Globus Spirits Limited
(Corporate Identity Number: L74899DL1993PLC052177)

F-0, Ground Floor, The Mira Corporate Suites,Plot No. 1 & 2,
Ishwar Nagar, Mathura Road, New Delhi - 110065. **Tel.:** +011-66424400,
E-mail: corporateoffice@globusgroup.in, **Web:** www.globusspirits.com

Dated : 23rd May 2025

The National Stock Exchange of India Limited
Exchange Plaza, C-1, Block-G
BandraKurla Complex,
Bandra (E),
Mumbai – 400 051

The BSE Limited
PhirozeJeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400 001

Subject: Conference call Transcript– Q4 FY25 held on 20th May 2025

Dear Sir,

This is with reference to the above captioned subject and in compliance with Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, attached herewith the conference call transcript w.r.t. conference call held with Investors on 20th May 2025 to discuss the financial performance of the company for the 4th quarter and year ended on March 31, 2025.

Kindly take the aforesaid information on record and acknowledge

Thanking You
Yours faithfully
for **Globus Spirits Ltd.**

Santosh Kumar Pattanayak
Digitally signed by Santosh Kumar Pattanayak
Date: 2025.05.23 12:19:42 +05'30'

Santosh Kumar Pattanayak
Company Secretary
ACS-18721

"Globus Spirits Limited

Q4 & FY'25 Earnings Conference Call"

May 20, 2025

MANAGEMENT:	**MR. SHEKHAR SWARUP – JOINT MANAGING DIRECTOR – GLOBUS SPIRITS LIMITED** **MR. PARAMJIT GILL – CHIEF EXECUTIVE OFFICER, CONSUMER DIVISION – GLOBUS SPIRITS LIMITED** **MR. NILANJAN SARKAR – CHIEF FINANCIAL OFFICER – GLOBUS SPIRITS LIMITED**
MODERATOR:	**MR. HRITHIK HATTIANGADI – STELLAR IR ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to the Globus Spirits Limited Q4 and FY '25 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Hrithik Hattiangadi from Stellar Investor Relations Advisors. Thank you, and over to you, sir.

Hrithik Hattiangadi: Good afternoon, everyone, and thank you for joining us today. We have with us today the senior management team of Globus Spirits Limited: Mr. Shekhar Swarup sir, Joint Managing Director; Mr. Paramjit Gill sir, CEO of Consumer Division; and Mr. Nilanjan Sarkar sir, Chief Financial Officer, who will represent Globus Spirits Limited on the call.

The management will be sharing the key operating and financial highlights for the quarter and full year-ended 31st March 2025, followed by a question-and-answer session.

Please note, this call may contain some of the forward-looking statements, which are completely based on the company's beliefs, opinions and expectations as of today. These statements are not a guarantee of the company's future performance and involve unforeseen risks and uncertainties. The company also undertakes no obligation to update any forward-looking statement to reflect developments that occur after a statement is made.

I now hand over the conference to Mr. Shekhar Swarup sir. Thank you, and over to you, sir.

Shekhar Swarup: Good afternoon. Thank you for joining us today for our Q4 and FY '25 earnings call. In the year gone by, our investments made in the Prestige & Above segments of the alcohol industry has gained significant momentum, setting up the company for significant opportunities in the future.

Today, the company has multiple growth engines, a unique portfolio of brands across the entire industry in the state of Uttar Pradesh, providing consumers with options ranging from INR100 to INR4,000 per unit. A portfolio of 8 brands across luxury, Prestige & other high-growth segments in 8 other states besides UP, as well as a strong manufacturing footprint to enable consumer growth and generate incremental profits from the steady volume B2B or manufacturing business.

Our consumer business revenues continue their growth, growing by an impressive 26% year-on-year backed by 17% growth in the regular and other segment and a 186% growth in the Prestige & Above segment. We continue to grow our reach and presence, and Param will share more details on this segment shortly.

Coming to our manufacturing business, it has contributed around 61% of our total revenues in the year gone by, down from 67% in FY '24, reflecting the growing share of consumer revenues in the company.

In Q4 FY '25, we saw notable improvements in our manufacturing business with EBITDA margins rising to 3% from 1% in Q3. This positive trend is also reflected in our margin per liter, which increased to INR3 in Q4 FY '25. This increase is despite capacity constraints in West Bengal, which were undertaken due to upgradation activities. We expect this trend to continue and margins to stabilize around INR5 to INR7 per liter. With the current policy environment, I also expect reduced volatility.

Some salient highlights of the current policy include what they offer us are stable ethanol prices and strong volume offtake by oil marketing companies, sufficient raw material availability in the country with options to use broken rice, FCI rice, as well as maize, which is a fast-growing crop in the country.

Coming to some strategic initiatives. We are pleased to share that in FY '26, we successfully commenced production of corn oil from maize at our West Bengal facility. So, some of the upgradations that were taking place were for this by-product. Aside from giving us additional revenues, this also reduces – gives us buffer for any price volatility that may happen with raw material in the future.

Our multi-feed distillery project in UP is progressing well with commissioning expected in Q3 FY '26. The total capex over here is expected at about INR115 crores. The UP market, as mentioned earlier, is a key growth area for the company, driven by strong demand across regular and others brands as well as Prestige & above brands.

I now request Param to talk more about the consumer business.

Paramjit Gill: Thank you, Shekhar, and good afternoon, everyone. The Consumer business delivered a strong quarter, driven by our focused efforts on brand expansion and deeper market penetration. In the regular and others category, the segment saw almost a 26% year-on-year revenue growth to INR221 crores in Q4 FY '25.

