



Associated Alcohols & Breweries Limited

02nd May 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 28th April 2025 on Earnings Presentation Q4 FY 2024-25.

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 28th April 2025 on Earnings Presentation Q4 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

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Company Secretary & Compliance Officer

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“Associated Alcohols & Breweries Limited

Q4 FY '25 Earnings Conference Call”

April 28, 2025



MANAGEMENT: **MR. ANSHUMAN KEDIA – WHOLE-TIME DIRECTOR & CHIEF EXECUTIVE OFFICER – ASSOCIATED ALCOHOLS AND BREWERIES LIMITED**
MR. TUSHAR BHANDARI -- WHOLE-TIME DIRECTOR & CHIEF FINANCIAL OFFICER – ASSOCIATED ALCOHOLS AND BREWERIES LIMITED
GO INDIA ADVISORS – INVESTOR RELATIONS – ASSOCIATED ALCOHOLS AND BREWERIES LIMITED

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



Moderator: Ladies and gentlemen, good day, and welcome to the Associated Alcohols & Breweries Limited Q4 FY '25 Earnings Conference Call 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 touchtone phone. Please note that this conference is being recorded.

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

Rahul Dani: Yes, thank you, Pooja. Good afternoon, everyone. On behalf of Monarch Network Capital, it's our pleasure to host the senior management of Associated Alcohols & Breweries Limited. We have with us Mr. Anshuman Kedia, Whole-Time Director and CEO; and Mr. Tushar Bhandari, Whole-Time Director and CFO. And also, we have Go India Advisors, the IR team.

So 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. Good afternoon, everyone and a very warm welcome to Associated Alcohols & Breweries Limited Q4 and FY '25 earnings conference calls. The financial results and investor presentation have been uploaded to the exchanges, and I trust you've had the opportunity to review them.

Let me first begin with a quick overview of the macro environment. The Indian economy continues to demonstrate resilience supported by strong domestic consumption, favourable demographics, and steady urbanization. These structural drivers also benefit the alcobev sector, which remains one of the fastest growing consumer categories in the country.

India's per capita alcohol consumption remains significantly lower than global averages, offering substantial headroom for future growth. Within the liquor industry, a clear shift towards premiumization is underway, with consumers increasingly preferring higher quality craft and premium spirits. This trend aligns well with AABL's long-term strategy of enhancing our premium portfolio and building consumer-centric brands.

Reflecting on the year gone by, I am pleased to share that FY '25 was a year of meaningful progress for AABL. We strengthened our proprietary IMFL portfolio with the launch of Hillfort, a blended malt whiskey in the prestige and above category, this follows the earlier success of Nicobar, our handcrafted gin, which has already garnered industry recognition and awards.

Our presence remains strong in key markets like Madhya Pradesh, Kerala, while we have expanded into newer geographies. We commenced operation in Daman in the last quarter and secured regulatory approvals from Maharashtra and Uttar Pradesh, where commercial operations are expected to begin by May '25.

While our planned launches of premium brandy and tequila remain on schedule. The launch of our ready-to-drink range has been slightly delayed due to supply challenges related to equipment deliveries. We now anticipate launching the RTD range by June 2025.



Operationally, while our proprietary IMFL business recorded strong volume growth during the quarter, ENA and ethanol volumes were impacted. In Q4, we intentionally held back ENA sales in anticipation of better realizations amid improving market conditions.

Ethanol sales were also lower during the quarter driven by reduced allocation from oil marketing companies. However, I am happy to share that full allocation for the remaining period has been secured and we expect volumes to normalize going forward.

At the operational level, AABL's fully integrated model remains a core strength, spanning in-house ENA production, proprietary brand bottling, contract manufacturing, and ethanol production. We now have 41 bottling lines capable of producing 16 million cases annually and maintain an ENA manufacturing capacity of 45 million liters per annum.

Our ethanol plant commissioned last fiscal year is running at full capacity and continues to support margin accretion despite temporary volume fluctuations. Additionally, as a part of our premiumization journey, our 6,000 liters per day malt plant is under commissioning. The cast deliveries are expected by mid-May 25, after which cast filling for the aging process will commence.

Production is targeted to begin by June 2025. Our partnerships with Diageo and Inbrew remain robust, providing additional strength to our overall platform. Supported by a strong balance sheet, healthy cash flows, and clear strategic direction, AABL is well positioned to sustain and accelerate its growth momentum.

With that now, I invite Mr. Tushar Bhandari, our Whole-Time Director and CFO, to walk you through the operational and financial upgrades in greater detail. Thank you.

Tushar Bhandari:

Thank you, Anshuman, and a good afternoon, everybody. Building on Anshuman's comment, I will focus on the operational and the financial performance for the quarter and full year, along with key business updates.

