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17th May, 2023

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 09th May, 2023 on Earning Presentation

Dear Sir / Madam,

Pursuant to regulation 30 of the SEBI (Listing Obligations and Disclosure requirements) regulations, 2015 please find attached herewith transcript of Investor call held on 09th May, 2023.

A copy of the said transcript along with audio recording is also available on the website of the company www.associatedalcohols.com

This is for your information and record.

Thanking You

Yours Faithfully,
For Associated Alcohols & Breweries Limited

Sumit Jaitely
Company Secretary & Compliance Officer

Associated Alcohols & Breweries Limited
Q4 FY 2023 Earnings Conference Call
May 09, 2023

Moderator: Ladies and gentlemen, good day and welcome to Associated Alcohols And Breweries Limited Q4 and FY 2023 Earnings Conference Call hosted by Valorem Advisors.

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 this conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you Mr Sonpal.

Anuj Sonpal: Thank you. Good afternoon everyone and a very warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the Investor Relations of Associated Alcohols And Breweries Limited.

On behalf of the company, I would like to thank you all for participating in the company’s Earnings Call for the Fourth Quarter and Financial Year Ended 2023.

Before we begin, let me mention a short cautionary statement:

Some of the statements made in today’s earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management’s beliefs as well as assumptions made by and information currently available to management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today’s earnings call is purely to educate and bring awareness about the company’s fundamental business and financial quarter under review.

Now, let me introduce you to the management participating with us in today’s Earnings Call and hand it over to them for opening remarks.

We have with us Mr. Tushar Bhandari – Whole Time Director and Mr. Ankit Agarwal – Chief Financial Officer.

Without any further delay, I will request Mr. Tushar Bhandari, to start with his opening remarks. Thank you, and further to you.

Tushar Bhandari:

Thank you Anuj. Greetings everyone, I am delighted to welcome you to our earnings conference call for the fourth quarter and the year ended financial year 2023. Associated Alcohols had continued to maintain consistent financial performance in both quarters and years. Propelled by a strong brand portfolio and exceptional execution capabilities, we are extremely content with the performance of our product portfolio. We are delighted to announce that we have reached a major milestone of 1 million case of IMFL in Kerala during the financial year 23. Our sales volume for the financial year 23 was impressive as well. The sales volume of IMIL grew by 92% year-on-year and reached 62 lakh cases. The sales volume of IMFL proprietary brands grew by 70% year-on-year and reached to 15.6 lakh cases. While the sales volume of IMFL licensed brand grew by about 53% year-on-year has reached to 16.5 lakh cases. Regarding our Q4 FY23 performance, we are pleased to report significant growth in our sales volume. IMIL sales volume grew by 97% year-on-year and stood at 15 lakh cases. Similarly, our IMFL proprietary sales volume increased by 35% and stood at 4 lakh cases. While our IMFL licensed brand sales volume grew by approximately 49% year-on-year and stood at 4.75 lakh cases.

Regarding our operation, it is important to note that our company is not immune to the industry since their cost pressures nationwide. Specifically, we have faced challenges on the margin front due to sharp unexpected rise in the price of raw material being rice, glass bottles, both physical inputs for our products. While we anticipate the sharp elevated price to purchase in the near future, we have devised several measures to counter this trend. These measures include increased product price, optimizing costs, and enhancing our process. We are confident that these actions will enable us to regain profitability. Associated Alcohols is making steady progress on its journey of creating exciting premium brands with robust manufacturing flows platform that will further support through backward integration. Going forward, our focus remains on expanding our premium portfolio of IMFL by introducing new brands in gin category, in blended malt, and in rum category. Leveraging the advantages of our capital intensive for long-term growth.

The Stock Exchange has asked to submit another valuation report addressing certain observations in response to this direction the company obtained a new valuation report and a fairness report, both of which were approved by the Board of Directors in the meeting held on April 15, 23 and submitted to the Stock Exchange for further action. This new valuation report re-confirms the valuation considered in the company's previous submission to the stock exchange. As of now, the company has yet to receive any further communication from the Stock Exchange regarding this matter. I would now like to hand over the call to our CFO for a detailed operational and a financial review. Thank you and over to you Ankit.

