



Globus Spirits Limited

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Dated : 17th February 2025

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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– Q3 9MFY25 held on 12th Feb 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 12th February 2025 to discuss the financial performance of the company for the 3rd quarter and Nine Months ended on December 31, 2024.

Kindly take the aforesaid information on record and acknowledge

Thanking You
Yours faithfully
for Globus Spirits Ltd.

Santosh Kumar Pattanayak
Company Secretary
ACS-18721

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“Globus Spirits Limited Q3 & 9 months FY25 Earnings
Conference Call”

February 12, 2025



**MANAGEMENT: MR. SHEKHAR SWARUP - JOINT MANAGING
DIRECTOR, GLOBUS SPIRITS LIMITED
DR. BHASKAR ROY - CHIEF OPERATING OFFICER,
GLOBUS SPIRITS LIMITED
MR. NILANJAN SARKAR - CHIEF FINANCIAL OFFICER,
GLOBUS SPIRITS LIMITED
MR. RAJESH FANDA - BUSINESS HEAD (CONSUMER
DIVISION), GLOBUS SPIRITS LIMITED**



*Globus Spirits Limited
February 12, 2025*

Moderator: Ladies and gentlemen, good day and welcome to the Globus Spirits Limited Q3 & 9 months FY25 Earnings Conference Call.

As a reminder, all participants will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Suyash Samant from Stellar Investor Relations Advisor. Thank you, and over to you, sir.

Suyash Samant: 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 – Joint Managing Director; Dr. Bhaskar Roy – Chief Operating Officer; and Mr. Nilanjan Sarkar – 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 nine months ended December 31, 2024, followed by a question-and-answer session.

Please note, this call may contain some of the forward-looking statements which are completely based upon the company 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: Thank you, Suyash and thank you everyone for joining us today for the discussion on our performance in Q3. As always, it's a pleasure to share our progress and provide insights into the strides we have made across our business segments. Along with me is also Rajesh Fanda, Business Head, Consumer Division, who will be filling in for Param, who is unavailable today.

To start off, our manufacturing business continues to be the cornerstone of our operations, contributing 56% of total revenue this quarter. While this is a decline compared to 63% in Q2 FY25 and 63% in Q3 FY24, the change reflects our strategic balance between the manufacturing and the impressive growth of our consumer business.

EBITDA margin for the manufacturing business stood at 1% in Q3 consistent with Q2, but lower than 4% in Q3 FY24. Margin per liter came in at Rs. 0.85 per liter, reflecting the cost pressures faced in the segment. In the quarter gone by, due to the continuing cost pressures, we prioritized ENA sales to the extent possible while reducing ethanol production. Our flexibility to shift partial capacity between ENA and ethanol is a unique advantage for Globus, allowing us to



*Globus Spirits Limited
February 12, 2025*

respond to market dynamics effectively. In addition, we have conducted several maintenance activities in Q3 to make use of this period of low/no margins. As a result, capacity utilization in Q3 was 50%, down from 87% in Q2.

In January, we saw a significant shift in the market dynamics of raw material with FCI reducing rice prices for distillers. Later, OMCs responded with creating a provision for allocation of ethanol from FCI rice at a price of Rs. 58.5. Currently, there is a limit to the amount of material that the ethanol industry can lift. However, having an additional source of raw material at fixed prices has already reduced the prices of grain. And going forward, it will reduce the volatility of prices of all raw materials. And as a result, we now expect to achieve margins in the range of Rs. 5 to Rs. 7 per liter from ethanol with additional margins that ENA bring, we will be able to go back to our long-term average of Rs. 7 per liter.

Looking ahead to Q4, a planned three-week closure for maintenance in our West Bengal plant is expected, primarily for the overhaul of the dry house and the commissioning of the corn oil plant. Following this, we anticipate improved capacity utilization across all our factories.

Some updates on strategic activities:

For maize procurement, we have secured sufficient warehousing capacity ahead of the upcoming season to ensure a steady supply of maize at fixed prices. And corn oil equipment, as I mentioned earlier, has been installed at Bengal in this quarter and is awaiting commissioning. And delivery is underway for the other two distilleries in East India.

Coming to our consumer business performance:

The consumer business delivered another strong quarter reflecting our focused efforts on brand growth and market penetration. In the regular and others price category, the segment saw almost a 22% year-on-year growth and an 8.5% Q-on-Q growth in quarter three, which remains the strongest quarter for volumes in the year. EBITDA margin in this category stood at 15%, slightly lower than 17% in Q2 due to inflationary pressures on packaging costs. Going forward, the price increase in Rajasthan, which was announced just a few weeks ago, will help us grow revenue and profitability for this category.

Coming to prestige and above category:

I am delighted to share that we have achieved our best ever quarter, recording a revenue growth of 245% year-on-year and almost 100% growth quarter-on-quarter. The EBITDA margin improved to minus 10%, which is a notable recovery from minus 24% in Q2. Our strategic investments in route to market efficiency and innovative product launches have begun to show results. Revenues from brands in this category are set to exceed Rs. 100 crore in FY25. Of



*Globus Spirits Limited
February 12, 2025*

course, these are net revenues, and I am happy to report that our strategic investments have been the key drivers of the success.

Some updates on strategic initiatives here. We have created a dedicated division for our luxury brands, which includes a dedicated team and a strategy to accelerate growth of these luxury products, namely Terai and DÖAAB,. This initiative will focus on premium positioning, brand development, and ensuring additional new product launches in H1 and H2 of the coming year.