Starting with the operating environment, raw material price particularly for the Greek grains like rice and maize remain elevated for a significant part of the year. However, there have been some corrections in Q4. Rice price peaked at 27,500 per metric ton in Q3 FY '25 and corrected to 25,500 per metric ton during Q4 '25. This stabilization has contributed to a partial easing of input cost pressure as we move into FY '26.

The resumption on FCI price supply at more affordable rates has also supported the cost management effort. Throughout the year, operational efficiencies and disciplined procurement practice help us maintain gross margin despite the volatility in raw material price.

Moving to the financial and operational performance of Q4 FY '25, net revenue from operation stood at INR243 crore, broadly stably compared to last year's quarter. Gross margin improved to 43%, reflecting benefit from partial raw material price correction.

EBITDA for the quarter was INR36 crores, representing an increase of 93% year-on-year, with an EBITDA margin of 15%. Profit after tax stood at INR22 crores, an increase of 83% compared to the corresponding quarter of previous year, resulting in PAT margin 9%.

In terms of segment performance for the quarter, appropriately IMFL revenue stood at INR36 crore, reflecting a year-on-year increase of 32%. IMIL revenue stood at INR58 crore, growing by 18%. Merchant ENA contribute to INR20 crore, and ethanol revenue for the quarter was at INR45 crore.

Operationally for Q4 FY '25, proprietary IMFL volume stood at 4.82 lakh cases, registering a growth of 26% year-on-year. Licensed IMFL volume reached 5 lakh cases. Merchant ENA volume was 3 million liters and ethanol volume stood at 6 million liters. It is important to note that the ethanol volume during the quarter were lower due to the reduced allocation from oil marketing companies.

Turning to the full year performance for FY '25. Net revenue grew by 42% to INR1,076 crores from INR759 crores in FY '24. EBITDA for the year stood at INR128 crores with an EBITDA margin of 12%. Profit after tax reached at INR81 crores, resulting to PAT margin of 8%.

In terms of segment performance for the full year, proprietary IMFL revenue stood at INR138 crores, growing by 25% year-on-year. Licensed IMFL revenue reached at INR237 crores, an increase of 8% over previous year.

IMIL revenue was at INR234 crores, registering 22% year-on-year growth. Merchant ENA revenue stood at INR119 crores and ethanol revenue for the year was INR248 crores. Operationally, for FY '25, proprietary IMFL volume stood at 18.03 lakh cases, reflecting a growth of 15% year-on-year. Licensed IMFL volume reached at 18.96 lakh cases, recording a growth of 4% year-on-year.

Merchant ENA volume stood at 18 million liters and ethanol volume stood at 34 million liters. For FY '26, we have planned a capex of around INR100 crores, primarily to set up a maturation facility for the malt plant and undertaking other operational efficiencies improvements.

With the upcoming launch of our RTD products, the commencement of operations in Maharashtra and Uttar Pradesh and other enhanced focus on expanding our premium product portfolio, AABL is positioned to pursue growth opportunities across multiple categories and geographies. With consistent execution and financial discipline, we remain focused on delivering sustainable growth in the year ahead.

With that, we can now open the floor for question and answers, please.

Moderator:

The first question is from the line of Mr. Vishal Gutka from ASK Investment.

Vishal Gutka:

Yes. I think good set of numbers from you. A couple of questions from my side. First is on ENA front. So you highlighted that you decided to hold up ENA given that your expectation the prices will go up.

But on the other hand, we are seeing the commodity cost going down. So rice, I think, because of the liquidation from FCI that has gone down. So just wanted to get a better color from you, why are you expecting that ENA prices hold up? Is it a derivative of ethanol prices? That is the reason that the prices for ethanol are firming up?

Tushar Bhandari: So, actually, what happened in Q4, the ENA prices had fallen substantially, okay, because there was a lot of availability of the ENA in the market. In Q4, government had allocated most of the ethanol to the sugar manufacturing companies, okay? So people who are making ethanol, they had moved to ENA. So there was a lot of availability of ENA. So that's why we hold it up for a better realization.

Vishal Gutka: Got it. And can you help us to understand what is the price of ENA in 3Q and 4Q, just to understand sequential fall in the price of ENA?

Tushar Bhandari: So ENA right now is around INR68.

Vishal Gutka: Okay. And what was the number in 3Q?

Tushar Bhandari: INR2 fall -- pardon me?

Vishal Gutka: INR2 fall, okay, around 4%, 5%, 3% kind of all that happen, right, from INR70 to INR68 has happened.

Tushar Bhandari: Yes.

Vishal Gutka: Got it. And sir, on the single malt plant, so you started on the maturity process of the malt. So malt will be available from mid of '25. Exactly, I just want to understand you are telling that the plant will commence in mid of 2025. So malt already you have started the process of maturity or how can you broadly highlight on that front?

Tushar Bhandari: No. So production will start somewhere in the month of June to July. And then post June to July, at least maturity for a decent single malt would be 1.5 years.

