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22nd November, 2022

To,

The Listing Department	The Department of Corporate Services
National Stock Exchange of India Limited	BSE Limited
Exchange Plaza C-1 G Block	PJ Tower Dalal Street
Bandra Kurla Complex	Mumbai – 400001
Mumbai - 400051	
NSE Symbol: ASALCBR	Scrip Code 507526

Sub: Transcript of Investor Conference Call held on 14th November 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 14th November, 2022.

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
Digitally signed by SUMIT JAITELY
Date: 2022.11.22 17:10:15 +05'30'

Sumit Jaitely
Company Secretary

Associated Alcohols and Breweries Limited
Q2 and FY23 earnings conference call
14 November 2022

Moderator: Ladies and gentlemen, good day and welcome to the Associated Alcohols and Breweries Limited Q2 and FY23 earnings conference call hosted by Valorem Advisors. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" 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 sir.

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'd like to thank you all for participating in the company's earnings call for the second quarter of the financial year 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 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. Without any further delay, I request Mr. Bhandari to start with these opening remarks. Thank you and over to you sir.

Tushar Bhandari: Thank you Anuj Ji and good afternoon everybody. It is a pleasure to welcome you to our earnings conference call for the second quarter for the financial year ending 2023. Let me take you through the highlights of Q2 FY23. The operated income for Q2 FY23 was around Rs. 147 crores which was an increase of approximately 22% on a year-on-year basis. EBITDA reported around Rs. 11 crores with a margin for the quarter of 7.36%. Profit after tax for the quarter stood at Rs. 7.5 crores with a PAT margin stood at 5.11%. The revenue for the quarter was around Rs. 113 crores which was a significant increase by approximately 36% on a year-on-year basis. Sales volume of IMIL, IMFL Proprietary and IMFL License Brand were as follows.

IMIL sale was around 13 lakh cases, IMFL Proprietary was around 3.5 lakh cases, IMFL License brand was around 3.2 lakh cases respectively. And these sales volumes reported a growth of around 48% year-on-year for IMIL, 55% year-on-year for IMFL proprietary and 38% year-on-year for IMFL license Brand. In the quest for higher market share, the company deployed an aggressive strategy to push sales, resulting in lower sales realization during the period. This move would help the company maintain its leadership position in Madhya Pradesh and consolidate its brand positioning in the market. The result in the company reported revenue growth of around 22% on a year-on-year basis in Q2 FY23 and 65% in H1 FY23. However, inflationary pressures continued to be severe during Q2 FY23 for critical inputs like rice, PET resin and coal. This was partially mitigated by the ongoing operational improvement measures taken by the company. EBITDA margins were lower due to lower sales realization and inflationary pressure on the input material. However, there has been a reversal in commodity prices from the elevated levels witnessed in Q2 FY23. We expect the input price to reach a normalized level in the line of previous year which will favorably impact our business economics enabling us to improve margin and overall profitability. Combined with strong sales momentum witness the outlook is favorable regarding sustained growth and improves profitability. On a half yearly basis, for the first half of financial year 2023, our operational income stood at Rs. 331 crores which is an increase of around 65% year-on-year basis. EBITDA stood at Rs. 31 crores with a margin of 9.37%. Profit after tax was reported around Rs. 21 crores with a PAT margin of 6.31%. Further on the progress of the Ethanol project, the same is in full swing and expected to start commercial production by end of Q4 FY23. Lastly, the process of company merger with Mount Everest Breweries Limited is on track and we are awaiting approval from the Stock exchange. With that now we can open the floor to Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Raghav Chaudhary from Finterest Capital. Please go ahead.

Raghav Chaudhary: Congratulations on the Q2 performance. Question what I had is: we have grown YoY our revenue but what is the reason for depleted EBITDA margins because our profit has dropped quite a lot. What is the reason for the same?

