

# Fratelli Vineyards

14 August 2026

**Operator:** Ladies and gentlemen, good day and welcome to the Fratelli Vineyards Ltd. Q1 FY27 earnings conference call, hosted by Go India Advisors. As a reminder, all participants' lines will be in 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 the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand over the conference to Mr. Adit from Go India Advisors. Thank you, and over to you, sir.

**Adit:** Thank you, Pariz. Good afternoon, everyone. It is my pleasure to welcome you on behalf of Fratelli Vineyards Ltd. Thank you for joining us today for the Q1 FY27 earnings call. We have on the call Mr. Gaurav Sekhri, Chairman and Managing Director; Mr. Aditya Sekhri, Director; Mr. Rajesh G., Chief Financial Officer; and Mr. Hemant Arora, Chief Business Officer. Please note that today's call discussion may include certain forward-looking statements and must therefore be viewed in conjunction with the risks that the company faces. I would now like to hand it over to the management for the opening remarks. Thank you, and over to you, sir.

**Gaurav Sekhri – Chairman & MD:** Thank you, and a very warm welcome to everyone joining us today. Am I audible?

**Operator:** Yes, sir. You are audible. Please proceed.

**Gaurav Sekhri – Chairman & MD:** Good afternoon, everyone. With India approaching its 80th Independence Day, there is a strong sense of optimism around the country's growth story, and my best wishes to all proud Indians on Independence Day tomorrow. At Fratelli, we are immensely proud to be an Indian wine brand that is building a strong presence across the domestic market and on the global stage. It was a particularly proud quarter for Fratelli and Indian wine, as Fratelli became the first Indian winery to receive five wines with 90-plus points at the prestigious Decanter World Wine Awards, further validating the quality of our Indian wines and the strengthening credibility of our brands, both in India and internationally.

We have started FY27 on a positive note, expanding our presence into two new geographies and building on the positive EBITDA momentum achieved in FY26. We delivered a resilient start to the year, reporting a positive EBITDA of 1.1 crore in Q1 FY27. Returning to the two growth engines of our business—wine and the RTD segment—both delivered healthy momentum in the first quarter. The core wine business grew by approximately 8%, while the RTD business more than doubled. Overall revenue grew by 22% year-on-year.

Our premium and above portfolio contributed 71% of total revenue in Q1 FY27, a mix that we have been able to maintain consistently. The super-premium category grew by approximately 7% year-on-year during the quarter, with our flagship brand J'Noon growing by over 36% year-on-year, driven by strong momentum across the portfolio. Within the luxury segment, Fratelli continues to maintain its market leadership. This performance reaffirms Fratelli's position as a category creator and a leading player in India's luxury wine segment.

We are also seeing encouraging traction from the brands we launched last fiscal, particularly in terms of geographic expansion. The Tilt 15th anniversary limited edition, in collaboration with

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Manish Malhotra, is now present across seven states since its launch in January. Fratelli Brut has expanded from four states to nine states, and we will expand it to 15 states by the end of H2. Once these brands gain distribution, they can build good traction in the market, so expanding their geographic presence will remain an important growth lever for us. In addition, Shiraz Cabernet, which was launched in April 2026, is already registered across 11 states and is seeing a very good response.

Coming to our value portfolio, this segment delivered strong growth of 26%. The value portfolio helps us maintain our presence in Tier 2 and Tier 3 cities while giving consumers an entry point into the Fratelli portfolio, with the opportunity to trade up over time.

Coming to our RTD business, it has really emerged as a success story for us and is becoming an important growth engine for the company. Shotgun sold approximately 50,000 cases in Q1 and continues to deliver strong market traction, doubling sales year-on-year. During the quarter, we added Chhattisgarh and Karnataka, taking our footprint to 22 states. A large part of our runway here is simply about taking Shotgun deeper into the distribution network that we already have. We now have four unique flavors, and Shotgun Jamun is slated to be launched in Q2 FY27. Overall, we remain well on our way towards our ambition of crossing 200,000 cases of Shotgun sales this financial year, versus about 80,000 cases last year.

I should also reiterate the success we are seeing with our CSD listings. The army canteen, or the CSD business, contributed approximately 8% of our top line in Q1. Tilt Red, Tilt Rose, and Shiraz Rose, which were listed in Q4 in the army canteen, have debuted strongly. Tilt is particularly significant for us, as it is the first wine-in-a-can product to be listed in the army canteen. M/S and NOI sparkling wine will begin from Q2, while Shotgun Strong is expected in H2. Therefore, we expect CSD to become an increasingly meaningful contributor through the year.