Vishal Gutka: Okay. So first model of the single malt will go somewhere around end of calendar 2026, right?

Tushar Bhandari: Yes.

Vishal Gutka: Okay. So we are almost 2 years away for what we call launch of a single malt brand from Spirit Alcohol. Is that understanding, correct?

Tushar Bhandari: Yes, yes, yes, yes.

Vishal Gutka: Okay And this RTD drink, are you manufacturing in-house because you highlighted that equipment is not available. So I just wanted to understand from you, are you making it in-house ready-to-drink drink that you're planning to launch?



- Tushar Bhandari:** In-house. The main RTD machine, which was supposed to come was supposed to come from U.S. So there were certain delays in the import of that machine. But now that has come and it's under commissioning. So next month, we plan to launch RTD.
- Vishal Gutka:** Got it. And just last question on ethanol front. My question may be new because my awareness is not that great on ethanol front. You told me that allocation from OMC companies was not in full swing. So every quarter, you get certain allocation from OMC companies and that is the sale is relevant depending upon the allocation of OMC companies. Can you help us understand what is exactly you try to mean by allocation of OMC companies?
- Tushar Bhandari:** So one is that you have to apply for an annual tender in that annual tender, you get the allocation quarter-wise quarter and month-wise month. So every month, you have to give you an allocation that this month, they will lift. But it also said that, if they are falling short of below 20%, they come out in between with extra demand also. So you can apply for those demands also.
- But apart from that, the private companies like Naira and Reliance also are buying ethanol. So there is an opportunity to sell it to them.
- Vishal Gutka:** Okay. Okay. So this quarter was [inaudible 15:24] this quarter was less next quarter you expect it to normalize ethanol sales, right?
- Tushar Bhandari:** Yes, yes, full capacity. Allocation, we've got.
- Vishal Gutka:** You're already running at full capacity, incremental it's going to be priced driven growth, right? It is not going to be volume growth for ethanol going forward?
- Tushar Bhandari:** In quarter 4, the entire volume was not consumed. Quarter 4, we've got slightly less allocation for 2 months.
- Moderator:** The next question is from the line of Aman Baheti from InCred Research.
- Aman Baheti:** Congratulations on a good set of execution this quarter. So I had a few questions. First one is on our market penetration strategy for our upcoming states that is Maharashtra, UP, Karnataka, Goa. So in terms of distributors and HoReCa point, as we say, if you can highlight our ground strategy on that, please?
- Tushar Bhandari:** So basically, if I talk about primary first, let's talk about Maharashtra and UP. The whole point it got slightly delayed by 2, 3 months was because of we were not finding the right partner, right distributor. Now in both the places, we found the right partner and right distributor. So if I talk about Maharashtra, we will be entering with Bombay, Thane, and Nagpur region. So these are the regions we are entering with. And that too, we are doing only premium brands outside Madhya Pradesh. That's what we have planned.
- And we have already -- so now the permits have come, and the material will go in a week's time. And we have already given the support system of all the collaterals, which are required to be there at the market. So that is already dispatched.

So we are almost ready for everything. Same as it goes with the UP market. UP market also we'll be entering into a premium product first with a few regions and then expanding to other regions. There also, we have spoken to a few distributors and certain good distributors who holds major number of shops are also on board with us. So we see a positive response from that market also. So those goods will also go in next 15 days.

Third is, if we talk about the Goa market. So from Goa market, we intend to supply to Pondi, Mahe, premium brands for Kerala will go from Goa and Goa itself. So Pondi, Mahe, we've already tied up. Kerala, we have already planned, and premium products will be there. And then Goa also, we are working and starting a sale. The ENA has already been dispatched from our premises for the Goa. And soon, the production will also start. The packaging material is also reached.

Aman Baheti:

Okay, sir. And second question was on our ready-to-drink product. So what will be the selling price of it? And in what quantity are we looking to sell it?

Tushar Bhandari:

So basically, see, the ready-to-drink market is -- what we see is the future would be good of ready-to-drink market and because it's growing across the world. And government is also -- and governments are also encouraging low alcohol strength drinks.

So like just for an example, in Madhya Pradesh, government has introduced a new license for bars and restaurants in which government is giving the 50% of the license -- with only 50% of the existing licensees of bars and restaurants. You can serve beer, wine and RTD, okay? So we see future there is going to be a growth.

In this, we are going to come up with only 300 - 330 ml can -- that is our strategy and to just attract the young crowd, we are introducing this. To scale up, it will take time because we are registering in Madhya Pradesh. So once it's registered in Madhya Pradesh, we will start registering in the other states as well.

Madhya Pradesh volumes are comparatively very less as compared to other states. Major volumes are in metro cities. So we will be registering there also. So whatever the problem is that in registration excise takes a lot of time. So whatever time that happens, we will put the products there.