Tushar Bhandari: Good afternoon Raghav, as I mentioned in my speech that this year was an exceptional year wherein we aggressively tried to capture the maximum amount of market share. In the quest to capture the market share, there has been a lower in sales price realization. Apart from that the margin has been impacted because of the increase of the commodity price. As compared to last six months, the grain price has gone up by approximately 40% and coal price has gone up by approximately 80%. Because of the increase in the grain price and the coal price, the margins have been impacted and as you are aware that we are into an excise subject and then in most of the states, the price increase is in the hands of excise. So, we were not able to take that substantial kind of price increase as compared to the increase in the commodity prices. But, in future we believe that the commodity price might reduce to a slight extent and we would be able to catch up on the next half of the year.

Raghav Chaudhary: But we have seen a large erosion almost 1,000 bps. Last year, we were at around 17% margins and this year in Q2 we had around 7%. Going forward, do you see ours returning to the 17% EBITDA margins anytime soon or do we have any anticipated time frame for the same?

Tushar Bhandari: Right now, in this year we cannot see going back to that level, but we are trying our level best to mitigate it to as far as possible. Plus, in other states like few other states just for an example that we are pressurizing the government also, just for an example you must have heard in the news like in Kerala state we did not get a price increase. So, everybody is standing together and expecting a price increase from the government or some kind of relief which will help us in increasing the market share. So, similar kind of activities is being done by the other companies. But as per the motive of the company, we will be the most efficient company in the industry and we are trying to achieve that and we will be able to achieve a double-digit EBITDA margin contribution in that basis. As compared to our peers, we are well placed in the market.

Raghav Chaudhary: In next Q3, Q4 for FY23 in the next two quarters, what kind of EBITDA margin are we looking at?

Tushar Bhandari: Double-digit approximately.

Moderator: The next question is from the line of Shri Krishna from JM Financial. Please go ahead.

Shri Krishna: In the quarter, you said that there were some price allegations basically that's why the EBITDA margins were affected. For the coming quarter, is there any indication whether it'll stabilize? Because you said that the commodity prices have been affecting your business.

Tushar Bhandari: Yes. We have seen a slight downward rain in the commodity prices which will help us in getting back our margin. As I already said that in certain other places wherever we can take a price increase, we are trying to do that. As an excise item, we have to take an approval every year. And government is very strict in giving price increases. If you would see that wherever the cases have been like ENA prices and all we've been able to take the price increase and we have been able to get the realization better. So, just for an example, RM contribution in this year was around 55%, and last year it was around 46%. We are expecting it to reach to last year's 46% contribution in our listing.

Shri Krishna: One more thing, any indication of the growth of IMIL segment for the coming quarter?

Tushar Bhandari: IMIL, we've been able to capture the major market share in the IMIL business. We have almost doubled our market share in IMIL business, which was the very company’s strategic call because what happens in IMIL, we get a particular district to operate in IMIL. So, with that help of IMIL we have aggressively bidded for IMIL and we have taken a slight price correction in that. But with that help, we are able to double our volume. So, , we are able to increase the sale of our IMFL also, wherein we have got a better margin realization. We are definitely expecting an increase in the sale of IMIL also in the coming quarters.

Shri Krishna: Basically you are saying that you're expecting a double-digit growth.

Tushar Bhandari: Yes.

Moderator: The next question is from the line of Manish Dhariwal from Fiducia capital. Please go ahead.

Manish Dhariwal: The performance has been pretty tough this time I guess as you explain that you spend money on gaining market share and the raw material cost is also pretty high. So, my request was to understand the market share movement of the company. What has it last year and how it is now? We understand that this quarter was tough because there was a twin effect: one at the raw material side and the second the investment on the marketing cost to gain market share. So what is the status? How was the market share right now?

Tushar Bhandari: Basically, market share has improved drastically and it is a segment wise improvement in the market share. Basically, in IMIL my market share is almost doubled with the help of that in IMFL also we are able to gain across the board; we are able to gain around 5-7% of market share. Apart from that in other states also were able to gain a substantial amount of market share. Like in Kerala, we have doubled our sales in other states also our sales are increasing. Our market share has increased because of this aggressive strategy and the increase in the market share will help us in a long-term basis and long-term strategy which has been played on.

