Tilaknagar Inds.

Operator: Ladies and gentlemen, good day and welcome to the Tilaknagar Industries Ltd. earnings conference call. As a reminder, all participant 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 touch-tone phone. Please note that this conference is being recorded.

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

Siddharth Rangnekar - CDR India: Thank you. Good morning, everyone, and thank you for joining us on Tilaknagar Industries Ltd.'s Q2 FY27 earnings conference call. We are joined today by Chairman and Managing Director, Amit Dahanukar; Chief Strategy Officer, Ameya Deshpande; Deputy Chief Financial Officer of the company, Anand Singhal; and General Manager - Growth and Innovation, Taranya Dahanukar.

We shall commence with views from Mr. Dahanukar on the business performance and financial highlights, followed by commentary from Mr. Deshpande on the strategy going ahead. This will be followed by an interactive question-and-answer session.

Before we commence, I would like to state that certain statements made on today's call could be forward-looking in nature, and a disclaimer to this effect has been included in the results presentation that was shared with you earlier and is also available on the stock exchange website.

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

Amit Dahanukar - Chairman & Managing Director: Good morning, everyone. We are happy to have you all join us on this earnings call to discuss the Q2 FY27 results.

I will provide an update on the current quarter's performance, which will be followed by Ameya taking you through the updates on our strategic investments, Imperial Blue integration, and guidance on future performance.

Before I begin with the quarterly performance, there are a few key highlights I wanted to share.

Firstly, both our flagship brands, Imperial Blue whisky and Mansion House brandy, have registered robust secondary volume growth of 8.5% and 7.1%, respectively, in Q2 FY27 versus Q1 FY27. This has led to a 100 bps market share increase for Imperial Blue and a 70 bps market share increase for TI in the prestige and above segment on a quarter-on-quarter basis in Q2 FY27.

Imperial Blue's market share rose in 17 states across India, with significant market share gains in Karnataka, Andhra Pradesh, Uttarakhand, Assam, and Rajasthan.

We have continued to introduce Imperial Blue in newer markets by launching the brand in Kerala during October '26. We will soon be launching the brand in Tamil Nadu as well. While these are smaller whisky markets, we are confident that our existing presence in these states will immensely benefit IB.

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We have leveraged Imperial Blue's distribution strength in Daman and Diu to relaunch Mansion House brandy, and in Uttarakhand to launch Madira rum. We have also introduced Imperial Black in Uttar Pradesh and Meghalaya during the quarter.

In Q1, our overall volumes increased by 160% on a year-on-year basis and 2% on a quarter-on-quarter basis. The quarterly growth was largely flat on account of higher primary sales in Q1 FY27 in the states which had exited TSMA during Q4 FY26 and the states which were planned for exit in June '26.

Now moving to financial performance, the overall NSR moderated by 0.75% to Rs. 1,174 per case for Q2 FY27 from Rs. 1,183 per case in Q1 FY27, and increased by 3.2% from Rs. 1,138 per case in Q2 FY26. On an H1 basis, the NSR grew by 4.2% from Rs. 1,131 in H1 FY26 to Rs. 1,179 in H1 FY27.

The slight reduction in NSR in Q2 was on account of a change in state mix and brand mix. However, we are confident of sustaining growth in NSR going forward. The NSR growth will be driven by a favorable state mix, price increases, and expected new launches from FY28 onwards.

We witnessed strong growth of 173% on a year-on-year basis to reach net revenue of Rs. 1,035 crores during the quarter. Adjusted for subsidy, we recorded growth of 172% to reach Rs. 1,033 crores.

The ongoing geopolitical tensions have resulted in continued inflationary pressures across packaging inputs, particularly glass, resulting in a meaningful increase in packaging costs during the last two quarters. While exiting Q2 FY27, ENA prices also started to show an inflationary trend with rising fuel and grain costs. Consequently, gross margins were under pressure. However, as committed in Q1, we have been working consistently on our cost optimization initiatives, which have shown positive results, helping us protect our margins.

