



**“Associated Alcohols & Breweries Limited
Q3 and 9M FY '26 Earnings Conference Call”
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GO INDIA ADVISORS



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MODERATOR: MS. RIDDHI SHAH – GO INDIA ADVISORS



Moderator: Ladies and gentlemen, good day, and welcome to Associated Alcohols & Breweries Limited Q3 and 9 Months FY '26 Earnings Conference Call. 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Riddhi Shah from Go India Advisors. Thank you, and over to you, ma'am.

Riddhi Shah: Thank you. Good afternoon, everyone. It's my pleasure to welcome you on behalf of Associated Alcohol & Breweries Limited. Thank you for joining us today for quarter 3 and 9-month FY '26 earnings call. This call is being hosted by Go India Advisors.

We have with us Mr. Anshuman Kedia, Whole-Time Director and CEO; Mr. Tushar Bandari, Whole-Time Director; and Mr. Dilip Kumar Inani, Chief Financial Officer. Please note that today's discussion may include certain forward-looking statements, and therefore, they must be viewed in conjunction with the risks that the company faces.

Without wasting much time, I will hand it over to the management for opening remarks. Thank you, and over to you, sir.

Anshuman Kedia: Thank you, and good afternoon, ladies and gentlemen. Thank you for joining us on Associated Alcohols & Breweries Limited's earnings conference call. The third quarter of FY '26 marks another decisive step to work forward in our journey of building a stronger, more premium-led and scalable alcobev company.

Anchored by a resilient and efficient manufacturing backbone, despite delivering a softer revenue for the quarter, we delivered a strong margin-led performance. Our endeavors to improve operational efficiency and easing of key raw material prices have led to an expansion in EBITDA margins to 16% this quarter compared to 12% in the corresponding period last year.

The Indian alcobev industry continues to benefit from structural tailwinds, including premiumization, evolving consumer preferences and broader consumption trends. The recently concluded EU-India trade agreement represents a constructive development for the sector. Tariff rationalization across select imported categories is expected to enhance competitive intensity and raise quality benchmarks across the industry.

While the company expects limited direct impact, developments are being closely monitored. At the same time, AABL remains well placed to benefit from the evolving landscape supported by its strong domestic brand portfolio, extensive distribution reach and price points that remain structurally insulated from imported competition.



We are aligning our portfolio and go-to-market strategy closely with evolving industry trends by deepening our presence in premium segments, expanding selectively into new geographies and strengthening brand equity across categories.

During the year, the company's engagement with Inbrew transitioned from a license arrangement to a contract manufacturing model. As a result, IMFL licensed revenues associated with Inbrew are no longer reflected in reported revenues, which has had an impact on the top line. The contract manufacturing relationship, however, continues to remain stable and ongoing. Despite this transition, the company remains confident of maintaining FY '26 reported revenues broadly in line with FY '25.

Our core growth engines remain strong. We continue to target 30% to 35% year-on-year volume growth, aided by an improving brand mix and premiumization trends. With that, I would like to now hand over the call to Mr. Tushar Bandari, our Whole-Time Director, who will take you through our brands, operations and strategic initiatives.

Tushar Bandari:

Thank you. Building on the strategic direction Anshuman has outlined, I will take you through the performance of our proprietary brands and key growth drivers during the quarter and the progress across our portfolio. Our proprietary portfolio continues to be the primary engine of growth. Our iconic brand, Nicobar Gin, launched in '24 has gained a strong momentum in our core markets. The brand has resonated well in newly entered states like Maharashtra, Uttar Pradesh, Jharkhand, capturing evolving consumer tastes and fast-growing craft spirits segments in India.

Hillfort Whiskey continues to strengthen our premium portfolio with its unique flavor profile and curated positioning. The brand is gaining traction in the key market and contributes meaningfully to our high-end whiskey offering. Central Province has maintained a healthy growth trajectory during the quarter, driven by strong performance in Madhya Pradesh while expanding its footprint into the newer markets.

Our long-term objective is to build Central Province into a 1 million case brand, supported by phased geographic expansion, consistent quality and strong brand positioning. Today, the brands span Central Province, whiskey, rum and recently launched vodka, enabling us to cater to consumer across the price point and categories.