Internationally, we are now present in 17 countries, where exports of Tilt and Shotgun have also commenced along with our bottled business. Overall, we are encouraged by the way FY27 has started. The wine business continues to strengthen its premium positioning, the RTD business is helping us gain scale, our distribution footprint is expanding, and we are beginning to see the benefits of efficiency and scale come through in profitability. With that, I hand over to Aditya to take you through the operating and financial details. Thank you.

**Aditya Sekhri – Director:** Thank you, and good afternoon, everyone. Let me take you through the financial performance for the quarter. We delivered robust revenue growth in Q1 despite temporary regulatory challenges in Delhi and Uttar Pradesh. Delhi was impacted by delays in label registration, while Uttar Pradesh saw some changes in the excise policy during the quarter. These are essentially procedural matters and not a reflection of any weakness in demand. Strong performance across Chandigarh, Haryana, Telangana, Odisha, and Pondicherry offset some of that impact. With these temporary headwinds largely behind us, we remain confident in the strength of our underlying business, and our growth trajectory remains firmly intact.

Net revenue from operations increased to approximately 46 crores in Q1 FY27 from 37 crores, representing approximately 22% year-on-year growth and approximately 25% sequential growth over the 36.3 crores recorded in Q4 FY26. The growth was driven by both parts of the business. The wine business grew by approximately 8%, while RTD more than doubled. We largely maintained

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gross margin at 80% despite the change in product mix.

EBITDA for the quarter stood at roughly 1 crore, compared to an EBITDA loss of 2.3 crores in Q1 FY26. Brand investments remained disciplined during the quarter, with the focus weighted towards the RTD portfolio as we continue to build new markets. Depreciation was 2.5 crores, compared to 2.3 crores in the same quarter last year, broadly in line. Finance cost was 3.8 crores, compared to 3.1 crores, primarily reflecting borrowings taken for working capital as the business continues to scale. Overall, with revenue continuing to grow at over 20%, gross margins at the upper end of our guided range, and a cost base already geared up for a much larger business, we remain on track towards our Vision 2030. We believe Q1 is an encouraging first step towards that objective, and we remain focused on delivering profitable growth as the business scales. With that, I would request the moderator to open the floor for further questions. Thank you.

**Operator:** Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Heer Gouri from Choice Institutional Equities. Please proceed with your question.

**Heer Gouri – Choice Institutional Equities:** Hello. Thank you for the opportunity. I wanted to ask: with RTD sales doubling year-on-year, what revenue contribution are we expecting from Shotgun by year-end FY27?

**Management:** Specifically for Shotgun, Shotgun on its own should roughly contribute about 10% of our overall top line by the end of this year.

**Heer Gouri – Choice Institutional Equities:** Okay, got it. And what EBITDA margin are we expecting for this year and the next year as well?

**Management:** Gross margins for Shotgun?

**Heer Gouri – Choice Institutional Equities:** Yes.

**Management:** Gross margins for Shotgun will be around 70%.

**Heer Gouri – Choice Institutional Equities:** Okay, got it. I wanted to ask about the EBITDA margin and the outlook for FY27 and FY28.

**Management:** Our projected EBITDA margin for the year is around 5–6%.

**Heer Gouri – Choice Institutional Equities:** Okay, got it. Thank you so much.

**Operator:** Thank you. The next question is from the line of Ranjeet Kumar Singh from Ranjeet HUS. Please proceed with your question.

**Ranjeet Kumar Singh – Ranjeet HUS:** Hello?

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**Management:** Yes, please go ahead.

**Ranjeet Kumar Singh – Ranjeet HUS:** Thank you for taking my question, sir. I want to know whether our wine segment includes fermented wine or flavored wine.

**Management:** I think your question is whether we make fortified wine or not. All wine is made through fermentation. But I think your question is, are our wines fortified or not? Is that your question?

**Ranjeet Kumar Singh – Ranjeet HUS:** No, sir. My question is about the wine segment. There is a flavor called Jamun. Is it aromatized or fermented? Because, regarding this, there is some regulation from FSSAI stating that it has to be sold with certain labeling.