Manish Dhariwal: So, what you shared is a qualitative perspective. Can you please convert that into some quantitative numbers as to what will be the market share? Maybe, you can give the company's understanding of that. If there is no organized data that is available which I can understand but if we can have what is the situation according to your own calculations?

Tushar Bhandari: I would say that my IMIL sale has increased by around 48%, my IMFL license brand sale has increased by 55% and my IMFL proprietary brands have increased by 38%. That is the increase in the sales and in specific markets, how much markets we have gained, I can provide you the data. I can guide Anuj Ji. Just to give you a ballpark figure; like last year my market share in IMIL was around 17%, which has moved to around 25-30%. In Kerala, last year I was doing a month-on-month sale around 50,000 cases, which we touched almost a lakh cases, almost doubled the sale in Kerala market. In Madhya Pradesh also, we have increased our sale in IMFL. Apart from IMIL our market share has increased by almost (+) 5-7% in IMIL our own brand and the proprietary brand.

Manish Dhariwal: Wonderful. This is very creditable performance in a naturally the organization for it. Basically you are investing in the long-term by investing in the short-term. Maybe in the short-term the numbers look really tough, but I guess the results will see in the long-term.

Tushar Bhandari: Definitely. Thank you. Manish Ji.

Manish Dhariwal: One last question I did not hear as to why when is your Regional facility coming up?

Tushar Bhandari: By Q4.

Manish Dhariwal: Beginning of the Q4 or end of Q4?

Tushar Bhandari: Beginning of the Q4 we will start the trials and everything and post the trials and proper trials of the entire equipments and everything the production will start.

Manish Dhariwal: When will we get it? Because I understand that the plant will achieve 100% utilization because it's a regional plant. So, when will we see the result of that facility in the numbers?

Tushar Bhandari: In the Q4. End of Q4 you will see the numbers and just give you a brief on the ethanol industry house it's facing. Basically, right now the government is pushing everyone whosoever is setting up ethanol plant, pushing everybody and encouraging everybody to complete the plant at the earliest. Because the government has only been able to achieve slightly lesser than 10% of the Ethanol mix, the target is 10% for this year. If the target is to move to 20%, so, the government is also pushing the production. The day we start the ethanol manufacturing, it will be 100% utilized.

Manish Dhariwal: Absolutely.

Tushar Bhandari: And we'll be the first one on the central part of India to start the Ethanol factory.

Manish Dhariwal: Wonderful.

Moderator: Next question is from the line of Dhruv Shah from Ambika Fincap. Please go ahead.

Dhruv Shah: I have a couple of questions. First one on your Mount Everest numbers you can share both top-line and EBITDA.

Management: As far as the numbers go, the numbers are in line with the Q1 and the margin percentage will be aligned in Q1. We don't have an exact number and we will….

Dhruv Shah: So, would it be in the range of Rs. 190 odd crores with an EBITDA of Rs. 35 crores? That's what you have put in Q1.

Management: Breweries is seasonal business and the second quarter is a little lean than the first quarter because the first quarter is in full swing. So, the numbers will be grown from the last year YoY basis and it will be aligned and the growth will be there.

Tushar Bhandari: And in the Mount Everest breweries also it is one of the leading breweries in central part of the India aggressively growing its brand across the country in different states and leading sales and manufacturer in Madhya Pradesh.

Dhruv Shah: If you can just quantify in the sense that if Q1 is 40% of your sales, how much will be Q2 of the overall annual sales?

Tushar Bhandari: Just we have pointed out that since the Q1 is the best season for the brewery and Q2 is the lean season. Q2 and Q1 is different and the figures we are in the process of working and it will be released shortly. That's why the figures we will be able to communicate to Mr. Anuj but this time it is not readily available upfront. But we are just trying to convey you it is the Q1 and Q2 anytime cannot be the comparable. This is very evident Q1 was the best season for the beer industry and Q2 the reason is lean season.

Dhruv Shah: Can you share at least we have grown because in Q1 we grew like…

Tushar Bhandari: Considerably we are continuing with the growth but we were having the comparative patterns. And it is the growth and we are having the substitution revenue also. Q-on-Q if you compare, the growth is as per the Q1 only.