We believe Central Province is well positioned to evolve into the scalable and enduring brand with our portfolio. Let me now give you an update on the pipeline of our products. Our RTD product Kultur remains on track for the launch in H2 FY '26. Within our Prestige & Above portfolio, tequila and brandy are planned for the launch in Q1 FY '27. This is a deliberated and strategic decision by company to align with the launch with the upcoming state excise renewal cycle associated with the regulatory time lines.

As highlighted in the previous quarter, the company has received requisite license from the Mexican authorities positioning AABL to be one of the first Indian company to bottle authentic

tequila. Together, these launches are expected to further deepen our product portfolio and meaningfully strengthening our premium offering across categories.

Our malt maturation process is progressing as planned. Capacity will be primarily utilized for internal requirement of our premium and mid-premium whiskey brands, strengthening quality and long-term value creation. During Q3 FY '26, we incurred INR6 crores towards the casks procurement, and we will continue to procure casks as per the operational requirement.

Our centralized fungible manufacturing facility continued to provide a strategic advantage through cost efficiency and operational flexibility. Geographic expansion remains a key priority, where we progressively expand our presence across high potential states. During the quarter, we entered Jharkhand market with our premium portfolio, including Nicobar Gin, Titanium Triple Distilled Vodka, Hillfort and Central Province Whiskey.

Jharkhand represents a promising market for us and we believe our curated premium offerings are well placed to resonate with the evolving consumer preference in the state. I will now hand over the call to our CFO for a detailed review on the financial and operational performance for Q3 FY '26.

Dilip Kumar Inani:

Thank you, Tushar, and good afternoon, everybody. I will focus on the operational and the financial performance for the quarter and 9 months FY '26. For Q3 FY '26, net revenue from operations stood at INR260 crores, reflecting a sequential growth of 3%. Now coming on to the profitability. Gross margins for the quarter improved to 46% versus 36% of the last quarter.

This was driven by softening of raw material prices and uptick in realization from byproducts. We expect grain prices to remain broadly stable in the near term, supporting margins. Further, EBITDA for the quarter was INR42 crores, representing an increase of 73% quarter-on-quarter with an EBITDA margin of 16%, improving by 700 basis points from Q2 FY '26.

Profit after tax stood at INR27 crores, an increase of 95% compared to the previous quarter, resulting in PAT margin of 10%, reflecting an improvement of 5% margin from previous quarter. Additionally, it is worth noting that the company has recognized a provision of INR2 crores related to retirement benefits in compliance of new labor costs.

For 9 months FY '26, net revenue stood at INR781 crores with EBITDA of INR103 crores and a PAT of INR65 crores supported by IMFL proprietary volume expansion and improving margins. Now in terms of segmental performance. For 9 months FY '26, IMFL proprietary volume stood at 1.7 million cases, representing a growth of 32% on year-on-year basis. IMFL licensed volume stood at 1.02 million cases with a decline of 27% on year-on-year basis. As mentioned previously, this was attributed largely due to change in the business scope.

In terms of volume of merchant ENA volume stood at 14.7 million liters and ethanol volumes were 25 million liters for 9 months FY '26. On the revenue front, proprietary IMFL revenue was INR127 crores, growing at 30% year-on-year basis, while licensed IMFL revenue stood at INR122 crores, down by 30% year-on-year basis. Merchant ENA revenue was INR100 crores and ethanol revenue for the quarter was INR178 crores.

Looking ahead, as we roll out new products and expand into new markets and geographies, we remain steadfast in scaling our proprietary brands, supported by prudent capital allocation and planned capex, and our focus continues to be on improving profitability, strengthening the balance sheets and enhancing returns. With that, we can now open the floor for question and answer. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Vinay Rawal from Choice Institutional Equity.

Vinay Rawal: Am I audible?

Tushar Bandari: Yes, you are.

Anshuman Kedia: Yes.

Vinay Rawal: Sir, so just a question that I had. So we have, I mean, seen that the company is seeing oversupply in ethanol. So what is the outlook in the demand supply-gap that is currently there in ethanol market? So how would the management see this going ahead?

Tushar Bandari: See, right now what the supply of ethanol is, is equivalent to 25% of blending of ethanol. And government has approved only 20% of the blending of ethanol, okay? If in future, the blending percentage goes up, then the ethanol requirement will go up. as we already said, supply is higher than the demand. And as we've already said in our earlier calls as well, that our primary focus and growth driver would be only and solely expansion of our own proprietary brands, and that's what we are primarily concentrating on.