EBITDA margin in this category stood at 17%. In the coming quarters, the recent price hikes of about 4.35% in Rajasthan and an increase in Uttar Pradesh effective 1st April 2025 are expected to contribute positively to revenue and profitability in this category. For the full year FY '25, revenue grew by a robust 17% to INR864 crores with a healthy EBITDA margin of 16%.

As previously shared, we have entered the Uttar Pradesh market, which has a sizable potential of almost 9 million cases a month. This strategic entry is expected to contribute positively to the volume growth beginning FY '26.

Now coming to the Prestige & Above category. I'm pleased to share that we have achieved our best ever year, delivering a strong 186% year-on-year revenue growth. Additionally, we surpassed our initial revenue guidance of INR100 crores from brands in this category for FY '25 and touched the milestone revenue of almost INR129 crores.

Our profitability has improved alongside strong volume growth, bringing UP closer to breakeven and Delhi already being in the green. The continued growth is driven by our strategic investments in route to market efficiency and the success of innovative product launches.

We successfully launched 7 new brands, expanding our portfolio to 11 brands across the whiskey, gin, vodka and rum segments. Additionally, Globus Ansa India Limited, a JV between Globus Spirits and ANSA McAL, recently entered the beer market with the launch of Carib 500 ml strong beer in Uttar Pradesh.

I'm also happy to share that while Mountain Oak continues its northward journey, Snoski and Brothers are demonstrating potential to be our strong growth partners as we move forward.

On luxury, we currently plan to expand our portfolio to four additional states this year and are also eyeing duty-free as an opportunity. Our expansion strategy includes strengthening distribution network further, enhancing brand visibility and recall and capitalizing on our portfolio offerings.

I would now request Mr. Nilanjan Sarkar to talk more about the financials. Thank you.

Nilanjan Sarkar: Thank you, sir. Good afternoon, everybody. Hope you had a chance to go through the results and the presentation that was uploaded on our website and the website of exchanges. Some highlights. Finance costs increased on a full year basis by INR20 crores. This is on account of INR17 crores increase due to change in working capital mix. About 50% of the increase is attributable to increased financing for our P&A segment. The balance is for financing vendor bill discounting.

Depreciation has increased by INR26 crores on account of capitalization of the expansion at West Bengal and Jharkhand, which was completed in Q1 of FY '25. Other expenses, while most of the expenses have remained stable, the power and fuel, which is 40% of the other expenses have declined by 8%. Overall, other expenses declined by 2%.

In FY '24, the company shifted from old tax regime to new tax regime of 25.17%. As a result, there was a onetime write-back of deferred tax liability of INR26 crores. As a result, in the financial year '25, the deferred tax amount has been regularized. Net profit attributable to non-controlling interest, negative INR1.41 crores is the GSL share of 53.7% on a non-diluted basis of the loss of both beverages subsidiary.

The entry made a loss of INR2 crores as per business plan. However, there is a INR1 crores tax asset in the books, which needed to be written off as per standards as this was a noncash adjustment made for tax compliances. Balance sheet highlights. Capital work in progress INR149 crores comprises of UP distillery and Malt plant in Rajasthan. Malt plant is of INR29 crores has been commissioned and capitalized since in Q1 of FY'26 and the UP capacity is expected in Q3.

Change in other noncurrent assets is due to advances paid to suppliers for UP capex. Other current assets. This year in Rajasthan, there was an opportunity to start April strong by depositing excise duty in advance. Therefore, the company deposited INR110 crores in advanced excise duty. This was financed to short-term borrowings and thereafter has been recovering this from revenue routing collection.

We expect other current assets to return to normal within H1. Acceptances INR240 crores as explained in Note 8, this is a supplier finance arrangement and is essentially a reclassification of trade payables. This year, our trade payables increased by INR112 crores due to more efficient purchase and early payment period.

Borrowing provision, long-term borrowing increased by INR72 crores due to capex. Total capex in the year gone by was INR161 crores. Finally, this year, we published segmental results of our stand-alone performance. Revenue includes excise duty. All expenses are identified, hence profit is reflective of segmental results. In assets, presently, the allocation has been done of current assets of Jharkhand and Bihar and of Jharkhand and Bihar fixed assets.

Unallocable assets are those plant and machines where both businesses are being conducted. This is the start of our segment revenue, segment reporting journey and we look forward to making this more identifiable between the segments and reduce unallocable assets. I now hand over the forum to the moderator for questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Shashank Agarwal from Cisco. Please go ahead.

Shashank Agarwal: I just have two questions. So one is regarding the corn oil. So when you extract corn oil from the DDGS, does it degrade it in any way? And sir, what are your plans for entering the biodiesel sector?

Shekhar Swarup: So it does degrade DDGS, but the net value is much higher. So that's not a significant -- it's not a concern at all, in fact. No plans to enter biodiesel currently as I believe that market is not very profitable.

Shashank Agarwal: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Soumya from Insightful Investments. Please go ahead.

Soumya: Questions are basically, which are the 7 states of operations in IMFL? And would you like to share some revenue guidance for FY '26? These are my questions for IMFL. As far as regular and others concerned, I just wanted to ask a question on when would the production sale commence in UP? And at what volumes in UP do we breakeven?

Shekhar Swarup: Param, could you take those, please?

Paramjit Gill: The 7 states Soumya that we're talking about are Delhi, UP, West Bengal, Haryana, Punjab, Rajasthan, Goa. So those are the 7 states we are talking about. The revenue guidance, we don't give forward revenue guidance as we have outlined on a few occasions, but we are very confident that IMFL growth will continue on a very robust trajectory in the coming year as well as we are confident that our action plans are continuing to yield results.

Coming to UP, if we continue on the trajectory of UP, we are expecting '25, '26 itself to be the breakeven year. It could be give or take, but we are expecting it to be well within the zone of breakeven.

