So that's really the key objective for Shotgun.

And as I said, the potential is large. And given that we have a pan-India distribution, we are looking for Shotgun to be a sizable part of our contribution in terms of revenue over the next 3 years. I hope that answered the question.

- Moderator:** Next question comes from the line of Dipesh Sancheti with Maanya Finance. Please go ahead.
- Dipesh Sancheti:** Yes. Can you tell me more about your collaboration with Blue Tokai and how it will help the growth strategy of the company?
- Gaurav Sekhri:** Hi. Gaurav Sekhri here. So with Blue Tokai, we saw very like-minded business and company, homegrown Indian business, aspirational in nature, challenging the multinational. So we had a connect with them. And to leverage that, we have come up with -- one is, of course, a barrel-aged coffee, which is really a Blue Tokai product, but we have supported them in creating and developing, and we have some opportunity of brand building on that.
- Aside from that, in Bangalore, in Koramangala, we saw an opportunity at one of their coffee bars, where we thought it's a good idea to roll out a wine experience and that way, we get a chance to interact with our consumers. And with that premise, we have done our sort of maiden wine and coffee bar with them.
- A lot of interesting learnings from this experience. Still early days, but what it is doing for sure is providing an opportunity to Fratelli to connect with these consumers and talk about the products. So that is working out quite nicely. And the place is branded as Pour Room.
- Dipesh Sancheti:** Place is branded as, sorry?
- Gaurav Sekhri:** Pour Room, P-O-U-R, P for Peter, Pour Room is the name of the place.
- Dipesh Sancheti:** Okay. Now I just wanted to understand the TiLT cans which we have. They are all wine or are they cocktails also?
- Gaurav Sekhri:** At the moment, the TiLT range is purely wine. It's 100% wine, not with any added flavors or anything like that. It is basically just good-quality, easy-to-consume, easy-to-like wine, which is fresh and meant to be consumed fresh in a casual setting.
- Dipesh Sancheti:** With what percentage of alcohol?
- Gaurav Sekhri:** It's around 11%.
- Dipesh Sancheti:** Yes. So because -- I just mention this because I was in Spain recently, and I came across this beautiful cocktail named as Tinto de verano, which is available in cans and even in 2-liter bottles over there. Can we replicate something like this in India? I mean, which will be around this 4.5% -- it was 4.5% alcohol. And I think can we replicate this because that will be a very good way to target early drinkers.

- Gaurav Sekhri:** No, I appreciate the suggestion. And I assure you, we are looking at all such opportunities. We do have another product in a can called NOI, which is a spritzer, and it's at 8% alcohol. Generally speaking, in India the preference of alcohol beverage but low in alcohol, people don't tend to appreciate it as much as they do abroad.
- But we do have a product with -- in a can with a lower alcohol, which is at 8%. But some of these ideas of cocktails in a can, wine-based drinks in a ready-to-drink format are very much which we are -- in our consideration. We are aware of them, but I do appreciate you sharing your own learnings from Spain. Thank you.
- Dipesh Sancheti:** Great. Okay. And what about the -- I mean, are there any other recent exciting innovations? And how do you address shifting of consumer preference?
- Gaurav Sekhri:** Shifting of consumer preference is a function of -- in our industry, at least in last 10, 12 years, we've learned is you have to make people try your product and then the product has to speak for itself. And that is our focus and attempt always. We are making a product which we are proud to drink ourselves, proud to serve in our homes and put our name on it. So sampling and trial is the best format, and we are always very focused on that.
- Dipesh Sancheti:** Is there any major capex which is lined up? And how do you finance it, right? So right now, what is the working capital requirement and term loans? And what would be the trend ahead?
- Gaurav Sekhri:** We are done with most of our capex that was needed on the winemaking side of things. Some routine expenditures for efficiency improvement, both at the vineyard level as well as winemaking will continue to happen.
- We expect that number for this financial year to be under INR15-odd crores for this financial year. So nothing major. Last year, we were approximately INR40-odd crores that we spent. This year, it should be about INR15 crores. And of course, this is not including the hospitality project.
- Dipesh Sancheti:** But what about the working capital? How much is the working capital and term loan in our debt?
- Gaurav Sekhri:** I will pass to my colleague Rajesh, he will answer the question for you. Go ahead, Rajesh, yes.
- Rajesh Garg:** So right now, we have borrowings of around INR100 crore, and out of which two third is the working capital and one third is the term debt.
- Dipesh Sancheti:** And what is the average debt -- average cost of debt?
- Rajesh Garg:** 10%.
- Dipesh Sancheti:** 10%?
- Rajesh Garg:** Yes.