Vinay Rawal: Right. Right. Sure. Another question, sir, I had was...

Tushar Bandari: And plus to cover the ethanol also, we are also looking at supplying it to the private parties.

Vinay Rawal: Okay. Okay. Right. One other question that I had was on the margin front. So on the EBITDA margins, most of the portion of growth seems to be coming from the decrease in COGS basically, cost of goods sold. So I mean how do you see that the margin improvement would go ahead going forward like?

Tushar Bandari: See, the contribution in the EBITDA margin has primarily, as you rightly said, has come from the softening of the raw material prices. And second is the increase of our own proprietary brands. So our proprietary brands had grown by around 30%. And going forward, we will see a continuous growth in those brands. So the margin we would be looking at stabilizing.

If the commodity prices goes up, which is unlikely because we are expecting a good monsoon this year, the crop is good, which we see unlikely. So the margins would be maintained as we are in the growing phase right now. And once the launch of entire portfolio so next year, there will be a complete launch of the entire portfolio when the company would be ready for the future with the entire premium and semi-premium and popular brand portfolio. Post the entire run of the year, we might see a growth in the margin.

- Moderator:** The next question is from the line of Shreya Chatterjee from Ageless Capital.
- Shreya Chatterjee:** So on the IMFL side, how is the numbers going on in Maharashtra, UP? If you can give the number of volume cases like that has been done till 9 months FY '26?
- Tushar Bandari:** See, this is the first year when we've launched in Maharashtra. So primarily, the volume in cases, if I say, is very, very low as compared to, still AABL is -- primarily the volumes are dominated in the states of Madhya Pradesh and Kerala. So out of the entire volume, 80%, 85% volume comes from Madhya Pradesh and Kerala, and rest comes from the other states. Maharashtra, we are growing slowly because we have to take a cautious approach because entering Maharashtra each and every district requires a huge amount of capital in terms of entry. So we are entering one particular district and concentrating and growing.
- So right now, only we are available in, say, Bombay, Thane, Pune and Nagpur. So these are the primary regions which we have entered. And the premium portfolio offering, like, for example, Hillfort and Nicobar, we've just entered in Bombay and Nagpur. so any market you enter, first 1 year to 1.5 year goes in analyzing and creating a space and creating the brand awareness to the brand associated per se and individual brands. So we are concentrating on that. And similar is the case with UP.
- Shreya Chatterjee:** Sir, so if I can understand, it would be less than 1% in both these markets, the market share. And sir...
- Tushar Bandari:** Both the...
- Shreya Chatterjee:** And sir, if you could...
- Tushar Bandari:** Yes, sorry. Both the markets would be around 2%.
- Shreya Chatterjee:** Okay. The market share as of now?
- Tushar Bandari:** Not market share. Out of my entire...
- Shreya Chatterjee:** Okay. So the entire portfolio-- yes. Got it.
- Tushar Bandari:** Yes.
- Shreya Chatterjee:** And sir, if you could give the volume-wise like breakdown of the cases for probably Central Whiskey, Hillfort and Nicobar for all the states combined? That would be really helpful.
- Tushar Bandari:** So out of the entire sales which we've done is around 17 lakh cases. So out of the 17 lakh cases, again, on the premium side 80% to 85% is almost on the popular front category and the balance 10% to 15% in the premium front category. Right now, as we said on the call also that we are concentrating on growing Central Province brand as per se, which includes Central Province whiskey, vodka and rum. And we are trying to make it a 1 million case brand. So that's what we are pushing on. Because see, in premium brand category, it's very competitive, so the movement would come on a slower basis.