Dhruv Shah: Just that it was a request because we have to see your company merged as a merged entity. That's why it will be good if you share MEBL numbers also in the presentation if possible going forward?

Tushar Bhandari: Definitely.

Dhruv Shah: The next question is: if I see your numbers IMIL you have reduced the prices by 22% and whereas in IMFL proprietary you have reduced by 5%. Isn't a 22% kind of price reduction substantial amount during an inflationary scenario?

Tushar Bhandari: In IMIL, the reduction was done purposely to capture the higher market share and to increase the sale of our IMFL product. Because IMIL in Madhya Pradesh you get a particular district and with that basis you can influence the retailers to increase your IMIL sale. So, our objective is to increase the IMIL sale and in that also to increase the sale of our premium brand. So, it was taken. Plus, in the IMFL segment if I talk about; in IMFL segment we have not reduced the prices whereas in certain cases we've been able to increase the price. Apart from that one of the good achievements we've seen because of this impact is that our sale of our own premium product has gone up. Now, the company has focused on the moving towards the premiumization. IMIL is on the lower end of the segment of the business and other products are slightly on the higher side. So, we are moving towards premiumization.

Dhruv Shah: My last question will be on IMFL license brands. Are we still concentrating on that to grow or are we happy with where it is? Our concentration would be to grow IMIL and IMFL proprietary business?

Tushar Bhandari: Basically, the concentration is on the growth of both the sites. We can also see that our IMFL license proprietary brands have increased by almost 30% and our IMFL brands have increased by approximately around 30-40%. So, the focus is on both the bases and apart from that we are focusing on our own brands to grow in other states. In Madhya Pradesh, we are growing at a substantial pace in the sale; in other states also we have to grow at a similar pace which we have seen in one of the states we've been successful like successful with Kerala. From 50,000 cases per month average sales, we moved around one lakh sale per month.

Dhruv Shah: Which are the other states we are concentrating apart from MP and Kerala.

Tushar Bhandari: Now MP, Chhattisgarh, Kerala and we are starting Pondicherry and then we are recently starting West Bengal and we are in the process of looking out for Goa and Uttar Pradesh.

Moderator: The next question is from the line of Ashok and an individual investor. Please go ahead.

Ashok: Basically, my question is that I can see that since last year June 2021, operating margins are going down and it's a trend. If management says that in this quarter there was inflationary pressure. So, what exactly we are doing to up come or to get relief from this pressure? Because the reason why I'm asking this question that our main plant is situated in the center of MP which is a food basket, still we are not able to overcome the inflationary pressure. Why the management is not opting to enter into a kind of a future contract for food grains to move out? Because since it's almost one year, more than one year where we can see operating markets are going down and down and now it is going out to the single digit.

Tushar Bhandari: Basically, we have also been concerned over this and apart from that what we have done is that; not advanced purchase of food grains we have at certain point of time when we think that the advantage to our company is one is: we are debt free company and second is that we have got a huge cash also on us so we take these to our advantage. As you said that the company should also go in advanced purchases. So, we've got a research team which researches across the India the price of the grain movement. On that basis if they feel that it's better to book the price at a lower end and stock it, we do that also. Plus, also we've gone ahead and purchased from Mandis and everything. Plus, the company has also increased its efficiency. The purchase efficiency of the company in terms of grain is one of the best in the country and we can vouch for it. In that also what we have done is that earlier we used to purchase huge amount of corn and as you said, the company is centrally located. That is true, but the only problem here is that the raw material which is required is not abundantly available in Madhya Pradesh itself. In other states like Punjab, Chhattisgarh and other states rice is available and everything. What the company has done is moved forward and tried to increase the efficiency. Like before, we used to manufacture from locally produced corn and the company has slowly moved from completely from corn to rice because rice gives better efficiency. Earlier the rice was expensive. So, companies are tied up with few rice mills and direct purchase from that. That has given a better yield to the company. So, the impact has been mitigated certainly to a certain extent by the company. Forthcoming actions have been taken across apart from that in coal also we've been able to purchase the coal price from; all of you are aware that from last year from Rs 6,000 has gone to approximately around Rs. 10,000-12,000 which is almost 80% increase in the coal price. In that also company is aggressively trying to bid directly from the government coal mines and get a better pricing for the coal and in future also we have applied to the government for ethanol as ethanol is a special category treated by the government. We have applied to the central government also to get a direct coal allocation for manufacturing of ethanol from the government which will help us to sustain our price and help us to buy efficiently in the market. Apart from that on the EBITDA margin, the margins we expect in future to reach a double-digit growth. So, companies aggressively do and taking all these actions to mitigate the impact.

