



Associated Alcohols & Breweries Limited

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To,
The Department of Corporate Services
BSE Limited
PJ Tower, Dalal Street,
Mumbai – 400 001
Scrip Code: 507526

To,
The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, G Block
Bandra Kurla Complex,
Mumbai – 400 051
NSE Symbol: ASALCBR

Sub: Transcript of Investor Conference Call held on 29th July, 2024 on Earning Presentation

Dear Sir / Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find attached herewith transcript of Investor call held on 29th July, 2024. A copy of the said transcript along with audio recording is also available on the website of the company www.associatedalcohols.com

This is for your information and record.

Thanking You

Yours Faithfully,
For Associated Alcohols & Breweries Limited

Sumit Jaitely
Company Secretary & Compliance Officer



“Associated Alcohols and Breweries Limited

Q1 FY '25 Earnings Conference Call”

July 29, 2024



MANAGEMENT: **MR. ANSHUMAN KEDIA – WHOLE-TIME DIRECTOR – ASSOCIATED ALCOHOLS AND BREWERIES LIMITED**
MR. ANKIT AGARWAL – CHIEF FINANCIAL OFFICER – ASSOCIATED ALCOHOLS AND BREWERIES LIMITED

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



Moderator: Ladies and gentlemen, good day and welcome to the Associated Alcohols and Breweries Limited. Q1 FY25 Earnings Conference Call hosted by Go India Advisors. As a reminder, all participants' 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 then zero on your touch-tone 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 ma'am.

Priya Sen: Thank you Neha. Good afternoon everybody and welcome to Associated Alcohols and Breweries Limited Earnings Conference Call to discuss the Q1 FY25 results.

We have on the call Mr. Anshuman Kedia, Whole-Time Director and Mr. Ankit Agarwal, Chief Financial Officer. We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks that the company faces. May I now request Mr. Anshuman Kedia 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.

Anshuman Kedia: Thank you Priya. Welcome everyone to the Q1 FY25 Earnings Conference Call of Associated Alcohols and Breweries Limited. The financial results for the quarter ended June '24 and the investor presentation have been uploaded to the exchange. I hope everyone has had a chance to review them. I am happy to announce that in Q1 FY25 the company achieved an all-time high quarterly revenue of INR 252 crores.

This was achieved with the increase in revenue from across the company's portfolio. Our shift in focus towards AABL brands is yielding meaningful results. In FY24, we launched two new IMFL proprietary products, Central Province Rum and premium handcrafted Gin Nicobar.

FY25 has started on a positive note with the launch of Hillfort, a new blended whiskey in the premium category. This brings the total portfolio of IMFL proprietary brands under the AABL name to 9, underscoring our commitment to expanding our product base. We are dedicated to innovation driven by ever-changing consumer preferences and premiumisation trend.

As a part of this strategy, we are expanding our footprint into new states. This combined with our planned launches in the premium categories will drive AABL's future growth. Our new launches have been well-received in the market.

We have sold around 300 cases of Nicobar in the state of Madhya Pradesh. The registration of Nicobar in Delhi, Chhattisgarh and West Bengal is in process and the volume should increase with the start of supply. We have launched our new whiskey Hillfort in the state of Madhya Pradesh and the initial response is positive.

We will continue to strengthen our presence in the states we currently serve with our established brands. We believe ongoing innovation is crucial for providing quality products at



affordable prices which will be our endeavour going forward. Our partnerships with Diageo and Inbrew have strengthened over time and we are confident that this alliance will bring positive benefits in the coming years.

As we enter new states with premium products, we expect double-digit growth in revenue from IMFL proprietary products, which will also enhance our operating margins. AABL is constantly seeking improvement and efficiency in operating margins to create value and superior returns for our shareholders. We are expanding not only geographically and product-wise but also our business verticals.

Last financial year, we commissioned a 130 KLPD ethanol plant. I am pleased to share that the plant is now operating smoothly and at full capacity. And the benefits of operational efficiency have started reflecting in our margins. Last quarter, we established a subsidiary in UP to cater to the northern region. While plans are underway for setting up bottling plants and distilleries, our groundwork efforts are progressing as planned. Q1 FY25 has started positively.

