



Associated Alcohols & Breweries Limited

30th January 2025

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 27th January, 2025 on Earnings Presentation Q3 FY2024-25.

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 27th January 2025 on Earnings Presentation Q3 FY 2024-25. 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

Abhinav Mathur
Company Secretary & Compliance Officer

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“Associated Alcohols and Breweries Limited
Q3 FY '25 Earnings Conference Call”

January 27, 2025



MANAGEMENT: **MR. ANSHUMAN KEDIA – WHOLE-TIME DIRECTOR
AND CHIEF EXECUTIVE OFFICER – ASSOCIATED
ALCOHOLS AND BREWERIES LIMITED**
**MR. TUSHAR BHANDARI – WHOLE-TIME DIRECTOR,
CHIEF FINANCIAL OFFICER – ASSOCIATED ALCOHOLS
AND BREWERIES LIMITED**
**MR. ANKIT AGRAWAL – GROUP CHIEF FINANCIAL
OFFICER – ASSOCIATED ALCOHOLS AND BREWERIES
LIMITED**

MODERATOR: **MR. RAHUL DANI – MONARCH NETWORK CAPITAL**



Moderator: Ladies and gentlemen, good day, and welcome to the Q3 FY '25 Earnings Conference Call of Associated Alcohols and Breweries Limited, hosted by Monarch Network Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchstone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rahul Dani from Monarch Network Capital. Thank you, and over to you, sir.

Rahul Dani: Yes, hi. Thank you so much. Good afternoon, everyone. On behalf of Monarch Network Capital, it's a pleasure to host the senior management of Associated Alcohols and Breweries Limited. We have with us Mr. Anshuman Kedia, Whole-Time Director and CEO; Mr. Tushar Bhandari, Whole-Time Director, CFO; and Mr. Ankit Agrawal, Group CFO; and Go India Advisors, the IR team.

Without wasting much time, I'll hand over the call to the management for opening remarks and then we'll move to Q&A. Thank you, and over to you, sir.

Anshuman Kedia: Thank you, Rahul. And a warm welcome to everyone joining the Q3 and nine months financial year '25 earnings conference call for Associated Alcohols and Breweries Limited. The financial results and investor presentation have been made available, and I trust you've had a chance to review them.

Despite a dynamic and challenging environment, AABL has demonstrated resilience and focus, underscoring its position as one of the most dominant player in the Indian alco-bev industry. AABL continues to make steady progress in expanding its product portfolio and strengthening its market presence. The festive season and the onset of winter served as key demand drivers, helping us achieve strong results in this quarter.

AABL's presence across the end-to-end liquor value chain provides us with a unique advantage of offerings flexibility and operational efficiencies that help us navigate fluctuations in input costs. This performance underscores our unwavering commitment to innovation and quality, ensuring our products align with evolving consumer preferences and meets the highest standards of excellence.

The Indian alco-bev industry is undergoing a significant transformation driven by rapid changes in consumer preferences, premiumization remains a key trend and consumers are increasingly seeking high-quality, aspirational products that offer a refined experience. This shift is reflecting a broader movement towards an emphasis on quality over quantity and at AABL, we are well-positioned to capitalize on this evolution. Our approach has always been centered on innovation in introducing products that cater to the dynamic taste of today's consumers while maintaining affordability.

Over the past few quarters, we have been strategically focused on strengthening our brand presence and ensuring our offerings stand-out in a competitive market. Our plans remain firmly



on-track with focus on introducing new products and expanding into new regions. Looking ahead, we are excited about our upcoming product launches, which includes RTD, Brandi and tequila, each designed to meet the growing demand for diverse high-quality beverages. In addition to expanding our portfolio, we are actively working on extending our geographic reach. We are proud to be among the top five players in Kerala and hold a substantial market share in Madhya Pradesh.

As we enter new regions, we are confident in our ability to replicate this success by offering quality products at competitive prices tailored to regional preferences. This integration empowers us to remain agile and adaptable, enabling us to respond effectively to market dynamics while consistently delivering value-driven outcomes.

AABL strategy continues to focus on three key pillars; premiumization, operational excellence and market expansion. These elements ensure that we remain agile, competitive and positioned for sustainable growth. With these strategic pillars in place, we are confident in our ability to continue on our growth trajectory while maintaining stable margins.

Now I would like to introduce Mr. Tushar Bhandari, who will discuss AABL's strategic priorities and the performance of our recently launched products.

Tushar Bhandari:

Thank you, Anshuman, and good afternoon, everyone. I am pleased to report that AABL is steadily embracing the premiumization trend. Over the past year, we have introduced two new products in the prestige and above category, Nicobar gin and Hillfort whiskey. The launch of these brands has not only strengthened up our premium product portfolio, but also refined our commitment to deliver quality at affordable price.

These products have collectively garnered a sale volume of over 3,000 cases in the nine-month FY '25. Our proprietary IMFL brand sales volume grew by 23% this quarter compared to the same-period last year, driven primarily by the strong performance of our brands. Hillfort whiskey has exceeded our initial expectation in the key states, while Nicobar gin continues to see steady growth with expanded availability in other regions.