Adjusted for subsidy, we achieved a gross profit of Rs. 432 crores in Q2 FY27 and a margin of 41.8%, compared to 42.1% in Q1 FY27. Excluding the impact of inflationary pressures, the margin would have been higher, closer to 44%.

EBITDA stood at Rs. 148 crores for Q2 FY27, recording growth of 146% year-on-year and a margin of 14.3%. Adjusted for subsidy, EBITDA grew by 143% to Rs. 146 crores, with a 14.1% margin on the combined business. Excluding the impact of inflationary pressures, the margin would have been approximately 16.5%.

The A&P reinvestment rate increased by 61 bps in Q2 FY27 versus Q1 FY27 on the back of strong ATL and BTL execution drives ahead of the festive season.

PAT adjusted for exceptional items and acquisition-related amortizations stood at Rs. 68 crores for Q2 FY27, recording growth of 30% year-on-year and a margin of 6.6%. Adjusted for subsidy, PAT grew by 26% to reach Rs. 66 crores, with a 6.4% margin on the combined business. Excluding the impact of inflationary pressures and subsidy, the margin would have been approximately 9%.

We incurred an exceptional expense to the tune of Rs. 11 crores during Q2 FY27, predominantly on account of TSMA fees and integration-related expenses.

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As of September 30, 2026, our gross debt stood at Rs. 2,202 crores and net debt stood at Rs. 2,074 crores. There has been a slight run-up in net debt levels as compared to June '26. I want to reassure you that our target is to take net debt in March '27 to below March '26 levels.

I wanted to reiterate that our focus going forward will be divided into four parts:

One, continue our journey to generate and fulfill demand for our brands to deliver double-digit volume growth over a 2- to 3-year period.

Two, optimize packaging, processes, and supply chain and reap the benefits of operating leverage and economies of scale, helping us achieve an EBITDA margin of 16% to 18% on the combined business.

Three, focus on efficient capital deployment, disciplined debt management, and working capital investments, facilitating the reduction of net debt to EBITDA below one by FY29.

Four, ride on the pan-India distribution strength of the Imperial Blue and Mansion House franchises to expand TI's luxury and premium portfolio, including strategic investment brands.

We have continued to focus on our brand communications and have made impactful strides during the current quarter. On the proud occasion of Independence Day, we had two great outcomes.

Firstly, Mansion House brandy and Monarch Legacy Edition brandy were showcased in Times Square, New York City, for 72 hours, with 2,500+ plays and 1.2 million+ visitors.

Secondly, TI launched its first ATL campaign for Imperial Blue packaged drinking water under “Because Men Will Be Men,” which continues with its central theme of humor. We have continued our strong execution on the BTL front with special packs across key markets ahead of the festive season.

The overall policy and regulatory environment continued to see encouraging developments in Q2 FY27. Karnataka, on the back of the recent progressive excise policy reforms, has witnessed strong growth in the prestige and above category, with significant benefits for both Imperial Blue whisky and Mansion House brandy. Additionally, Mansion House brandy emerged as the highest-selling brandy in Karnataka in September '26. During Q2, Imperial Blue whisky recorded its highest-ever quarterly volumes in the state, with market share crossing 40%, a massive 900 bps increase on a quarter-on-quarter basis.

Further, there are early signals of reform in Tamil Nadu, the largest brandy market in India. Mansion House Reserve brandy has seen 25% quarter-on-quarter volume growth, with 50% year-on-year volume growth in September '26, emerging as the highest-volume month ever. We are now very confident that TI, the largest ENA brandy player in India, will be one of the biggest beneficiaries of any reform that takes place in Tamil Nadu.

Lastly, I wanted to update you on the super-premium and luxury side of the business housed within House of TI. During the quarter, we made a strategic investment in Black Tiger Distilleries, the makers of Bodega Suprema No 5, a 100% Blue Weber agave tequila. We have also expanded the presence of our luxury brands—Monarch Legacy Edition brandy, Seven Islands pure malt whisky,

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and Samsara gin, owned by Spaceman—in Assam during the quarter. We are extremely optimistic about our luxury play, both organically and through our strategic investments.