Soumya: Sure. So sorry, but in the previous call, you did mention that at least one quarter in IMFL for FY '26, if not more, will at least be an INR80 crores revenue?

Paramjit Gill: How much?

Soumya: INR80 crores. I think in the previous quarter, you did mention that at least the exit will be INR80 crores for Prestige and Above in FY '26 for one of the quarters, if not more.

Paramjit Gill: INR80 Crores in quarter?

Soumya: Yes, sir.

Paramjit Gill: Are you sure, I said because I do not -- because we were aiming for crossing INR100 crores in the whole of '24-25.

Soumya: No, I'm talking about the coming year, sir, FY '26?

Paramjit Gill: So '26 as of now, we are not giving any quarter-wise guidance. We expect a healthy revenue. I'm maintaining that. I do not recall if the statement was made, please do keep a note of it. I do not recollect having made the statement, but if it was made, surely it would have been made. We are expecting a very healthy revenue growth as we have been continuing. And I mean, ideally, we would wish to surprise everybody by beating the growth -- internal growth aspirations as well. But we do not identify giving growth revenues break up.

Soumya: No, only for the Prestige & Above, I think in terms of...

Paramjit Gill: We will not be able to share any growth.

Shekhar Swarup: So let me come in here. So if we've given a target in the past, we stand by it. But currently, we are not in a position to give any further guidance.

Soumya: But growth rates continue to look pretty strong. So there's no -- I mean, obviously, we're entering 7 markets?

Shekhar Swarup: Yes. Growth rates are looking pretty strong.

Paramjit Gill: They're looking very favorable.

Soumya: Right. Thanks.

Moderator: Thank you. The next question is from the line of Kiran from Table Tree Capital. Please go ahead.

Kiran: Thank you for the opportunity, sir and congratulations on a fabulous set of results especially in Prestige Regular. Sir, two questions. I'll go one by one. On the Prestige and Above, if you could tell us the star brands that are leading this stupendous growth? And also will we be EBITDA positive in FY '26 or will that be 1 more year to FY '27? That's the first question on IMFL?

Paramjit Gill: Just one second, let me just note down. Yes. So the Star brand, obviously, at this point of time in terms of revenue and volumes, Mountain Oak whiskey leads the pack, but we have very strong support for that brand coming with -- along with Snoski as well as Brothers and Company whiskey because as you will agree that over the medium term, we would need much more than one brand.

We need a bouquet of a few strong powerful brands, but as we talk Mountain Oak leads the brand. We are expecting, as we had earlier said, we still stand that for every individual state, the third full year of its operation, we ideally would want to reach the breakeven for that state. We are expecting our journey in '25, '26 to be in the zone of breakeven and let's see closer to the time when we reach home.

Kiran: Got it, sir. Sir, second question is, I mean, I actually have a clarifying question here just on the Prestige that you just talked about. Sir, on -- if I just calculate for the year, INR130 crores revenue -- just for Prestige and above sir, INR130 crores revenue, 0.91 million cases. If I just divide it's coming to about INR1,400. However, the Mountain Oak, Snoski and Brothers are in the INR650 to INR750 range. I mean, this is the highest volume. So how do I account for like it's almost double the MRP?

Paramjit Gill: So I can just give you a guidance. The Mountain Oak whiskey is not in the INR650 to INR700 NSC range. It is far more than that. I think there's one...

Shekhar Swarup : I think there is one confusion. I just want to comment in here please. This is our net sales value around INR1,400. Our net sales value is rupees per case figure exclusive of excise duty and VAT…

Paramjit Gill: And discounts, and discounts.

Shekhar Swarup: And certain discounts in the market. The INR650 or so number you said, I believe, is the per bottle retail price. So that number will never tally up with our books because there is a huge excise duty and taxation discount also, but the large amount is excise duty and VAT, which is collected by the state government and is not part of our revenues. Our customer is the wholesaler and we bill to the wholesaler at about INR1,400 average for last year's INR130 crores revenue.

Paramjit Gill: And the first number is the bottle number and the INR1,400 is the per case number.

Kiran: Yes, yes. Got it.

Shekhar Swarup: And the last point here, this is the same -- if you look at the other businesses in our industry, it is the same accounting principles that are followed across all the companies.

Kiran: Got it. Got it. Perfect, sir. That answers. So then second question on ethanol, sir, the manufacturing segment, we have about 300 million liters of capacity. Would our realization inch back to INR7 per liter? And would we be kind of doing 90% capacity utilization for FY '26? Is that...

Shekhar Swarup: Yes, around INR300 million is our total installed capacity. And some of it is used for our consumer business. I believe around 70% or so is surplus, which we use for ethanol, as well as sales as ENA to other beverage companies. Further, that split is approximately 50-50, but changes quarter-to-quarter depending on our selling strategies. Overall, of the surplus capacity that I mentioned, which is around 70%, we expect this year to stabilize between INR5 and INR7 a liter.

Kiran: Got it, sir. Got it because of the FCI rice and everything else, right? Or are you...

Shekhar Swarup: You know, no, no, I'm not in a position to give guidance on which raw material we'll be using because that will change from time to time. But I think the net result of the policy is that there is now sufficient raw material and therefore, raw material prices are going to remain cool. But of course, there will be ups and downs, but generally, it will remain cool. And my expectation is INR5 to INR7 is the window that we should stabilize at. And thereafter, it should remain in that window despite whatever volatility that comes. That is the impact of this current policy.

Kiran: Got it. Got it. Perfect, sir. That answers my question. Thank you so much.

Moderator: Thank you. The next question is from the line of Nitin Awasthi from InCred. Please go ahead.