With the increased contributions from our IMFL products, we anticipate a gradual rise in revenue contributions from our IMFL proprietary brands. Driven by geographic expansion and product launches, we will continue to align our launches with evolving consumer preferences, ensuring that our premium offerings are of the highest quality. The price of crucial inputs like grain and packing materials remains elevated.

The grain price is increasing further post Q1 FY25. The company is implementing all available options such as improving operational efficiencies and implementing prudent cost control measures to minimize the impact of the high grain price. Growing the B2C segment will be a priority.

With the B2B segment enabling us to benefit from overhead sharing and operational efficiencies, operational efficiency will be the cornerstone of our strategy, coupled with our commitment to develop value-added products. The board has approved the preferential allotment of 11 lakh share warrants to four investors to be issued at a price of INR 679 per share.

Warrants arrived at further relevant provision of SEBI ICDR regulation, aggregating to approximately INR 75 crores. The fund will be used for meeting capital requirements for future expansion projects, including a major project in the pipeline, the malt plant and UP bottling cum distillery.

More details on this have been submitted to the exchanges and are also available on the company's website. Now, I invite Mr. Ankit Agarwal, the CFO of AABL to provide an overview on the operational and financial results for Q1 FY25.

Ankit Agarwal:

Thank you Anshuman ji. Good afternoon everyone. Allow me to provide a concise overview of our financial performance for the quarter ended June '24.



I will first take you through the financial performance of Q1 FY25, then we will move to the operational highlights and finally we will open the floor for the question and answer. In Q1 FY25, our net revenue from operations grew by 61% over year-on-year basis, standing at INR 252 crores compared to INR 156 crores in Q1 FY24. Our EBITDA stood at INR 28 crores with EBITDA margin of 11%, which is in line with Q1 FY24 despite a significant increase in the grain prices.

But there is a 300 bps margin expansion in comparison to Q4 FY24. Profit after tax for the quarter amounted to INR18 crores, reflecting a commendable 44% increase Y-o-Y with the PAT margin at 7%. On operational front, IMFL proprietary volume sales for Q1 FY'25 stood at 433,000 cases. IMFL license brand volume reached to 387,000 cases. Merchant ENA sales volume was around 4 million litres. Ethanol volume sold during the quarter was 9 million litres.

In terms of revenue, the quarter performance exhibits growth across the board. IMFL proprietary sales stood at INR 29 crores, growing by 6.5% on Y-o-Y basis, IMFL license brand sales grew by 9.5% Y-o-Y basis stood at INR 48 crores. That concludes my update on financial performance.

Now we open the floor for question-and-answer.

- Moderator:** The first question is from the line of Shashi Bhushan from Invest Ventures. Please go ahead.
- Shashi Bhushan:** Thank you for giving me the chance. Sir, can you give me the details of the status of the permission received in the new five states where the sales are to be launched with the expected sales in the current year?
- Ankit Agarwal:** Sir, your voice is not audible. Can you just repeat your question?
- Shashi Bhushan:** Sir, can you give me the details of the status of permission received in the new states where the sales are to be launched with the expected sales during the current year?
- Anshuman Kedia:** This year, we are launching two new states which is Delhi and Chhattisgarh. Apart from this, we are launching Maharashtra, Pondicherry, Assam, Tripura, Goa and Uttar Pradesh. Currently, this year we are launching these new brands in Chattisgarh and Delhi which registrations have already been done and the supply should start any time now.
- Shashi Bhushan:** Sir, your proprietary IMFL revenue was nearly stagnant in FY'23 and FY'24. Sir, can you give me the volume break-up of the proprietary IMFL production like Nicobar gin in the Central province or the revenue guidance for the current year?
- Ankit Agarwal:** I will just take this question. Since looking at the competition, we cannot give you the SKU wise break-up. But overall IMFL proprietary brands portfolio, I can give you a guidance. So, we are targeting to grow this segment by 12% to 14% in FY'25. This will be a mix of volume as well as price growth.