I will now hand over to Ameya to take you through our investment in Bodega, the integration of Imperial Blue, and guidance on future performance.

Ameya Deshpande – Chief Strategy Officer: Thank you, and a very warm welcome to everyone joining us today.

During Q2 FY27, we made a strategic investment in Black Tiger Distilleries, the makers of Bodega Suprema No 5, a 100% Blue Weber agave tequila bottled in Jalisco, Mexico.

We are very excited about our maiden foray into tequila, a category that has grown at a 60% CAGR over the last 5 years. Bodega is filling the gap at an accessible luxury price point. It is already available in 4 markets: Maharashtra, Karnataka, Goa, and Delhi. We have agreed to invest INR 22 crores for a 30% stake in the company over 2 tranches: INR 6 crores, which has already been invested, and another 16 crores to be invested in the next 12 months. This investment also includes a strategic partnership with PSA, a Mexico-based family-owned tequila manufacturer, and Mansha Group, one of India's leading alcobev distributors.

Our strategic investment approach continues to be opportunity-led and disciplined, with capital allocation based on the strategic attractiveness of an opportunity and long-term profitability in mind. We look at brands and businesses with strong consumer propositions, differentiated liquid, attractive growth potential, and the ability to scale through our distribution and operating platform. Our goal is to build a stronger, more diversified, and increasingly premium-focused spirits company.

On the IB integration front, I am happy to inform you that the states which transitioned out of TSMA under TI operations have been stabilized, marking another step towards successful integration. The last remaining states will also be transitioned towards the end of financial year '27. As a result, exceptional costs relating to the transition have significantly reduced during Q2 FY27 and will continue at the same levels over the next 2 quarters.

I would now like to provide some guidance on the combined business going forward.

We maintain our guidance for FY27 of achieving high-single-digit to low-double-digit volume growth for the combined business. Beyond FY27, including new launches planned from FY28 onwards, we maintain our volume growth guidance of mid-teens and revenue guidance of mid- to high-teens over the next couple of years.

In terms of margins, we expect consolidated EBITDA margins to reach 16% to 18% for the combined business by FY29, with an upward bias on the range.

While margins in H1 FY27 have been under pressure, we are confident that we will be able to deliver margin expansion on the back of our premiumization journey, cost optimization initiatives, supply chain efficiencies, and operating leverage.

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As guided in the past as well, we expect the net debt-to-EBITDA ratio to go below 1 time by March '29.

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

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

The first question is from the line of Abneesh Roy from Nuvama. Please go ahead.

Abneesh Roy – Nuvama: Thank you. My first question is a bit structural. One is, of course, on the overall sector. If I see that white spirits are growing much faster, the numbers for Radico and even the one-off numbers for United Spirits speak for themselves—extremely explosive growth. So, in your core markets of South India, for example, and for your legacy brands, I am sure that white spirits growth will again be much faster than brown spirits growth. If you could comment on how much the market growth is, in your calculation, in the 4 core markets for white spirits versus your business? My second quick question on the industry is that you mentioned some initial reforms in Tamil Nadu have started, and you mentioned some numbers which look very good quarter-on-quarter and year-on-year. If you could confirm those numbers, and whether they are for Tamil Nadu? That is the first question.

Management: Abneesh, the major markets for white spirits have largely been Uttar Pradesh, Maharashtra, and Rajasthan. White spirits as a category are not very large in South India, where we are operating, but nevertheless, the category has been growing there as well. However, the large markets are the ones which I specified.

Coming to your second question in terms of the regulatory changes in Tamil Nadu, yes, certain ordering changes have been made which have affected us positively. In terms of orders being received on depletions, some changes at the ground level have been made which have helped us increase our tertiary sales from the outlets.

Abneesh Roy – Nuvama: Can you repeat those numbers? Those are for Tamil Nadu, right? Those numbers?

Management: Yes, those are for Tamil Nadu. This is for Mansion House Reserve brandy, which has grown by 25% on a quarter-on-quarter basis and 50% on a year-on-year basis since September.