Nitin Awasthi: Hello, sir. I wanted to discuss on 2 aspects. Firstly, on the UP market, we have now done IMIL business in that market for some time, around 2 months, if I'm not wrong. Would that experience that we gained in the last 2 months help us, kind of go out in the coming year what we can target from the IMIL segment in that market.

Paramjit Gill: So as I said, we don't give forward-looking guidance. But yes, we are -- the very purpose of entering that largest opportunity market in the IMIL segment has been to carve out our share. And at this point of time, we are fairly positive about the journey as we have progressed and we have called out that we will start seeing UP contributing that segment from the beginning of this quarter. It is difficult to give more sharper projections going forward at this stage.

Nitin Awasthi: Understood, sir. Sir, continuing on the same product, UP IMIL, which you are currently bottling. However, our ENA is not available in UP because the plant is not up in UP. Are we getting our own ENA from other distilleries of ours and getting it into UP or are we buying ENA from outside players in UP?

Paramjit Gill: So at this point of time, we are buying ENA from other players within UP, because this is the environment at this point of time that is more favorable. We are open to all options, and we keep exercising our choice on a case-to-case basis when we procure whatever is more efficient for our business.

Nitin Awasthi: Understood. And as of now, there's no shortage for ENA required for the IMIL unit?

Paramjit Gill: No. No shortage as of now.

Nitin Awasthi: Understood. Sir, second part I wanted to understand the biodiesel entry that we have got into, what is the current rates we are realizing in corn oil…

Paramjit Gill: Yes, corn oil.

Nitin Awasthi: But I'm sure that the buyer who is buying corn oil from you is in the biodiesel business, hence, the biodiesel tag. So the corn oil that you're currently supplying to the major players in the biodiesel industry who are there in West Bengal, who -- I mean what kind of rates are you realizing for that?

Shekhar Swarup: So we are -- what I can confirm is that our customers are not purchasing corn oil for biodiesel. We are supplying this to animal -- the animal nutrition business as a fat additive. This product was being -- was going into the animal feed industry in any case when it wasn't being extracted as part of DDGS by removing it from DDGS, we are enhancing the overall value of our entire byproducts bucket largely because fat gets a higher value if it's sold separately. So that's what's happening. We are not selling this to biodiesel at all right now.

As far as I understand, I don't understand the biodiesel business very well. But from the work that we've done, I believe biodiesel is completely unviable currently. So there's nothing happening on that side.

Nitin Awasthi: Understood, sir. Sir, last thing I want to ask was we have a...

Moderator: Mr. Nitin, may we request that you return to the question queue for a follow-up?

Nitin Awasthi: Okay, great.

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

Sunil Jain: Congrats on the improved results. Sir, my question relates to, first of all, if you can give data like what was the manufacturing volume in this quarter?

Shekhar Swarup: Nilanjan, could you take that?

Nilanjan Sarkar: Yes. The manufacturing volume for bulk alcohol for Q4 FY '25, one second, the production was 64.36 million liters. That was for bulk alcohol...

Sunil Jain: And sales volume, sir?

Nilanjan Sarkar: Sales was 50 million liters.

Sunil Jain: Okay. And sir, you had said that you got some price increase in Rajasthan. And definitely, ENA price manufacturing cost must be coming down. So are we going to get a benefit on the margins in the consumer business also in the coming quarters?

Shekhar Swarup: Yes, let me come in here. There have been price increases last year and in the current year. Last year's price increases did not fully offset the increase in costs that took place last year. So some of the increase this year will help in that. But yes, net-net, margins will grow in Rajasthan as well.

Sunil Jain: Yes. If you compare it from the fourth quarter, we will get the price increase and the cost of production will also come down...

Shekhar Swarup: Yes, yes. If you compare to Q4, yes.

Sunil Jain: Okay. Great. Thank you very much, sir.

Moderator: Thank you. The next question is from the line of Nigel from EverFlow Partners. Please go ahead.

Nigel: Good afternoon, sir. Thank you for the opportunity. A couple of questions from my end. Firstly, can you explain why you expect the margin profile for the manufacturing business to stabilize from here on? What has changed relative to earlier? And how confident are you about these margins sustaining?

Shekhar Swarup: Right. So what has changed to earlier is that there is a very large supply available of raw material from FCI at a fixed price or rather at a price where we are able to earn a fixed margin because the ethanol price is also fixed on the other side. As a result, if raw material prices, what is available in the open market goes up very steeply, then distilleries have the ability to convert to FCI. So I -- that is why I feel that raw material prices will now be range bound and volatility will reduce.

Nigel: Got it. Got it. And my second question was what sort of volumes and revenue do you expect for the manufacturing business in the coming year?

Shekhar Swarup: What sort of revenues you said and what else?

Nigel: And the volume.

Shekhar Swarup: So we have to utilize our capacities. Our capacity base is fixed at around 300 million liters. We have to utilize our capacities. We've demonstrated a very good track record at utilizing these capacities. So our internal targets are at 90-plus percent capacity utilization through the year.

Revenue is a function of what ethanol grade we supply. There are 3 different grades, the FCI grade, the broken rice grade and the maize grade. And the prices are significantly different from INR58 to INR72. So, to that extent, I cannot tell you -- I cannot give you a revenue guidance, but I can give you capacity utilization guidance, which should be over 90%.

Nigel: Got it. Thank you, sir.

Moderator: The next question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: Hi, good afternoon, everyone. Sir, my first question is on the IMIL side. So, we are planning to grow at a decent pace in the UP market. So, sir, if you can talk a bit about the competitive dynamics because both Radico and India Glycols are well-entrenched player there. And generally, it's very difficult to enter a new state and scale. So, what is our strategy around that? What gives us confidence that we'll be able to scale on that market in the UP?

Shekhar Swarup: Param, could you take that?