- Shashi Bhushan:** Sir, in Q2 we are going to launch the premium ready-to-drink drinks also. Sir, is the status of the launch [inaudible 0:11:43]?
- Ankit Agarwal:** We didn't be able to hear your last question. Can you repeat?
- Shashi Bhushan:** Sir, can you give in the status of the expected premium ready-to-drink launch in Q2?
- Ankit Agarwal:** So Q2 we have launched -- Q1 we have launched Hillfort. There are two, three products which are again lined up for Q2, Q3, Q4. We have RTD which is in the launch and we have the tequila in the plan. These are the products which we will be launching in Q2, Q3.
- Shashi Bhushan:** Sir, any revenue guidance or EBITDA guidance for the current year and for next year?
- Ankit Agarwal:** This is for -- you want the company level, or you want the product?
- Shashi Bhushan:** Company level.
- Ankit Agarwal:** So, company level, this year FY'25, we are targeting a range of 11% to 13% in terms of EBITDA. In FY'26, we have a range of somewhere between 13% to 14%.
- Shashi Bhushan:** And for revenue guidance?
- Ankit Agarwal:** Revenue guidance for FY'25, our revenue should grow with 12% to 14% on top line apart from ethanol. So ethanol will give additional 300. And in FY'26, the overall revenue should grow between 13% to 14%, the similar range.
- Moderator:** The next question is from the line of Deepesh Sancheti from Manya Financial and Consultancy Services Private Limited. Please go ahead.
- Deepesh Sancheti:** I wanted to know what is the ENA and the ethanol price realization?
- Ankit Agarwal:** So, ENA this quarter, average realization was around 66. And ethanol, it's a government-driven price, so currently it is 71.8.
- Deepesh Sancheti:** 71.8. This is ethanol prices from maize, right?
- Ankit Agarwal:** Yes, this is from maize. So, we are making ethanol from maize. Our ethanol is completely maize-based.
- Deepesh Sancheti:** Okay. And is ENA also made by maize or it is not?
- Ankit Agarwal:** So, it all depends on the commercial outcome. So, we can use any stock, whether it is rice, ethanol, maize or sorghum for making the ENA.
- Deepesh Sancheti:** But since you are in Madhya Pradesh and the easy accessibility to maize, wouldn't maize be your preferred crop?



- Ankit Agarwal:** So there is a delta between the price which help us in deciding which stock to be used because it is all the commercial decision which we need to take. Accordingly, we decide which grain to be used for the manufacturing of ENA.
- Deepesh Sancheti:** Have we used FCI rice or any update on FCI rice coming in this quarter?
- Ankit Agarwal:** No, we don't use FCI rice for our ENA production.
- Deepesh Sancheti:** You don't. Okay. Now, the ethanol plant which we have recently done, that is about INR 150 crores expansion. How much was capacity, because I think I missed on that?
- Anshuman Kedia:** That is 4 million liters per annum.
- Deepesh Sancheti:** Okay. Can you just mention in terms of kiloliters per, I mean, KLPD?
- Anshuman Kedia:** 130 KLPD, kilo liter per day
- Deepesh Sancheti:** Okay. And is there a company planning to get into the beer segment since I mean ethanol is a natural extension? Any plans to get into the beer segment?
- Anshuman Kedia:** No, not as of now.
- Deepesh Sancheti:** As of now, nothing? Any specific reason?
- Anshuman Kedia:** No, actually beer is a totally different beverage. As of now, there is a lot of opportunity in the IMFL segment. So, we are focusing on that.
- Deepesh Sancheti:** Okay. Now you mentioned that the proceeds of the preferential issue would go into malt plant if I heard correctly.
- Anshuman Kedia:** Yes.
- Deepesh Sancheti:** Can you put a little bit more focus on that I mean what is the expected project cost?
- Anshuman Kedia:** Yes. So basically, we are putting up a six-scale malt plant which will be expandable. Looking at the premiumization and launching our own single malt for the future we have taken the decision to make a malt plant, invest in a malt plant and maturation which will cost around INR 80 crores approximately. This is looking to the future of Indian single malts and premiumization basically. This project is already underway, and it should commission somewhere before March '25.
- Deepesh Sancheti:** It should commence?
- Anshuman Kedia:** Yes commence.
- Deepesh Sancheti:** Okay. And that will be on the same land which we are already having. We have a huge land, right?