- Dipesh Sancheti:** Okay. I mean, why such high debt? I mean, are we not in talks with anything? Because -- I mean, can we -- can't we just lower this interest cost?
- Gaurav Sekhri:** We are always attempting to do that, Gaurav, Sekhri here. We are always attempting to do that. But at this point of time, our best options are to borrow at around 10%. We have had a rating upgrade last year, we are at BBB- rated as a business.
- Dipesh Sancheti:** Okay. So are we planning to raise anything from the market? Because then we can significantly reduce the debt so it will not put pressure on our profitability also?
- Gaurav Sekhri:** We don't rule out any options, but I cannot tell you of any definitive plans today of raising money.
- Dipesh Sancheti:** I know. But if there is anything, whom do we approach, Go India only?
- Gaurav Sekhri:** I mean it's too -- I mean we can't speculate what we'll raise, when we'll raise.
- Dipesh Sancheti:** As an investor, I'm asking, just if we want to participate -- okay.
- Gaurav Sekhri:** You should just be in touch with Go India, for sure. They're our IR. And anything like that, please do reach out to them. We would welcome your participation at that point of time.
- Dipesh Sancheti:** Perfect. So Gaurav, how do you see the growth happening in the coming years or, let's say, for the next 3 years? I think you mentioned about 20% growth. Where do we see this growth happening and how? Just -- if you can just put some numbers on it.
- Gaurav Sekhri:** I think with what we are trying to do is diversify our revenue streams. With wine-in-a-can, we were the first ones to move on that category and launch it pan-India. And same thing we've done now with Shotgun. We are leaders amongst all the established winemakers to have come up with a product like this. So we are diversifying our revenue base so that we can continue to deliver good growth for our shareholders.
- In terms of wine, on a stand-alone basis, it's a very -- India is at a very interesting stage. Our per capita consumption is so low that the only way for it to go is go up. But a lot depends on people understanding it, accepting it and then kind of adopting it as a lifestyle. We've seen that happen in the last few years. You'll see the odd state which suddenly growth would be north of 30%, even 40% because the base is so low. So one will always have those aberrated numbers.
- And those opportunities, you can only exploit if you are in the business with some sort of relevance. And now that Fratelli has north of 30% market share and 25,000 touch points, we are very well poised for those figures. As and when they come, we are there to exploit them and take benefit from them.

But for me to tell you in a definitive manner from a particular segment growth will happen is very, very hard. But as a company with diversified revenues streams is where we believe we want to, we aspire to deliver 20% to 25% year-on-year growth.

Dipesh Sancheti:

Yes. I just want to rephrase the question. How do you get Indians to actually accept wine? Because like -- I know you have a lot of touchpoints, but point is still today, I mean I don't know whether you agree with me or not, but many of the people in India don't even understand what is the difference between the -- a sparkling wine or a red wine? How do we educate the masses? And how do we make this as a mass product?

Gaurav Sekhri:

I completely agree with you on the lack of understanding part. But I also -- I would like to share with you that the adaptability and acceptability comes very, very fast in certain markets. And we saw that in Hyderabad specifically in Telangana last year. So Kerala is another state where we have seen a trend like that.

How to make wine more approachable, acceptable is the not million but billion-dollar question. And if you have any suggestions, I will welcome it. But for us, the way is to make more people try it, sample it, make wine more approachable. Wine-in-a-can was an idea to make wine more approachable by reducing the formality around drinking wine.

With Shotgun, we made it more approachable by getting the right price point, the right kind of packaging, etc. So these are the tools. And of course, sampling and tasting eventually works really well.

Dipesh Sancheti:

And you can participate in a lot of festivals, a lot of -- I mean there are a lot of events which happen. If we can have a TiLT -- at least a TiLT cans over there, I mean things can work out really well, I mean, that way. I'm just trying to say that wine as a market -- I mean, how do we make it as a mass product? So that I mean -- and it has to be done by the entire industry itself, not just by you. But since you hold a...

Gaurav Sekhri:

No, no. It's a great question and -- it's a great question. I want -- Aditya has, I think, some comments he wishes to share on this. So -- but...

Aditya Sekhri:

No. I had already commented in my opening remarks as well that we had participated in a large number of halo or marquee events in the previous financial year. And those we've been doing consistently for the last couple of years, Zomatoland, Bandland, Nykaaland, Jaipur literature fest, the India art fest.