As we enter new markets, we remain confident that our product line up will continue to meet evolving consumer preferences. We have secured the necessary permission and are making steady progress towards launch in UP, Maharashtra and Goa with the plans to enter additional states.

Our ethanol plant is currently running at optimum capacity and we have successfully secured tenders from OMC with an allocation of 29,724 kiloliters of ethanol for the estimate supply year of '24-'25. To support our growth initiative, we have installed additional bottling lines, bringing our total to 41 lines. This advanced facility enhanced our ability to meet the growing demand of both proprietary and licensed IMFL products.

Additionally, our ongoing investment in single malt plant reinforces our long-term vision of offering premium, high-quality products at an accessible price point. Going forward, we



anticipate that the contribution of proprietary IMFL to our overall revenue will continue to rise, driven by new product launches and geographical expansion.

There has been a lot of media report on the new excise policy of Madhya Pradesh FY '25-'26. While the policy is yet to be finalized and approved, the outlined measures indicate significant steps towards enhancing governance, promoting transparency and supporting industry growth. As a company with over 40 years of experience in the industry, operating across diverse geography, the company has successfully navigated various regulatory landscape. We have believed that the proposed changes reflect a positive direction for the sector and present new opportunities for growth.

We provide insight into the key elements of MP excise policy as reported and their potential implications for AABL. Liquor restrictions in 17 town and villages, policy insights. The proposed policy includes a restriction in sale of liquor in regional sites across 17 town and villages, resulting in closure of 47 retail shops across Madhya Pradesh.

From this perspective, the closure represents just 47 shops out of 3,300 shops statewide. This constitutes a minor fraction of the retail network and we do not foresee any material impact on sales. The consumption from these areas is expected to shift to nearby towns, ensuring sales and as per our expectations.

Renewal of retail shops licensing, policy insights. Retail shop license renewal will incur 20% duty hike. We anticipate that most retailers will opt for renewal ensuring minimal disruptions and the company's sales will be as per expectations.

Mandatory ethanol and e-BG, transaction to electronic finance and bank guarantees. We welcome this move as it enhances governance and transparency within the industry. AABL is well prepared for digital compliance given our established system and practices. New bar license with lower fees limited to serve beer, wine and RTD products. This is a welcoming step that aligns with our plans to enter RTD segment in Q4 FY '25. We expect this policy to bolster our RTD sales and support the expansion of our product portfolio.

New segment in country liquor, introduction of new 60 proof liter segment in country liquor. While the performance of this segment will be evaluated over the time, we believe it present an opportunities to boost sales. AABL is well positioned to adapt to these changes due to our flexible product capability.

The proposed policy demonstrates a progressive approach by the government focusing on modernization, governance and inclusivity in liquor industries. We believe these steps will support long-term growth and sustainability. AABL remains committed to leverage our existing experience, robust operational framework and strategic product innovation to capitalize on the opportunities presented by this policy.

We are confident in our ability to adapt seamlessly and deliver consistent performance in the evolving regulation landscape. Looking ahead, we are particularly excited about our RTD segment launched in Q4 FY '25 and our strategic entrance into the new states like Maharashtra



and Goa. These initiatives coupled with the operational efficiency position us strong to achieve our growth ambition.

Now I will hand over the floor to Mr. Ankit Agrawal, our Group CFO, to discuss our financial performance for the quarter.

Ankit Agrawal:

Thank you, Tusharji, and good afternoon, everyone. We have delivered strong results across key financial parameters. Q3 FY '25, the festive season in the advent of winter provided us a significant boost to demand, resulting in a robust performance. Net revenue increased by 71% to INR327 crores compared to INR191 crores in the same period last year.

This growth was achieved despite inflationary pressure on input costs, particularly for grain and packing materials. Even the rice price reaching 28,000 per metric ton and the maize at 24,000, our focus on operational efficiency and disciplined cost management help us sustain a healthy gross margin of 38%. Encouragingly, raw material costs have begun to stabilize, which would provide further relief in coming quarters.

EBITDA for the quarter stood at INR40 crores with a margin of 12%, while PAT increased by 107% year-on-year basis to INR26 crores, achieving a PAT margin of 8%. In terms of segment-wise performance, proprietary IMFL brand contributes to INR37 crores, reflecting a year-on-year growth of 31%. License brand revenue grew at 13%, reaching to INR77 crores. IMIL sales stood at INR62 crores, grew at 23%.

Merchant ENA contributed to INR39 crores. Ethanol revenue for the quarter was INR72 crores. Operationally, our proprietary IMFL volume for the quarter stood at 4.69 lakh cases with licensed IMFL brand reaching to 6.16 lakh cases. Merchant ENA volume for the quarter stood at 6 million liters and ethanol volume was recorded at 10 million liters. For nine months FY '25, net revenue grew by 61% to INR833 crores from INR508 crores in nine months FY '24.