Abneesh Roy – Nuvama: Do you have some calculation or some numbers in mind regarding what could happen if reasonable reforms take place? Sector reforms can have very different magnitudes, and they are very difficult to crystallize. But from the current volume in Tamil Nadu, how much could be realistic in the next 2 to 3 years? Because over 2 to 3 years, I am sure reforms will happen with 100% certainty; there is no doubt. But assuming some basic reforms, what kind of volumes can you expect in 2 to 3 years in Tamil Nadu?

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Management: Abneesh, again, as you have correctly pointed out, it is difficult to have a crystal ball in terms of how regulatory changes will pan out. I would just mention that at our peak in Tamil Nadu, we sold around 3 million cases of prestige and above brandy, mainly Mansion House.

Abneesh Roy – Nuvama: What is the current ARR from Q2?

Management: Currently, you are looking at less than half a million.

Abneesh Roy – Nuvama: Understood. Last question: are you happy with the IB performance and, of course [trails off]

Operator: Mr. Roy, I am sorry to interrupt you.

Abneesh Roy – Nuvama: Yes.

Operator: Sir, I would request you to kindly rejoin the queue for follow-ups, please. We have other participants [crosstalk]

Abneesh Roy – Nuvama: [crosstalk] I have only one question.

Operator: I am sorry, sir. There is a long queue. We will have to take other participants. We will have to give them a chance, sir. I would request you to kindly rejoin the queue. Thank you.

We will take the next question from the line of Sanjay Manyal from DAM Capital. Please go ahead.

Sanjay Manyal – DAM Capital: Hi, sir. On the Imperial Blue part, I think your run rate was around 2 million cases in May and June, and this seems to be not at the same run rate in Q2. How do we see Imperial Blue for the full year? If I consider that run rate of 2 million, ideally we should have been closer to 20-24 million cases. Do you think that number can be achievable?

Management: Sanjay, while we did 2 million cases in May and June, we are very close to those numbers even in Q2. There is a good level of seasonality that comes in during Q2, with a host of festivals in the north of India where drinking is not that prevalent at that point in time. From that perspective, we still adhere to our earlier guidance of double-digit growth in the IB business for the entire year of FY27. We do not see any risk to that number.

Sanjay Manyal – DAM Capital: Okay. Maybe you can give us some color on whether you have launched some of your existing or earlier brands, or premium brands, in the territories where Imperial Blue was strong, and what kind of benefit you have already received from the large distribution network that you have built after the acquisition?

Management: It is early days. One introduction we made was Madira Rum in Uttarakhand on the back of the Imperial Blue distribution. In Q3 and Q4, of course, we will roll out our luxury portfolio from House of TI in many of the northern states where Imperial Blue is widely distributed.

Sanjay Manyal – DAM Capital: Okay. Maybe just one last question on the ENA part. You mentioned that ENA has been inflationary. What exactly lies ahead? Currently, from the ethanol blending perspective, I think the current year has been quite difficult because of lower sugarcane production as well as lower maize production. How do you think ENA will be impacted by that? Could this be a

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very extended period of high inflation in ENA?

Management: It is difficult to say in the long term what the trends could be, but ENA prices in Q1 and Q2 were subdued. However, the exit rates have now increased significantly, and we have seen grain prices harden as well. We expect ENA to be on the elevated side in the near term. We are expecting elevated ENA prices in the short term.

Sanjay Manyal – DAM Capital: Right, sir. Thank you, and I will come back in the queue.

Operator: Thank you. A request to all participants to kindly limit their questions to 2 or 3 per participant. Should you have follow-up questions, please rejoin the queue.

We will take the next question from Manan Lahoti from Jefferies. Please go ahead.

Manan Lahoti – Jefferies: Hello, am I audible?

Operator: Yes, you are. Please proceed.

Manan Lahoti – Jefferies: I have just one question. Could you quantify the impact of raw material inflation or the West Asia crisis? How much has the impact been on gross margins?