- Shreya Chatterjee:** Got it, sir. And any numbers you can give to the number of retail touch points that you are thinking of like adding into the new markets that you're entering?
- Tushar Bandari:** So any new market we enter , so every market has got a different strategy altogether. But we have to work on all-round approach, that is we have to hit the customer from all the sides. So for which the pillars -- as you rightly said, one of the pillars is width of distribution. So width of distribution, just for an example, if I'm entering in Thane, so I will be concentrating and entering into almost 80% shops of Thane. So that's how we play around in terms of width of distribution and visibility. And for example, in UP, UP also we are going state-wise because UP is a very vast state per se. So district-wise, we are entering UP as well.
- Shreya Chatterjee:** Sir, any possibility of giving the number of volume cases that you are currently doing in UP and Maharashtra?
- Tushar Bandari:** So UP and Maharashtra, out of my entire 17 lakh cases, I would be hardly doing around 20,000 to 25,000 cases.
- Moderator:** The next question is from the line of Aman Baheti from InCred Capital.
- Aman Baheti:** Am I audible?
- Tushar Bandari:** Yes, Aman.
- Moderator:** Yes, sir.
- Aman Baheti:** So my first question was in the line of our margins. So we saw a big uptick in margins due to raw material prices, but we already have exceeded our guidance as per, say -- for IMFL proprietary margins, we have done 21%. So don't you think when the operating leverage kicks in, we would be able to do 25% plus margins?
- Tushar Bandari:** Aman, see, as I said, that is we are in the growing phase and our objective -- in Shreya's answer also I answered that today also our 85% portfolio is the popular brand category. So as we are growing on the premium branding front and we have got immediately 2 other premium products lined up, which is premium brandy, premium tequila and RTD, so there will be certain spends which would be required for the brand awareness in these product portfolio. We'll have to do events. We'll have to do bar takeovers. So there will be at least a certain amount of spend which will go there, unless until these brands are stabilized in the next 1 to 1.5 years.
- Aman Baheti:** Okay, sir. And I mean, in Maharashtra, like you said, the volumes are quite low right now. So what are the realizations are we doing there compared to MP and Kerala in the premium product?
- Tushar Bandari:** So in Maharashtra, on average, we would be doing a realization of around, say, INR1,500 a case, whereas overall realization if you see, ours is around INR700 to INR800 a case overall portfolio. Because Maharashtra post the MML policy, we could not launch our Central Province series per se. So we've just launched our premium brand. And in next 1 month, we'll be launching our RTD and other premium brands. So that will further increase our realization in Maharashtra.

Aman Baheti: Okay. And I mean, on MML, like we discussed earlier, is there any plan for acquisition in states like Maharashtra or Kerala, etcetera?

Tushar Bandari: So Aman, we are in a very growing phase and we are on a lookout of opportunities if it's there and available in the market. So recently, we came across an opportunity of acquiring a unit through NCLT route in Kerala market, which we have already applied for and that is going on. So if we get that unit, so that will be an acquisition. And apart from that, we are also looking out in a couple of 1 or 2 states. In UP, we have already acquired land.

We are in process of acquiring licenses and other things. So we want to have at least 2 to 3 more distilleries across India to, if we want to go pan-India because that will give you better economics in that particular state. Because in India, every state is a different country altogether, every state has got its import duty, export duty. And still the volume, higher volume brands are on the popular category only.

So a company like us who wants to grow rapidly and have a mix of popular portfolio, which will give its top line, and a premium portfolio, which will strengthen its bottom line, we will have to have local presence also in a few of the states, which are the mass consuming states. So we are definitely in lookout for opportunities.

Aman Baheti: Sure. And sir, last question was on our ENA volumes. So they are in a declining phase. So it's all because of our internal consumption? Or what's the reason for that?

Tushar Bandari: Aman, as you rightly pointed out, it's primarily because our internal consumption has grown is because of increase in our own volumes. And as it's expected to grow further, we might also in future look at increasing our ENA manufacturing capacity. We already have sufficient amount of license capacity in place and most of the necessary approvals in place. So we might also look at expanding our ENA capacity, looking into our requirements and market requirement.

Moderator: The next question is from the line of Aachal Pal from MNCL Mutual Fund.

Aachal Pal: So a couple of questions from my side. My first question is, so just wanted to understand how are we planning to scale up our proprietary brand going forward?

Tushar Bandari: Aachal, what we are doing is that we are working on a strategy in each and every state in a different manner. So one is to increase our proprietary brand because now consumer is also quite very much aware and he is also looking for a quality product. So one, what we are doing is that we are giving value for money to the customers, whichever brand we design or liquid we do. If the price point is off the price point look and feel above at what we are offering, that's what we are looking into. Second is we are being consistent in our quality.