EBITDA for the year stood at INR93 crores with a margin of 11%, while PAT increased to INR59 crores with PAT margin of 7%. Looking ahead, we remain focused on delivering revenue growth through our proprietary IMFL products supported by new product launches and market expansion. We are immensely grateful for your trust and support. With a clear vision on the Board strategy, AABL is well positioned to deliver long-term value for all the stakeholders.

Thank you. And now we can open the floor for question-and-answer.

Moderator:

Thank you. We will now begin the question-and-answer session. The first question is from the line of Aman Baheti from InCred Capital.

Aman Baheti:

Hi. Congratulations to the Associated team for a brilliant set of numbers. I had a few questions. The first question is related to the EBITDA margin guidance that the PPT contains. So on a consolidated basis, we have been saying that our focus will be moving on to some premium products and that can deliver a higher margin. So why have we given a lower guidance of 9% to 11% of EBITDA margins?



- Ankit Agrawal:** Hi. So this year, our margins we are expecting on a year-on-year -- for the full year basis should be on a similar line. Since we have recently launched the new products in the premium segment, this will contribute additional margin for the next year onwards maybe. This year, we expect the margin remains in a similar range.
- Aman Baheti:** Okay. So going forward, will the margins improve as per management's guidance to 13% to 15%?
- Tushar Bhandari:** Yes, definitely it should. From next year onwards.
- Aman Baheti:** Okay. And what has been the progress, sir, regarding your expansion in different states like Maharashtra and Goa? How is that going?
- Tushar Bhandari:** So as I already told that most of the formalities have already been done in the states of Maharashtra and Goa. And very soon, we will start supplying in these states. So Uttar Pradesh, Maharashtra and Goa, these are the three states. So very soon -- within this month, we'll start supplying our products.
- Aman Baheti:** Okay. And one last question regarding the realization, sir. So our Indian made Indian liquor realizations are relatively steeper than our proprietary products. So going forward, what kind of realization growth are you expecting?
- Tushar Bhandari:** So in terms of the IMIL, the realization would be on the similar lines or slightly higher. But we are expecting that in coming years that the realization in our IMFL brands, proprietary brands should increase as the sale of our premium brands would increase.
- Aman Baheti:** Okay. And regarding our new product, the gin, so what has been the response in that?
- Tushar Bhandari:** So the new gin which has been launched is doing fairly well and we've launched right now in Madhya Pradesh, Chhattisgarh and Delhi and it has received a fairly well response. And in southern states, as I said that Maharashtra, Goa and Uttar Pradesh, which are the biggest states, we are seeing the -- as soon as we start the sale, we will see an increase in growth in sale.
- Moderator:** The next question is from the line of Yash from Stallion Asset.
- Yash:** Hi. So my first question is that we haven't seen increase in your depreciation cost in the quarters -- in the last few quarters despite commissioning of the ethanol plant. So I just wanted to understand this.
- Ankit Agrawal:** See, so depreciation costs will remain in the same level or in fact it will increase because right now in this quarter, we have commissioned -- we have capitalized our new bottling plant. So this should go up a little in the next part. But the main reason because our -- the distillery, which has got a little relatively old for depreciation has a few of the assets has got reduced over the period. Plus ethanol -- the life of the ethanol plant around is 20, 25 years. So that's why the deprecation comes relatively less.



- Yash:** Okay, understood. And the second question is that we've seen a very good scale up on your contract manufacturing fees, right? So I mean, how big do you envisage this segment together and what are the margins and what is the capex then we -- that we want to do here?
- Tushar Bhandari:** So the contract manufacturing business, we are seeing a substantial growth in that. And looking into the growth and the sale of USL brands from whom we do contract manufacturing. We have set up a new state-of-art bottling hall and we have added 10 new lines for that which will be most of -- most of it is automatic and we spend round about INR50 crores as a capex in that.
- Yash:** Okay. And what is the margin that you envisage in this segment?
- Tushar Bhandari:** Our margin is around 60%. So we get the bottling increase out of that 60% is the margin
- Yash:** Right. And FY '26, what is sort of the revenue guidance that you're targeting? Do you think we can do over INR1,200 crores?
- Ankit Agrawal** Yes, we should. So considering ethanol and all if we will be flat, we should be crossing that number. It should be higher than that.
- Yash:** Okay. And my last question, sir, is that just wanted to understand your excise duty. So I mean ex of ethanol and ENA, I think the revenue is about INR215 crores for the quarter and you've paid like INR7 crores of excise duty on that or if you can just sort of help me understand the excise duty calculation here?
- Tushar Bhandari:** So see, so excise duty, you have to look statewide. So like in MP and Kerala, there is no excise duty on the part of manufacturer that is being borne by the retailers. So that doesn't come in our books. And okay and the duty right now we are seeing is basically because of our increase in sales in Delhi and Chattisgarh, where the excise duty is on the part of the manufacturer. So all the states -- different states have got different policies. Certain states exercise duty is paid by the manufacturers and in certain states, excise duty is paid by the retailers.
- Yash Gandhi:** Okay. Okay. Okay. Got it. That's it from my end. Thank you.
- Tushar Bhandari:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Chetan from Systematix Group. Please go-ahead.
- Chetan:** Yes, hi. Thank you for the opportunity and congratulations on a good set of numbers. I have one question. I just wanted to know what is the status of our malt plant and what shall be its capacity?
- Tushar Bhandari:** So our malt plant is expected to start -- we are expecting to start production in April, somewhere on April onwards. The capacity is 6,000 liters per day.
- Chetan:** Okay. And can you state the capex number for FY '25 and '26?