Our UP market expansion is becoming a crucial growth market for the company, driven by strong demand in both regular and others, as well as Prestige and above categories. Our expansion strategy in this region includes strengthening distribution networks, enhancing brand visibility and capitalizing on emerging consumer trends. In the short term, this business will predominantly be a volume driver for the regular category. However, once our distillery begins production in Q2 FY26, margins for the regular category will be similar to our historical averages for the category. In addition, our malt spirit production facility has recently been commissioned. This will allow us to enhance our cost efficiency and also drive innovations, aside from ensuring a steady stream of quality malt spirit for our brands and thereby giving us supply security. Our UP multi-feed distillery project is progressing well with commissioning expected in Q2 FY26.

Once commissioned, this facility will help grow profitability in the state, as well as provide supply security as brand volumes grow. As we conclude this quarter, our focus remains unwavering on strengthening our portfolio in both the manufacturing and consumer businesses. The strategic initiatives we have undertaken, namely enhancing raw material flexibility, expanding brand portfolio from regular, all the way to luxury categories and entering new markets, position us well for sustainable growth in the quarters ahead. We are confident that the steps we have taken will enable us to continue to deliver strong performance while addressing market challenges proactively.

Thank you. I now request the moderator to open the call to questions.

Moderator:

Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press '*' and '1' on their touchtone telephone. If you wish to remove yourself from the question queue, you may press '*' and '2'. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Viraj Mehta from Enigma Investment Partners. Please go ahead.

Viraj Mehta:

Congratulations for great numbers. My first question is in your IMFL business. For the first time, we have grown significantly. We have passed Rs. 100 crores for nine months. And we think we



Globus Spirits Limited
February 12, 2025

might do Rs. 120 crores-Rs. 130 crores this year. Can you give what the milestone that we're looking for next year in terms of revenue?

Shekhar Swarup: Our growth rates are not going to sustain at these levels, obviously. However, next year is looking quite promising already with few excise policies that have been announced in Rajasthan and Uttar Pradesh. And next year, we should look at strong growth. However, certainly not the level we have shown this year.

Viraj Mehta: Is Rs. 200 crore possible from 120-130 this year?

Shekhar Swarup: In our internal budgets, we do not expect to reach Rs. 200 crores next year. However, we will certainly be at an excess of Rs. 200 crore run rate if you were to look at where we end the year. But no, in the year, we will not cross Rs. 200 crore revenue.

Viraj Mehta: Second question is with the ENA and ethanol business. With the price change that we talked about, the procurement price at what it is set, and the ethanol at Rs. 58. On a whole year basis, now obviously we have had our capacity run down significantly because of the lower spreads that we were making less than Rs. 1 EBITDA. Is it fair to assume that next year we should be running our facilities at 80%, 85%, 90% utilization for the full year?

Shekhar Swarup: Absolutely. So, that's exactly the point. In Q3 and Q4, we have prioritized a lot of our maintenance activities, which would have happened in the coming quarters or in the coming year. So, the plan now is to be running at as close to full tilt as possible.

Viraj Mehta: And with the prices like they are today and even the maize prices where they are corrected slightly and the upgradation of the maize facilities that you were talking about, on the overall business on the manufacturing side, do you think we can do Rs. 6 - Rs. 7 next year in terms of EBITDA per litre?

Shekhar Swarup: Yes, that's what we expect for next year to be around Rs. 7 a litre. The other thing is, there's this new policy that has been announced and contrary to some of the statements I've made on earlier calls about volatility of margins, we now expect margins to be extremely range bound. My sense is an average of 7 for the year and maybe 20%-25% plus minus from there. The spikes that we had of Rs. 20 margins and the lows of the current environment, Rs. 0 to Rs. 1, this environment is behind us and we welcome this new policy as being a very proactive and well thought through policy for the industry.

Viraj Mehta: And sir, my last question is in your country liquor business. In country liquor, sir, you just have got price hike in Rajasthan. Rajasthan would be 50% of our revenue. Is that correct?



*Globus Spirits Limited
February 12, 2025*

- Shekhar Swarup:** No, it's larger. Rajasthan is currently it is the largest contributor to the regular and others. If I remember my number correctly, it should be around 80% to 85%. Nilanjan, please correct me if I am wrong.
- Nilanjan Sarkar:** Yes.
- Viraj Mehta:** Okay, It is 80%-85%. So, this inflation size increase that we have got, is it fair to assume that a significant portion of that will directly flow down to our EBITDA because I mean, whatever prices they had to increase in terms of cost and in terms of packaging costs, they've already happened by Q3?
- Shekhar Swarup:** Yes, the caveat to this is the mix of brands. We have announced that it's increased by 4.35%. It's not 4.35 across all brands or across all categories. So, we have to see how the year shapes out, but suffice it to say a large part of it will flow down to EBITDA. In the coming year, we're also expecting the regular category in UP to grow in volumes. Still, our distillery comes up in UP. Those volumes will be at a lower margin than Rajasthan. However, after our distillery comes up, the margin in UP will be similar to that of Rajasthan. So, we will grow our margins, but in the first half, there is going to be some downward pressure because of the UP volume growth.
- Viraj Mehta:** Right. And what is the kind of volume growth you are expecting in regular?
- Shekhar Swarup:** So, Rajasthan is going to be single digits volume growth next year. UP can be very exciting. As I mentioned on the earlier call as well, and in fact, some other interactions I've had in the last few months, we are still sort of testing waters in UP. We have done last month, I believe, 13,000 odd cases in UP regular category. So, let's see how it shapes up, but it can become very interesting next year.
- Viraj Mehta:** And then my last question is, at what revenue do you think we will breakeven in IMFL business?
- Shekhar Swarup:** I think it looks like breakeven is around the corner for the division. I hope in the next year, we are certainly expecting to break even in at least one quarter, maybe more.
- Viraj Mehta:** Sure. Thank you so much and best of luck, sir.
- Moderator:** Thank you. The next question is from the line of Dhaval Desai from Total Capital. Please go ahead.
- Dhaval Desai:** Hi, good afternoon sir. So, my first question is on IMIL side. So, our understanding is that it's a business where basically you work on the distribution side and then it's a cost-driven business brand that's very detailed role to play in that. And if I look at the UP market, top 3-4 guys are already 50% of the market share. So, how do we intend to get into that market and scale up?