**Management:** Those regulations have no impact on our wine business at all. They apply to the other categories that you are referring to.

**Ranjeet Kumar Singh – Ranjeet HUS:** Okay, sir. One thing: regarding our EBITDA margin, you said that our EBITDA margin would be 5–6%. Can we scale this further, or is this on the conservative side?

**Management:** The EBITDA margin guidance we have given is based on the expectation of achieving a certain scale during this financial year. Of course, that is what we expect to achieve, and we are providing guidance accordingly. It is now about efficiency of scale, which is where Fratelli is positioned. As the top line grows, there will be efficiency in expenses and, as a result, a direct and positive impact on the EBITDA margin. However, this guidance reflects where we expect to be in this financial year.

**Ranjeet Kumar Singh – Ranjeet HUS:** Okay, sir. One thing, sir: in the last presentation, the presentation for the last quarter, you had given guidance of 30% growth in the top line. We have missed that to some extent in this quarter. Going forward, from Q2 and Q3, can we improve this further?

**Management:** Yes, sir, we will always do our best. As you know, for the alcobev business, Q1 is usually a slightly weaker quarter. Even in that quarter, we delivered 22% year-on-year growth. Therefore, I am optimistic that during the year, performance should be better than this.

**Ranjeet Kumar Singh – Ranjeet HUS:** Okay, sir. Thank you. That is all.

**Management:** You are welcome.

**Operator:** Thank you. Ladies and gentlemen, anyone who wishes to ask a question may press star and one on their touchtone telephone. The next question is from the line of Akshat from AB Capital. Please proceed with your question.

**Akshat – AB Capital:** Hello?

**Management:** Yes, please go ahead.

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**Akshat – AB Capital:** Thank you for taking my question, sir. My first question is: as you have already completed 1.5 months of Q2, could you give us some early color on the demand environment?

**Management:** We refrain from giving such granular forecasts. This should be viewed in a slightly more generic and general manner. At this stage, answering your question would be a bit premature.

**Akshat – AB Capital:** Okay, sir. My next question is: are you seeing Ready to Drink demand strengthen further from the Q1 level? And how is the demand environment for the luxury wine segment?

**Management:** For the Shotgun portfolio, demand continues to grow. As we have already mentioned, we are currently in the process of widening our distribution. That is the first thing we are looking to do. We have achieved the distribution of Shotgun in more than 20 states already. Therefore, the first goal for Shotgun is to widen our entire distribution scale across the network that we already have in the country. Demand continues to grow. That is why we had a much better Q1 than last year as well. We will be able to give better clarity on these factors after H1 ends, as that momentum continues to grow.

On the luxury portfolio, our performance has been very robust. J'NOON, which is our flagship brand, continues to grow at over 30%. Therefore, demand is very favorable in that category as well.

**Akshat – AB Capital:** Okay, sir. Understood. My next question is: could you give us some more color on your export business? What is the total revenue currently coming from exports?

**Management:** Export revenue is roughly 1.5–2% of overall net sales. It is still very small. One very good development on our side is that we continue to enter new geographies. We have added two new geographies already in Q1 of this year, and we still expect to add some more growing geographies in Q2 as well. Therefore, exports are currently at a very small base, but we are seeing very good traction in a lot of new geographies. Another development in exports is that we have also commenced exports for our RTD segment, both in cans and Shotgun.

**Akshat – AB Capital:** Okay, sir. Which is the major export market for you right now?

**Management:** We have five or six core export markets, all of which make a good contribution to our exports. A large part of it at the moment is coming from Israel and European markets.

**Akshat – AB Capital:** Okay, sir. Understood. Continuing with this question, how do you see the growth and profitability of this export business?

**Management:** The export business is profitable. I think it is now more a factor of scale for us in exports. However, I expect it to be a good contributor to the business in the coming years.

**Akshat – AB Capital:** Okay, sir. That would be all, sir. Thank you.

**Management:** Thank you.

**Operator:** Thank you. The next question is from the line of Deepesh from Manyya Finance. Please proceed with your question.

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**Deepesh – Manyya Finance:** Hi. How much of our total expenses are currently allocated towards brand building as a percentage of revenues? And how do you see this spending evolving going forward?

**Management:** Historically, over the last couple of years, we have been spending between 5% and 7%, considering the performance of our entire portfolio. This year, the guidance again remains at around 5% of net sales.