These have been some of the marquee events which we already have been doing. And we have taken the leadership position in here, at least among all the other winemakers, to kind of really deliver these elevated consumer experiences by doing these events.

And this as an effort is not going to stop from our side, at least for the next 3 to 4 years. At least we feel that we really, really continue to do these things. So this happens. I think pour room is

another key initiative, which we've been working on. So like this, there are enough opportunities to sample your wines to the larger base.

Dipesh Sancheti: Right. Because just by going with one of remark that because of the elections, the sales went down. For most of the IMFL or for most of the liquor guys, election is one of the biggest events. Whereas for wine, it actually turns out to be a very -- I mean, as a barrier. So -- you're getting my point?

Gaurav Sekhri: No. But -- so Gaurav here, I'm jumping in. I think that's a whole different conversation. I mean you know why sale of country liquor and those products goes up during election years. So let's not speculate on that. Wine is a completely different segment. What impacts us is dry days. When dry days are declared, restaurants are shut, consumer consumption takes a hit. That's the reality.

Moderator: Mr. Sancheti, please rejoin the queue for more questions. Next question comes from the line of Rohit Ohri with Progressive Shares. Please go ahead.

Rohit Ohri: Hi, team. A couple of questions from my side. The first one is you've mentioned that you're working towards Pinot Noir as some offering from your side. So my question is, how do you intend to maintain the quality or maybe the flavor, which is slightly difficult to replicate in terms of high-quality wines, which we have maybe from 1959 or maybe Murphy or maybe Costa or Ocean eight or all the other brands?

Gaurav Sekhri: So thank you for your question. I mean, for us, quality stands paramount and number one in everything we do. We only will launch and do products which at that price point deliver the best consumer experience. Pinot Noir is -- we have launched it now after almost 12, 13 years of being in the business because now we have the liquid that supports the quality standards of our brand.

We are able to give the highest possible quality at that price point, again, I would like to reiterate, because of us farming our own vineyard. And that is what enables us to deliver that experience. And if you've sampled our product like J'NOON, Sette, Master Selection, our Grand Cuvee Brut sparkling, which is the only zero dosage sparkling wine. Whereas the zero dosage, there's no added sugar into that and it goes through a natural fermentation process exactly like how champagne is made.

And we don't need to add anything to it because the wine stands on its own. It doesn't need anything. So -- but that is how we are able to meet the highest standards possible. And deliver a quality of wine at a price point which imported wine, I can say that competitors cannot match.

Rohit Ohri: Okay, okay. So we have this initiative called TiLT, which is can wine initiative. Sir, my question was that you're trying to attract the younger consumers probably trying to penetrate this market, which is barely 4% or 5% of your total turnover. How do you see this as a risk? Because the traditional wine lovers, they would prefer the same in a glass bottle with probably a cork on that.

So how do you see that as risk? Maybe do you think you should be investing more money in this?

Gaurav Sekhri:

So for us, the -- it's about the setting under which you consume wine. Now if you're in a fine restaurant, in that kind of setting, TiLT does not work. It's the bottle business that will work. The idea of TiLT and our validation came from places like Uttarakhand, etc, where the product has done extremely well, it is -- there is this whole segment of young consumers who do not like the formality around wine.

And we want them as younger consumers, maybe when they're 25, early 20s, mid-20s, we want to encourage them to try wine, get familiar with the liquid. And maybe as 5, 10 years later when -- even their purchase power allows them, then they can go and sample a whole bottle and enjoy the more sort of longer experience around wine. But how else do we get to try young people our product if you don't put it in a format which they can relate to?

Moderator:

Mr. Ohri, please rejoin the queue for more questions. Next question comes from the line of Sriram R, an individual investor.

Sriram R:

You mentioned that the domestic manufacturers will be protected even after the FTA coming into place. Can you throw some light on the landed cost between an imported wine and your luxury wine? What is the price difference at present and how this would change post FTA?

Gaurav Sekhri:

Hi. Gaurav Sekhri here. Without elaborating and taking too much time on this, what I can tell you is the FTA provisions for all wines under \$5 FOB price per bottle. The duty remains unchanged at 150%. And any wine I can kind of tell you, which is, let's say, at around \$2, not even closer to \$5, but just \$2 FOB, which would be, in my view, the starting point of any kind of liquid, which is sort of okay to be on shelves.

Those wines landed in India, depending on the state, but will be north of INR3,000 a bottle. So that will take the price even higher than our Sette, which is one of our top lines. And Sette sells at around INR2,000 retail.

Sriram R:

Okay, okay. Got it. And sir, just one more question. Can you mention the states that TiLT and Shotgun are available at the moment?