*Globus Spirits Limited
February 12, 2025*

And any kind of a volume indication that you can give over next 2-3 years where you want to make up...

Shekhar Swarup:

I will attempt to answer that question. So, firstly, I would like to say that brand is, in fact, a very important aspect of all categories in the consumer business. The amount of budgets we have to spend on branding varies dramatically between categories, obviously. But brand is a very important part of the regular category as well as the premium category. And that's why we have a situation like in Rajasthan, our brands have got strong traction and we're able to command our market shares and increase our profitability over a period of time. Similarly, in UP, there is going to be a process of breaking into the brands that are there already. The UP market is growing, so we get that advantage in that state. But we have to be able to acquire consumers from other brands. And like I said when I was answering the earlier question, that we are currently in the proof of market stage. We have sold 13,000 cases last month.

Coming to Q1, Q2, I think we'll be in a better position to give you a little indication on volume growth indication.

Dhaval Desai:

Got it, sir. The second question I think you mentioned in your answer to earlier participant that with the new policy regime, you expect less volatility in margins. So, can you expand a bit on that? Why do you think so? And also, our pathway to that Rs. 7 per liter on the manufacturing side, will it be incremental every quarter or there will be a straight jump if you can talk about the trajectory on the margin improvement side?

Shekhar Swarup:

Yes. So, reasons why volatility will be down, the largest reason is that FCI, which is, in fact, the largest buyer of rice in India, is now become a supplier of rice. And it is a new source of rice or raw material. So, in addition to the broken rice that we buy from the market or the maize we buy from the market, now we have the ability to buy raw material from FCI. So, automatically, broken rice prices came down and maize prices came down. Also, of course, FCI is giving this raw material at a fixed price throughout the year. So, it creates a ceiling to raw material prices as well as a floor to our margins. The other factor to help reduce volatility is our ability now to purchase maize in season and consume it in the off season. In my opening remarks today, as well as on the earlier calls I spoke about how important this is going to be for the company in the summer month, in the summer crop of this calendar year. So, we look forward to that as well. Both of these things give me reason to believe that or reason to expect that margins will be range bound and less volatile.

Dhaval Desai:

Got it, sir. And last question from my side. So, if you look at the margin equation, one side is raw material, the other side is finished goods, which is ethanol pricing. Now, we have got some comfort on the raw material side of it. But as a risk from an outsider perspective is that eventually at some point in time, government may come and say that the ethanol prices will get reduced because they want to cap some margin. So, do you see that as a risk or is that a theoretical concept?



Globus Spirits Limited
February 12, 2025

- Shekhar Swarup:** So, the ethanol prices are a function of raw material cost as of now. So, 58.50 is a result of raw material being at 23.50. And of course, that applies to rice from FCI. Similarly, there is a price of 64 for broken rice and 70, nearly Rs. 72 for maize. And those prices are a function of the raw material cost of the respective raw material costs. Currently, the scenario I see is that Indian government is very keen to reduce its import dependence, as well as reduce its need for forex. And for that reason, ethanol is being pushed in a very strong manner. Currently, there is a discussion that is on for taking ethanol blending from 20% to higher levels. Brazil based blending is at 27%. And then there are, there are, there are a few types available at higher blends. So, as of now, I do not see this as a significant risk. Of course, the government does have that control, as it does for numerous other things which are part, which impact our P&L account and balance sheets. But I don't see this as a very significant risk in the medium or long term.
- Dhaval Desai:** Thank you very much for a very detailed explanation and wishing you all the best.
- Moderator:** Thank you. The next question is from the line of Vedant Bhasin from Minerva Asset Advisors. Please go ahead.
- Vedant Bhasin:** Yes. I just wanted to understand, I had two questions. Firstly, I wanted to understand, I am sorry if this is a repetition, but how long does it exactly take for the transmission of rice costs, any impact of rice costs to our ability to do so?
- Shekhar Swarup:** No, the earlier participant asked that. I missed answering it. So, it's a two-step process, in my view. One step is already complete, which was the announcement of policies that has already reduced raw material prices across the board, maize and broken rice. But even still, but as we speak today FCI delivery of raw material has not yet started. We expect that to begin in the second part of February at some point. So, some part of cost decrease has taken place. Another part will take place once supply starts. So, my sense is by end March or mid-March, we would firmly be in the new pricing environment and thereafter it will become range bound from there.
- Vedant Bhasin:** Alright, understood. Thank you, that was helpful. Next is my question on IMIL, on the country liquor. So, we have constantly reported margins in the range of about 17% to 18%, sometimes higher than that also. I see that not consistent with other players. Other competitors usually do this as a much lower margin business. So, is that a state thing? Is it that Rajasthan has much higher margins, and maybe UP or Madhya Pradesh or wherever else we decide to expand margins will be significantly lower?
- Shekhar Swarup:** No, that's not. I am not able to comment on the margins that other people report. However, for Globus Spirits, we believe that 16%-17% is the long-term sort of margin that you are going to get from the regular business. UP, as I mentioned earlier, up till the time our distillery comes in will be much lower, very reduced margins. But from the time our distillery starts up, we will be back to our average margins. The other thing is we will only do this business in states where we believe that we can have these margins and also sustain them over a period of time.