We are looking for right partners, right distributors. And fourth and fifth most important thing is that the company is also looking at taking the right talent from the industry, because our alcobev industry is a very personalized or very relationship-based industry because in most of the states, the retail owners, retail shop owners are owners who own the retail shop since a couple of years. So a person who's experienced -- so like our All India Sales Head is from, who spent

almost 30 to 40 years in Pernod and USL. So we are looking at acquiring good talent. And fourth thing what we're looking at is bottoms-up approach for our popular brand.

And fifth what we are doing is for premiumization, brand awareness, where a customer can at least taste my liquid. So these are the couple of strategies which we are adapting on the popular front and the premium front separately.

Aachal Pal: Okay. Understood, sir. And also, sir, how are our proprietary and partner brands performed in the newly entered regions? And also, are there any difference in customer acceptance and margins versus mature regions?

Tushar Bandari: See, in certain states which we enter, we get immediate response. Like, for example, we just entered this quarter Jharkhand. We got an immediate very good response. Like in the first month, we sold almost 50, 70 cases of our Nicobar Premium Gin, which is considered to be very good. And so we became, in the first month itself, we are number 3 there.

But obviously, this is the first month itself. We have to wait and watch. So in certain states, you get initial good response. In certain states, it takes time for you to get a right kind of response. And as India is a diverse market with different cultures, different backgrounds, so same way the preferences in different states is totally different.

So just for example, if I take about Madhya Pradesh, brandy market is hardly 1%, whereas -- I'm just comparing the 2 biggest states which we hold, and both the states are equally opposite consumer pattern. So Madhya Pradesh holds only 1% brandy market, whereas Kerala holds almost 70% brandy market and only 1% whiskey market. So you have to have a local strategy in place in whichever markets you enter.

Aachal Pal: Okay. Understood. And what about, sir, margins, on the margin front, like mature market versus the new regions we have entered?

Tushar Bandari: So margin does not vary much per se because, see, we are in the growing phase, as I told you. So initial investments more will go in developing and stabilizing a particular brand. So that's why it does not vary much. but there are certain states wherein you have to work on a very thin margin. In certain states where the initial cost of entry is substantial, like for Maharashtra, Maharashtra Retail Association is there.

So you have to give a substantial amount of discount for us to enter and be available in the retail store. So every state has got different strategy altogether. In Kerala, it's completely owned by the government. So government has got a fixed formula on which it will be lifting. So initial phases, if you don't have volume, you'll be paying higher amount to the government. So every state, we have to work differently.

Moderator: The next question is from the line of Hrushikesh Shah from Alchemy Capital.

Hrushikesh Shah: Am I audible?



Tushar Bandari: Yes, Hrushikesh.

Moderator: Yes, sir.

Hrushikesh Shah: Yes. Sir, my first question was on IMFL licensed. So you talked about Inbrev giving us a contract manufacturing instead of us having different kind of contracts. So my first question is what is the underlying growth of that business? So excluding Inbrev, how much have we grown in volume terms and revenue terms?

Tushar Bandari: So see, excluding Inbrev, if I talk about, we have got other brand, which is from Diageo, which is the brand McDowell's No.1 Celebration Rum and DSP. So these are the 2 brands which we are doing. So the volume has grown by around 3% to 4% in this particular product. And now our concentration is to grow only our product portfolio. So that's what we are working on aggressively. And this is a licensed brand, is only for the state of Madhya Pradesh.

Hrushikesh Shah: Right. So sir, if we can talk about this 3% to 4% growth year-on-year?

Tushar Bandari: Most probably it will be in the same range because this is the leader brand in that particular category.

Hrushikesh Shah: Right.

Tushar Bandari: Yes.

Hrushikesh Shah: And then what does this -- quarterly if we look, we have 72% growth in volume. So what would be the reason for that?

Tushar Bandari: 72% growth in the volumes?

Hrushikesh Shah: Yes. So it was 2,41,000 going to 4,13,000 cases, right?

Tushar Bandari: No, no. I think -- you're talking about IMFL?

Hrushikesh Shah: IMFL licensed.

Tushar Bandari: One second. So IMFL licensed in last Q3 we had 6 lakh cases, which has gone down to 4 lakh cases.

Hrushikesh Shah: 4 lakh. But if you look at...