- Ankit Agrawal:** So for '25 and '26, we know around INR100 crores each year will be our capex and that will be mainly through our internal accruals and the preferential money which we have raised.
- Chetan:** Okay. Okay. Yes. Thank you.
- Tushar Bhandari:** Thank you.
- Moderator:** Thank you. The next question is from the line of Shantanu Basu from SMIFS Limited. Please go-ahead.
- Shantanu Basu:** Hi, good afternoon. I'm tracking this company very recently. This is the first time I'm tracking to be honest with you. So just going by your PPT, I'm a bit perplexed with the fact that your topline growth for the quarter against corresponding quarters last year is 71%, but the category growth that I'm seeing revenue growth is -- I mean, the highest-growth that I've seen is 30% plus. So what am I missing? Can you please clarify?
- Ankit Agrawal:** It's the ethanol plant, so ethanol plant, this will be first-quarter. So this got commissioned last year, Jan '24, mid-Jan '24. So this revenue was not there in the previous year numbers.
- Shantanu Basu:** I see. So just because -- but I think I saw your ethanol revenue also, you are showing something quarter-on-quarter you're showing the revenue?
- Ankit Agrawal:** Since we don't have the Y-o-Y numbers, we just compare quarter-on-quarter. So that is Q3 versus...
- Shantanu Basu:** Q2 FY '25 versus Q3 FY '25. You have given the Y-o-Y number. So ethanol was missing in last December quarter. That is what you're saying.
- Ankit Agrawal:** So the last Q4 Jan -- so somewhere around 15 Jan the plant got started. Q4 will be the first-quarter.
- Shantanu Basu:** So December, it was missing. That's why the growth is 71%.
- Tushar Bhandari:** Correct. Absolutely.
- Shantanu Basu:** Okay. Thank you. Thank you for that.
- Moderator:** Thank you. The next question is from the line of Naman Shah from Monarch Network Capital. Please go-ahead.
- Naman Shah:** Hi, sir. Congratulations on a good set of numbers. Sir, I just had two, three questions. Just wanted to ask about the broken rice announcement that the government has recently done. Will that be beneficial for us in the ethanol segment?
- Tushar Bhandari:** So see the broken rice announcement, which has been done by the government would definitely be beneficial in the sense that the availability of the crop would increase substantially. And so

the other crop and the price would go down, we are expecting it to go down the crop. And the price also which government has quoted is a very attractive price is INR22500 .

So definitely, this will benefit us in the reduction of the crop price -- raw-material pricing, be it be it rice or be it corn also because lot of people who are buying maize would get diverted to rice also and we are expecting the fresh crop also in the coming months. So we'll see this -- we are expecting to see the softening in the prices of raw materials.

Naman Shah: Right. And is this 9% margins in ethanol sustainable in the future also?

Ankit Agrawal: So margin in ethanol should be within the range of 7% to 9%. It depend on the pricing of the raw-material. But Yes, if the price of raw-material sustained to level what it is, so we should be able to deliver those sort of numbers.

Naman Shah: Okay. Okay. And regarding Nicobar and Hillfort, sir, could you specify on the revenue contribution by Nicobar and Hillfort to our top-line?

Tushar Bhandari: So right now we have sold around somewhere around 3,000 cases. And slowly, slowly, we are catching-up and every month-on month, we are seeing this increase in sales. And so right now, it's quite miniscule in terms of revenue and we are expecting it to grow at a faster pace and we have received a very positive response from the market. We say is that the price realization in Nicobar is 8,100. And in terms of Hillfort is 3,100.

Naman Shah: Okay. Okay. So this 3,000 cases is for Nicobar or Hilfort?

Tushar Bhandari: It's combined.

Naman Shah: It's combined, okay, okay. Okay. And sir, so what was the reason for the delay in the launch of RTD? I mean, it was supposed to launch in Q3.

Tushar Bhandari: So the delay launch in RTD was from the end-of-the machine supplier. The machine was getting -- we are planning to -- we were getting an imported from US and it's getting delayed, it's getting stuck there. That's why it's a delayed in launch. Otherwise, our most -- our label registration Madhya Pradesh is almost done. We applied for that and our packaging and everything is ready. We are -- it's being delayed on the machine supplier end.

Naman Shah: Okay. Okay, sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Sunil Jain from Nirmal Bang Securities Private Limited. Please go-ahead.

Sunil Jain: Yes, congrats -- congrats on good set of numbers, sir. My question relates to ethanol. So will you be buying this FCI rice from the market -- from FCI.