*Globus Spirits Limited
February 12, 2025*

- Vedant Bhasin:** Alright, understood. If I can just squeeze in one small other question. As a percentage of all our raw materials, if you can give us sort of a split between how much would rice be, how much would corn oil be, how much would maize be; rice, corn oil, and maize.
- Shekhar Swarup:** For the quarter gone by, pretty much, I think, 80%-90% of our ethanol was made from maize. And the rest was broken rice. For our ENA business, it was all rice.
- Vedant Bhasin:** Alright. I got it.
- Shekhar Swarup:** Unfortunately, I don't have the breakup in terms of percentages of all of this, but that's just to give you a sense of what the strategy was in the last quarter.
- Moderator:** Thank you. The next question is from the line of Nitin Awasthi from InCred Research. Please go ahead.
- Nitin Awasthi:** Hello sir. Some questions on different aspects of the company. Firstly, on the IMFL side, of course, when we started off the business, due to our mix and let's say other factors, we would have a lower per case realization than the optimal level which we could have with a brand mix. Given that as an understanding, if that's correct or incorrect, please do guide me. Apart from brand growth, would not this number also start growing?
- Shekhar Swarup:** I don't think there is necessarily a correlation in those two figures. But strategically, how we are driving our business is that, till now, we have had a portfolio which was heavily skewed towards Prestige and Premium these categories. In other words, some companies call it the mainstream category. We are, in the last one year, have created products and launched products in the Luxury space, single-malt whiskey. Of course, Terai has been there for a longer period, but DŌAAB, was launched last year as a single malt, and a new variant of Terai was launched, which is litchi and mulberries. So, we do foresee a luxury portfolio growing much faster than our mainstream. And therefore, the NSV or the net sales value per unit will grow. But that's how we're looking at this.
- Nitin Awasthi:** Noted, sir. So, in that, will it be a good understanding that the current per case realization in IMFL reflects predominantly your Premium segment and your Prestige segment?
- Nilanjan Sarkar:** Can I answer that question, Shekhar?
- Shekhar Swarup:** Yes, Nilanjan, go ahead.
- Nilanjan Sarkar:** See, Nitin, currently what we are selling is more on the deluxe segment, right? I can understand your question. What we are selling is more on the deluxe segment. Our future strategy will be the sale of the deluxe segment will remain the same. In fact, it will grow. But what will also grow is the sale above the deluxe segment, which is the premium segment, the luxury segment,



*Globus Spirits Limited
February 12, 2025*

which Shekhar is pointing out. So, what will happen is the NSV multiplier and the EBITDA multiplier will be higher, while the volumes of the deluxe segment remain the same with the growth in the deluxe segment. Have I answered your question?

Nitin Awasthi: Yes, sir, perfectly. The next question I had was on the IMIL side. On the IMIL side, once our distillery is up and running, would the distillery in Uttar Pradesh be qualified to receive the molasses under the state excise policy?

Nilanjan Sarkar: Yes, it will.

Nitin Awasthi: From the current year itself?

Nilanjan Sarkar: Yes.

Nitin Awasthi: Noted sir. Next question sir I had bulk alcohol volume was not mentioned in the presentation. If you have that figure could you please provide the bulk alcohol sales during the quarter which is ENA plus ethanol?

Shekhar Swarup: Nilanjan, do you have that?

Nilanjan Sarkar: Bulk alcohol sales in the quarter you want?

Nitin Awasthi: Yes, sir.

Nilanjan Sarkar: One minute.

Shekhar Swarup: If it's okay, we'll go to the next question. Nilanjan, will come in and will give it to you.

Nitin Awasthi: Okay. so the last question from my side was there were ESOPs given to employees. I think all of the ESOPs have got converted as per the result notes. And now that the ESOPs have been converted to shares, has our EPS been adjusted in these numbers?

Shekhar Swarup: Sorry, the last part of the question. I didn't gather.

Nitin Awasthi: ESOPs were converted into shares, ESOPs issued earlier to employees, now has EPS been adjusted accordingly in the current numbers reported?

Shekhar Swarup: Nilanjan, You'll have to answer that, I don't know.

Nilanjan Sarkar: Yes, it has been adjusted.

Nitin Awasthi: Understood. So, this time around it is adjusted and last year it was a lower number of shares. So, of course EPS would be visually higher because you had a divider number increasing this year?



*Globus Spirits Limited
February 12, 2025*

Nilanjan Sarkar: Yes. And to answer to your previous question, the sale for this quarter of bulk spirit is 39 million liters.

Nitin Awasthi: Understood sir. Thank you, sir, that's all.

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

Ankit Gupta: Thanks for the opportunity. So, my first question is on the IMIL side. We have been doing 17%,-18% kind of margins here. So, what we understand from other players is that it's largely a quota-driven market. And we have a very large market share in Rajasthan. It contributes almost 80% of our sales. If you can talk about how we are able to generate such healthy margins in the IMIL segment and what can be the sustainable margins here for the next 2-3 years with UP also coming in and we continue to remain a large player in the Rajasthan market?

Shekhar Swarup: So, I spoke about this a little bit earlier as well. I am not able to comment on how other players report their margins. But for Rajasthan and for UP, which are our focus areas for regular and others, these are open markets. There is significant brand salience. We are fully integrated in Rajasthan and will be fully integrated in UP. And because of the way we structure our business, our own know-how of production and manufacturing, as well as marketing these products, we are able to command these margins. In my view 16%,-17% is the long-term sustainable margin for our regular and other segments. It does come off once in a while because in this quarter it was 14%. But we get price increases every time there is cost inflation. So, average is a 16%-17% type of EBITDA margin.

Ankit Gupta: And on the IMFL side, with the kind of growth...

Moderator: Sorry to interrupt, Mr. Ankit, your voice is not clear. I would request you to please use your handset.

Ankit Gupta: Sir, I am on handset only. So, my second question was on the IMFL side. You know, with us doing so well in the IMFL side in this quarter and plans to grow further during next few years, how do you see the marketing spends here and as I think I heard it correctly, you said that over the next two, three quarters we should become profitable here. So, normally we have seen companies spending quite a bit on brand development and marketing and advertising. So, what are our plans for that?