Tushar Bandari: So there's a decline in 33%.

Hrushikesh Shah: Right. And I understood, if you look at Q2 FY '26, the number of cases were 2,41,000 last quarter. So that has gone to 4,13,000. So what is the increase? Where are we getting this data from?

- Tushar Bandari:** No, no. So primary quarter is different. Q2 is more skewed towards the whiskey, and Q3 is more primarily skewed towards the rum. So the rum sale in the entire year, 50% to 60% of the rum sale comes in the Q3.
- Hrushikesh Shah:** Okay. Understood. Sir, my second question was on malt plant. What is the capex we are doing for the plant?
- Tushar Bandari:** So on an overall front, we will be doing a capex of around about INR100 crores, out of which around INR60 crores, INR65 crores we've already invested. And the balance which would be done would be in purchase of maturation of casks. our maturation has already started. It's been almost 2 months our maturation has already started. So probably within a year, 1.5 years, our first single malt super premium product would be available in the market.
- Hrushikesh Shah:** In 1.5 years. Okay. And how big do you think is this opportunity for us?
- Tushar Bandari:** So this is a very big opportunity because as you all are aware that Indian single malt is getting world over recognition and are doing really good and are being compared to any of the good scotches in the world. So there's a big opportunity. As there was a similar case which has happened in terms of Japanese whiskey and they proved their mettle in terms of quality, same is right now the phase with the Indian single malts. So there's a huge opportunity. Plus it will also give us -- it will give us more economics.
- Because right now, whatever malt we are using, we are purchasing it from outside, okay, and outside we are purchasing at a very high cost. And plus consistency is not sure of because I'm buying it from the third-party. In future, in my own brands also, I will require malt as my brand grows. So that will give me better margins as well and give me a consistency in quality, which is very important.
- Hrushikesh Shah:** Right. And sir, my third question is regarding, one of the earlier participants asked whether we'll be increasing our ENA capacity, right? So you told that we may be increasing our capacity. But I think earlier, you had mentioned that our ethanol plant is fungible and can be used for ENA as well.
- Tushar Bandari:** Yes, if required, it can be done.
- Hrushikesh Shah:** Right. So instead of increasing the capacity, don't you think it would be better to move into a better margin, better economics business and reduce our ethanol?
- Tushar Bandari:** It will be better. But apart from that, ethanol is totally separate right now. as I said, that we are also looking at acquisitions in other states as well because we need to be present in a couple of states. So it might be here or it might be somewhere else as well.
- Moderator:** The next question is from the line of Dhruv Shah from Ambika Fincap.
- Dhruv Shah:** I have 3 questions. Anshuman, did I hear it right that you said that we will end the year with flattish growth on a whole year basis in your opening remarks? Hello, can you hear me?



Anshuman Kedia: Dhruv, can you just repeat your question?

Dhruv Shah: In your opening statement, did I hear it correctly that you said that we will end the year with flattish revenue for the whole year?

Anshuman Kedia: Yes, yes, compared to the last year.

Dhruv Shah: Right. So that means Q4 -- are we saying that we will grow the revenue by more than 25%, if I just do a rough math?

Anshuman Kedia: Yes, yes. Because we are -- generally, Q4 is the best quarter for us. So we are expecting that to achieve that, yes.

Dhruv Shah: Okay. Understood. Tusharji, my next question is on previous participant question that can we see some margin improvement coming from the malt itself towards the end of the next year because we will be 1 year into maturization and then we can use some of the malt for our own whiskey products?

Tushar Bandari: Definitely, it will come towards the end of the next year. So right now, we are using in -- Whiskey Central Province, we are using 1 year, 1.5 years malts. So depending on the quality, if it's equivalent, so we'll start using it in Q4 next year in our own products. And plus the single malt which we launched would be slightly -- would come in Q4 next year or Q1 after that.

Dhruv Shah: Okay. Understood. And my last question is on ethanol. Why aren't we seeing any benefit of the lower raw material prices on the ethanol side of the business, because ethanol we are still making only 2% EBIT? So why aren't we seeing any raw material benefits passing on to the ethanol side?

Tushar Bandari: See, ethanol EBITDA would be somewhere around -- right now, should be around 6%, not 2%.

Dhruv Shah: No, I was talking about EBIT. So I just subtracting the depreciation also on that.