Aman Baheti:

Right, sir. And sir, now coming on the IMFL proprietary product, our margins were significantly higher. I mean, it was beyond our expectation. So around 17%. So is this sustainable going forward, if you see or these are peak margins are we seeing in this quarter?

Tushar Bhandari:

No, I think these are sustainable margins what we expect. So we have around guideline of around 15% to 18% EBITDA margin we expect from our own IMFL proprietary brand. And as an increase in the premium -- sale of premium brands, which we introduced, the margins will become better only. So just to update you one more thing that we have launched now a full series of CP.

So CP whiskey we had CP Rum we had and now we have also introduced CP Vodka. So that is in the popular category. And the premium category already whiskey is there, and other products is there. So it will give us a better realization. And in Kerala also, we are going in for now super premium products as well.

Aman Baheti: Okay. Got it. One last question on our Merchant ENA segment. So you told you are waiting up for some higher realization. So those numbers will come in the next few quarters? Is that the expectation?

Tushar Bhandari: Started right now.

Aman Baheti: Sorry, sorry, I didn't catch you.

Tushar Bhandari: So we've already started increase in our sales from this month onwards.

Aman Baheti: Okay. So the numbers will reflect in Q1 itself, right?

Tushar Bhandari: Yes.

Moderator: The next question is from the line of Naman Shah from Monarch Network Capital.

Naman Shah: Congratulations on a good set of numbers. Sir, my question would be relating to the product launches, sir. Are we on schedule with the product launches? Or we are seeing any delays of any kind?

Tushar Bhandari: So our product launches have been delayed by 1 or 2 months. But now we are on schedule of different states to enter like Maharashtra, UP and Goa, and Pondi, which are on immediate basis. So within the next 16 months, the permits will come, and the dispatches will start happening.

Naman Shah: Right, right. And sir, this ENA issue that we had due to better realization. So I'm sorry if this is a repeated question, I didn't hear it earlier. What was the realization that we were getting? And what is the better realization that I mean, we were expecting that led to this issue?

Tushar Bhandari: Basically, ENA price from INR70 has gone down drastically to INR66. And now we are selling at around INR68. This happened month of March.

Naman Shah: Okay. Okay. And sir, how is our Maharashtra and other states expansion going? And where are we on tequila expansion basically?

Tushar Bhandari: So Maharashtra and UP, I already briefed in the previous question. So we have everything lined up now from marketing material to distributor to everything. Now permits are expected any time. And I think next 15 days in Maharashtra, UP and Goa, the sales will start. So first is that to answer your question.

Second is on tequila front, what is there is that tequila front to call it a genuine tequila. We want to call it -- we want to launch a proper tequila with which we can mention tequila. So for that, you have to get your brand registered with the Mexican government.

So the process is pending at the Mexican government end since last 3 months. And on our recent conversation, which we had with them is that they are expecting it to -- the registration to go through any time just after the Easter break.

So once that is done, packaging material is lined up. Packaging material is with us the bottle, the cap, and the carton everything is there. So we just need to import the liquid fill it and sell it here.

Moderator: The next question is from the line of Ms. Prachi Badade from PhillipCapital.

Prachi Badade: Sir, so my question is on number of import whiskey and Nicobar Gin sold in FY '25. So how is this import whiskey has been transitioned in this existing geographies itself? And the second question is what is the revenue contribution from this Prestige and above category and what it is expected going forward in the next 2 years?

Tushar Bhandari: Your voice is not clear. So just to answer your first question, the number of cases sold of the gin and import whiskey is now about 10,000 cases. And we've done right now only in primarily -- we launched whiskey, I think, in the third quarter. And gin, the volumes are stable. The industry is stable there.

And wherever we are like, for example, Madhya Pradesh till now, we were only in Madhya Pradesh and Chhattisgarh. So in Madhya Pradesh, we were #3 and Chhattisgarh also, we were one of the major players in that.

And now we've launched in Delhi, and we are going to launch in Maharashtra and UP -- so that's the state where the major volumes will come up. So then we will see the volume growth. And we are also planning to launch it in Rajasthan. So this is just to answer your first question.

Second question was not clear. Can you please repeat it?

Prachi Badade: Yes. So what is the revenue contribution from Prestige and above category and what it is expected to be in next 2 years?

Tushar Bhandari: So revenue contribution from premium category is right now very little, and we expect it to increase in the years to come because as you open the major states, the volumes will come from the major states only.

Moderator: The next question is from the line of Manisha from Bulla Advisor. Since there is no response, we'll move to the next question.

The next question is from the line of Mr. Yashvardhan Singh from Pierce& PierceSolutions . Please go ahead.

Yashvardhan Singh: So first of all, congratulations on amazing numbers. I have one question and apologies if this is a repeated question. So what I wanted to understand is, we have higher margin profiles in our proprietary brands which is Hillfort and the Nicobar Gin. Also, we see a good amount of volume growth....