Management: It has been around 2.5%. The way we are looking at this is pre-West Asia crisis. Compared to Q4, the kind of impact that you are looking at is more like 2.5%. On a net basis, you can consider around 25 crores on a quarterly basis in Q1 as well as Q2.

Manan Lahoti – Jefferies: Okay. That is all from my side. Thank you.

Operator: Thank you. The next question is from the line of Mehul Desai from JM Financial. Please go ahead.

Mehul Desai – JM Financial: Hi, sir. My first question is on the brandy side. You did allude to the primary-versus-secondary gap in IB. What is the reason for the primary-versus-secondary gap in brandy? Should this gap reduce or go away in the second half? Also, if you can talk about how things are shaping up competitively in brandy, especially in Andhra Pradesh, Telangana, and Karnataka, your key markets, given that there are a lot of competitors. Radico is talking about brandy, {? ABD ?} talked about brandy, Radico talked about brandy in the last 1 or 2 quarters, and we have seen United Spirits now also talking about brandy and bringing it into their P&A segment. How are you looking at your brandy segment growth? Could you explain this primary-versus-secondary gap in brandy?

Management: We do expect that over the course of an entire year, the primary and secondary figures will converge with each other. A lot also has to do with the shipments or dispatches that take place towards the latter part of the quarter, which may impact your Ind AS-reported primary sales versus the actual secondary sales that have taken place. It is predominantly on account of that, but as I mentioned, we do expect convergence over the course of the entire year.

With regard to the brandy business, or rather the brandy industry down south, as we have already mentioned, we have seen a significant increase in market share in Karnataka. Karnataka has been a major lighthouse market for us when it comes to brandy as well as Imperial Blue.

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In terms of Telangana and Andhra Pradesh, we are already at a fairly massive scale in both these states. From that perspective, we have been able to retain market share, or rather, we are enjoying a similar market share to what we had previously.

However, one thing I do want to highlight here is that there have been new players in Andhra Pradesh and Telangana, but they have been more on the popular and below side. At our relevant price points, to be very frank, we are still maintaining market share.

Mehul Desai – JM Financial: Got it. The question was because your guidance for volume growth for the combined business for FY27 is high-single-digit to low-double-digit growth. I understand that IB will comfortably reach a low-double-digit number. Excluding the IB business, you still need to achieve a high-single-digit number for your full-year guidance to reach that level. Are you confident on that part?

Management: On the existing business, Mehul, frankly, we are looking at single-digit growth, specifically mid- to high-single-digit growth on the existing business. Frankly, we are fairly confident. At the lower end, there is absolutely no doubt. At the higher end, or rather at high-single-digit growth, there are a few things that we are working on which could potentially help us achieve the upper end of the guidance as well.

Mehul Desai – JM Financial: Understood. My second question is especially on the gross and EBITDA margins from a second-half perspective. I think you mentioned that you expect margin expansion. Are you saying that you will expand from first-half margins, or are you referring to a year-on-year basis? I just wanted clarification on that. Also, regarding the noise around the UK FTA, what is your initial comment?

Management: On the guidance, when we say that we expect expansion, we are referring to expansion against H1 FY26. Essentially, on account of operating leverage as well as certain other segment changes, we do expect margins to expand.

Obviously, this is under the assumption that there are no significant further inflationary pressures. While smaller inflationary pressures are something that we will cover through cost optimization initiatives, anything large, such as what we saw towards the latter part of Q4 or the beginning of Q1, could potentially impact margins for FY27.

The reason I say that is because from FY28 onwards, we will have further launches at more premium price points. We are fairly confident of expanding margins going forward from FY28 onwards on a year-on-year basis as well.

Mehul Desai – JM Financial: [crosstalk] Yes, precisely.

Management: [crosstalk] Yes, please go ahead. On the UK FTA point—

Mehul Desai – JM Financial: Yes.

Management: Mehul, frankly, we have already made the requisite disclosure to the stock exchanges regarding this matter. Since imported bulk became a part of Tilaknagar Industries in December '21, we have consistently classified our Scotch imports under the same HSN code that we are using

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even today. Having said that, we are working with the industry bodies as well as the relevant government authorities to get an early resolution, and we will provide you with any further visibility or clarity on that once we have it.