Tushar Bandari: Okay, EBIT you're talking about. Okay. So the thing is that ethanol obviously because the fixed cost is already there. That is the primary reason we've not seen the major -- and the ethanol volume has gone down.

Dhruv Shah: Okay. Understood. And Tusharji, just coming back on my first question about this 25% growth on Q4, that will be primarily driven by our RTD launch and IMFL proprietary, right, because we still have Inbrew base in the Q4 last year, right?

Tushar Bandari: Yes. RTD launch, proprietary. And apart from that, we might look at -- these 2 major products, yes.

Moderator: The next question is from the line of Harsh from NV Alpha.

Harsh: Hello?



Tushar Bandari: Yes, Harsh.

Moderator: Yes, sir. Please continue.

Harsh: Am I audible?

Tushar Bandari: Yes, Harsh.

Moderator: Yes, sir.

Harsh: Sir, just a small question. Start of the call, you said that our focus is on growing the Central Province, which is a popular segment because there is a lot of competition in the Prestige. So sir, our strategy, vision and conviction on -- when you say a malt, whenever it is ready, which is premium, how are we going to grow or outgrow the market if we are not able to -- or maybe focusing less on the Prestige & Above as of now?

Tushar Bandari: So we are not focusing less on Prestige & Above. So it has to be a combination. As I said, that for a company which is at a growing stage would definitely need a combination of both a popular brand and a Prestige & Above premium brand. So there has to be a mix of both because a company needs both top line and the margin contribution as well. Our low hanging fruit, which is there right now and which is doing really fairly well, is Central Province entire series.

Central Province Vodka Orange, we launched 3 months back and has already gained a 15% to 20% market share in Madhya Pradesh. So there has to be a volume-driven brand. There has to be 1 or 2 brands which will be a million case brand. So that's what we expect coming out from Central Province. And the premium segment, which will include our tequila, our Nicobar Gin and our premium single malt, would be -- strategy would be totally different on the premiumization front and the spends also would be higher in that particular category.

Harsh: Got it. So sir, one follow-up. After 1 year when our -- these products are up and running, you mentioned our marketing costs will go up. We are able to maintain the same margins? Actually, you did mention about this, but I missed this point.

Tushar Bandari: Yes, we'll be able to maintain the same margins. we'll be able to try and maintain the same margin because premium products would not attract that much in the bottom line direct impact, because in premium products initial 1, 1.5 years, you will need an equal amount of spend to have that kind of visibility and awareness of the brand.

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

Manoj Kumar: My first question was regarding raw material prices. What has been the average raw material prices last quarter? And what is the current prevailing price?

Tushar Bandari: I think Inaniji, you would like to highlight on the same.

Dilip Kumar Inani: Last quarter, our prices was around INR23,000 and this quarter it is around INR20,000 plus.

- Manoj Kumar:** It means this quarter, we will be saving a lot on raw material prices.
- Tushar Bandari:** Yes.
- Dilip Kumar Inani:** For this Q4, the prices will be stable. It will be stable.
- Manoj Kumar:** And regarding this trade deal with U.S., they are insisting on corn imports. Do you think it will have effect on the corn prices in India going forward and it will be -- act as a stabilizer of corn prices?
- Dilip Kumar Inani:** No.
- Tushar Bandari:** Genetically -- the thing is...
- Dilip Kumar Inani:** Yes, please.
- Tushar Bandari:** Genetically modified corn is being restricted by the Indian government per se as of now because that will have a great impact. one of the main purpose of driving the ethanol policy or blend of ethanol was to generate income in the farmers' hand, okay? If genetically modified corn comes into India, so that will impact a lot. For a company, it will be nice because probably the corn prices will go down substantially. But we'll have to wait and watch because I don't think so there is any clear picture on that front.
- Manoj Kumar:** Regarding this EU deal, what effect it will have on our company?
- Tushar Bandari:** See, primarily talking about -- the EU deal if we talk about, EU deal would not have substantial effect on a company like us, which is still primarily in the popular category. But obviously, it will have an impact in the premium category per se. But most of the states will compensate it probably in one way or the other.
- And plus, apart from that, as Anshuman said in his opening remarks, that it will also increase a healthy competition and will help in increasing the benchmark standards. So everybody will have to give that kind of quality. And plus, apart from that, we are well prepared for this entire EU deal with the help of coming into a premium portfolio category and setting up our own malt plant. So we are well prepared for the times to come ahead.
- Manoj Kumar:** Sir, my next question was regarding -- can you sense any opportunity of exporting ENA to EU?
- Tushar Bandari:** So we have already done that, and we are also in process of doing it. We have been known in the country for the last 4 decades for the quality of ENA, which we manufacture. So Diageo during the COVID and post-COVID times have purchased ENA from us to make Smirnoff Vodka and the other products in the European markets. That speaks about the quality and the standards of us what we have. But right now, our focus is primarily on utilizing the ENA capacity in our own value-added product. Yes, if opportunity is there and if I get good value, I'll export it, which I've already been doing it earlier.
- Manoj Kumar:** Regarding SDF Industries, when do you think it can be closed --the matter will be closed?