- Moderator:** Sorry to interrupt sir. Your line is not clear. Can you use the headset?
- Yashvardhan Singh:** So we saw good volume growth in terms of our proprietary brands, but the same was not reflected in the licensed and the other segment. Can you guide on if these margins in proprietary are sustainable? And also if you can comment on the volume growth part on the other 2 segments of our business?
- Tushar Bhandari:** As I said earlier also in the previous somebody had asked a similar question. So the proprietary brands margin, which is there is sustainable because we will expect the increase in sales of our premium products. So that is there. And if I talk about the volume growth of other businesses, volume growth of IMFL licensed brand would be equivalent to the growth or slightly higher than the growth of the industry, which is there.
- And if we talk about the IMIL, so IMIL volume growth will again happen as per the industry because that is locally dominated. We are doing only in the state of Madhya Pradesh. So whatever the industry will grow, we will grow at that rate because it's a tendering process and tendering process in IMIL has got a capping.
- So we are at the maximum part of the cap of allocation under the tender, which we allotted. So the major growth which we are expecting and over the past few conference calls also, we have mentioned that our completely focus is on our IMFL proprietary brand. And that's why we are under the process of making a full range of premium IMFL proprietary brands. So we will have now RTD also, we are launching a premium brandy also and tequila also.
- And in future, we're going to come up with our own single malt. So we'll be the company which will have an entire range of portfolio of products available for our consumers. So any state we enter, any distributor we talk to, you will have a one-stop shop. So we'll see a major expansion in our IMFL proprietary brands.
- Moderator:** The next question is from the line of Nishid Shah from Ambika Fincap Consultants. Please go ahead. Since there was a disturbance, we move on to the next question.
- The next question is from the line of Mr. Hitesh Kwatra from ABC Limited . Please go ahead.
- Hitesh Kwatra:** A few of my questions got answered during this call. Just a few remain. First of all, since you have told that you have just taken in Delhi market, are you planning to move -- are you looking forward to expand in metro cities? Is that on your priority list? And second question would be that since [inaudible 31:04] yes, please go ahead.
- Tushar Bhandari:** Hitesh I couldn't hear your question. Can you please repeat the question because your voice was echoing.
- Hitesh Kwatra:** Just wanted to know about your plans -- expansion plans in the metro cities mainly as you -- since as per my understanding, you are mainly operating in Tier 2 cities as of now, I think?
- Tushar Bhandari:** Yes. So our plan for the metro cities is primarily looking at the HoReCa sale because that's where the consumer can taste the products. And even at the shops and especially like, for example, in

Bombay, they got they've got small bars. So there, we are concentrating on experiencing our product.

We have plans to do bar takeovers, wherein we will make the customer taste our gin and our whiskey. So that's the plan through bars and through concentration on the shops and the retail chain display and visibility and width of distribution.

So we are concentrating on these 4 things. Plus apart from that, we have taken on board one of the very senior person from Diageo, who is to take care of Maharashtra business on board. So he will be joining from 1st of May onwards. And he will be taking care of our Maharashtra business. So he's got experience in that particular market, and he's got personal relationships with the shop owners. So the investment [inaudible 32:46] manpower is also very important because you need to have a right person who has got good relation. So we are investing into these particular areas.

Hitesh Kwatra: Right. And secondly, as, and when you enter bigger markets, definitely, you are going to face stiff competition. Do you expect the margins to sustain when we go like about the margins that you have made in this financial year '25, the net margins -- profit margins are around 8%, I think?

Tushar Bhandari: So margins will be sustained. But initially, as you rightly said, if we enter the new market, we'll have to spend on marketing and all. So margin might shrink a little bit, but these are sustainable margins if the volume increases substantially.

Hitesh Kwatra: Right, right. And are we brand and product ready as compared to like other brands in the market, are we product ready in terms of like all the available products as other brands?

Tushar Bhandari: Very much.

Moderator: The next question is from the line of Mayank Agarwal from Scientific Investing.

Mayank Agarwal: Yes. Actually, I had a few questions. Like the first question is, can you share the current monthly run rate of for Nicobar and the Hillfort brand? And what has been the month-over-month growth trend for each?

Tushar Bhandari: So see, as I told you that we have sold approximately around 10,000 cases. And the thing is that month-on-month, the brand is growing, and the volume is growing. And the acceptability is coming. But the premium brand sale is more on the metro markets and the bigger cities. So that's where we're going to launch it, and we have permits in hand within 15 days. So we'll see a substantial increase in the volume growth in those markets.

Mayank Agarwal: Okay. And second question is like the licensed IMFL growth was only 4%. So could you elaborate on the factors behind the growth? And what will be the going forward growth for this section?