Mehul Desai – JM Financial: Sure. Lastly, can you update us on Samsara's performance in the first half? How is Samsara? That is the last question.

Management: Samsara has grown by 50% in the first half compared to last year. It is important to note that SSL has a largely skewed H2 compared to H1. H1 would contribute approximately 35% of the overall yearly business, compared to 65% in H2.

Mehul Desai – JM Financial: That is great. Thank you so much, and all the best.

Operator: Thank you. The next question is from the line of Karan Kamdar from Choice Institutional Equities. Please go ahead.

Karan Kamdar – Choice Institutional Equities: Good morning. Thank you for the opportunity. I wanted to know what our pricing strategy is across the states, and how you see price increases rolling in quarter-on-quarter. How long would it take to implement an effective price increase to combat inflation, at least?

Management: In many of the eastern states, we have already taken price increases. In the Northeast, this includes states such as Assam and Meghalaya. I think we are also underway in Arunachal Pradesh. The southern states are something which we are discussing act- [cut off]

Management: is with the governments in two of the large states, Telangana and Andhra Pradesh, for a price increase. It would take some time before the increase in inflation is passed on to the consumer.

Karan Kamdar – Choice Institutional Equities: Is there any timeline on that, such as a year, 2 quarters, or 1 quarter? What do you expect in terms of when margins will normalize?

Management: No, I think it is very difficult to guide on the intervals at which we will see these kinds of price hikes. The underlying assumption here is that, given the fact that we have a pan-India presence across 28+ markets, we would expect a price increase in at least a couple of states every year. That is where the entire price-mix guidance of 200-odd basis points comes from. However, to be very frank, it is very difficult to guide you on which states will undergo a price increase and when.

Karan Kamdar – Choice Institutional Equities: Got it. My second question is that you said there were inflationary pressures and also lower subsidy this quarter. Could you give some breakdown in terms of the impact of the subsidy and the impact of inflationary pressure on consolidated profit, and what kind of subsidies you are expecting?

Management: Let me take the last one first because we cannot guide on the subsidies we would be expecting. We have never guided on that, and frankly, it is difficult for us to do so. We will leave it at that.

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In terms of the subsidy, if you look at Q1, we received subsidy income of around 20 crores for the quarter. In Q2, we received around 2 crores for the quarter. Whenever we talk about EBITDA margins, we talk about adjusted EBITDA margins, so the impact on adjusted EBITDA margins is independent of our subsidy levels. The entire impact of 250 basis points, or 25 crores, that we have spoken about is a net inflationary impact, keeping subsidy aside.

Karan Kamdar – Choice Institutional Equities: Okay, got it. Thanks. I will get back in the queue.

Operator: Thank you. The next question is from the line of Nitin from HDFC Securities. Please go ahead.

Nitin – HDFC Securities: Hi. Thank you for taking my question. My first question is whether you would be able to quantify the benefit we are getting from the UK FTA. I also wanted to check how much of this benefit has been factored into the 16% to 18% guidance for FY29.

Management: With respect to the UK FTA, the benefit that we have factored into the upper end of the margin guidance of 18% is approximately 100 basis points on a consolidated basis from a full-year perspective.

Nitin – HDFC Securities: Thank you. For Q2, would you be able to provide at least some insight into how much of the benefit we have received? This will help us understand the gross margin better.

Management: There are no benefits on account of the UK FTA in Q2 because we are holding stock and inventory.

Nitin – HDFC Securities: Are we going to get the benefit from Q3?

Management: As I mentioned, Nitin, in the earlier question that one of your colleagues asked with regard to the existing situation, I will not add anything further beyond that.

Nitin – HDFC Securities: Okay. Lastly, my second question pertains to your gross margin. Would you be able to highlight the measures we are taking to improve gross margin or negate the {? in-inflation ?}?

Management: As we have done over the past few quarters, to negate this inflationary impact, a lot of work has been done on the supply chain optimization front, including increasing market bottle utilization rates and related initiatives. Frankly, we will continue working on the cost optimization initiatives and are hopeful of mitigating any further pressures on the back of these optimizations.