Tushar Bhandari: So right now there is no -- there's not much clarity on how it will be given and to whom it will give. So right now government is also planning to come out with one more tender of supply of ethanol and be a possibility that those tender will be given only to people who are purchasing



FCI rice. So there is no clarity and who will be given at what quota would be given once that picture is out, then definitely if opportunity is there, we will definitely look at buying this price because it's coming at a very attractive price.

Sunil Jain: So whatever the tender you got from OMC, against that if suppose the clarity comes, then you can buy rice from OFC and then that can support your margin?

Tushar Bhandari: Yes, definitely. [inaudible 0:27:45] because the quantity is huge. So if there is a huge supply -- certain supply of raw-material still have a major impact in the commodity price.

Sunil Jain: Okay. So major benefit can come from the market decline price of the rice?

Tushar Bhandari: Pardon me.

Sunil Jain: You say that the major benefit can come because of the market whatever the current prices you said around INR28,000 that will come down and that will benefit the company.

Tushar Bhandari: Yes, yes.

Sunil Jain: And second thing, sir, how much is the yield from rice for ethanol?

Tushar Bhandari: So yield from rice for ethanol is around 450.

Sunil Jain: 450. Okay. Okay. Thank you very much.

Tushar Bhandari: Thank you.

Moderator: Thank you. The next question is from the line of Kumar Saurabh from Scientific Investing. Please go-ahead.

Kumar Saurabh: Yes, hello, sir. So great to see I think from four-quarter back single-product launch to two products being launched and the roadmap. I have two questions. One on the product side, as you said, the cases together is 3,000. But in terms of the states we are targeting in next one to two years for these two products.

One, what is the overall market size and what market-share we are trying? I'm not looking for exact number, but some fair guidance. That is one. And second, two,three Quarters back, we were at the lowest end of our raw-material margin cycle in terms of grain prices. The bottling prices were also bad. I think that was the worst.

And going-forward, next two, three years, we are giving a guidance of 13% to 15% margin. And there are three components to it. One is because of our better premiumization revenue mix. So my question is, do you expect those margins keeping the reversal of bottling and grain prices or everything is included? And in the current margin like how much you see coming from premiumization and are the other two factors also contributing to margin improvement? These are the two questions I have.

Tushar Bhandari: To answer your first question, we are launching these premium products in the state of Uttar Pradesh, Maharashtra and Goa and recently we have launched in Delhi and the market is used there, but definitely entering a new state with a new product and being it so competitive right now. It's very difficult to predict how much market-share will you be able to achieve. But we are looking at in the initial stages to look at taking at least a 3% to 4% market-share of the product in terms of the Hillfort brand category.

And in terms of Nicobar, Nicobar we believe in expanding the reach and width of distribution, that's where we are concentrating on, because we've got a very positive feedback from the market in terms of the quality as Nicobar is compared to other products which are available at the same price point or at a higher price point also in the market. So right now, we are looking at expanding the reach because gin is a product, if more visibility is there, the sale will increase substantially.

So that's what we are concentrating on. And on your second question, I'm not clear really any.

Ankit Agrawal : So I'll just pick-up the second question. So premium product doesn't contribute much in our top-line as of now because it's very, very miniscule number, but we expect to increase it further. And that will also help us to overall increase in the margin of the company going-forward?

Kumar Saurabh: Okay. So sir, next two years, the margin improvement that...

Tushar Bhandari: You were also asking that the margin increase has also come from the operational efficiencies.

Kumar Saurabh: Yes. Okay. So your two years of margin guidance improvement which you are giving, is it more because of operational efficiency raw-material or is it more coming from premium products?

Tushar Bhandari: No, it's not lower-right now, but this year we are saying that we will be in the similar lines. But in the coming years, we will -- we are seeing an we will expect an increase in the margin because of the sale of premium products. Obviously, efficiencies will also be play a major role in that. But broadly, we are looking over the long-term period, the margin contribution should improve with the help of the increase in sale of premium products.

Kumar Saurabh: Okay. And sir, the last question, given we have launched two premium products and we are getting good reviews, but we are also fighting with players with significant brand play. So what is your marketing go-to-market strategy and brand-management strategy for these two premium products going-forward?

Tushar Bhandari: So our go-to-market strategy in different products is completely different. So in terms of gin, as I told you, we are looking at bit of distribution and availability in HoReCa. That's what we are primarily concentrating on. And we've been able to capture most of the HoReCa chains in MP and Chhattisgarh. It's been recently launched in Delhi. So Delhi also really planning to do that. And in terms of Hillfort when it's considered to be Hillfort.

So what we've tried to do on the initial stage as per our strategy, which has been always is to provide value-for-money to the customers. So we have launched a good packaging, good-quality

liquid we've concentrated and we are giving it at a reasonable price. That is one. And second is we are pushing at the retail counters.

We are educating the retail customer, we are trying to give certain incentives to the retail salesmen. That's where we're trying to push and achieve our growth in that. And also we are working on social media platforms to create awareness and to create the premiumization look and feel and the experience of the product.