Paramjit Gill: Thanks, Dhwanil. So obviously, whenever we are entering the market, there is always competition who is active and every player wants to win market share. And you are right, among the formidable players, IGL and Radico definitely are the correct names. But as I said, the same thing also applies to IMFL across every state.

So, it's no different in our alcohol industry regardless of the segment. Our strategy is obviously built route to market and do the basics, get your liquid delivery trials right and then keep on expanding our presence. And it has worked for us in IMFL and there is no reason to believe that it is not going to drive us home in IMIL segment as well.

And we are also expanding our offerings in the IMIL segment to try and cover a significant part of the profile of the consumer as it exists today. So, our confidence stems from the fact that we have a plan, we know the market reality, we know the ground rules. And it is true. One has to fight for every inch on the ground, and that's part of the course.

There's nothing more to say on that account. We are very strong on our robust strategy of route to market, and we are very confident that we'll be able to land it. Of course, our packaging and liquid delivery is very, very strong, well-researched and we are very confident that the consumer is going to continue accepting it and the initial results are already there because we have been in the market for over 3 months now.

Dhwanil Desai: Got it, got it. Thanks for an elaborate answer. One more question on IMIL, so I think we have guided in the past that this segment typically we should assume anywhere from 15% to 17% EBITDA margin. We are currently around the upper range of that number. Now with the price hikes and the lower RM cost, we are expecting some margin delta coming on the upside. So, are we -- should we think about this number as a steady state from 17 to a higher number? Or you think it may be a yearly phenomenon that over next 2, 3 years, we still should think about 15% to 17% range?

Shekhar Swarup: No, I do for the next year or two feel that, the higher end of that range is the level that we will be at. And once -- I cannot forecast beyond a couple of years right now. I do think that upper end of that range is where we should be right now. I don't foresee any reason for a structural change to a 20% or a 25% kind of margin profile. 17%, 16%, 18%, I think that's a good range for us to be.

Dhwanil Desai: Got it. And last question on IMFL side. So, I think you have done very well on this segment. We crossed INR100 crores very comfortably this year. But looking out, let's say, more from 3- to 5-year perspective, currently, we have so many brands across so many different liquor types across different price points. So, from here to, let's say, INR500 crores as and when it happens, do you think that this portfolio will consolidate or -- and two or three brands will drive the incremental growth after, let's say, a year or so?

Shekhar Swarup: Can I take this Param?

Paramjit Gill: Yes, sure.

Shekhar Swarup: Thanks. So, the way we approach our IMFL business is more -- is something that we used to talk about earlier, creating runways and getting thereafter airplanes to land and take off. Runways being the distribution system and airplanes, of course, being the brands. So therefore, our brand portfolio is created based on opportunities that exist in our states as opposed to creating a strategy where we first create a brand and then we maximize where the brand is going to go.

This strategy has been created based on our model of first distribution and then brands. As we go forward, it's possible that one or two brands gain a little more momentum as we're seeing already with Mountain Oak and a few others that Param spoke about. It's also possible that we do launch a few more brands before perhaps growing some of these even further.

So, it is a strategy based on opportunities that exist in states. The next thing I want to say is, aside from Uttar Pradesh, currently, there is no market where we have all of our brands present. Uttar Pradesh is the only state that offers that kind of opportunity. So, we are very careful on selecting which brands go out into which markets. It's based on the opportunities that exist in those markets.

Dhwanil Desai: Thank you. Thanks for a very elaborate answer and wish you all the best.

Moderator: Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Good afternoon, sir, and thanks a lot for giving the opportunity. First question is on prestige and above while it has done very well for the full year, but in quarter 4, we did see some slowdown compared to the previous quarter in terms of growth, etcetera. So is this like a seasonality impact or is there some other reason why the volumes were down by around 30-odd percent compared to the previous quarter?

Paramjit Gill: Thanks, Mr. Sarvesh. So, what is March-April is when most of the excise policies transition into a new policy from 1st of April. And obviously, that is the time this quarter generally starts reflecting how the policy change is happening. Two big states, Delhi obviously eventually went for a policy extension, a temporary extension of 3 months. And UP, obviously, the route to market made some significant policy changes.

As a result, in addition to that as the financial year of excise starts coming to a closure, generally, organizations work towards securing their credits, securing their inventories because many trade partners may leave and some of them may re-enter and many of them may not re-enter. So, it is a time to consolidate yourself and then again relaunch. And it happens in most of the Q4 in general. Because we are a growing concern, sometimes it may look less advertent and more advertent. But it is absolutely a natural consequence of how Q4 generally ends up.

Sarvesh Gupta: Okay. Since we have expanded the corn oil in West Bengal, so when we say that in manufacturing, we are expecting INR5 to INR7 per liter EBITDA, then on top of it, all these upgradation etcetera, where we have spent money, how much more can we get because of these new products?

Shekhar Swarup: Yes, you're very right. It's a great question. So, my belief is that any value additions over a long term will start get adjusted into commodity prices. And therefore, my guidance still remains within that range. The entire manufacturing business needs to be seen as INR5 to INR7 EBITDA business. We are committed to making this business less volatile, but that does not mean that if there are greater opportunities, we will avoid them. Corn oil is certainly a greater opportunity. Currently, we are running it only at West Bengal. We're waiting to deploy it at Bihar and Jharkhand. My belief is that like I said, the long-term margin in this business is at INR5 to INR7.

Sarvesh Gupta: Okay. And given all of these, have we decided now to stop in terms of the overall expansion of the manufacturing? So now have we decided that we will only be sort of using incrementally these capacities for our consumer business and not be investing more into just...?