Tushar Bhandari: So our licensed IMFL growth was 4% despite of industry being down by around 15% -- so -- and apart from that, so industry was down, and our brand sale had increased. And this will grow

as per the market only because this we are only doing for the state of Madhya Pradesh. And we are primarily concentrating on our own proprietary brands.

Mayank Agarwal: Okay. And the last question would be, could you provide the size of the market in the states where you are currently present versus the opportunity size in the new states we plan to enter in the next 2 quarters or 3 quarters, such as Maharashtra and Uttar Pradesh?

Tushar Bhandari: See size of the market is almost 10x the size of the Madhya Pradesh if we talk about Maharashtra or if we talk about Uttar Pradesh also. And those are much educated market, and customer believes in the quality. And we do not compromise on quality. That has been our USP over the years. So we expect the volume growth to come substantially from these places.

Moderator: The next question is from the line of Aman Baheti from InCred Research.

Aman Baheti: So I forgot to ask this before. So my question is on marketing spend. So as you highlighted that obviously, to penetrate in the newer states, we would need larger marketing budgets. So what is our -- I mean, strategy around marketing in these newer states? Because obviously, you know, right, that the market is captured by a few bigger whiskey players. So what is our strategy there?

Tushar Bhandari: So Aman, as I said in the previous question also that our strategy in these bigger markets is to create visibility and brand awareness, okay? So visibility will happen at shop level and bar levels. And brand awareness and brand tasting will also happen at the bar and the HoReCa chain level. So here, we plan to do bar takeovers and work at different bars. Plus we are also in talks with a company who is known for organizing house parties every weekend. So we are taking -- we are -- we'll be the sole gin supplier there.

So through those platforms, we'll make the customers experience our product. And we are sure that because we are giving value for money to the customers. Our products are very superior and priced at a reasonable price. So if the customer is happy with the quality and he's saving a few bucks, he'll definitely shift to our products. But I understand that this is easier said than done. This industry is very competitive, and there are big players of big companies are world #1 and 2, Pernod and Diageo.

So to compete with them, it will take time. So for that, but we are increasing on visibility width of distribution and right manpower and right distributors. This has been -- this will be our strategy going forward.

Aman Baheti: Okay. So any figure like in terms of top line, how much would be our marketing spend? Any figure?

Tushar Bhandari: So right now, it's quite miniscule, but we plan to increase that in the markets we go. But then again, what we are doing is that we are not doing over-the-top marketing spend, as I said, there will be no holdings, there will be no advertisement and anything else. So primarily, it will be through social media platforms and through visibility and at the shop premise platform.

Moderator: The next question is from the line of Maitri Shah from Sapphire Capital.

- Maitri Shah:** Yes, I just had one question. What is the guidance for the next year -- next fiscal year FY '26 on the top line and the margin?
- Tushar Bhandari:** So we expect a growth of around about, say, 11% to 15% in the top line and apart from ethanol. And in the margin guideline also, it will be on the similar lines or slightly higher.
- Maitri Shah:** So the top line growth does not include the ethanol is it right?
- Tushar Bhandari:** Pardon me?
- Maitri Shah:** The top line growth won't include any ethanol sales, right?
- Tushar Bhandari:** It will not include because ethanol will be flattish because we are using our optimum capacity.
- Moderator:** The next question is from the line of Vishal Gutka from ASK Investment Managers.
- Vishal Gutka:** My questions have been answered. Thank you.
- Moderator:** Okay. The next question is from Prakash, he's an individual investor.
- Prakash:** First of all, I have a small suggestion here. In the PPT Slide 34 to 39, there is like nice comparison, but all the comparison is Y-o-Y. So like -- since we are a consumer industry, so there is inflation, so definitely price go up every year. So when you make the comparison only Y-o-Y, so always show positive things. And there are many companies, what they do like, for example, in each slide, on the top, they just show like, for example, Y-o-Y comparison and the same category they show.
- Moderator:** Sir, the line of the question has been dropped. So let's move on to the next question. The next question is from the line of Piyush Jain, he is an investor.
- Piyush Jain:** Congratulations on a great set of numbers. Just wanted to understand, sir, earlier also one participant asked when we gave a long-term guidance with respect to premium products. So we are targeting a 50% share in maybe 3 to 4 years. So currently, what is our revenue share from Prestige and Above?
- Tushar Bhandari:** Piyush, your voice is not clear.
- Piyush Jain:** Just wanted to understand what is our share of revenue right now from P&A category -- Prestige and Above category?
- Tushar Bhandari:** From Prestige and Above category.
- Piyush Jain:** Yes, sir.
- Tushar Bhandari:** It's right now only around 10% to 15% of the sale of our IMFL proprietary products. And we expect it to increase to a greater extent in the times to come.