Ashok: Second question, when you are saying that this quarter major portion of operating sales comprises that we have done a lot of expenditure to promote our sales part. How comfortable we are looking in the upcoming quarter that we can pass on the prices actually where our margins will be intact which we are saying in double-digit? How comfortable you feel that you can pass on the prices in Kerala or the different states apart from MP?

Tushar Bhandari: So, basically just to give you an example for Kerala; what everybody has done is that we have been in talking terms with the government since April or probably since January last year. We've been in term with the government for request of the increase in price hike or there is something called a turnover tax removal of that because the prices of commodities have gone up substantially like ENA which used to cost earlier at around Rs 50 has gone to Rs. 62-63-64. We've been in continuous talks with the government but the government has been giving assurance and there has been no action which was taken. Recently, of late everybody has gone ahead and we have halted our production in Kerala. All the manufacturers and requested the government to come out a decision because it's becoming unviable for everybody to sell their product. So, the government is aggressively taking care of it and hopefully we should get good news shortly in that. Apart from that how we are also increasing our margins, trying to increase our margins is: as I said earlier that we are trying to increase the sale of our premium product. That is what we are concentrating. As I said in the earlier question also that we are at every step we are trying to increase our operational measures we have seen that how we can increase the efficiency and be the most efficient company in the country.

Ashok: My last question is that it might be a forward-looking statement from you. So, what exactly we can expect in the next fiscal financial year, I'm asking from the revenue point of view?

Tushar Bhandari: So, from revenue point of view, top-line point of view, we are seeing a growth in line with the growth which has been there in last six months. We are expecting that we might touch around double-digit EBITDA margin.

Ashok: I really appreciate it sir.

Tushar Bhandari: Thank you.

Moderator: The next question is from the line of Arjun, an individual investor. Also, a reminder to the participants please limit your questions to two per participant. Mr. Arjun, you may please proceed with your question. The next question is from the line of Arjun and individual investor. Please go ahead.

Arjun: My question was basically on the P&L front, we can see a big change inventory and showing a pile up in the inventory of the ending inventory. Are these finished goods or is this raw material? What's leading to this increase inventory?

Tushar Bhandari: Most of it is relating to the finished good only. As you see the sale of our own products in IMIL, IMIL has increased by 48%. IMFL proprietary brands have increased by 54%. License brands have increased by approximately 38-40%. This is because of the increase in inventory the inventory only.

Arjun: Because you're holding inventory for future demand because you've taken the price cuts.

Tushar Bhandari: Sales have increased. According to the increase in sale, you have to maintain the inventory and you have to maintain your packaging material according to the increase in sale.

Management: Increase of inventory concern it may be slightly in lesser in comparison to last year but look into the volume and increase in prices

Arjun: My other question was that in the case of the brewery, you are saying the EBITDA margin is sustained since the last quarter. But the raw material price inflation is affecting even the brewery business. I mean, all grain prices are higher from last year. How is it that in the brewery business EBITDA margins are maintained, but here we are taking such a big Hit?

Management: Even that is going to affect the brewery also we were saying to keep out brewery beer brands that is more of the branded product in comparison to the; here we are having the more of the commodity directly which we are directly hit. There is having the presence in the brand, for that purpose we are just discussing they are aligned with the Q1 performance, although Q2 is the lean period for the beer. Comparatively, we have got the same consolidated growth in comparison to the quarter-to-quarter comparison and we are able to make the substantially higher income in comparison with the comparatively quarter and even the brand positioning what we are saying.

Arjun: In the brewery business, the margins will be seasonal; little depends season to season, depending like right now it's summer, still due to the summer season. So, it was peak season. It will depend on that as well.