Nitin – HDFC Securities: Just one last point on this. Will this be different from the industry in terms of the optimization measures we are taking, or will they be similar to how the industry is progressing?

Management: To some extent, there is a slight difference, for the simple reason that we are working with a new brand in the form of Imperial Blue, and we are working at multiple operational levels on that front. You will see some level of difference between the way we are working and the way the industry is working.

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This is also on account of the fact that the peers you are referring to have some level of backward integration in their businesses, whereas we do not. Therefore, our optimization efforts, or our efforts to protect margins, are slightly different in some areas.

Nitin – HDFC Securities: Understood. This is really helpful. Thanks a lot, and all the best.

Operator: Thank you. The next question is from the line of Mudit Daga from Merlin Holdings Private Limited. Please go ahead.

Mudit Daga – Merlin Holdings Private Limited: Thank you for taking my question. Our operating cash flow for the half year was negative due to an increase in inventory and receivables. What are our inventory and receivable days now, compared with March 2026, on a gross sales basis? What will be the normalized range, and when could we reach it?

Management: Compared to March 2026, the number of days has increased slightly, by around 5-odd days. However, what one needs to consider in this entire matter is that the Telangana overdues are working on a 6-month overdue cycle. By March, I had only 4 months of Imperial Blue overdues sitting within the books. We acquired the Imperial Blue business on a zero-receivable, zero-payables basis. Therefore, I do not think this is a like-for-like comparison.

As it stands today, you are looking at annualized net working capital days on a gross basis of around 65 days. This obviously takes into account Telangana overdues of around {? 50 to 60 crores ?} as well.

Going forward, excluding the benefit of potentially receiving the receivables and overdues over the next 12 to 24 months, you should be looking at similar levels from a net working capital days perspective.

Mudit Daga – Merlin Holdings Private Limited: Thank you. That is it from my side.

Operator: Thank you. The next question is from the line of Mihir Gokhale from Choice Institutional Equities. Please go ahead.

Mihir Gokhale – Choice Institutional Equities: Hello. Thank you for the opportunity. Following the investment in Bodega, what is the company's roadmap for entering and scaling up the tequila portfolio?

Management: Our first state was Maharashtra, and stock has just been dispatched to the other 3 states that I mentioned in my opening remarks. It is still very early days, but we are seeing reasonable retention ratios, which are quite impressive in terms of repeat ordering from customers. From that perspective, the business is expected to do well.

It is also at a very interesting price point, from the perspective of being a 100% Blue Weber agave product. There is no other significant brand at that affordable luxury price point in this liquid profile. We have high expectations, and we are fairly confident that we should be able to build a very strong tequila business out of India.

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Mihir Gokhale – Choice Institutional Equities: One more question: what is the outlook for exceptional integration costs and acquisition-related costs over the next quarter? Could you provide a ballpark number, and would we be seeing this in FY28 as well?

Management: No, we will not be seeing any TSMA fees in FY28. Over the next 2 quarters, you should expect around 10-11 crores on a quarterly basis, similar to the levels seen in Q2, in Q3 and Q4 as well.

Mihir Gokhale – Choice Institutional Equities: Okay. Thank you, and all the best.

Operator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I will now hand the conference over to the management for closing remarks. Thank you, and over to you, sir.

Management: Q2 FY27 has been a quarter of continued progress for TI, with encouraging momentum across our brands and ongoing progress on the integration of Imperial Blue into our business.

As we look ahead, our focus remains on executing our strategic priorities, strengthening our market position, expanding our pan-India presence, and accelerating our premiumization journey.

We believe our portfolio, distribution reach, and clear strategic direction position us well to capitalize on the opportunities ahead. Thank you for your continued interest and support. We look forward to updating you on our progress in the coming quarters as we continue to build TI into a leading pan-India, premium-focused alcobev company.

Operator: Thank you very much, sir. On behalf of Tilaknagar Industries Ltd., that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.

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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