- Piyush Jain:** Okay. And one more thing, sir, to understand. We are saying IMFL proprietary, we are having a margin of 15% to 18%. So this number is like a sustainable something which we continue to hold this number going forward also or it has a potential to move toward 20% category?
- Tushar Bhandari:** So we will expect it to hold this range.
- Piyush Jain:** Okay. And sir, what would be the number of ethanol sales during the year and margin from that? Ethanol would be....
- Tushar Bhandari:** Ethanol would be around INR300 crores, and the margin would be around 7%.
- Piyush Jain:** Okay. So is there any expected improvement in the ethanol EBITDA side or it will remain in the similar category?
- Tushar Bhandari:** Pardon me?
- Piyush Jain:** Ethanol business, do we see an improvement in EBITDA in next year or we expect this around 7% to 8%?
- Tushar Bhandari:** It will be, I think, similar only completely. It will depend on the raw material price.
- Piyush Jain:** And just one last thing, sir, what are our new product launches or pipeline up for next 1 or 2 quarter?
- Tushar Bhandari:** So in the next quarter -- in this quarter within 2, 3 months, we're going to launch our RTD. Then, we have got the premium brandy. And in around fourth quarter, we will be launching our tequila in Q3. So Q1 RTD, Q2 premium brandy and Q3 tequila.
- Moderator:** The next question is from the line of Sumit Agrawal, who is an investor.
- Sumit Agrawal:** Yes. Sir, I have 2 questions. The first question is regarding the revenue growth in the IMFL license where there is a considerable drop this time. So is it like seasonal one-off? Or is there some other reason for this drop if I compare quarter-on-quarter?
- Tushar Bhandari:** So IMFL drop is around 4%, okay? That is because the industry had gone down substantially. So industry was down around 10% to 15%, and our drop was around 4%.
- Sumit Agrawal:** So is it so - is it....[inaudible 44:54]
- Tushar Bhandari:** And IMFL license is only in Madhya Pradesh.
- Sumit Agrawal:** So do you see that recovering in the next quarter, the industry as well as our sales?
- Tushar Bhandari:** So it will remain flattish only.
- Sumit Agrawal:** Okay. All right. And my second question is regarding, sir, that as we expected because of allocation, the ethanol kind of could not go through because of the allocation reasons and there is a drop there as well. So even at a lower realization, why couldn't ENA will be stepped up to

make up for that loss in ethanol sales? Are we holding it up for better realization and putting in inventory for next quarter? Or is there some other reason?

Tushar Bhandari: That's what we did. So we had a huge inventory. If you see in the month of March, we had a huge inventory of ENA.

Moderator: The next question is from the line of Naman Shah from Monarch Network Capital.

Naman Shah: So my question is regarding, sir, so it's rather a follow-up. One of the participants asked about the marketing spend. Could you kind of give a clarity as to what as a percentage of the top line would our marketing spend be? And what is it expected to be going forward?

Tushar Bhandari: So market spend, we are expecting as we enter new metro places and with our premium brand, we are expecting it to be around 2% to 3%.

Naman Shah: Okay. Okay. And currently, how much is it?

Tushar Bhandari: So currently, it's around about 1%.

Moderator: The next question is from the line of Manoj Bhura from Adinath Financial Services.

Manoj Bhura: My question was regarding byproducts. Can you just elaborate on that?

Tushar Bhandari: On?

Manoj Bhura: How much we are producing, what is the yield of byproducts and at what price we are selling? Byproduct mix.

Tushar Bhandari: Byproduct is around 8% of our top line.

Manoj Bhura: Right. At what price we are selling per kg?

Tushar Bhandari: So the price keeps on fluctuating. So in between the price of DDGS is around about around INR15 to INR16.

Manoj Bhura: INR15 to INR16. And what is the production of that byproducts? Normally, yield is around 400 ml per kg, I think.

Tushar Bhandari: The production of the byproduct is better as per the industry standards, what we have. So because it will completely depend on the crop which we are using. So sometimes we are running the plant on 100% maize, sometimes we are running on mix on maize and rice. Then in between, we procure jowar also. So it will also depend on the crop which we are using.

Moderator: We'll move on with the next question from Garvita Jain from Seven Islands PMS.

Garvita Jain: My question is on the capex side. If you could please elaborate on what is the capex done for 2 states as of now what is the capex we are planning to do?