Ankit Agarwal:

Thank you Tushar. Thank you everyone for joining us on this call today. During FY23, the company achieved a record gross revenue of 703 crores reflecting a Y-o-Y growth of 37%. EBITDA was 62 crores with EBITDA margin of 8.9%. Additionally, the profit after tax for the year amounted to Rs.42 crores with a PAT margin of 5.94%. In Q4 FY23, our net operating revenue increased by around 25% Y-o-Y reaching approximately 185 crores. We reported an EBITDA of around 15 crores with an EBITDA margin of 7.95%. Profit after tax for the quarter was around 10 crores with a PAT margin of 5.3%. Rise in rice prices as mentioned by Tushar has experienced inflation, with an 8% increase in rice price and 12% increase in glass cost on a quarter-on-quarter basis. None the less, some commodities such as PAT resin and paper have shown early sign of softening. Although expect the price and situation of raw material to remain volatile in near terms. EBITDA margin are projected to be a range-bound in the near term. Still, in the long run we are optimistic about continuing our margin expansion trajectory, driven by our portfolio and backward integration capabilities.

As you are aware, AABL is currently going on a substantial expansion phase, which we intend to finance mainly through our internal accruals. Despite this, the Board or Director has proposed a dividend of Rs.1 per share on a face value of Rs.10 per share. Additionally, we are making good progress with our ethanol project, which has a capacity of 40 MLPA. And we anticipate commissioning commercial production by the second quarter of FY24. Thank you for your attention. And now we are available to answer your questions. We can open the session for question-and-answers. Thank you.

Moderator:

Thank you very much. We now begin the question-and-answer session. The first question is from line of Umang Parekh from Ashika India Alpha Fund. Please go ahead.

Umang Parekh:

Congratulations on the highest ever gross revenue of 702 crores My question is, despite that, it is not getting reflected in our EBITDA since the margins have taken a major hit. So, can you highlight the key raw materials apart from rice and glass and what is the price with respect to that for FY23 vis-à-vis FY22?

Tushar Bhandari:

So, good afternoon Umang and thank you for the appreciation on our performance and increase in the top line. So, I definitely we agree that there has been the bottom line has not been inconsistent with the top line performance, that is across the industry and if you see the performance of the company is as per the peers and as per the across the industry. The major as I told you earlier also, the major impact has been due to the major price in one is the raw material which is rice, which we are using rice, corn, all the prices have shot up. So a year before that the price of example rice was around 12 to 13,000/tonne which has shot up to around 20 to 23,000/tonne. And the price in the last quarter itself we saw an upward movement in the price of glass. So the glass prices have shot up by approximately around +40%. So that has also impacted because the nature of the premium product which we are selling everything is in glass. So that has also impacted the margin to a certain extent. So, to mitigate these we are going to representing to the states in this year and trying to take a

price increase. At some level, we have been able to take the price increase. So, in IMIL this year we were able to take the price increase, in certain products we've been able to take the price increase. And in terms of glass, what we are doing is that we are trying to use innovative packaging products to mitigate the increase in the price of the glass, at certain cases wherever we can reduce we are trying to reduce the waiting of the glass, in certain cases wherever we can increase the usage of the market bottle we are trying to do that and in cases wherever we are able to move to pet bottles we are trying to do that. So, hopefully we will see a double digit bottom line in the coming years.

Umang Parekh: Okay. So, where would our gross margins settle at, the ballpark number. For the current year itself, FY24?

Tushar Bhandari: FY24 gross margin will be around 46.66%.

Umang Parekh: So, the current margin have taken a hit because of the increase in raw materials. So where do you see this settling at?

Tushar Bhandari: So raw material is almost at a decent price right now it's settled, but depends on this financial year, because as most of the ethanol plants are also coming in grain based ethanol plant. So, we are not sure what the price is going to go up to. But on the other side, we are seeing the price of rice going up and on the other side, we are seeing the price of corn coming down. And the corn crop has been good. So the advantage to us is that, ours is a multi-feed plant, so we can use any commodity as a feed, as a raw material. So that might mitigate the price increase this year. So we're not seeing a substantial price increase in this year.

Ankit Agarwal: So, adding to Tushar we should be improving the gross margin from here since we are planning to increase our realization on the price front in output products. So, this should be somewhere we will be able to reach FY22 levels.