Shekhar Swarup: So, we have been sustaining investments in this division over the last 3 or 4 years between 15 crores and 30 crores per year for each year, different years, it's been different amounts. So, there's been significant investment that has happened. We are now reaching the critical mass that where our gross profits are able to take care of our marketing spends. So, as of now, nothing significant planned in terms of additional investment. As I mentioned, hopefully, we're going to have at



*Globus Spirits Limited
February 12, 2025*

least one quarter or maybe more than one quarter of zero or slightly positive contribution from the Prestige and above segment.

Ankit Gupta: Thank you and all the best.

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

Kiran: I have a couple of questions. One much broader question. FCI has committed around Rs. 22 of raw material. One, is FCI actually giving that raw material or is it just a fictional price with no volume of take? And part B of the question is, this time we had a bumper rice crop and therefore FCI wants to probably supply at 22. So, I would like to probably understand how you are foreseeing over the next 2-3 years, not very long term as well, Rs. 7 per litre kind of spread given FCI is fairly fickle in its policy every year depending on their rice output?

Shekhar Swarup: That's a great question, sir. The first point is that, supplies haven't yet started but in my mind, there's no risk of no supply now, that material is going to start coming in between one week to 2-3 weeks period. So, contracts, etc. are all happening. So, there's no risk of no supply now. Your second point about the fickle nature of FCI, I think that's a really valid issue. And, you know, something I've spoken about in the last call as well, that for Globus, the priority is maize ethanol. And for that, we need to secure raw material in the season time and use it throughout the year. For that, we need to invest in corn oil capability to grow our efficiencies in maize. So, this I see FCI is a stop gap arrangement. I see FCI for one year, maybe two years to help the industry transition to maize. Maize cultivation too needs to grow. We have seen very good growth in the winter crop, but that's pretty much a South and West India focused crop. We are hoping for good growth in the summer crop as well. It's looking pretty good so far. So, another year or two of this kind of growth and then the ethanol industry doesn't need rice because we'll have enough maize to sustain ourselves. And Globus' plans here are very clear. We need to buy maize in the summer and use throughout the year. We need to have corn oil to increase our efficiency. So, that work is on 100% so that we are not dependent on FCI in the long term.

Kiran: Got it, sir. That was a very comprehensive response, sir. Thank you much. And second question sir, on Prestige and above. So, we have grown from Rs. 45 crore to, I mean we'll probably grow to Rs. 110-Rs. 120-Rs. 130 crore this year and maybe Rs. 130-Rs. 180 next year. So, what is leading, I mean, Terai has been our brand for a very long time. Is it DŌAAB, which is leading this revenue charge or is it open? I mean, are there like specific brands which are ticking off in a big way that is leading to this growth. I mean, it's a fairly fast growth, right? From 45 to 120, 120 to 160, 170, whatever that number is, right? So, are there any specific brands? Because Terai has been there for us for a very long time.

Shekhar Swarup: Thanks. I am going to ask Rajesh, who's with me, I introduced him earlier as Business Head with the Consumer Business. He's filling in on Param's behalf today. He's going to take this.



*Globus Spirits Limited
February 12, 2025*

- Rajesh Fanda:** Not only Terai, DŌAAB,, Terai Litchi, Mountain Oak, Brothers and Co. and Snoski Vodka. Entire portfolio will lead the growth in future.
- Kiran:** No, sir. My question is from Rs. 45 crore to whatever we'll end up at 110-120, we are already at 100. So, I am assuming very conservative numbers. So, 45 to 110, let's just talk about the present, forget about the future, this delta of Rs. 75 crore has come primarily from A, is it pricing or is it B, a lot of volume of DŌAAB, and Seventh Heaven? It's generally my question for the present year.
- Rajesh Fanda:** A lot of volume of DŌAAB,, Terai Litchi, Terai, Mountain Oak and Brothers in Co. and Snoski Vodka. Entire portfolio is going to contribute in future growth.
- Shekhar Swarup:** And it has contributed in this year. DŌAAB, was launched this year. The big two brands that have moved the volume this year are Mountain Oak and Snoski. We are projecting higher growth for luxury in the future.
- Kiran:** Got it, sir. You are saying DŌAAB, and Snoski were the two brands which pushed us this delta?
- Shekhar Swarup:** No, I am saying Snoski and Mountain Oak and Brothers. These three brands have contributed thus far. And we are projecting DŌAAB, and Terai to have higher growth in the next period.
- Kiran:** Perfect sir, Thank you so much, I will join back in the queue.
- 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. My question is regarding IMFL. In that, I want to divide it between the Premium category, the luxury brands, and the non-premium, same in prestige and above, but the value category of Prestige. What we have understood is the non-premium, non-luxury segment is a massive market. It's around 120-150 million cases market. But well, the market is very competitive and dominated by three players. And they have a lot of brands over there, plus there's a stickiness towards those brands. So, how would you intend to gain market share over there? What are you doing to gain market share over there? Can you explain us your initiatives and strategies for gaining market share over there?
- Shekhar Swarup:** Let me attempt to do that in sort of a nutshell. So, we are focused on nine states of India. There are 30 plus states and Union territories. We are focused on nine. In those nine, the total addressable market of the luxury segment is 58% of the total India market. And the total addressable market of the mainstream non-luxury Prestige and above is close to 70% of the all India market. So, we picked these nine states basis a careful evaluation. Secondly, our brand portfolio is engineered based on the opportunities in these states. Rather than create brands first and then position them all over, we have selected certain categories, certain brands for these nine



*Globus Spirits Limited
February 12, 2025*

markets. In these nine markets, we believe we have reasons to win for the products that have gone in. The categories we have launched are high growth categories for those states. So, the way we look at the market is not an all India strategy. It is a market-by-market strategy. And it is quite different from how the top two or the top three companies in India would look at this market, because for them there is a pan India strategy and so on. For us, it's a very focused strategy to win in these nine markets. I am happy to say that from these nine markets, three markets, we have already begun to win in. And those markets are Uttar Pradesh, Delhi, and to some extent West Bengal. So, maybe two and a half markets. The other six markets, we are newer entrants. We are still challengers over there. And we hope to convert one or two of those six markets to winning markets in the year to come.