Shekhar Swarup: We announced that decision I think now almost 2 years ago. So that's not -- we stopped expanding further capacities. I believe it was 2 years, maybe even more, and we are not going to take up further capex in ethanol -- growing ethanol and ENA capacities. There will be capex required for upgradation or certain maintenance capex. Aside from that, there is going to be no greenfield or brownfield expansions.

Sarvesh Gupta: Okay. And the final one on consumer, regular and others. So what we've seen is like 4%, 5% price hikes in Rajasthan last year and this year. And on top of that, I think we had earlier guided for single digits sort of a growth in volumes. So hence, should it be like 11%, 12% business with 17% sort of EBITDA margin? Is that sort of the assumption for the next 2, 3 years.?

Shekhar Swarup: See, Rajasthan, it continues to grow pretty well, both volume and revenue. I do think that growth in terms of volumes will slow down, but that slowdown isn't really happening yet. I think the slowdown would mean 6%, 7% type of volume growth. We are seeing even in the current year, it's very new in the new year, but we're seeing good volume growth coming in even in the new year. Let's see how that sustains as months go by.

But from a longer-term point of view, 5% to 7% volume growth in Rajasthan with 10% NSV growth but that might be split into 2 years. So it won't happen 10% per year. It will happen maybe 4.5% and then 4.5% or just 10% in 2 years. That really depends on how pricing strategy is done at the state. Last few years, we've seen regular increases every year. So 10% every 2 years in terms of price and 5% to 7% volume growth rate is what my expectation is from the state. But currently, it is growing faster than that.

In this category, the high growth is going to come from new markets such as Uttar Pradesh, which is our prime focus and possibly in the more medium term, we have 2 or 3 other states that are currently in wait and watch and perhaps in the medium term, those will become into growth markets as well.

Sarvesh Gupta: And sir, finally on the...

Moderator: Sorry to interrupt, Mr. Sarvesh. We request that you return to the question queue for a follow-up question?

Sarvesh Gupta: Sure. Thank you.

Moderator: Thank you. The next question is from the line of Vijay Shah from Insightful Investment Managers. Please go ahead.

Vijay Shah: Thank you, and thank you for giving me the opportunity, sir. Sir, just wanted to check if we have any guidance for the level of debt that we plan to have by the end of next year. I believe this year, our debt has gone up. I understand that you have explained that some of it has got reversed and will get reversed by first half. But if there's any guidance that we can put out that what is likely to be debt over the next 12 months?

Shekhar Swarup: Sure. Right now, we don't have a guidance for that, but thank you for that suggestion. We'll work on that guidance and give a number in H1.

Vijay Shah: Sure. And second question, sir, from my side is that given that relative to what the opportunity is for us in the consumer business, which is the Prestige & Above, should we first be looking at beer or rather than should we first be looking at growing some of these existing brands and whiskey, gin and all of that, given that most people have found it very difficult to make money in beer?

Shekhar Swarup: I mean just very quickly from me, I think it comes back to my analogy of runways and airplanes. But Param, if you want to say anything about that.

Paramjit Gill: Yes. Thanks, Vijayji. We are not trading one for the other. Rest assured your question is valid concern from our possibility, but we are not looking at one or the other. We have enough systems in place where both will -- we want both of them to continue on a very robust footing of growth.

Vijay Shah: No, I appreciate that, sir. But end of the day, there is -- there's a limit to the marketing dollars that we have, right? And the choice we have to make in terms of where we would like to allocate that because we also have a guidance that we should look to breakeven this year.

Paramjit Gill: No, no, absolutely. Point well taken. See, we have just made an entry in one market with one pack. So we have one pack, one state, one brand. So it is not -- yes, it is not -- the voice is absolutely appreciated. It is not a very significant investment. It is to enter the market, make sure we get our fundamentals right, get the footing. And meanwhile, we are very actively continuing to work towards the breakeven scenario, which is what we are striving for. And your point and thought is well noted.

Shekhar Swarup: Our primary growth engine is going to be UP, the entire portfolio of brands, Prestige & Above brands in the other states. Those 2 are our primary growth engines for the first 2, 3 years or the next 2, 3 years.

Vijay Shah: Absolutely. If I can just ask one last question, sir. What are the states that we plan to enter this year, which are the states?

Paramjit Gill: We don't release that. We definitely see ourselves entering about 4 luxury states and 2 mainstream states. We will start seeding them and start building them. We don't -- because obviously, the information is public, and we just want to keep it close to us till we actually enter the state.

Vijay Shah: Fair enough. Thank you so much. Wish you all the best.

Paramjit Gill: Thank you.

Moderator: Thank you. The next question is from the line of Deepak Ajmera from IGE India. Please go ahead.

Deepak Ajmera: Thanks for the opportunity. On the balance sheet side, in the presentation Page 25, there is acceptance in sales. What that means, acceptance in sales of INR240 crores. And second question is next year, we will be generating significant EBITDA maybe in excess of INR200 crores or INR250 crores. So what will be the utilization of that EBITDA?

Shekhar Swarup: Nilanjan, can you talk about the first question? I'll talk about the second, please.

Nilanjan Sarkar: Okay. Acceptances, as explained in my opening speech, is basically a supplier finance arrangement that we have entered into and a reclassification of trade payables. That is basically acceptances. We have reclassified our trade payables into trade payables and acceptances, which is basically supply finance arrangements.

Deepak Ajmera: So we have any liability or it is like the funded by some NBFC, what sort of arrangement is this?

Shekhar Swarup: No, no. So these aren’t trade payables, sir. The way to think about it, it is that these are trade payables. These are the same bills which would have been part of trade payables in the previous year. This year, we have reorganized the way we are doing purchases where we have introduced an early pay system where suppliers can discount their bills if they are giving us a higher discount than what is the bank interest rate.