Tushar Bhandari: And plus, apart from that we are also planning to as I told you earlier, that we are planning to go into premium product category. So inline, within a month we are planning to launch a premium gin, which would give a higher realization to the company. And we are also planning to launch a blended Scotch very soon.

Umang Parekh: Okay, got it understood. And sir lastly, can you give some numbers with respect to Mount Everest with respect to what was the top line EBITDA and PAT for FY23?

Tushar Bhandari: So, Mount Everest for FY23 the results are not, audited report is not out yet. So we cannot comment on that but as soon as it's available, we will put it on the public forum. Company has done really well, it is one of the fastest growing company and we have the highest market share in the state of Madhya Pradesh.

Moderator: Thank you. The next question is from the line of Harsh Shah from The National Securities. Please go ahead.

Harsh Shah: First question is on the realization especially on IMIL fronts, have we taken the price, if we look at the yearly realization it is down by 20%. So, is it because of higher competitive intensity or is it just to push the product to get our realization, our capacity utilization is up?

Tushar Bhandari: So, basically the year we are talking, the financial year 23 we have taken a slight cut in the realization of IMIL essential to increase the market share of our own product. So they go hand-in-hand because in IMIL we get a monopoly status of a particular district where we can sell it. So, to increase the sale of our IMFL products. So that is what we did last year, but this year we have also looked into the cost pressure and we have been able to take the price hike in IMIL.

Harsh Shah: So, if you talk about the realization hike which you are planning to take, if you can just give a ballpark range as to what kind of hike are you planning in IMIL and also in IMFL products?

Tushar Bhandari: See, we are just in talking terms so in IMIL I cannot tell you the figures right now, but as soon as it is out we will be able to inform you or at least 15% hike we are planning to take.

Moderator: Thank you. The next question is from the line of Nirav Seksaria from Living Root Capital. Please go ahead.

Nirav Seksaria: You had mentioned that you will be launching a premium gin and also a blended Scotch. So, what will be the price range in which both the products will be launched?

Tushar Bhandari: Hi, Nirav. So, basically, the premium gin which we are planning to launch, we are planning to launch in a price range of MRP as the entire country has different MRPs so, it should be around in the range of around Rs.1700 to Rs.1800 a bottle, that's a premium gin. And blended Scotch also we are planning to launch in the same category of around Rs.1800 to Rs.1900 a bottle.

Moderator: Thank you. The next question is from line of Rajneesh Behl, Individual Investor. Please go ahead.

Rajneesh Behl: So, I have two question which is on ethanol, you told that it will be operational by Q2 of this year, and how we plan ramp up in this year and do we have any order from the oil companies?

Tushar Bhandari: Yes. So, basically we are in the process of the second quarter we will start the ethanol production and in this ethanol production we have already been in touch with the oil companies. And as soon as the production will start before that itself we will have a tie up agreement with them. And as you are aware that in the entire country there is shortage of

ethanol at present, Government is planning to reach to ethanol blend to 20% by 2025. And right now, last year it was done only 9.8%. So there is a huge gap in the same category. So just before starting, and we are already in talking terms with the oil manufacturing company, and they've said that sir don't worry your demand would be complete, your whatever you will manufacture will completely be lifted the day the production starts.

Rajneesh Behl: That's good to know. And how much interest subvention you will be receiving on this plant. And plus, do you have also subsidy like other players from the state government like Gulshan Polyols is getting some subsidy from the state government on per liter basis?

Ankit Agarwal: Hi, Ankit this side. So, we have already applied for the subsidy and post subsidy we are expecting our interest cost should be somewhere around 4.5% over this term loan. And as far as the other subsidies are concerned, we are in touch with the government and as of now, and we don't have a specific, we have a sales based subsidy, which we say we will get a reimbursement from the government of around Rs.1.5 per liter

Tushar Bhandari: So basically, we are in touch with the government on two fronts, one is the capital subsidy and second is the government is already disclosed the sale base subsidy of Rs.1.5 per liter. So, that we are already there, plus the interest subvention which you spoke about. So, we have applied for the interest subvention and post the interest subvention our effective interest rate would be 4.5% and we have already started getting the refund of the interest.

Rajneesh Behl: Okay. And secondly is on your like the new products which you are marketing under your brand name. So what is the marketing cost plan for this financial year?