Rohan Patel:

That was fair enough. And on top of the single malt that we have brought in DŌAAB, as well as some of a couple of brands, which are again a premium category for us. If you can provide your view on this, what we have understood is that the brands which are doing well in single malts say ultra premium or ultra luxury are the ones that had a very stable and large market share in, you know, in prestige category or higher prestige category. And on top of that, they have been able to push this branch. But what we are seeing is we have brought brands for prestige as well as for super premium and luxury. So, how will we be able to balance this both? Like we need sufficient market presence?

Shekhar Swarup:

Again, the answer to that is a state-by-state answer. There are certain states where we are only launching luxury. There are certain states where we are launching the entire portfolio. So, you know, we don't believe that there is one formula to win. There are multiple formulae. For each state, there is a formula that we have, and that formula will be different for a UP, for a Delhi, for a Bengal, for an Uttarakhand, and for the other states. And just because the others have done it in a certain way, that doesn't mean that there isn't another way to succeed in the markets that we are focusing on.

Rohan Patel:

Okay, thanks for that. And just last two questions. If you can give us roughly percentage, like which the three brands that you say, Snoski, Mountain Oak, and Brother Whiskey, which has contributed to our Prestige and above segment, sort of 0.7 million that we have done for nine months, how much would be percentage from these three brands, the Snoski, Vodka, Mountain Oak, and Brother Whiskey?

Nilanjan Sarkar:

So, if I take this three and give a number of 100, 75 will be from Mountain Oak, and almost 20 or 18 odd would be Snoski, and the balance will be Brothers.

Rohan Patel:

Okay. And one question regarding this ethanol and ENA side. Considering this new raw material pricing environment, so how will we be going forward? Like what would be our raw material mix? Are we going to be 80% 85% ethanol coming from maize or we will be going back to little bit towards the rice? If you can explain the whole...



*Globus Spirits Limited
February 12, 2025*

- Shekhar Swarup:** I am not able to project that currently. We are in a changing market scenario right now, and I believe, as I said earlier, around 15th to 31st of March, that period, the market environment would have changed after the deliveries from FCI start. In my view, for this year, it should be around 50% maize, and the rest of it a combination of FCI and rice from the market. But this figure could change dramatically. It changes on a month-on-month basis, depending on essentially trading tactics for that month. But suffice it to say that because of this new source of raw material that we have, margins or rather price volatility of raw material is going to be dramatically reduced.
- Rohan Patel:** Okay, and considering that there is flexibility of changing the raw material mix, so say that now rice becomes very favorable, going three months out, just an example. So, how much time will it take for our facilities to start using rice and be...
- Shekhar Swarup:** 15 days, it takes 15 days. Essentially, it's just a period of building some operational inventory and reducing it and then building it again. So, 15 days and zero downtime in the production.
- Rohan Patel:** Okay, that was from my side.
- Shekhar Swarup:** It is very much a commodity trading driven call.
- Moderator:** Thank you. The next question is from the line of Anil Shah from Insightful Investments. Please go ahead.
- Anil Shah:** Thank you and congratulations for a decent set of numbers, sir. So, first question is on the regular side. You talked about, margins. Obviously, we also talked about a price hike which has come through from Rajasthan, but at the same time, we are also entering UP and there the margins will not necessarily in the initial part be strong. So, what can we take as far as margins is concerned given the mix that Rajasthan and UP will have in the first couple of quarters, sir?
- Shekhar Swarup:** For Rajasthan it's far more predictable, obviously. UP, I am not in a position to predict volumes as of now. But UP business first couple of quarters, my sense is breakeven. And Rajasthan of course will grow a little bit from where we are right now. Once we cross the first couple of quarters, that's when I can start giving you some indication of the volume mix from UP. So, at this moment to give you an average margin will be difficult, but UP is going to be small right now, on our overall volume. So, I can't imagine it is contributing to that.
- Anil Shah:** We can take about 15% 16% as base margin, sir, for a combined or regular, or for both?
- Nilanjan Sarkar:** Yes. Certainly 15%-16% I think so.
- Shekhar Swarup:** But again, that's just a estimate, right sir.



*Globus Spirits Limited
February 12, 2025*

- Anil Shah:** Yes.
- Shekhar Swarup:** I don't know what UP volumes will be in Q1-Q2.
- Anil Shah:** Understood. And sir, when does the distillery come into operation in UP and by when does UP margins become?
- Shekhar Swarup:** Q2 FY26, so another 6-7 months.
- Anil Shah:** Q2, so we are only talking about two quarter margins now, fourth quarter and first quarter, correct?
- Shekhar Swarup:** No, three quarters, Q4, Q1, Q2.
- Anil Shah:** Okay, it comes in operation in Q2, during the course of that Q2. So, yes, three quarter margins, but after that, it will be in line.
- Shekhar Swarup:** Yes.
- Anil Shah:** Okay, another question is, what is our CAPEX plans for the next two years? We should be done with the distillery in the UP. We have kind of done with the technology improvement that we wanted to do for the manufacturing business. Any large plans over the next two years, over and above the regular maintenance CAPEX?
- Shekhar Swarup:** No, large CAPEX planned currently.
- Anil Shah:** No large capex plans, right?.
- Shekhar Swarup:** Yes.
- Anil Shah:** And third and last question, sir, on Prestige and above, if one has to take kind of a three-year view from here, and given what you are planning to do in terms of newer launches and newer markets, and you said you've got right to win. We have kind of seeing early signs in two and a half markets, etc. Where can we see this in, say, 28 or 30, for that matter? Just some ballpark number so that we know in terms of the vision where the management really is looking for as far as the Prestige and above is concerned?
- Shekhar Swarup:** So, from the current strategy that we have in place, we have a vision to take this to about Rs. 500 crores type of revenue. But the concern on that is I am not able to give you a timeline or an accurate timeline. But that's certainly in the 4-5 year kind of window, maybe 3-4 year window from now.