- Anshuman Kedia:** Yes. It's on the same property.
- Deepesh Sancheti:** Okay. And what is the volume - can you share the volumes of ethanol sold in this quarter and how much will it increase in the next few quarters?
- Ankit Agrawal:** So this quarter we have done 9 million and so we expect this to be in a similar range. So this is the peak capacity which we have done in the quarter 1.
- Deepesh Sancheti:** So, the entire increased capacity has come into production in quarter 1?
- Ankit Agrawal:** Yes it has. A little bit of hiccups here and there, but more or less we should be doing this number quarter-on-quarter.
- Deepesh Sancheti:** Okay. What is the total debt on our books because I think the ethanol plant had come with an interest subvention scheme. So, if you can tell me the debt as well as the cost of debt?
- Ankit Agrawal:** So, debt currently is around INR65 crores. So, we have started repayments. As of June, it is standing at INR65 crores and the post subvention the debt cost will be somewhere around 4.5%.
- Deepesh Sancheti:** The total debt cost?
- Ankit Agrawal:** Total debt cost, yes.
- Deepesh Sancheti:** Okay and this INR 65 crores is mainly term loan as well as working capital or only term loans?
- Ankit Agrawal:** So, I am just talking about only term loan. As far as working capital is concerned as on June we have not used any working capital facility. So, it is all completely term loan INR65 crores.
- Deepesh Sancheti:** Okay. And is there any other expansion which you are planning in this year in terms of ethanol or any other field?
- Ankit Agrawal:** So, we do not have as such plans. So right now, there are two, three projects which are going internally. So, there is one new bottling hall which is coming up then there is the malt plant which we have just talked about. Then there are few other small expansion you know as far as the storage capacity of the ENA is concerned which is going on. So, these are the major ones which will be completed this year.
- Apart from that we have a plan to set up bottling cum distillery in UP. So, we have just come in the process of completion of land acquisition and that should start the project sometime next quarter and then from there, it will take some time. So, it is a long project, but for this year there are two, three projects in the existing factory which is going on.
- Deepesh Sancheti:** So, when will we need capex, when will we need funds for UP project?
- Ankit Agrawal:** So UP project also we will be able to do it through internal accruals. Further, we have also done a preferential round one before that. So that money will also have. So that was around



INR 40 crores of preferential specifically for the UP which we have done last quarter. So that will come in and remaining can be done through our internal accruals. So, no additional debt as of now we can foresee which will be required.

Deepesh Sancheti: So later on also we expect that whatever expansion which we will do, we will do it through internal accruals or through fresh equity. Is that understanding right?

Ankit Agrawal: No. So, we don't foresee to increase further equity from here onwards. So, we will be able to do the expansion through our debt sorry through our internal accruals and a small debt if required that two also we don't foresee there is a big number which is coming in debt. Majorly, it should be through internal accruals we will be able to do it.

Deepesh Sancheti: I will fall in line if there is any other questions. Thank you so much guys. Thank you. All the best.

Ankit Agrawal: Thank you.

Moderator: Thank you. The next question is from the line of Yash Modi from Ashika Group. Please go ahead.

Yash Modi: Good afternoon team. Congratulations on the great set of numbers. My first question was with respect to IMIL. What is the kind of hike that we have been able to get from the government because I can see 25% revenue contribution while the EBITDA contribution is 29% from the IMIL segment?

Ankit Agrawal: Hi, thanks and good afternoon. So, we have got a yearly increment which we get during the term. So, IMIL businesses are all licensed. So, we have got an increment from 600 to 625 this year. So, this is the range which will be continuing going forward this year.