Then the bank will give us that money, we will give it to the supplier, and we will earn an additional profit after accounting for interest cost of the bank. In order to structure these bills in this manner, we have to classify them not as trade payables, but as acceptances.

With regard to your second question about use of cash flow, it was asked earlier on this call as well, what would be your debt guidance -- we currently do not have one. But a lot of the money will get used to pay down debt. And of course, some of it will be returned to shareholders. But in the H1 balance sheet, we will give you more insight into this.

Deepak Ajmera: Got it. Last question from my side is, since we are growing Prestige & Above rather than returning it to shareholders or debt is also comfortable level -- so increased spend on the

Prestige & Above, whether that will help in growing it fast or you would like to reduce the debt and...

Shekhar Swarup: So no, there should be significant cash flow this year more than what can be invested in the Prestige business in 1 year. The cash will be used in the combination of creating more buffer on the balance sheet for future use perhaps, debt pay down and shareholders.

So these are various strategies. I don't have a commentary on how it will get utilized as a breakup. But yes, what I can say is the Prestige & Above business does not require more money. It will not necessarily get used for faster growth. So keep an eye out in H1, we will give a guidance on this.

Deepak Ajmera: Thank you.

Moderator: Thank you. The next question is from the line of Sneha Jain from SKS Capital. Please go ahead.

Sneha Jain: Thank you for the opportunity. Will there be a positive or negative impact that you can see from the UK FTA?

Shekhar Swarup: It's a little bit early for us. We've been discussing that internally as well. It's a little bit early to comment on that. There are various views on how it may get implemented, combination of increasing margins of companies, increase in taxation by states. So we have to see how it plays out.

But we are -- our business is based on our brands. Our brands have got good acceptance across various price points. And there's going to be a space for everybody in the new market environment. What I can certainly say is it's going to save on our input costs.

The scotch that we buy is going to become cheaper for sure, and that will aid in profitability. None of that is currently budgeted because we don't know exactly how it's going to get implemented. I think we'll have more information on this after the first half of this year.

Paramjit Gill: And my take is the impact of this is likely to spill into FY '27 than in the current year because there is still a long gap between pending the agreement and laying down the rules and the guidance for it to actually start happening.

Sneha Jain: Okay. So final you do not see a very competitive intensity increasing from here...

Paramjit Gill: No, in the short term, there is really no visible indicator at this point of time, and we will all learn as we go further down the road.

Sneha Jain: And sir, any indication that we've seen from the government regarding the ethanol pricing, any increase or any talks?

Shekhar Swarup: No, it's stable right now. We are in the middle of an ethanol tender. The ethanol tender period starts 1st November every year, for 12 months. So we've only had 5 months or so that have gone by in the current ethanol year. So status quo currently. And frankly, in the current policy and pricing environment, I just hope for more stability, which we will certainly have till October, and we will see after that.

Sneha Jain: Okay. Thank you so much. That's for my end.

Moderator: Thank you. The next question is from the line of Aashish from InvesQ PMS. Please go ahead.

Aashish: Yes, thank you for this. I might have missed your comments on the margin, but I think you said that historically, the way we used to have 15% plus margins, you are seeing that to come in maybe the next year, is it? Or how does the road map for margin improvement look like?

Shekhar Swarup: We haven't given an overall margin guidance, but we have given a segmental guidance. We can -- you could roll that up into overall, if you like. We've said that around about breakeven levels with a slight negative for the Prestige & Above. We've said margins to be around 17% levels for the regular and other segment. And for the manufacturing business rather than a percentage because we don't know the revenue breakup yet, the margin per liter would be around INR5 to INR7 per liter.

Aashish: Okay. So the problem that happened with the raw material a few months back or last year basically, that was the only difference between our historical margins and what we were last year, right? I mean nothing major…

Shekhar Swarup: Yes. The big change was that, but as time passes, environment changes, I think our industry will enjoy INR5 to INR7 going forward. We've seen periods of even higher profitability in the past our historical average is 7. I am revising that to say between 5% and 7% going forward.

Aashish: Okay. Sure, sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Mahim Bhardwaj from Banyan Capital.

Mahim Bhardwaj: Hi. So, the question I had was you said that the manufacturing business, right, 70% of what's produced is sold, right? And you said you'll do about 5% to 7% EBITDA per liter on that. The remaining 30% that's used internally for the consumer business. I wanted to understand when you sell that and you consume that yourself, what kind of margins would you be doing on basis per liter in that? Because when you go from 0 to 5 to 7, there's a good amount of increase in that. So will that margin be flowing to the consumer business or the manufacturing?

Shekhar Swarup: Currently, we transfer -- so there are 2 scenarios. One scenario is where the factory is a dedicated consumer premise. So for example, Rajasthan, where 85% or so of capacity is utilized by the consumer business. There, we transfer the alcohol at cost, net of fixed expenses and everything.

But in other factories where predominantly we are selling -- engage in predominantly manufacturing business and our internal consumption is 10% or 20% or thereabouts. There we transfer at market prices.

Mahim Bhardwaj: And also just to understand, you at one point said that the margin should be between INR6 to INR9 when it comes to per liter in the manufacturing business, now you're saying INR5 to INR7. So there...

Shekhar Swarup: Yes, be is INR5 to INR7 is the long-term average that we're going to get now.

Mahim Bhardwaj: Okay, fine. Thank you.

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

Rohan Patel: Thanks for the opportunity. Am I audible?

Shekhar Swarup: You're audible, but your line has a lot of disturbance.

Moderator: Sorry to interrupt. Mr. Rohan, I would request you to move a bit closer to your phone or else use a headset.

Rohan Patel: Yes. So, now is it audible?

Shekhar Swarup: Yes. Thank you.