Tushar Bhandari: Yes, definitely. Most of the business is done in the first quarter. That is April, May, June during the summer season.

Moderator: The next question is from the line of Jainesh Shah, an individual investor. Please go ahead.

Jainesh Shah: Can you give me the exact enterprise value for MEBL? What is the date that you're looking for exactly for getting?

Tushar Bhandari: You're asking for exact MEBL value, enterprise value?

Jainesh Shah: Enterprise value or equity value? Either one.

Management: We have already uploaded the valuation report from the registered valuer so that can be referred, that represents the entire value of both the enterprises.

Jainesh Shah: Basically, as for the value of enterprise is concerned the seasons pertaining to valuation that is already said as Mr. Keith has pointed out. What we are saying as far from the merger perspective is concerned, one company is the B2C company where we are having the substantially the branded positioning in the market and we are going. Another is the diversified prudent portfolio company which is in the process of creating both brands and with that strategy, this merger we are expecting to make that as a consolidated company from B2C with the consolidated since we are going to increase the beyond the boundaries and going to enter in the larger space. But, I think with that way the enterprise value what is created for the A and B separately consolidated should be much more and better in the coming period.

Participant: Have you estimated any amount of synergies from this merger?

Tushar Bhandari: Basically the synergies what we are looking at from this merger is we are looking at creating a one stop shop for the entire liquor products in the industry. Being a B2B company, AABL would look into getting into the B2C segment and as MEBL is primary into the sale of premium products and I've been able to create the brand. So, that will help strategize our portfolio also. Plus, MEBL is also one of the fastest beer companies in the country. So, within a decade from one lakh cases per month the company has moved to around 1.2 million cases a month which is also on expansion mode and moving into (+) 1.5 cases a month. So that is there. That is one synergy we will be able to achieve. Apart from that whenever you are going into new states and you are talking to a distributor or a shopkeeper; so for shopkeeper also it's better that you have the entire product range and portfolio available, you are able to better negotiate. Apart from that as beer is a volume-based business as compared to the IMFL, whenever we enter into a new state with a beer portfolio because whenever we enter there is a certain amount of fixed cost which is involved. Per case fixed cost would reduce with the help of beer portfolio also. That would also give a better boost to the margin of the company.

Participant: My next question is with regard to this affiliation that we have with the Azure IMFL license brand, I think in earlier few concalls earlier you had mentioned that we want to capitalize on this and enter into other states. Has there been any progress on that?

Tushar Bhandari: Basically, there is a progress in the sense that there are certain things which we are doing for them and hopefully most of the things would materialize in a short period of time which we cannot disclose at the moment but definitely the talks are there and we are one of the preferred partners of the Azure for the country. In earlier conversation also I said that earlier we were just a job work manufacturer for them. But, now they are taking us as a serious partner. Azure is also looking at enhancing their portfolio by way of collaboration. They're also looking at collaborating for a lot of things with partners like us who've been trusted and who've been partners with them for over two decades. That's a big opportunity which we are looking. We are also setting up a new bottling plant with the expansion phase. We are also looking at a setting up of a completely new state-of-the-art, the best in the country bottling plant for them and we have also seen the growth almost around 70-80% of the job work manufacturing business also. Just to give you a ballpark figure, I think last year for the first six months we did a job work manufacturing of 6 lakh cases and this year we've done a job work of manufacturing of around 12 lakh cases so that has also doubled. We are also seeing a substantial growth on that also.

Participant: I think good great numbers on this growth but are you in active discussions for expanding to more states? Because I think someone had asked this question about a year ago or so and we had a similar sort of stance saying that the company is looking at expanding. But I thought that; given we have such a long-term relationship with them and given their strategies also to sort of outsource this manufacturing, there would be more progress on that. Are you in any active discussions should we expect something to come?

Tushar Bhandari: Definitely, there is an active discussion on that but there are certain premium things which we are planning to do with them. The advantage to us is one is that we are a long-term and a trusted partner and second we have a location advantage being in the central part of the India. Right now, there is substantial amount of growth and discussion of expansion with them in the central part of the India only and other states also which we are looking into different tie ups with them. Definitely, the talks are continuously on but the things are taking time and they will hopefully materialize soon.