Yash Modi: Got it. Secondly now with the increasing focus on IMFL proprietary brands, how do you foresee the IMFL licensed brand going forward because obviously you have a long-standing relationship with the likes of Diageo, but now that we are getting into the consumer side of things, how do you see this relationship going forward and what should be the growth we assume in this segment?

Anshuman Kedia: So actually, basically in IMFL there are slab ranges. So, how we have positioned our brands with the franchise brands is they don't compete with each other because they are in different segments. For example, our CP Whiskey is above Bagpiper Whiskey. So, we have placed our products in the slabs in such a way that they do not compete with each other. And anyway, in other states where we are expanding we are not doing any Diageo brands. We are just entering with our own proprietary brands. So, there is no conflict of interest as such.

Yash Modi: Got it. And if I see the others segment for this quarter's contribution, the others have increased from 5% to 9%. Is this more to do with the fact of the by-product that we get from the ethanol production? Is that the reason why this has increased?



- Ankit Agrawal:** Yes, this is one of the reasons and plus a slight increase in the revenue from the USL job work we do for the USL, for Diageo.
- Yash Modi:** And sir like you said, the first tranche of preferential that we did for around INR 40 crores, INR 45 crores that was more with the UP plant in mind and this INR80 crores that we have raised in this round is more with the malt plant in place. So, this malt if I heard this malt will be in Madhya Pradesh itself in our existing plant, nearby existing plant?
- Anshuman Kedia:** In the same premises.
- Yash Modi:** In the same, yes. And so, what is the revenue potential of this malt plant this INR80 crores that we are putting up this capacity which you said will be operational by March, end of March. What is the kind of revenue potential that we foresee from this, the capacity kind of thing?
- Anshuman Kedia:** We can't say about the revenue in malt plant as it is a very long-term project because malt spirit has to be aged for minimum of 5 years, 5 years to 12 years, basically. So, it is very hard to forecast revenue and demand. We see a huge potential in this business. Indian single malts being of high quality. So, on that basis, we have gone ahead with this.
- Ankit Agarwal:** Further, I will just add to what Anshumanji said. So, our whole intention of the malt plant is I will say, looking at the premiumization segment which is going on around the country. And we are also planning to launch our own products in the premium segment. Further, meanwhile, the product, we will age the malt.
- Further, the raw malt, which like ENA, which is selling at around, let's say, INR60, INR65, the raw malt can be sold at around INR200 per litre. So, partly we will age, partly we will sell, and partly we will go into our own product. So, there will be combination of things as per particular day.
- Yash Modi:** Got it. Makes sense. All the best. Thank you. Those were my questions.
- Moderator:** Thank you. The next question is from the line of Rishikesh Shah from LKP Capital Management. Please go ahead.
- Rishikesh Shah:** Hi. Thank you for giving me this opportunity. My first question is regarding IMFL proprietary brand. And this I see on quarter-on-quarter basis that realization have fallen from 720 to 680. That is almost 5% fall in realization. And the grain prices have also increased. So, how is the EBITDA margin increasing by 600 basis point?
- Ankit Agarwal:** So, I will just tell you. So, the realization down because of change is a mix. So, what mix we were having earlier now, because anyways we have got a price hike in MP. So, that is the reason there is an increase in the EBITDA margin. But overall, the mix of the product has got changed which has resulted in lower average realization.
- Rishikesh Shah:** Right. And in the PPT, I can see that the capex for FY'25 is around INR80 crores and FY'26 is INR90 crores. So, if we take out the INR80 crores from all, then what is the INR90 crores capex in FY'26 for?