- Tushar Bandari:** So, the matter is still with the NCLT. So as soon as the NCLT gives the nod, we have submitted our bid. We have not got an approval. So as soon as we get the approval, we will get it. It depends on the NCLT to...
- Manoj Kumar:** Any hearing date for that?
- Tushar Bandari:** Pardon me, sir?
- Manoj Kumar:** Any hearing date has been placed for that?
- Tushar Bandari:** No, sir, not right now. I think probably in another 1 month, 2 months, 3 months. We know how the NCLT Court works.
- Moderator:** The next question is from the line of Aniket from C.R. Kothari & Sons and Stock Broking.
- Aniket:** So my question is regarding to the quarter 3 FY '26 revenue as compared to the previous year quarter, it has dropped. And I think quarter 3 is quite strong for the company and quarter 4 as well. So can I know the reason behind the drop?
- Tushar Bandari:** Mr. Inani would like to throw a light on this.
- Dilip Kumar Inani:** Can you repeat again the question, please?
- Aniket:** Sir, my question is regarding to the Q3 revenue, which has dropped as compared to the previous year quarter. And my understanding is Q3 and Q4 both are very good quarters for the company. So I would like to know the reason behind the drop?
- Dilip Kumar Inani:** Basically, just hold on. Like, Q3 last quarter and Q3 current quarter, the revenues dropped mainly due to the franchisee business converted into the job manufacturing business. So around -- the total revenue down is INR56 crores from year-on-year basis. And out of that INR52 crores is due to the franchisee business of Inbrew shifted to contract manufacturing business.
- Aniket:** Okay. And same question regarding to the margin. The margins went up, but the revenue went down. But I would like to know what product drove the margins up specifically? If you can mention it...
- Dilip Kumar Inani:** Specifically, yes, yes. Basically, IMFL Proprietary brand is the highest contributory segment, which is giving a 21% EBITDA margin. And second is our IMIL business. And then third one is the franchisee business. These are the key drivers. First is IMFL Proprietary business.
- Aniket:** Okay. And...
- Tushar Bandari:** And apart from that, the softening of commodity prices. So these have all contributed to the EBITDA.
- Aniket:** And we expect the same to go into the next quarter as well, softening commodity prices?



Tushar Bandari: Yes. It will remain stable.

Aniket: Okay. Understood. My final question would be regarding working capital. I remember you mentioned the potential increase in working capital for UP and Maharashtra market. Can you quantify the expected impact going forward, FY '26, FY '27 on working capital?

Dilip Kumar Inani: So actually Yes. Right now, in the near term, we don't have any foresee working capital requirement much. Based on the growth, we will deploy the working capital since we have a surplus fund invested in some securities, which will be converted into the working capital whenever required.

Aniket: Okay. So can we expect the working capital days to further tighten down or it will remain same to the current level?

Tushar Bandari: See, it will remain same or slightly go up because it will completely depend on the sale in the primary regions and the bigger regions which is Maharashtra and UP. UP, the payment cycle is slightly higher and plus working capital also requires apart from our cost of product would also require the excise duty. And plus the similar thing is the working capital might go slightly higher if the sale goes higher.

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

Tushar Bandari: I would like to thank everyone for taking time out and joining this conference call. If you have any further questions, you may feel free to get in touch with our IR agency, which is Go India. Thank you for sparing your time.

Moderator: Thank you. On behalf of Go India Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.