Kumar Saurabh: Great. And sir, last question on Madhya Pradesh partial liquor band. And I think in the beginning itself you told it's minuscule. I think maybe 3% of revenue at state is getting impacted. But the question is what triggered this action and do you think any possibility of this action of state government extending to more parts of Madhya Pradesh?

Tushar Bhandari: So this was primarily the action was taken in terms of religious routes. And definitely as on today also, there is a policy that there should be no liquor shop near schools, temples and colleges. So on those lines, this policy has come about to be. And it has hardly -- it contributes only 1% of the shop, 1.5% of the shops which will close because of that. And definitely the sale of the shops will flow to other nearby shops.

And on a long-term strategy, as you asked, that would it lead to liquor ban in Madhya Pradesh. I don't foresee that because as right now post-GST era, liquor -- excise duty to the government and VAT on petrol are the two major revenues for the state government. And we've seen in the attitude also change in the state government because right now before making the policies, state government ask the manufacturers and the retailers also to be a part of it.

And take possessions from us, which was not there earlier. So this also contributes -- this also states that definitely we contribute to a major revenue of the state. And plus apart from that, if there was a regional party in Madhya Pradesh, we could have even thought of this kind of thing. But as it's a national party, ruling party, so national ruling party cannot have different philosophies in different states.

So that also gives us the comfort level that this kind of thing would not come in near-future.

Kumar Saurabh: Got it, got it. Thanks a lot, sir. And best wishes for coming quarters.

Moderator: The next question is from the line of Vaibhav from Bullseye.

Vaibhav: So congratulations on the good set of numbers. So my question is like how much incremental revenue do we expect from the new geographies which we have added or which we plan to add?

Tushar Bhandari: So see the initial stages, we would not see much incremental revenue. But as over a period of time we would see substantial increase in the revenue because see these states which we are planning to enter are the biggest states in terms of liquor sales, which includes Uttar Pradesh, Maharashtra and Kerala -- sorry, Uttar Pradesh, Maharashtra and Goa. So these are the huge states.

And if we are able to crack certain portion of it also, we will see an incremental revenue to a greater extent. And as we've shown in terms of our incremental sales in Kerala, over the years, we've been trying to increase our sales in Kerala and we are now the 5th-largest market player in the state of Kerala apart from the -- after the big companies.

And we see a continued increase in the market-share in Kerala market. If that thing happens similar in one or two or three markets also, then you would see a substantial increase in the revenue from the sale of our premium products. And that's what the -- that's where the company is focused on.

And that's why the company is also taking aggressive actions and recruiting senior sales and marketing people in various states. That's our strategy has been that we take certain senior well experienced players in different markets wherever we enter.

Vaibhav: So any ballpark figure which you target by FY '26 or FY '25 revenue 20%?

Tushar Bhandari: I cannot say FY '26 or '25, but over the long-term period, we are expecting the sale from our proprietary brand should be around 50% to 60% of our top-line.

Moderator: Thank you. The next question is from the line of Naman Shah from Monarch Network Capital. Please go-ahead.

Naman Shah: Just one question. Just wanted to ask about the marketing spend. If you could give an absolute number on the marketing spend that we do?

Tushar Bhandari: So right now, the marketing spend is around about, say, around 3% to 5% because we are not going over over-the-board or we are not doing any over-the-board marketing and we are doing at the retail outlet level.

Naman Shah: And what is the percentage...

Tushar Bhandari: As the premium product increases, so we will have to -- as the premium product increases and the new markets we enter with the premium products, we will have to increase our marketing spend in the initial years for creating the brand awareness and visibility and width of distribution.

Naman Shah: Right. So that 3% to 5% can go to 5% to 6% or 7%.

Tushar Bhandari: Yes.

Naman Shah: Right. And one more question, sir. What is the competition we see currently in tequila, gin, anybody who is coming up with a product similar to us?

Tushar Bhandari: You see, not only in terms of tequila or gin, I would see that one is that there is a competition in all the categories which are there right now. But that's a positive sign also because there is an opportunity as well. That's where most of the people are coming in. So I see it will be on a long-term perspective, it will be completely on the survival of the fittest kind of platform.

Like we've seen 100 gins which has been launched in India over the last couple of years. But out of which I think only 30 to 20- 25 are performing well. So one is that you have to be consistent. Second is that you have to assure the quality is really good of the liquid and the packaging is good. And you have to keep evolving and coming out with the brand in the market that is there.

This I am talking about the gin and the other product portfolios. As you said about the new products which we are launching, which is the RTD and which is tequila. So we expect the RTD market to grow substantially. So we expect RTD market as per the market survey and research should grow by at least 17% to 20%. So that is a great potential we see.

And in terms of the tequila, there is no -- right now, there are only one or two Indian tequilas which are available right now. We will be the third one probably to launch a tequila. And ours would be pure tequila which will imported from Mexico. It will be 100% agave spirit. So we see a great potential in that and we are seeing a growth of around about 30% to 40% in the tequila market. So there's a good potential in that.