*Globus Spirits Limited
February 12, 2025*

- Anil Shah:** But we do have plans to move beyond these nine states?
- Shekhar Swarup:** From these nine states, this is the plan. Currently, there is, for the coming year, we are going to focus on these nine states. We believe, given the market we are able to address in these nine states, there's enough work for us to do right now.
- Anil Shah:** Fair enough. So, when we just kind of do some numbers in terms of the regular business and the manufacturing business now with steady margins, we should be able to see some decent amount of free cash flow getting generated over the next two years, each of the next two years with not much large CAPEX plans. We should start seeing whatever little leverage that we have should also be reducing and we could be becoming net zero-debt company in the next two years. Is that fair?
- Shekhar Swarup:** Yes, there's going to be a fair amount of cash coming in now, especially because Prestige is breakeven level soon, and the manufacturing business margins are going to become far more stable and interesting. And a lot of that, given that there is no significant investment plan, will go into debt first, obviously.
- Anil Shah:** Perfect. Thank you very much and best of luck, sir, for the coming year ahead and the fourth quarter. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Aashish from InvesQ. Please go ahead.
- Aashish:** Yes, I just wanted some data points. On the manufacturing segment, what would be the volume of sales that we would have done for the nine months of this year? And what the capacity utilization that would have meant?
- Nilanjan Sarkar:** On the manufacturing segment, on the nine month's revenue, well volume, we have done almost 138 million liters and the capacity utilization of nine months put together. I have a quarter one, quarter one is 50, nine months data will be in the range of 70-72.
- Aashish:** Nine months will be 70% plus utilization, is it?
- Nilanjan Sarkar:** Yes.
- Aashish:** Because I think in the presentation you've given Q3 to be 50%.
- Shekhar Swarup:** Q3 is 50.
- Aashish:** And Q1 was also 50, is it?



Globus Spirits Limited
February 12, 2025

Shekhar Swarup: No, I don't have the Q-on-Q number with me. I will send it across, but that's the Q3 number that I have.

Aashish: Okay, So, I think that there was no capacity enhancement between FY25 and next year. There won't be any changes in the overall capacity. So, is it fair to assume that we would be moving to maximum capacity next year, given the...?

Shekhar Swarup: Aside from UP, so UP capacity will get added. But that's dedicated to the consumer business. There's no ethanol over there. I don't foresee much of ENA sale either, maybe a little bit. But aside from UP, yes, we should be in the high-capacity utilization in the coming year.

Aashish: So, on the manufacturing side, the capacity utilization, which is around 70%, it will go to maybe 95 plus next year. And our profitability, you are saying that maybe rupee was profitability. This year it will go to maybe Rs. 5-Rs. 6 kind of. Is that right assumption, sir?

Nilanjan Sarkar: I think we should be able to achieve our Rs. 7, our historical average of Rs. 7, I think we'll be able to achieve that this year in the coming years.

Aashish: Yes, one more thing, still the rice procurement from FCI is still to come, but how would you expect the maize prices to behave or is it already being seen in the maize prices in the market?

Shekhar Swarup: Some of the change has already happened. I think another round of change will come when the FCI material starts getting delivered. So, in my view, maize should open in the summer around the same level as it did last year. So, with this FCI thing now is the increase in demand of raw material is what FCI is going to be able to cater to. So, maize should go back to the levels it was last year, even keeping in mind the growth in maize cultivation. But let's see how it shapes up.

Aashish: How many rupees per kg of estimates given the years that you've been growing?

Shekhar Swarup: I think the last growth was around Rs. 22 at farm level.

Aashish: And your procurement, because this announcement came later, so your procurement for the season would have been for maize, at what prices?

Shekhar Swarup: The winter season, does not really benefit our company because the winter season is a south and west India season. For us, the season that is relevant is the summer season. So, that's yet to come. In fact for us the timing of this announcement is fantastic because it's just before the summer crop.

Aashish: Yes otherwise, you would have been stuck with the inventory of higher costs.

Shekhar Swarup: Yes.