Rohan Patel: Yes. Most of my questions are answered. Just a last question. It's regarding IMIL, we are planning and we are also as an organization focusing on UP. In IML, we have looked at it's been focused with a few legacy players. And what we have seen IML is a regulated business licensed and has a quota. So can you just share with us your go-to-market strategy, like how...

Shekhar Swarup: It is licensed, but as much as any other alcohol business or any other alcohol brands are. It is not a quota business. Retailers, wholesalers, consumers are free to buy whichever brand they want and as much of it. But it is licensed just like any other alcohol business is in India. So, that was just a correction on the assumptions about that business.

But Param, I know you've spent some time talking about the go-to-market here, but perhaps you could repeat it, please.

Paramjit Gill: Yes. So Mr. Rohan, there are a lot of similarities actually with our IMFL as compared to IMIL in the sense that the consumer goes to a retail outlet, he has a choice to exercise on which brand he wants to take and the outlet -- almost most of the outlets have more than a couple of offerings available for the consumer.

So really not much changes. It's just that the sheer number of consumers are huge, the sheer flow through is huge and consumption patterns are slightly different in terms of the regularity of the consumption pattern. So the intensity of the effort is. There is not any unique difference in strategy between a sort of regular range brand and IML brand that one can very distinctly carve out a strategy.

Our core strategy stays the same, build go-to-market, get the consumer to experience our brand once, twice, x number of times, and we are confident that the consumer will start respecting our offering for its premium and value for money. So nothing really changes. It is the FMCG business there as well, contrary to many of us think.

Rohan Patel: So if you can just give us insight regarding you might be having a projection like considering it's a 10 million cases per month market, like what are you targeting to achieve in, say, next 3 years? Broadly, like what market size you want to grab?

Paramjit Gill: Difficult we do not as a principle give forward guidance's but the temptation we see is staring at all of us that's almost 9 million cases a month market, and we would want to be a recognized player in times to come in that segment. And we intend delivering very robust growth. Very difficult as I called out earlier as a principle not issue forward guides on either the shares or the volumes.

Rohan Patel: Okay. And next question regarding margins in IMIL. Considering that we are having a good year this year, considering the cost of production as well as the price increases. So as we are also expanding in Uttar Pradesh market, do we see our margins being in the 16% to 17% range in IMIL or due to our expansion, it might dilute?

Shekhar Swarup: I can take this one. So currently, our UP margins are very low because we are purchasing our alcohol. As you're aware, we are only running the bottling plants there. We expect to commission our distillery in Uttar Pradesh in Q3, as I had mentioned in my opening remarks. And that's when UP margins will start looking similar to our Rajasthan margins. Rajasthan margins should be at the upper end of our guidance, so 17%, maybe even a little higher this year. But long term, I would say you see this entire regular and others business at about 16%, 17% margin business.

Rohan Patel: Okay. And just a follow-on question on margins. Sir, what we have understood is like the margins that we are talking about achieving in UP is similar to the Rajasthan, which is 16%, 17%. In my view, we haven't seen many of companies, legacy players who have higher market share doing 16%, 17% margin. So what gives you the confidence that you will be going to get 16%, 17% margin?

Shekhar Swarup: We're already doing the business. So I think the confidence that we have on margins is much higher than what we have on giving you volume projections. Producing alcohol, bottling alcohol is very much a core strength of Globus Spirits. I cannot comment on the margins of other people, but we are confident of our margins for sure.

Rohan Patel: Okay. Thanks for answering all the questions. Wish you all the best for the future.

Moderator: Thank you. The next question is from the line of Sahil Jain from Enigma Investment Partners. Please go ahead.

Sahil Jain: Hi, sir. Thank you for your opportunity. Just had one question what was the total contribution of the byproducts given this year and the previous year?

Shekhar Swarup: Contribution in terms of revenue?

Sahil Jain: Yes, in terms of revenue from manufacturing.

Shekhar Swarup: Okay. Nilanjan, do you have, sir?

Nilanjan Sarkar: No, I don't have it right now, but I can give it -- I don't have it right now.

Shekhar Swarup: We don't really track that as a separate revenue item. For us, it's a cost card for ENA or ethanol, which includes the realization from byproducts. But it will be in the range -- my sense is it will be in the range of 7%, 8%.

Nilanjan Sarkar: It's a 6%.

Shekhar Swarup: Sorry, your line is breaking up.

Sahil Jain: It's fine now?

Moderator: Sorry to interrupt Mr. Sahil I would request you to use your handset or move closer to the phone.

Sahil Jain: Is it better now?

Shekhar Swarup: Yes. Thank you.

Sahil Jain: So regarding the volatility as you mentioned that the FCI availability will be like, more towards the maize side of the raw material going forward?

Shekhar Swarup: Sorry your line is little unstable, but I think I've got the gist of your question. So my point about FCI is that FCI offers a floor to margins. And because of that floor, more raw materials therefore also have a floor to what margins can come from there. FCI is a fixed price raw material and a fixed price ethanol and fixed ethanol price. So those margins are known. They're not going to go up or come down.

On the other hand, with intelligent purchasing of maize with all the work that we've been doing in terms of storage of maize, upgradation of our plants to be maize compliant, we believe we can earn higher margins on maize rather than FCI. So that's why I say that volatility is reduced and average margins are between 5% and 7%. That's the logic around it.

Sahil Jain: Thank you so much.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Shekhar Swarup for closing comments.

Shekhar Swarup: Right. Thank you, everyone, for joining our call. We remain available to answer any queries that you may have. Please reach out to our Investor Relations team or directly to us. Contact details are mentioned on our presentation and website. Thank you again and have a good day.

Moderator: Thank you. On behalf of Globus Spirits Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.