Gaurav Sekhri:

TiLT is more or less available pan-India. So TiLT is available everywhere. Shotgun is a new launch, hardly 3 or 4 months in the launch. Maybe I'll just have Aditya elaborate and tell you exactly which states we have Shotgun already.

Aditya Sekhri:

Yes. So TiLT is available across the country. And this year, we will be launching also in Defense, which is a key aspect for us. With respect to Shotgun, we are already available in the states of Maharashtra, Kerala, West Bengal and Uttar Pradesh. And we will be looking to be available in 10-plus states by end of this FY.

Moderator: Mr. Sriram, please rejoin the queue for more questions. Next question comes from the line of Janvi Shah with Marble Arc Capital. Please go ahead.

Janvi Shah: Yes. I think I will just wait the answer for Q4 FY '25 that you've been and I'll get back in about it.

Aditya Sekhri: So I can give the number. It is about 10% for Q4.

Janvi Shah: 10% for Q4?

Aditya Sekhri: Yes, yes, in FY '25.

Moderator: Next question comes from the line of Madhur Rathi with Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Sir, I wanted to understand your channel mix. How much would be come from HoReCa? How much would be coming from B2B and distribution, so if you could help me with that.

Aditya Sekhri: Yes. It is about 65% and on-premise contribution is 35%.

Madhur Rathi: Sir, I couldn't hear you. Sir, can you please repeat again?

Aditya Sekhri: It's 65% in retail . Balance 35% comes from on-premise.

Madhur Rathi: Got it. Sir, do we have how much would be coming from HoReCA segment?

Aditya Sekhri: 35%.

Madhur Rathi: 35%. Got it. Sir, I wanted to understand, sir, regarding our margin improvement that you are planning from 10% to 20%, what will drive this? And will there be an element of the resort and the -- resort and hospitality that will contribute to these margins? And sir, what are the cost savings that we can expect in FY '26?

Because gross margins are very similar to the market leader, but it was not flowing to our EBITDA margins. So if you could explain on the cost-savings initiative that we can expect over FY '25? And how do we move from this 10% margin to 20% margin over the next 5 years?

Aditya Sekhri: Sure. So as you rightly said, our gross margins remain extremely robust. In fact, there was an improvement in the last year as well. We're operating at about 79% and we believe that's a good figure which we want to remain consistent with in the years to come as well.

With respect to the EBITDA expansion over the next few years, as mentioned in, our outlook as well where we're targeting the roughly 20%, a lot of it will come from the operating leverage as well as you scale up. And this year as we are planning about INR250 crores in terms of our overall revenue. You will see a major recovery with respect to EBITDA on that basis.

And with time to come as well, as I mentioned earlier, our brand investments last year went 8%. Ultimately, as you approach 2028 or 2030, this will ultimately stabilize around 5% to 6%. And naturally, there will be certain rationalization further in the trade discounts as well going forward.

Madhur Rathi: Got it. Sir, on operating leverage then, sir, Akluj facility has increased from 4 million liters to 5.4 million liters when our cost of production or buying that review going forward as we scale the volume? Or how do you think from the expansion?

Aditya Sekhri: Yes. So as I mentioned, our overall cost of production is already extremely robust. While I can't give you a guidance today, I strongly believe that this current level that we're maintaining or that we're getting is very achievable going forward as well.

Madhur Rathi: Got it. Sir, just a final question from my end. Sir, what we have heard is there has been a lot of bulk wine that has been sitting with sellers in European market. So is there a possibility of us importing those wines and doing something like the whiskey or the IMFL manufacturers do? Or this is something that is not very common in a wine market and so on that trend?

Gaurav Sekhri: Gaurav Sekhri here. We are aware of such situations prevailing in Europe and even in Australia and other wine-producing places. But at this point of time, there is no compelling commercial reason to import bulk wines into India. We don't see it.

Moderator: Ladies and gentlemen, that was the last question for today. We have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

Gaurav Sekhri: Hi. Gaurav Sekhri here. Thank you, everyone, for joining the Q4 FY '25 conference call. We remain focused on delivering operational excellence, advancing our strategic priorities and ensuring an enhanced value to our shareholders.

I really appreciate everyone's participation today and for the high quality of questions and the interaction. We always learn from such interactions as well. So thank you for that. For further information, you are welcome to contact our IR, Go India Advisors. Thank you and have a lovely day.

Moderator: Thank you. On behalf of Go India Advisors, that concludes this conference. Thank you for joining us. You may now disconnect your lines.