Tushar Bhandari: So, basically sir the marketing cost and the plan for this financial year is just to launch these brands. And as we spoke in the earlier conversation also, we will primarily play a bottoms up approach that is we will try to push at the shop end and the salesperson end but definitely when we try to develop a premium gin and as the gin category is expanding substantially and you must be seeing that across India a lot of gins are coming. So to stand out definitely there'll be a marketing cost. So right now we have set aside almost around 25 lakhs for the marketing budget for gin and the premium Scotch. For these two we will be doing and plus on the on ground activities we will be doing that involves a minimal costs, that is to influence the local salesperson, to influence the bartenders because these are the main persons who influence the purchase of the customer. So we will be spending more there.

Rajneesh Behl: Understood. And what percentage of top line will it be contributing from the new products and what will be the margin rough idea over the next two, three years?

Ankit Agarwal: So basically I'll just tell you in a brief that over last five years the company has continuously been focusing, earlier the company was primary a commodity driven company and we were just doing ENA sale and job of manufacturing. But five years back, we decided and started

going ahead with value added products. So five year back our value added product was only 5% of the top line. Today, we are standing at almost 35% to 40% of our top line of our IMFL and all the sales of our IMFL products. So to tell you right now, the contribution of gin and the blended Scotch at this present would not be a right time. But once it's launched, definitely we will see a significant, we assume that it will give a significant contribution to our top line. But definitely trying to add these products over the coming years would increase the top line.

Rajneesh Behl: Okay. And the pricing front what you mentioned for the gin and the blenders Scotch, don't you think these are at par with the established market players and your pricing is still so high?

Tushar Bhandari: Basically sir there will be a strategic call on this so, if I tell you about a particular so the internal strategy which we take, because we are looking for primarily a volume. So see, I can keep the gin because certain gin, certain companies just not to name the companies. Certain companies have priced their gin at Rs.3000, Rs.4000 and not doing the volume. So we want volume also and we want the price also. So depending on that, and depending on every state as India, every state is a different country altogether. So depending on the state, depending after doing a detailed study of the market share, volume of each and every category, price category, then only we will take a strategic call.

Rajneesh Behl: Okay. And the last question is regarding your merger with the beer company after the merger, how much fixed cost will be like rationalized or will it come down or will it stay at the same level?

Tushar Bhandari: So post-merger we are expecting to reduce our fixed cost by 1% to 2% in the range of 1% to 2%. But as we go merger initially there will be some expenditure which we will need to do to ensure that all the integration is on a systematic basis, but on a long term we are expecting to reduce 1% to 2% of our total fixed cost.

Tushar Bhandari: But Rajneesh apart from that, contribution of the fixed costs, the major advantage after the merger would be boost in sales in other states. Right now, because the beer company is more of a B2C company. So there will be a lot of synergies when we move to other states and the cost and overhead of moving to other states would be very less.

Moderator: Thank you. Next question is from the line of Nirav Seksaria from Living Root Capital. Please go ahead.

Nirav Seksaria: Sir just a follow up. So in the gin segment which competitors are you looking forward to, is it more towards the display end?

Tushar Bhandari: Basically, in gin segment what we are trying to look at is, what we will do is that, we have done in our products earlier also, here what we are trying to do is we are trying to give value for money to the customers. So like in terms of Vodka category also what we've launched,

the Vodka quality is almost equivalent to Smirnoff, what we price it at a reasonable price as compared to Smirnoff. In gin also we will try to achieve the same so, we will give a better quality and we will try to give value to the customers and also we will try to enter into more of a bar and restaurant business where the gin consumption is substantial in making cocktails and all. So, we will have to price it accordingly so that it is being able to enter in those categories. Because right now there are very few gin products which has been able to enter or break through in bars and restaurants only one or two are there. So we will be trying to enter that category also. And plus on the consumer side also, it will be reasonable on the consumers pocket also. And so that he'll be able to try it and use it regularly.

Nirav Seksaria: So, sir my question craft liquor that you're looking towards. Is that more towards the distilled end in the gin segment?

Tushar Bhandari: More towards?

Nirav Seksaria: Distilled?

Tushar Bhandari: So, this will be completely a craft gin, and made in small batches, and which will have botanicals, which will be imported and it will be a combination of everything.

Moderator: Thank you. Next question is from the line of Rahil Shah, Individual Investor. Please go ahead.