- Tushar Bhandari:** So capex we have done approximately around if we take ethanol plant and the bottling plant. So it's around somewhere around INR200-plus crores, which we've done now around INR300 crores. And now we plan to do INR100 crores in this year for our malt plant.
- Garvita Jain:** Okay. So INR200 crores -- INR100 crores for the malt plant and INR200 crores for the bottle making you said.
- Tushar Bhandari:** So around INR250 crores for the ethanol plant and the bottling plant. And now we plan for INR100 crores.
- Moderator:** The next question is from the line of from Prachi Badade from PhillipCapital.
- Prachi Badade:** Yes. So sir, last quarter, you have said that this ready-to-drink will be -- launch of ready-to drink has been postponed to next one more quarter. And then again, in this quarter, there is a delay in the launch. So what are things we have worked for -- like packaging marketing just give a clarity on that.
- Tushar Bhandari:** Prachi, can you repeat your question, please? I couldn't hear you clearly.
- Prachi Badade:** So last quarter, you have said that the launch of ready-to-drinks has been delayed by 1 quarter. And again, in this quarter, there is a delay in the launch. So I just want to know, what all things we have worked on like packaging thing or registration thing?
- Tushar Bhandari:** So marketing -- for marketing, as I said that almost collaterals are available, and which are ready to be sent. And plus the ready-to-drink is that we'll register first in Madhya Pradesh, and then we will enter into other states after registering into Madhya Pradesh. So in Madhya Pradesh, the volume of RTD is less compared to other metro cities and other markets, where we will see a major growth coming in.
- Moderator:** The next question is from the line of Ujjwal Kumar from Aurora Capital.
- Ujjwal Kumar:** So you gave a guidance of 11% to 15% growth on revenue, excluding the ethanol. So if we calculate on that on the base of FY '25, so ethanol part this year was INR247 crores. So it leads to just above an 8% revenue growth overall. So are we targeting single-digit total top line growth for next year?
- Tushar Bhandari:** So this year, top line growth has happened. This year, top line growth, excluding ethanol is around 15%, and we will see a similar kind of in the coming year. And you will see a growth in slight growth in ethanol also.
- Ujjwal Kumar:** Okay. So overall, including ethanol, can we expect double-digit growth next year?
- Tushar Bhandari:** Yes, yes, double digit.
- Ujjwal Kumar:** Okay. And can you please quantify the margins that we should expect for the next year?
- Tushar Bhandari:** It will be similar on the similar lines around 11% to 13%.

- Ujjwal Kumar:** 11% to 13%.
- Moderator:** The next question is from the line of Sahil Jain from Enigma Investments.
- Sahil Jain:** I just wanted to ask about the adoption of maize in the industry, we have been putting a lot of emphasis on the rice for the most part. And now a lot of the companies are moving towards maize in ethanol production. So can you just throw some light on how that is supposed to be?
- Tushar Bhandari:** Can you please repeat your question your voice is not clear, Sahil.
- Sahil Jain:** Am I audible, now sir? Better, is it better?
- Tushar Bhandari:** Yes, better.
- Sahil Jain:** Sir just wanted to understand, sir, what is the outlook of maize in terms of raw material ethanol, sir? So a lot of companies in the industries are moving towards maize rather than rice like they are actually [inaudible:53:17]. So can you throw some light on how that will turn out to me, sir?
- Tushar Bhandari:** So I think your question is in regards to the outlook of maize as most of the ethanol companies have moved to manufacturing using maize as the raw material. See, the outlook for maize, the crop we are expecting to come good. We've seen an increase in the acreage cultivation of maize, like in Madhya Pradesh, acreage cultivation has increased by 5%, similar is the pattern in other states also. Because apart from that, we are also doing certain exercises in our nearby regions to increase the cultivation of maize.
- We are collaborating with the government. We are educating the farmers that maize is a crop in which you can take 3 times a year, plus maize requires less cares, less pesticides, and other aspects. You just have to protect maize through -- from the wild animals, that's about it.
- So we are doing an education drive also. So I think maize would be -- obviously once most of the plants have come up. So the entire chain to stabilize would take at least 2 to 3 years. One year has already passed, and we've seen an increase in cultivation in maize. And I think coming -- in coming 1 or 2 years, the entire thing would get stabilized, demand and supply would get stabilized.
- Sahil Jain:** Understood. Just wanted to ask, are the prices of maize more attractive than rice as of now according to the company?
- Tushar Bhandari:** As of now, it's comparable. So it's -- we are buying both maize and rice because rice we can buy at a certain rice has got higher percentage of starch. So at a certain price difference, we buy rice. So right now, we are buying both the products. But major portion of the year, we've bought maize, because rice has come down recently because FTI has released their rice for ethanol.
- Moderator:** This was the last question for today. I now hand the conference over to management for the closing remarks.



Anshuman Kedia: Thank you once again for your participation and engaging questions. We appreciate your continued interest and support for Associated Alcohols & Breweries Limited.

As we move forward, our focus remains on expanding our premium product portfolio, strengthening our presence across the new geographies and maintaining operational efficiency. Should you have any further questions or require additional information, please feel free to contact our Investor Relations team at Go India Advisors.

I would also like to take this opportunity to thank the Monarch Network Capital team for arranging and facilitating today's call. We look forward to keeping you updated on our progress in the upcoming quarters.

On behalf of the entire management team, thank you once again for joining us today. Stay safe, and have a great day ahead.

Tushar Bhandari: Thank you.

Moderator: On behalf of Monarch Network Capital Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.