Moderator: The next question is from the line of Rohan Patel from Turtle Capital. Please go-ahead.

Rohan Patel: You fairly explain how does the business development and market development in IMFL portfolio works. But I want to ask regarding the country liquor IMIL we are doing certainly INR121 crores, INR120 crores business in 2024 and that is pretty much stable. It hasn't grown like in FY '20, it was INR131 crores. So what are our plans in Country Liquor like will it be a steady INR200 crores business where there would be only price realization growth and would be stable?

Tushar Bhandari: See the Country Liquor would be a very steady market and it's a very, very, very low-value product. And apart from that, it's been done on the tendering process and the tendering process has got certain cap on a particular individual of the quantity which of one person can take. So we are at the maximum quantity which one distillery can take or bid or get -- win the bid for a particular -- for Madhya Pradesh state.

So we see -- we see whatever the growth in the industry would be there, we will grow at that pace only. And definitely as the cost increases, we might see the price increase because it's done on the tendering process. I cannot comment on that. But that will be -- that will remain the same and that will grow as per what the industry would grow.

So we are concentrating right now purely, purely, purely on our own value-added product and the premium product because that's where the future is because now the young new entrant to the drinking age, they want to drink premium quality products. They want to drink less, but they want to drink good-quality. So that's where we are targeting and there is a huge opportunity available there.

Rohan Patel: Okay. Fair enough. And can we expect now that the raw-material cost has stabilized like after FCI thing, coming down and other raw-material and feedstocks would be down. So the margin would be expanding through off the board, like in your premium products as well as your franchise product, licensed product and Country Liquor?

Tushar Bhandari: The grain prices would definitely -- we will see -- we might see a short-term stabilization or downward trend in terms of grain price as soon as the FCI rice comes and the fresh crop comes in the next month. But over a long-term perspective, we see that there can be a certain stability coming in the grain rice because now the -- if you see the data, the crop cultivation of maize is increasing month-on-month.

So people are being -- farmers are being more aware, we as an institution also are educating the farmers of benefits of growing maize. So as the maize availability increases, we might see a stability in the price because that would come -- but that will take a year or two and the maize would increase substantially the cultivation of maize. And your second question was?

Rohan Patel: Yes, my question was regarding this only, that explained. And just one question, which is quite a broad question and it has a qualitative element in it So what we have observed in IMFL is that the companies that have performed greatly in this sector have like two to three blockbuster products that have done like 1 million cases of business for them. If you see, Allied , if you see USL or if you see Radico, they have a couple of products that are like a million -- millionaire brand. So like who make a millionaire brand, what does it mean? Like it needs definitely...

Tushar Bhandari: Making one or two brands of our brands as a million brands. And we are -- we are extremely working towards that. So just to give you an example that in our entire portfolio, if you see, we were the first company to fastly deliver a million case in when we launched in Kerala. Within a span of three years, we touched 1 million case and this year we expect to do 1.5 million cases.

And in terms of brand levels, definitely Radico and other like Diageo and all these are very old companies and they have got products. So we are also working on those lines and we are believing that we should have the entire portfolio with us, which we are working on. So with RTD, with our brandy, with our tequila and in future our single malt. So we will be a one-stop shop for any retailer or distributor. So that's what we are targeting to achieve in.

Rohan Patel: Okay. One thing that we have also observed from legacy players is that in a particular category, for example, say, most of them are getting away from value side and focusing lot on super-premium and high-end prestige. But they have a strong two to three brands within a single category like for example, USL has two to three brands in say semi-premium, even Pernod Ricard has. So are we planning to bring a say create a portfolio of say 10 brands out of that two to three will be in semi premium, high premium prestige or we will be going slow by bringing one brand and we'll see how that performs. Then add another brand in same set category?

Tushar Bhandari: No, no, we will have the entire portfolio. So see the maximum consumption in India is the whiskey category. So in whiskey category, we have almost four brands right now. We have planned to introduce one or two more. So at every price point, starting from the lowest end-of-the price point to the most premium price point, which will be -- in future, we'll be launching a single malt.

We believe that we should be available in each and every category. And out of these categories, one-product or two product can be the hero products which can -- which help it really well and

gain the market-share. In vodka category also, we have got two -- two vodka with us, one is CP vodka and second is Titanium vodka.

In rum also, we have two products. So like that, obviously, you will have to have a -- one is a premium product and the second is a popular product because you cannot read the popular price range category also as the bigger player like, say, Perno Ricard or USL are moving away from the popular category and going on the premium side only. So there is a huge potential of increasing the volume because the volumes will come from the popular end-products. So we have got the concentration on there also. So we are making a basket of the entire product portfolio.

Moderator: The next question is from the line of Sumit Agrawal, an Independent Investor.

Sumit Agrawal: So congratulations on good set of numbers. My question is regarding the distribution on these CST platforms, how is that going and considering the new launches to be in gin and tequila, how is like CST conducive to these kind of drink?