Rahil Shah: I just wanted to understand in terms of your revenues, we've seen quite a jump from FY22 to 23. So, I just want to ask you, how do you feel about FY24, how do you see this number shaping up. Given all your new launches, strategies, which you're working on, and then in turn how will the margins also shape up. I'm sorry, if I'm repeating it, but I just want your view given how will the raw material prices be, how do you feel about the market if you can just explain it again. Thank you.

Tushar Bhandari: So, as far as growth in the revenue terms are concerned, we are targeting a double digit growth number in the FY24 and we are very hopeful and very positive that we will be able to achieve that. As far as margin is concerned, we are expecting the price to remain at an elevated level in near terms but based on our process engineering and improving our efficiencies, we are confident that we will be able to touch the double digit margins in the next year.

Rahil Shah: You will be able to end FY24 in double digits?

Tushar Bhandari: Yes, we will.

Rahil Shah: So, what are your plans for geographical expansion, which places. So, I was just asking you about your geographical expansion, regions between the highest revenue and so, are you expanding to other regions, how does it work?

Tushar Bhandari: So, basically, we are expanding to other states as well. So, we are already present in five states as present and this year we are planning to expand to West Bengal, Odisha and Goa.

Rahil Shah: And so which products like what made you decide to enter these three?

Tushar Bhandari: So, basically the entering these regions there are a couple of factors which we look into it. And apart from looking into the factors we have put, we have put a senior executive on our Board. So he was there with USL for the last 20 to 25 years. And he's joined the Board. So, he guides us which state to enter and then we see couple of factors is that the category which we are planning to enter, what is the market, what is the profitability, which product we should enter and what is the payment term, how things are shaping in that market. So, after looking into all that we take a call. And in that also we have a strategic outlook is that, basically we do not directly go into capital investment and buy out a unit or set up a unit there. What we do is that, first we try to send it from our location the advantage to us is that we are based out of Madhya Pradesh, we are almost heart of India. So across India, we can send it at a reasonable cost. So initially we start sending the goods from our location. And then once the volume starts picking up, we do manufacturing tie up at that particular location and then manufacture from that location and send the ENA from here. So that is the strategy we follow.

Rahil Shah: Okay. And so the growth for next year will be a combination of both, volume and value?

Tushar Bhandari: Definitely. In this financial year, the ethanol production will also add to the boat.

Moderator: Thank you. The next follow up question is from the line of Harsh Shah from Dimensional Securities. Please go ahead.

Harsh Shah: Sir, if I look at your IMFL licensed business, the volume has grown quite significantly, almost 83% growth for this year, what is the reason behind such huge growth in that segment?

Tushar Bhandari: So, if you see not only in IMFL if we talk about, the growth has been across in the manufacturing and the value added product category be it IMFL licensed brand and being our proprietary brand also. So, if I talk about an annual segment, so IMFL proprietary brand, our own brands have increased sales increased by around 70%. And IMFL licensed brand has sales increased by around 53% and IMFL sale has increased by 92%. So, the company is completely focused on say manufacturing and sale of its own brand. And that has helped us to increase the sales and our expansion to other directories also has helped us to increase the sales and the volume.

Harsh Shah: For IMFL proprietary I believe that expansion of territory would have worked there but in case of licensed, I believe we are only in Madhya Pradesh, right?

Tushar Bhandari: Yes. So in that IMFL licensed brand what we have been trying to do, we've done aggressive marketing and aggressive strategy as we have built on aggressive strategies and aggressive tie-ups which has helped us to increase the sales and plus the market has also increased. Because last year the government reduced the duty and reduce the price in this particular category and the market is also increasing there.

Harsh Shah: Okay. So, when you say you went for aggressive marketing was the cost incurred by you or was it done by the parent company the licensed brand?

Tushar Bhandari: Associated Alcohols.

Harsh Shah: Okay, the Associated Alcohols, okay. And in case of IMFL proprietary if we bifurcate the growth of 70% into how much would have been organic volume growth and how much would have come from geographic expansion can you put any number to that?

Tushar Bhandari: So, out of the 70% increase in the IMFL our own brand, around 50% has come from geographical growth and 20% has come from Madhya Pradesh.

Harsh Shah: Okay. And out of this 106 crore of IMFL proprietary how much would be from your top three markets?