- Ankit Agarwal:** So, FY'26, it is partly for the UP and partly we are planning to further expand our bottling plant in the existing premises. So, that work is underway. So, half will be done this year, half will be done next year. So, it is combined of that.
- Rishikesh Shah:** And in UP, will we be producing or is it just a bottling plant?
- Anshuman Kedia:** So, in UP, we are starting with a bottling plant and followed by a distillery. In the first stage, it would be a bottling plant.
- Rishikesh Shah:** Right. And out of the five states we currently are in, MP, Chhattisgarh and all other states, what is the percentage share of revenue that we get from MP?
- Ankit Agarwal:** MP will be contributing the most. So, if I talk about IMFL proprietary, we should take it. So, IMFL proprietary, 40% will be MP, 60% will be Kerala and a miniscule number will be coming from other states, which should increase in coming quarters.
- Rishikesh Shah:** Right. And in the malt plant, will we be using it captively, the malt or we will be selling it to other players too?
- Anshuman Kedia:** No, we will be selling fresh malt to other players as well. We are in talks with Diegeo also, for meeting their malt spirit requirements.
- Rishikesh Shah:** Right. But this revenue will be seen after 5 years, 6 years, right? Not immediately.
- Anshuman Kedia:** No. Immediately also there will be some revenue because fresh malt is also sold in the market.
- Rishikesh Shah:** Right. So, how much do you think will that be, the fresh malt as a percentage of total production?
- Ankit Agarwal:** As of now, we have not yet thought about what should be the percentage. It all depends on the demand and supply. But yes, at least it should be 50-50 in the initial term.
- Rishikesh Shah:** Right. Okay. And one last question. When did we launch Nicobar in the last quarter?
- Ankit Agarwal:** Nicobar started somewhere in November. November and December, we started the sale of Nicobar.
- Rishikesh Shah:** So, this 300 cases is from November to June, right?
- Ankit Agarwal:** Correct.
- Rishikesh Shah:** Okay, understood. And in which other states were you talking about did we get the registration?
- Anshuman Kedia:** Yes. So, for Nicobar, we registered in Delhi, UP and Chhattisgarh. So, these three states' registration is already done. And anytime now, the product will be in the market.
- Rishikesh Shah:** Right. And what is the distribution like? How many distributors do we have in the states?



- Anshuman Kedia:** We have one distributor in each state. We work with only one distributor.
- Rishikesh Shah:** In UP and Chhattisgarh?
- Ankit Agarwal:** Yes. So, for each state, we have one distributor.
- Rishikesh Shah:** Okay. Understood. Thanks a lot.
- Moderator:** Thank you. Ladies and gentlemen. The next question is from the line of Imran from Longbow, India Capital. Please go ahead.
- Imran:** So, first question is on the presentation that you have uploaded. I am on page number 19. I have been looking at this number. So, the other participants also mentioned something about this other line item in the revenue contribution. So, this is in the notes says contract manufacturing and byproduct business, right? So, just curious to know, how are you calculating margins here? Because byproduct itself is not a, it doesn't require raw material, right? Itself a byproduct of making ENA and ethanol. So, how are you calculating the EBITDA margins for byproduct here?
- Ankit Agarwal:** So, we have to apportion the proportionate cost. Now, whatever production cost, which is coming, we have to apportion it to the everything which is being made out of that raw material. So, accordingly, it is being calculated.
- Imran:** So, this is not included. You are not including the profitability that you are getting from byproducts in the ethanol or ENA sale, right?
- Ankit Agarwal:** No.
- Imran:** That is extra.
- Ankit Agarwal:** Yes.
- Imran:** And if my memory serves me right, you mentioned in the last 2-3 quarters that you will be doing about 8%-9% EBITDA margins on ENA. Are you witnessing that? Because as per my calculations, this is sub 6% if I take the calculation for ENA?
- Ankit Agarwal:** Yes. So, you are right. We have mentioned that. So, at that time, the maize price was around Rs 21,000. Currently, today, we are sitting at Rs 23,000 of the maize which is coming. So, current quarter, if we have done an EBITDA on the ethanol front, it is around 7%. I think with which number you are referring; it would be EBIT I guess. EBITDA, it is 7% since we were targeting 8% to 9% based on the raw material prices prevailing at that time.
- Imran:** You mentioned '23, you mentioned '23 as of now. Even last quarter, it was average '23?
- Ankit Agarwal:** Last quarter, because see, ethanol we procure maize earlier, even though plant started in Jan, but our requirement for the ethanol was way back from October onwards. So, the average buying in case of ethanol was around 21,000 which went to the production for...