Moderator: The next question is from the line of Prakash, an individual investor. Please go ahead.

Prakash: My question is mainly on the merger proposition with Mount Everest. I have also gone through the evaluation report uploaded in your website and it is fair to mention that there is no enterprise value mentioned there and out of this approved method for valuation, this net asset value has been completely disregarded. Mounted Everest company, it is only in one product which is only the brewery of the Beers. It has only three products like quoting with three brands whereas our company, Associated has about seven products. Seven products and the multiple umbrella brand. That is number one. We cannot completely disregard the existing asset or the existing strength of the company and we cannot take everything from the future. The future is too futuristic. The future is like something discretionary something we take from the air. If you see for example, the book value of Associated Alcohol as on 30th June which is given in your upload to the BSE, the book value is Rs. 181 per share where Associated only Rs. 52. So, if we take the ratio of book value between these two companies for 1,000 shares of Associated we should get 3,441 shares of Mount Everest whereas contrary only 773 shares have been proposed for this one. Number two, if you take for example EPS; in EPS we have taken three-year average EPS for the company. Our EPS is Rs. 31 per year whereas EPS of Mount Everest was Rs. 2.4. So, if we take this as benchmark for the valuation we should get 12,917 shares of Mount Everest against 1000 shares of Associated. Number three: All through, we have been mentioning that our company doing good, great and of Mr. Bhandari as mentioned today they are seriously talking to us for the future prospect for more business. It means our footage also very good. At the same time you also said okay now that you are trying to expand to Bengal and UP and Goa it means our future will also be good. So, again going through this evaluation report it is mentioned there that for Associated Alcohol, this market valuation has been taken because it's a listed company, but for Mount Everest is to be taken because it's not listed. Then they have said that comparable company multiple methods, they have taken CCM. So, CCM has a big problem. If you see the listed company, there are two companies which are like similar product Globus Spirits and GM breweries; their multiple is only 13.7 and 11. And there's only one company which is United Breweries whose multiple 81.5. So, if we take the average for example of EPS method and this book value method we should get I guess 1,000 shares of Associated we should get 8,179 shares of Mount Everest whereas only 773 shares are proposed. It means this valuation has been too skewed towards Mount Everest because more than 12 times it has been given higher to Mount Everest. How it's possible? First of all, in your gentleman individual who is your valuer and he has not mentioned that he's not given the calculation. He has given the method which he is considering, which is not considering then straightway he is taking this number of steps it arrived. For example, United Breweries. United Breweries is an MNC like even though it has like all those bad cases going on because of the previous promoters are still stock prices hovering at Rs. 500-600 and now it has both a multiple of 81.5 times. But we are not United Breweries. Our existing company has also multiple of only for example 13-14. So, Mount Everest is also under the same management. How can we think that Mount Everest will get a multiple for example 60-70 whatever, because seeing the current status of Mount Everest we cannot propose share swap ratio because only 773 shares are there. To give 773 shares as against the NAV order book value means 12 times more EBITDA has been given and unfortunately in the evaluation report it is not mentioned which company they have taken or what multiple they have taken that was not mentioned. So, there is lack of transparency; number one. So, we are not United Breweries. United Breweries has got a product of Kingfisher which has 21 kinds of beers, it has got 26-30% of market share which were not. So, we cannot compare this with United Breweries. Unfortunately, the CCM method applied which is more futuristic, which is more discretionary and like what can multiple duration it has not sure and definitely on the higher side at the same time our company has also been very good plus our company is going with Ethanol. Ethanol is like old-sold product or old like assured market, government is promoting everything. How can we value so low for our company and value so high for this, because it's not apple-to-apple for comparison. On the one hand we have taken for our company, but I think we have taken the listed in this market by 30 multiple and on the other hand for the unlisted company, which is only three products and like if you see the last three, the track record is hardly 15% of our company. How can we give higher higher to this one? This is so far as you should not know anything, which is for the unjust or the unfair to the minorities shareholder.