Tushar Bhandari: So, IMFL proprietary out of the 166 crores approximately 80, 85 will be from top three markets.

Harsh Shah: Mostly would be from Kerala right, in IMFL?

Tushar Bhandari: Kerala and Madhya Pradesh.

Harsh Shah: Okay. So, we were making quite good inroads in Kerala, you had mentioned that we were among the top five players so, what is the kind of traction out there because since we have made it among the top five so what is the strategy there over the next say five years the market is huge. Where do you aim to be in that market because since we have got that entry, that turning point?

Tushar Bhandari: Next two to three years plan, our plan is to be amongst the top two or top three players and in that, we have also planned to launch our premium brand. And now our focus has been in that market also to increase the sale of our premium products along with the regular sale of our production brand.

Harsh Shah: Okay. And do we have a manufacturing plant in Kerala as of yet?

Tushar Bhandari: So, right now we have a two bottling manufacturing, we have tied-up with two bottling manufacturing unit in Kerala and they are doing job work for us. So, they are doing white

labeling for us. So, now we might look out for manufacturing unit in Kerala, but we believe in asset light model and expanding and concentrating on the sale rather than concentrating on and giving time to manufacturing.

Harsh Shah: Okay make sense. And when you spoke about double digit growth, were you referring to volume growth or sales because as it is they are going to take a realization and hike of?

Tushar Bhandari: Double digit EBITDA we were seeing, double digit EBITDA will be achieved and in terms of top line growth, double digits.

Harsh Shah: That would be revenue, volume plus pricing growth or only volume growth of double digit?

Tushar Bhandari: Volume growth.

Moderator: Thank you. Next follow up question is from the line of Rajneesh Behl, Individual Investor. Please go ahead.

Rajneesh Behl: So, I have a follow up question on the ethanol orders, because you said that volume growth will be only double digit because it can only come from ethanol only?

Tushar Bhandari: No, so see basically apart from ethanol, we would expect 20% growth in our top line apart from ethanol.

Rajneesh Behl: Apart from ethanol, so ethanol will be addition to the growth?

Tushar Bhandari: Yes.

Rajneesh Behl: And how are the margin between the IMIL and IMFL?

Tushar Bhandari: So, margin between IMFL and IMIL, is that in IMIL the margin is around 10% and in IMFL margin is around 15%.

Rajneesh Behl: And, like you said you are looking for alternative like pet bottling. So, are you trying to backward integrate for pet bottling plant also?

Tushar Bhandari: So, we already have a backward integration of pet bottle plant, we already have our own plant for which we are making pet bottles and we are trying to introduce pet bottles in our IMFL product category also.

Rajneesh Behl: And there is no plan from the government for using the pet bottles?

Tushar Bhandari: No, it is recyclable.

Rajneesh Behl: But it is ban in Maharashtra?

Tushar Bhandari: No, sir it's not ban in Maharashtra also. So government has gone ahead and added a social responsibility to the company that whatever pet bottle they are introducing they have to recycle that.

Rajneesh Behl: Okay. And the second question regarding your franchise with the USL. So, it is going to expire in 2025?

Tushar Bhandari: No, it will expire next month and it's been renewed for three years.

Rajneesh Behl: Okay. And how much royalty payment you do to USL?

Tushar Bhandari: So, royalty payment to the USL is still to be finalized.

Rajneesh Behl: So will it increase from this year or it will remain at the same levels?

Tushar Bhandari: So, it will be at the same level or slightly down.

Rajneesh Behl: Okay. And how much of that percentage of your volume like of your total price like revenue acquisition?

Tushar Bhandari: So, that sir once it's finalized we will disclose.

Rajneesh Behl: But as of now how much is that?

Tushar Bhandari: So, right now it's around 70 lakhs per month.

Rajneesh Behl: And is irrespective of the volume how much you do?

Tushar Bhandari: Yes, irrespective of those.

Rajneesh Behl: And recently, I've seen that your credit rating has been withdrawn so what was the reason for that?

Ankit Agarwal: So, it's not withdrawn. So we have shifted to CRISIL. So, CRISIL is doing our credit rating and in fact we have upgraded our credit rating to +A. So earlier it was lower, so it's not withdrawn, CARE has withdrawn the credit rating because it was our earlier credit rating agency.

Tushar Bhandari: We have got a higher rating now.