**Deepesh – Manyya Finance:** 5%. Given the approximately 20% EBITDA margin guidance, could you help us understand the key levers that will drive this margin expansion?

**Management:** As you know, the EBITDA guidance we have given is for FY2030. In that context, our gross margins are extremely healthy. In fact, we have maintained consistent gross margins in the range of approximately 79–80%. Therefore, a significant part of the EBITDA expansion that you see will come as the business grows in scale. As the business delivers growth in both RTD and the bottled business, and as you see more scale in the business, you will see this EBITDA expansion in the coming years up to FY2030, which is the period for which we have given the guidance.

**Deepesh – Manyya Finance:** Okay. You have also guided for 500 crores of revenue. What contribution do you expect from the hospitality business, and what will be the overall revenue and margin mix that will be attributable to hospitality?

**Gaurav Sekhri – Management:** Hi, this is Gaurav Sekhri. Yes, we have declared our ambition and aspiration to reach 500 crores, and that does include a contribution from the hospitality business. However, as we have guided over the last two or three quarters, because the overall bottled business has been flat for the last two financial years, we are taking our own time to roll out hospitality. As you know, it is capital-expenditure-heavy, and we have decided to focus on our core business of selling wine and strengthen that first. That is a priority for us, along with fast-tracking and rolling out the RTD business. These are the businesses where we see a better reward and return for the company.

To answer your question, the 500 crore revenue forecast does include hospitality as part of the plan, but that may be slightly delayed. Having said that, we expect to achieve this 500 crore top line even from our core business of selling wine, whether it comes from RTD, the core bottled business, or possibly even a third new element that we may add to our business within the next year or so.

**Deepesh – Manyya Finance:** You already have about 400 acres of vineyards. How much of our production currently comes from our captive grapes? And at what production level do we need to source grapes from the open market?

**Gaurav Sekhri – Management:** This ratio changes slightly year-on-year, but approximately one-third of our grape requirement comes from our own vineyards, one-third comes from our contract farming arrangements, and the balance comes from spot buying and selling transactions with farmers.

**Deepesh – Manyya Finance:** Since grape prices have almost doubled recently, this must be putting significant pressure on industry margins. Given our captive sourcing advantage, how sustainable is

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the resilience of our margins in the face of these higher grape prices?

**Gaurav Sekhri – Management:** We have been able to manage our gross margins quite well because of the hedge we have had since the inception of the business through our own vineyard. More importantly, what motivates us to be farmers ourselves is the quality of wine that we are able to produce by undertaking farming ourselves. That is our primary motivation.

**Deepesh – Manyya Finance:** All these 400 acres—approximately, what is the current value of this land?

**Gaurav Sekhri – Management:** I must clarify that the vineyards do not sit on the balance sheet of Fratelli. Therefore, they are not particularly relevant for Fratelli from that perspective. These are farming arrangements. These are lands that we have taken under long-term lease on a dry-lease basis, where Fratelli undertakes all the farming.

**Deepesh – Manyya Finance:** The hospitality business that we are planning—will that be on the same land or on our own land?

**Gaurav Sekhri – Management:** That is a very good question. For hospitality, 10 acres has been acquired by Fratelli within these vineyards. That sits on Fratelli's balance sheet.

**Deepesh – Manyya Finance:** Okay, so 10 acres is on Fratelli's balance sheet, right?

**Gaurav Sekhri – Management:** That is right, that is right. It is earmarked for the hospitality project.

**Deepesh – Manyya Finance:** Okay, great. Thank you very much.

**Gaurav Sekhri – Management:** Thank you.

**Operator:** Thank you. The next question is from the line of DBM Teja, an individual investor. Please proceed with your question.

**DBM Teja:** Victory to India, Team Fratelli Vineyards. I am Commander DBM Teja from the Indian Air Force. I want to congratulate the team for a good set of numbers, especially for the Ready to Drink products in the army and various other canteens. My question is: what is the growth guidance or profitability expected from CSD sales going forward?

**Gaurav Sekhri – Management:** Sir, Gaurav Sekhri here. Firstly, thank you for your service to the nation and for your compliment to the company as well. Regarding the forecast, during this financial year we want to maintain the growth trajectory of approximately 20% or more that we have already achieved in Q1. With that, we fully expect to be net-net break-even in this financial year.