Management: I think you're rightly pointed out as far as the financial fundamentals of the concern with the associated and Everest Mount is concerned but the merger is not purely on the basis of historical fundamentals or only the future or the future fundamentals? Basically it is something different what we are trying to explain to you and it is already there in the report. One company is a financially very strong diverse product company having consistent the fundamentals but it was in the process of creating the brand from over the years whether it created 10 brands, 5 brands or whatever the brand, but AABL was in the process of the brand. Rightly or wrongly, we were not able to create our own brand positioning in the market. Although, we are able to create good efficiency, able to create good financial results and we are one of the strongest and have the most efficient company in our BM. But BM used to be the; continued to be as on date we are B2B company in comparison to another companies which we are talking about. It is the fastest growing company of Central India. Maybe 3 brands, maybe 2 brands we are talking 2 brands which have been grown in the last 10 years being youngest brewery in Central India and now having the largest markets share today. This is having the fastest growing brand and the company to go to next level company has created the premium brands and the moment with the multiple IPR creation the moment we were ready incidentally in 2019 but due to ongoing COVID situation we couldn't not almost 2 years but immediately after the COVID situation, we were able to consolidate the market situation and results are started coming. That's why what we are saying is not a matter of one quarter result. It was the 10-year performance with the creation of the brand and premium brand which was launched in the month of April 2022 itself and able to consolidate its position in the very first quarter. So, that is the positioning. One company is purely B2B2C companies and going to be the fastest beer company growing in this segment. Although, you are talking about the largest beer company MNC and this that, but brand is something different. There are a number of companies we don't want to take the names even having the top-line is almost equal to the minus bottom-line and therefore bottom and having the bigger and broader valuation getting in the same industry. I'm not going to criticize the names and all this. But, as you pointed out as far Globus and GM both are non-beer companies, they are both on the Spirit and country liquor business. We are not having gone to comparison. As far as Mount Everest is concerned, it can have the comparison with this similar growing company which is incidentally could not get listed in last 4-5 years. Although, we are having only one Beer Company which is growing in our pace but in my comparison we are having continuous profits, they are having continuous rate. That rate is almost equal to the top-line but we don't have to commit to another perspective. We are consistently growing even during the process of establishment of the brand company is able to maintain some profit with my financially sound company. It is the matter of that the company is able to grow the brand positioning. Apart from that there is no loss in the balance sheet that has to be seen. Looking to that perspective, what is the growth in B2C Company having the fastest growing brand in the country and looking to their positioning? With that brand positioning we are trying to just consolidate one is the strongest finally sound B2B Company. Another is the fastest beer company growing and again the beer is comparatively faster growing brand in comparison to spirit product. That is another positioning and looking to the long-term business potential of beer industry, looking to their IPR and brand prospects of the company, this decision was taken. I think there is a sufficiently explained and substantiated. It cannot be the purely on the basis of historical financial EPS and all what we are trying to say and ultimately the proposal is going to be considered and approved by the shareholders itself and the post stock exchange approval will be coming to it you and after your approval only It has to go further. Even it has to be approved by the majority or minority. That's why it cannot be under the minority, majority is anyhow not going to vote in that resolution.

Tushar Bhandari: Apart from that, if we talk about the only beer company and the only beer company listed as you rightly said, is United Breweries. The figures of MEBL and the margins of MEBL are better than that company also. That is also the most efficiently and the fastest able to capture the market share. We've already shared the Q1 numbers with you all and the MEBL audit is under process and as soon as that is over so we'll share the Q2 numbers also.

Moderator: As there are no further questions, I now hand the conference over to the management for their closing remarks. Over to you sir.

Tushar Bhandari: Thank you all for participating in the earnings concall. I hope we were able to answer your questions satisfactorily and at the same time offer insight into our business. If you have any further questions or would like to know more about the company, please reach out to our Investor Relationship Manager at Valorem Advisors. Thank you.

Moderator: Thank you ladies and gentlemen. On behalf of Associated Alcohols and Breweries Limited that concludes this conference. We thank you for joining us.