Tushar Bhandari: I'm sorry I could not hear you clearly.

Sumit Agrawal: Am I audible now? So my question is regarding the distribution on the CSD platforms. Considering the two new drinks to be like in gin and tequila categories, how are the sales in the CSD for both these kind of liquors?

Tushar Bhandari: Sumit, it's a very well question asked. We see a great potential in the CSD market. So we are in-process of getting our products registered. So it's a lengthy process, it's a six months-to one year process. So we are in the process of getting our products registered. But there is a huge opportunity in the CSD market, especially for the Indian -- Indian liquor manufacturers as in CSD markets also the government has taken a serious step and have encouraged Make in India products.

So all the international and imported products are banned in CSD. So there is a potential of gaining good market there and we are working towards it. So there are certain -- certain norms which we have to follow and certain inspection that needs to be done. So we are in-process of getting that done.

Sumit Agrawal: Excellent, sir. And my second and last question is regarding any tentative date, everybody looks for like a single malt, it is the most kind of a hero product, highly premiumized. So any date you are looking at in future tentative date, not a -- just a deadline, but just some tentative date on that?

Tushar Bhandar: We are expecting our plan to get commissioned -- commissioned by April '25, okay. By April '25, the product will start coming out and at least minimum maturity in the cask will be 1.1 to two years of that. So from April '25, two years, you can see that we will have our own product. But plus our part in-between also what we are also doing is we are also launching a mid-range product. So right now, we have got a Central Province whisky and then we've got a Hillfort whisky.

So we do not have anything -- a Central Province EBB is 1,200 and our Hillfort EBB is 3,100. So we do not have any product in-between this gap. So we are trying to launch one more product in-between this gap for which we will purchase malt from outside and then launch it. So that by the time -- by the time our product is ready, we would have a certain market study and market testing done with the products.

Sumit Agrawal: Congratulations and good set of numbers and hopefully for a good launch of single malt also, eagerly waiting for that. Thanks a lot.

Moderator: The next question is from the line of Debayan an Individual Investor.

Debayan: So my question is regarding the ethanol plant actually. So if we see ethanol market is very much competitive. So I just wanted to understand the rationale behind entering the ethanol space?

Tushar Bhandari: The rationale behind -- getting behind the ethanol space is that there is a huge opportunity there. So when the government has started the ethanol manufacturing that ethanol -- when the government started encouraging ethanol manufacturing which was around about two to three years back, the government had targeted by 2025, they will achieve 20% blend in ethanol. So which government is expected to achieve as for the timeline.

And in future, the ethanol market is going to grow only because the government is looking at reducing their import of oil and depending on their own ethanol manufacturing. And right now, it's only available in petrol. So in future, the government is also working on technology to come in diesel and increasing the ethanol blending in petrol also.

So there is a huge opportunity and there's a better price realization. So right now, our price realization in ethanol is INR71.8 rupees, whereas in ENA, it's slightly lower. So there is a huge opportunity also and it gives us economies of scale to us. So which gives us a higher realization in the overall portfolio because with the same -- with the same staff and with everything being the same, we can achieve a higher-volume.

Moderator: The next question is from the line of Kumar Saurabh from Scientific Investing.

Kumar Saurabh: Yes. So sir, in the IMFL segment for proprietary as well as IMIL also, we have done really well this quarter. If you can just spend some time and update what is working for us and this kind of like 31% growth in IMFL as well as in IML. Is it sustainable? That is one. And second, on the ethanol side, the kind of revenue run-rate which we are doing, could there be any volatility or these are contract-based where there is enough revenue certainty?

Tushar Bhandari: Pardon, I didn't get you? So see, so see the sustainable this quarter there has been a substantial increase in our sales. And definitely this would be sustainable. There will be a growth of 12% to 15%, which we see in IMFL volume of cask case.

Kumar Saurabh: Okay. And sir, IMIL also, we have done well almost 23% of growth on Y-o-Y basis. So do you see IMIL also grow to sustain in single malt.



- Tushar Bhandari:** IMIL, we will grow as per the industry or as per the market. So there is not much a contribution where there because completely depend on the tenders. We have a yearly tender and whatever tenders you get, you have to supply in those particular districts. You have -- you are the sole supplier in those particular districts. And whatever the volume grows in that particular district, you will grow at that pace only. So IMIL would be stabilized only.
- Kumar Saurabh:** Got it. And ethanol, I think we are almost doing INR68 crores INR70 crores now and I think we are at our full utilization capacity. So do you think this number will sustain or if there are any kind of revenue risks there in ethanol?
- Tushar Bhandari:** And it will sustain because we are using an optimum capacity and we are at optimum production.
- Moderator:** Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to the management for the closing comments.
- Tushar Bhandari:** I would like to thank each and everyone who've taken out time to attend this conference call. And in case there is any further queries, you can directly contact Monarch or Go India Advisors. Thank you.
- Moderator:** Thank you ladies and gentlemen. On behalf of Monarch Network Capital Limited, that concludes this conference. You may now disconnect your lines.