**DBM Teja:** Okay. Thank you. I have another question related to your partnership with Blue Tokai Coffee. What is the cross-demographic synergy, or how can the partnership enable both brands to grow together? I believe Blue Tokai is planning an IPO next year. How will Fratelli gain an advantage from this?

**Gaurav Sekhri – Management:** The Blue Tokai partnership was an opportunistic arrangement that worked well for both of us during that period. It is not an ongoing relationship as of now. Therefore,

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we do not have any positive or negative impact from the way their business is proceeding.

**DBM Teja:** Understood. Thank you very much, and best wishes to the entire Team Fratelli Vineyards. Happy Independence Day in advance. Thank you.

**Gaurav Sekhri – Management:** Thank you, sir, and Victory to India.

**DBM Teja:** Victory to India.

**Operator:** Thank you.

**Operator:** A gentle reminder to participants that you may press star and one to ask a question. The next question is from the line of Deepika from JM Financial Services. Please proceed with your question.

**Deepika – JM Financial Services:** Hello, am I audible?

**Management:** Yes, you are. Yes, yes, yes.

**Deepika – JM Financial Services:** I had two questions. How many touchpoints were added during the quarter? And what is the distribution expansion target for this financial year?

**Management:** Regarding touchpoints, we do not give an exact number of how many we have added over a quarter, but we have added more than 6,000 touchpoints on account of having the new RTD business in the overall mix of our business. In terms of overall touchpoints, we are now above 30,000 across the country.

**Deepika – JM Financial Services:** Okay, fine. Is there any distribution expansion target?

**Management:** Regarding the distribution expansion target for this year, firstly, I cannot give an exact number of touchpoints at the moment, but we are looking to have Shotgun in more than 23 states by the end of this financial year.

**Deepika – JM Financial Services:** Okay, fine. Thank you so much.

**Operator:** Thank you. The next question is from the line of Sujit, an individual investor. Please proceed with your question.

**Sujit – Individual Investor:** Am I audible?

**Management:** Yes, sir, you are.

**Sujit – Individual Investor:** Good evening, Gautam and Aditya. My question has already been answered by you, including by the Chairman and Managing Director and the Director, but I have two questions. The first is whether wine tourism will be available in the future. The second question is related to which part of India contributes the most to your revenue: North India, South India, or, as you mentioned, the western or eastern part of India? That is all.

**Aditya:** Thank you for the question. Aditya here. I can provide you with an understanding of our regional mix. North accounts for about 23% of our net sales, South accounts for about 30%, West is

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roughly 25%, Defense contributes about 8%, East is about 11%, and exports are about 2%. This is our mix across all the distribution centers.

**Sujit – Individual Investor:** I want to know the ratio of the offline and online markets in the domestic business, excluding the international export business.

**Aditya:** For us, in the liquor business, the main classification is between the Horeca and retail businesses. Horeca contributes about 35% of our net sales, and retail contributes about 65%.

**Sujit – Individual Investor:** So most of the sales are offline, and online sales are not present at all? Are you referring to e-commerce or something similar?

**Aditya:** No, sir. Online sales for alcobev in India are still present in very limited states, and therefore the contribution is extremely minimal. West Bengal is a market where online sales are now growing to a small extent. However, that is also a very small component of the state's overall sales.

**Sujit – Individual Investor:** Then my last question is: you already mentioned hospitality. Will wine tourism be launched in the current year, or will you start wine tourism only after crossing 500 crores, as you suggested?

**Gaurav Sekhri:** Sir, Gaurav Sekhri here. We already run a small wine hospitality business. We have a wine experience center and a four-bedroom place to stay at our property, which we sell through our website. However, that is a very small-scale business. A proper hospitality rollout is certainly on the cards, but I do not see it having an impact on our revenue, or appearing in revenue in any meaningful way, for the next 2 years.

**Sujit – Individual Investor:** Okay, okay. Thank you very much for answering all my questions.

**Operator:** Thank you. The next question is from the line of Parth, an individual investor. Please proceed with your question.