- Imran:** In Q1, what was the average grain cost?
- Ankit Agarwal:** For the ethanol, you are saying?
- Imran:** Yes.
- Ankit Agarwal:** For ethanol, it was around 21,000.
- Imran:** So, even at 21,000, you made only 7% EBITDA margins, is it?
- Ankit Agarwal:** No, this quarter I am talking about. This quarter, we have made 7%. 23,000 grain.
- Imran:** So, 23,000 is the average cost for Q1 FY'25, right?
- Ankit Agarwal:** Correct.
- Imran:** And how is it shaping up in Q2? Is it lower, higher or similar?
- Ankit Agarwal:** It is shaping up higher. So, as we talk about right now, maize would be around 24,000.
- Imran:** 24,000. Okay. And sir, one more question on this. How does the enzyme requirement varies when you, let's say, use maize compared to rice to make ENA ethanol?
- Ankit Agarwal:** So, see, we have not tried rice in the ethanol. So, we are making only maize-based ethanol. So we cannot comment on that how it will take shape in case we use rice and enzyme?
- Imran:** Okay.
- Ankit Agarwal:** But practically, it should somewhere looks like ENA because we have been manufacturing ENA with the rice and using enzyme. And there is no major difference between the production process of ethanol and ENA. So, it should behave similarly what it is being done in case of ENA for us.
- Imran:** So, enzyme requirement doesn't go up or down?
- Ankit Agarwal:** No, we don't see a major material difference. It may be a little tinkering here and there. But not a material difference which will change entire costing and all. Not that much.
- Imran:** Got it. Thank you so much. I will call back in the queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Chetan Doshi an individual investor. Please go ahead.
- Chetan Doshi:** Hello, sir. Thank you for great numbers. Can you hear me properly?
- Ankit Agarwal:** Yes, please. Thank you. Go ahead.
- Chetan Doshi:** Yes. So, actually, I just want to understand that on the presentation, page number 20 that you have mentioned about the targeted states that is Maharashtra, Pondicherry, Assam, Tripura,

Goa and Uttar Pradesh. In the last call that we decided, I mean, when we spoke, you mentioned that from the Q2 onwards or Q3 onwards, you are looking forward to sell in this particular state.

So, I mean are we -- can you because we are already present in the Madhya Pradesh, Chhattisgarh, Kerala, Delhi and West Bengal and the new states. So, can you just tell us, what can -- what are the IMFL brands that we can start seeing in the new targeted market or, where we have an update in terms of Q2, Q3 in the targeted states?

Anshuman Kedia: Yes. So, basically, we are going to launch all our premium range of products in these targeted states, being Nicobar, Hilfort, CP Rum, CP Whiskey and Mood Baker Brandy. So, this is the whole portfolio that we intend to launch in these states. By the way of sending the packed product from our main plant in MP or doing a tie-up in local bottleries in these states.

Chetan Doshi: So, are you facing any issues as of now? So, basically, in any excise department, we have to do registration if I am not wrong. So, like, what is the progress there? I mean, are we looking forward to start reflecting number in targeted states in this Q2, Q3, when we can expect the numbers to start reflecting?

Anshuman Kedia: Yes. So, basically, the sales will start from Q2. Registering itself is a lengthy process in excise and it's a lot of to and fro with the government. So, all that is underway and the sales should start from Q2 onwards.

Chetan Doshi: Okay. And also, I was reading the article and interview for you. So, basically, are we looking forward to double our IMFL sales in next 18 months?

Anshuman Kedia: Yes, that's the plan.

Chetan Doshi: Okay. The last question is the Culture. I am not sure if I am pronouncing it right. Culture is a new soft drink that is going to be launched as per the presentation. So, are we looking forward to launch in, I mean, are we looking forward to launch in Q3, I mean, Q2? And I don't think, I mean, do that particular drink also have restrictions in terms of excise or it can be launched across all the market without any further, I mean, further restriction?

Anshuman Kedia: No. So, basically, Culture is a ready-to-drink beverage. It's of around 10% ABV strength and it's of the same process. It has the same excise regulations as other alcoholic products. So, it should hopefully launch sometime in Q2 as well. And we are planning to launch Culture in Goa, Bombay and Delhi in premium markets.