Moderator: Thank you. Next question is from the line of Imran from Longbow India Capital Advisors. Please go ahead.

Imran Khan: My question is on raw material sorry, I first of all joined the call a little late. So, maybe my question would be a repetition you can skip it if already answered, I wanted to understand inflation in this quarter compared to last quarter in your grain prices and the other raw material prices if you can talk about it?

Ankit Agarwal: So, we have seen a substantial increase in the price of rice since last since it is hard in this quarter, quarter-on-quarter basis. So, rice has gone up by approximately 8% from previous quarter and the glass bottles we have a hit of around 12% on quarter-on-quarter basis. So, major these are the two items which has hit hard are hard all other materials are in-line with the previous quarter.

Imran Khan: Can you share the per quintile cost this quarter versus last quarter and how it is shaping up in the current quarter?

Ankit Agarwal: See rice for the last quarter for Q4 it was around 20,000 and currently it is around 20,000, 21,000 which we are procuring for current quarter. And as far as glass goes average cost of glass for the last quarter was around Rs.7 and we are expecting to remain in the same range in this quarter.

Imran Khan: So not any faults compared to last quarter, it's almost similar or little higher?

Ankit Agarwal: Yes, so currently rice price is on a little higher side, last quarter is on the same level, but we are expecting this will move down sometimes next month or next quarter.

Imran Khan: Right. And what do you think would be the reasons for this price increase is it because of this ethanol program the demand of all of a sudden, for the broken rice it's gone up, this is the reason we are seeing the price increase or something else is contributing to it?

Tushar Bhandari: Two, three reason attached to it, first of all you rightly mentioned is the ethanol, ethanol facilities so there are many ethanol facility which are coming up. So, certainly the rice demand is going to increase. Point two, this year as we all know we are expecting below rainfall from the last year. So, the prices has also gone up because of that also, and the acreage will also be lower than last year. So, all those three factors which is and plus the government supply also is the issue. So, all these three, four regions which have has pushed the rice prices in inflationary side.

Moderator: Thank you. The next question is from the line of Nirav Seksaria from Living Root Capital. Please go ahead.

Nirav Seksaria: Just to confirm that you mentioned, what will be the marketing cost for the new branch coming up?

Tushar Bhandari: The marketing cost primarily the focus of marketing cost would be around 25 to 30 lakhs.

Nirav Seksaria: Okay. And what is the overall marketing cost that you are budgeting for the company for the year?

Tushar Bhandari: Overall marketing cost is not much for the company. So now as we are launching premium brands, so there's a slight marketing costs which will keep on coming year-on-year to promote these brands. And apart from that, as I said that we primarily focus on the bottoms up approach, and we try and influence the shopkeepers and the retail salesmen to boost our products and we try to incentivize them. So which is on a very nominal side.

Nirav Seksaria: So, that will be including in the marketing cost right?

Tushar Bhandari: So this 25 lakhs is totally separate that will be for promoting the premium brand which we are launching. And apart from that, to boost the sales and incentivize the sale, there'll be a very nominal cost.

Nirav Seksaria: That will be overall from all the products including the premium brands?

Tushar Bhandari: Yes.

Moderator: Thank you. The next question is from the line of Muthu Kumar from Fidelity Ventures. Please go ahead.

Muthu Kumar: In the last year Q3 financial year 23 you told the CAPEX will be 150 crore, I just want to know how much you would have been deployed and is there any new CAPEX plan for financial year 24, would you please give us color on that?

Tushar Bhandari: So, we have deployed almost 100 crores and so this is mainly for our ethanol plant and we are expecting another 10 to 20 crores which may go into the ethanol project. Apart from this, there is a new bottling line which is coming up and this will take up another 30. So, next year we are expecting somewhere around 50 crores of outlay on the CAPEX front.

Moderator: Thank you. As there are no further questions, I will now hand the conference over to the management for closing comments.

Tushar Bhandari: I would like to thank you all for participating in this earnings conference call. I hope we answered your question satisfactorily and at the same time offering insight into our business. If you have any further questions, or want to know more about the company, please get in touch with our Investor Relationship Manager at Valorem Advisors. Thank you, stay safe.

Moderator: Thank you very much. On behalf of Valorem Advisors that concludes this conference. Thank you for joining us and you may now disconnect your lines.