**Parth – Individual Investor:** Hi, thank you very much for the opportunity. My questions are related only to Shotgun. With the expansion in Shotgun outlets, how exactly are we measuring repeat purchases from existing outlets versus new outlets? I would also like to ask how we are measuring whether the existing outlets are selling more Shotgun cases. I had another question as well, but—

**Management:** You are not very audible. Do you mind repeating your question?

**Parth – Individual Investor:** I want to ask how exactly we are measuring repeat purchases for Shotgun.

**Gaurav Sekhri:** Repeat purchases for Shotgun are only growing, sir. As I just said, we are currently in the midst of making sure that our product is available across the entire universe in every state. Repeat purchases are growing, and only repeat purchases increase as the numbers grow. We are seeing a very healthy repeat ratio across all the markets. Tier 2 and Tier 3 repeat ratios are also very healthy at the moment. In terms of the exact figure, we will be able to give you a better idea, but we have been in the range of around 55–60% for the last two or three quarters for Shotgun already. A more accurate figure will be provided after H1.

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**Parth – Individual Investor:** Okay, great. One more thing related to this: is there a market where we are currently planning to expand that is not a traditional wine market? For example, a market where wine is not sold and it is primarily a whiskey or beer market.

**Hemant – Chief Business Officer:** Hi, Hemant here, Chief Business Officer. Yes, we are looking for further expansion of Shotgun distribution in Jammu & Kashmir and Tamil Nadu, and we are in discussions regarding Telangana, depending on how that policy develops.

**Parth – Individual Investor:** My question was actually related to whether there are outlets that are not part of the traditional wine market. Let us assume we are expanding to outlets where Fratelli was not selling wine, and now we are selling Shotgun there.

**Gaurav Sekhri:** Hi, Gaurav Sekhri here. If I understood correctly, as we mentioned earlier, the addition of 6,000 new touchpoints that we spoke about earlier consists of touchpoints added to our portfolio because of Shotgun. These were outlets where, over the last 10 years, wine sales were either minimal or zero, and therefore there was no reason for Fratelli to be present there. Now, with Shotgun, it makes sense for us to be there, and we have added 6,000 such touchpoints.

**Parth – Individual Investor:** Okay, got it. Thank you very much for explaining that. How exactly is Shotgun performing in those outlets?

**Gaurav Sekhri:** Very well. Repeat ratios are a sign of the acceptance of the product. We are above 50%, and we believe that is a healthy sign for a product that is only 1 year old. That is why we have now expanded our range. As we mentioned in our opening remarks, we now have a total of four Shotgun variants in the market, with a fifth one to be added soon.

**Parth – Individual Investor:** Thank you, sir. What is the total market size? Last time, you said it was around 600 crores and was expanding by 25% annually. Is it still the same?

**Management:** Yes, that is correct.

**Parth – Individual Investor:** Are we expecting it to continue expanding by 25% until 2030?

**Management:** Yes. The 2030 outlook for the RTD industry is a little far away to provide, but based on the trajectory over the last 1.5 to 2 years, we are seeing approximately a 25% increase year-on-year.

**Parth – Individual Investor:** Okay, great. Thank you. That is all from my side.

**Operator:** Thank you. The next question is from the line of Akshat from AJ Capital. Please proceed with your question.

**Akshat – AJ Capital:** Hello, thank you very much. Your gross profit margin is around 80%, while your EBITDA margin is around 2.4%. What explains this gap? It is a bit difficult for me to understand how we would be able to achieve a 20% EBITDA margin going forward.

**Gaurav Sekhri:** Sir, Gaurav Sekhri here. The efficiency in EBITDA margins will come with scale. Fratelli had sales of only 180, 181, or 185 crores last year, and this year, even with 20% growth over the previous year, we should be at around 220 crores. This is where the efficiency starts coming in,

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as higher sales will translate into higher EBITDA margins. We have seen that happen, and it is also visible in our month-on-month accounting. Therefore, EBITDA margins will definitely improve, and it is simply a function of scale.

**Akshat – AJ Capital:** Okay, sir, understood. My second question is about the effect of the FTA. Would there be any change in the business or the industry? Can you elaborate a little?

**Gaurav Sekhri:** The FTA is happening and is coming into effect. The duty reductions negotiated by the Government of India include some protection for Indian wine. For imported wine priced above \$5 in the case of Australia, the duty remains at 150%, while in the case of Europe, that threshold is \$2.5. Above \$2.5 is where the duty drops to 75%.

We believe there is still sufficient protection. This should actually help in growing the category. With imported wine now coming in, perhaps with better-quality wine at a slightly better price, it will help grow the category. The main issue with the wine business over the last decade has been that the category has not expanded as we expected. Therefore, we hope that this will lead to category expansion.