Chetan Doshi: Yes, thank you, sir. That's it.

Moderator: Ladies and gentlemen, you may press star and one to ask a question. The next follow-up question is from Hrushikesh Shah from Alchemy Capital Management. Please go ahead.

Hrushikesh Shah: Sir, I had a question. Regarding the IMFL licensed volume wise, what is the reason for decrease in the volume of cases sold quarter on quarter?



- Ankit Agarwal:** So, see, this IMFL license, you know, it's a seasonal business. So, Q4 is always being a highest quarter. So, quarter on quarter basis, you will see a decline. But if you see, you know, on a Y-o-Y basis, there's an increase in the volume.
- Hrushikesh Shah:** Right. And, sir, in the IMFL licensed brands, what will be the lowest entry point realization per case, the brand which has the lowest realization per case?
- Ankit Agarwal:** So, IMFL licensed, most of the brands are of the same realization. So, if you talk about the USL, it will be ranging around this only, even in case of Inbrew. So, more or less, the brand ranging from 1,100 to 1,250.
- Hrushikesh Shah:** Right. And, sir, this 1,100, this is the IMFL licensed brand is only in MP, right?
- Ankit Agarwal:** Yes, it's only in MP.
- Hrushikesh Shah:** Yes. So, does that mean in order to not compete with other brands of UNHP, we'll never have a realization in 40% of our revenue pool going above 1100?
- Ankit Agarwal:** Sorry, come again. I didn't get the last question.
- Hrushikesh Shah:** So, in order to not compete with the licensed brand, to not get to their level, we'll never have IMFL licensed realization, IMFL proprietary realization going above 1100?
- Anshuman Kedia:** No, no, we have brands which are placed above 1100, but we don't place our proprietary brands in the same category as our licensed brand, basically. We have products lower than that and above that as well.
- Hrushikesh Shah:** So, which would be the products which are above that?
- Anshuman Kedia:** Sorry?
- Hrushikesh Shah:** Which would be the product that is above IMFL licensed realization?
- Anshuman Kedia:** Nicobar is a super premium gin which is placed above that. Apart from this, Hillfort is also a new whiskey which we've just launched is above that. And also, CP whiskey is above, Bagpiper whiskey.
- Hrushikesh Shah:** But we are not in competition with other brands, right? The licensed brands in this segment, Hillfort and Nicobar?
- Anshuman Kedia:** No, no.
- Hrushikesh Shah:** And if they come out with a product, then will we be stopping or how will it go?
- Ankit Agarwal:** No, there is no as such agreement. So, we can place our product in any category. So, since we are doing the licensed brand, so we have to also grow that business and we have to sell that product. So, that's the reason we have not kept our product in that particular range. Otherwise, if you want, we can launch. There is no stopping us from Diegeo or Inbrew that you cannot



launch in that particular range. We can do that. But strategically, we are not going to compete with our own product which we have.

Hrushikesh Shah: Understood. And what is the reason for decrease in ENA volumes? It's the same reason that Q4 is heavy and Q1 is not?

Ankit Agarwal: No, not that. So, ENA, there are two things to it. So, ENA, first, a bulk of ENA, you know, there is an increase of ENA going to our own products. One of the reasons is that since there is an increase in volume across the segment, like IMIL, IMFL, IMLF, all those volumes have increased. So, that's the reason the ENA sales have got reduced.

Hrushikesh Shah: Right. So, that is the only reason. No seasonality in ENA volumes.

Ankit Agarwal: Yes, major reason is that one. One of the major reasons.

Hrushikesh Shah: Yes, that will be one.

Moderator: As there are no further questions, I would now like to hand the conference over to Mr. Anshuman Kedia for closing comments.

Anshuman Kedia: We hope we have thoroughly addressed all your questions. Should you have any additional enquiries, please reach out to our Investor Relations Partner, Go India Advisors, who will be delighted to assist you further. Thank you all for participating in today's session.

Ankit Agarwal: Thank you very much.

Moderator: 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.