For makers like us, who are making good-quality wines, this is an opportunity to showcase the quality of our wines. We are making very good wines at a very good price.

**Akshat – AJ Capital:** Okay, sir. Understood. Thank you.

**Operator:** Thank you. Participants who wish to ask questions may press star and one at this time. The next question is from the line of Kiran, an individual investor. Please proceed with your question.

**Kiran – Individual Investor:** Hello, sir. I have two questions. The first question is with respect to working capital. As we know, our interest cost is also high, and we are also planning to grow revenue by around 20%. Could you please provide some insight into what our debt level could be at the end of the year? Will it increase from here, or will we optimize our working capital so that our operating cash flow can fund future growth?

**Management:** Sure. That is a very good question. Our total loans and borrowings are around 130 crores, of which approximately 35 crores is long-term borrowing. We are looking at various options to bring in some liquidity into the company for greater efficiency, and the company is considering various options. It is a bit premature to discuss this today. However, as we decide, we will certainly inform you.

**Kiran – Individual Investor:** Okay, fine. Thank you. My other question is with respect to competitive intensity. One of your competitors said that competitive intensity in the mid-priced and low-priced segments is so high that it is not viable and may lead to a disaster. Could you please provide some insight into what exactly is happening? Is there any consolidation across the industry? Could you please share your thoughts on this?

**Aditya:** Aditya here. This competitive pressure, and especially the high discounting, is mostly prevalent in the state of Maharashtra, particularly in the economy segment. There are multiple players in the economy segment in Maharashtra, as Maharashtra is the dominant state for wine

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manufacturing. Therefore, the pressure is extremely high in that segment.

We have been quite conscious of our discounts in the market and have been taking calibrated efforts to ensure that we remain consistent with what is required to maintain our margins. However, we have also been willing to let go of sales where competitors have been offering very high schemes in a state such as Maharashtra, especially on port wine.

**Kiran – Individual Investor:** Okay, okay, sir. One last question, again with respect to debt: what could be our peak debt from here? Will it remain within 130 crores, or do you expect it to increase in the future?

**Gaurav Sekhri:** Gaurav Sekhri here again. We do not expect our debt levels to increase in any meaningful way from the current level.

**Operator:** Thank you. The next question is from the line of Randheer Kumar Singh from Randheer {? HGS ?}. Please proceed with your question.

**Randheer Kumar Singh – Randheer {? HGS ?}:** Thank you for giving me another opportunity. I want to understand this: our gross margin is more than 80%, whereas the industry leader is not able to maintain such a high gross margin. What is unique about our company that enables us to maintain such a high gross margin, and is this sustainable?

**Gaurav Sekhri:** We will not comment on the rest of the competition. Regarding our business, we have always been in the range of 74–75%. Sometimes, changes in the product mix also have an impact on the gross margin. However, we are fairly consistent at the current levels, which are around 78–80%.

**Randheer Kumar Singh – Randheer {? HGS ?}:** What is the EBITDA margin for Ready to Drink?

**Gaurav Sekhri:** We cannot comment on the EBITDA margin for the RTD business at the moment, but we can tell you that the gross margin of the RTD business is roughly 70%.

**Randheer Kumar Singh – Randheer {? HGS ?}:** Going forward, what export revenue contribution target has been set for FY27?

**Gaurav Sekhri:** It will remain between 1.5% and 2%.

**Randheer Kumar Singh – Randheer {? HGS ?}:** Is there any plan for equity dilution in the near future?

**Gaurav Sekhri:** That would be speculative, so I cannot comment on it during this call.

**Randheer Kumar Singh – Randheer {? HGS ?}:** Thank you, sir.

**Operator:** Thank you. Ladies and gentlemen, to ask a question, please press star and one at this time. I repeat, to ask a question, please press star and one now.

Ladies and gentlemen, that was the last question from the participants. I now hand over the conference to management for the closing comments. Thank you, and over to you, sir.

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# Fratelli Vineyards

14 August 2026

**Gaurav Sekhri:** Thank you very much. On behalf of the entire team at Fratelli Vineyards, I would like to thank all of you for joining us today and for your continued interest and support. We truly value your engagement and the opportunity to interact with you. We look forward to staying connected and sharing our progress with you in the quarters ahead. Have a wonderful evening. Thank you.

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

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Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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