*Globus Spirits Limited
February 12, 2025*

- Aashish:** Yes, agreed. Fine, sir. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Deepak Ajmera from IGE India. Please go ahead.
- Deepak Ajmera:** Thank you. Thanks for the opportunity. From here in 3 to 5 years, what will be the growth driver?
- Shekhar Swarup:** I am not able to hear you clearly.
- Deepak Ajmera:** Can you hear me now?
- Shekhar Swarup:** Yes. Go ahead.
- Deepak Ajmera:** I am saying it from here on in next 3 to 5 years, what will be the growth driver? Prestige and above you said around Rs. 500 crore in may be 3 years to 5 years and what will be the vision towards regular and manufacturing ethanol? Regular, the current run rate is around Rs. 900 crore revenue annually and ethanol looking at this quarter and capacity utilization Rs. 2000 crore is the revenue potential. What will be the future? And the number which I have told that's correct or not?
- Shekhar Swarup:** So, for regular, I am not able to do a projection till such time as we are able to stabilize our launching UP, which would be done after H1 of the coming year. And as a result, I have not given any forecasts for that business. The Rajasthan business will grow at mid to low single digit numbers in terms of volume. And also it will grow in terms of profitability. Coming to our manufacturing business, I foresee this to grow to some extent in the coming year, given that our capacity utilization has been low in the current year. But that will be the level at which it then peaks out at. As our consumer business grows, we will naturally increase the supply of product to our consumer business away from the manufacturing business. And therefore, there should be some degrowth in manufacturing starting in FY27.
- Deepak Ajmera:** What will be the growth driver? Not near term, means maybe after 2-3 years from here?
- Shekhar Swarup:** The growth driver in manufacturing, I do not see one. The growth drivers in the company are going to be the Prestige and above segment and the regular and other segments.
- Deepak Ajmera:** Got it. Thank you so much.
- Moderator:** Thank you. Ladies and gentlemen, you may press '*' and '1' to ask a question. The next question is from the line of Imran, who is an Individual Investor. Please go ahead.
- Imran:** Hi, good afternoon, gentlemen. Thanks for the opportunity. Shekhar, did you mention the broken rice prices and maize prices? Sorry, I missed it.



*Globus Spirits Limited
February 12, 2025*

- Shekhar Swarup:** For the last quarter, no, I did not. For the last quarter, maize prices were, in December, exit December, maize prices were around 26, and exit December, rice prices were about 28.50-29.
- Imran:** Okay, and I think as we speak for broken rice, I think it is about 25-25.50 and for maize...
- Shekhar Swarup:** All India would be about 26.50. Yes, it is about 25 in say Rajasthan. But all India is about 26-26.50 and maize is currently 24.50-25.
- Imran:** Shekhar, having this background of about Rs. 22.5 rice price from this FCI, do you think this will set the base profitability for the industry or not?
- Shekhar Swarup:** Yes, very much. This will set the base profitability for the industry. And maize will be, in my view, with intelligent procurement of maize as well as with corn oil, maize will be more profitable than this.
- Imran:** Right, so maize will be more profitable. And do you, I mean, you mentioned it, but still confirming, you want to use maximum maize for ethanol, right?
- Shekhar Swarup:** Yes and no. I mean, it depends on how much we are able to procure in summer season, that will be the number one priority. And thereafter, from the open market in the offseason, I believe the maize profitability and the FCI profitability will get matched.
- Imran:** Right and coming to profitability from FCI. See, I think when FCI rice was about 20 the selling price was same, right, Rs. 58....
- Shekhar Swarup:** Right.
- Imran:** Now it is 22.5. So, this is net-net Rs. 5-Rs. 6 increase on the raw material cost. So, basically I think this is hardly...
- Shekhar Swarup:** It's about Rs. 4, not Rs. 5-Rs. 6, Rs. 4.
- Imran:** Okay, so let's say Rs. 4, so then out of whatever 7-8 people were making 4 has gone. And then people are left with Rs.3-Rs.4 or at the best Rs. 4.5 EBITDA per liter. So, if this is the base, how would you then reach Rs. 7 on an average?
- Shekhar Swarup:** Because firstly, for us it's not Rs. 3.5, it's a little bit more because of the way our plants are engineered and our ability to run these plants. But anyway, FCI is the base. We get additional margin from ENA, and we get additional margin from when we run maize. So, that's how I foresee us reaching Rs. 7 a liter average for the coming year.



*Globus Spirits Limited
February 12, 2025*

- Imran:** Right. And one question on the IMFL side. Are you also tracking, and I am sure you are tracking the secondary sales of IMFL because this quarter we have seen a very high growth. Are you also tracking the secondary sales? How have been the secondary sales?
- Shekhar Swarup:** So, these are based on secondary sales. I mean, our secondary sales are equal to primary sales. So, there will be no primary if there's no secondary. You know, we're not in a position that we want to cash out or raise funds or any of that. We have no intention of showing higher primary sale as compared to secondary.
- Imran:** Right. Just one last thing on specifically on Mountain Oak. Can you tell us the growth in Mountain Oak in this quarter? And the channel check suggests that at least the whiskey is not, offtake has not been very good in Q3. So, just curious to know the growth for Mountain Oak in Q3 and how, from which states are there to help you with this growth?
- Shekhar Swarup:** Sure, so our states, our key states in the nine months gone have been Delhi, UP and Bengal. There are six other states, but there we are newer entrants, we are still challengers. Our key states are Delhi, UP, Bengal. Nilanjan, what's the growth please in Q3 of Mountain Oak?
- Nilanjan Sarkar:** Q3 versus Q2 growth of Mountain Oak is flat. It's a 1%-2% growth. Obviously, there are reasons behind it. It is end of Q3, the policy formation of different states starts coming, and there is a slower off take which gets accelerated from Q4 and Q1. So, the growth is the same. Imran, what was your next question tagged with Mountain Oak?
- Imran:** It was very similar to what you answered. I think I got the gist of it. Yeah, so I think that's the last question. Thank you very much.
- Nilanjan Sarkar:** Alright, thank you.
- Moderator:** Thank you. The next question is from the line of Dhruv Kashyap, who is an Individual Investor. Please go ahead.
- Dhruv Kashyap:** Good afternoon, Shekhar. So, just picking up from your opening remarks on the strategic initiatives, if I was to break it into consumer and manufacturing separately, so picking on the consumer part first, my understanding is that within Spirits, as you mentioned, there is a Prestige and above, there is a regular, and of course then there's a luxury segment which is housed under Terai and DŌAAB, and so on and so forth. Apart from that, initiative I am guessing would also be beer at some point of time, as will be a building upon the RTD business that you've acquired, I think it's called Not Out or something. Now, if you were to put all this together in terms of on the vectors of the products and the product categories, as well as markets, maybe you could just expand on your opening remarks in the consumer business.
- Shekhar Swarup:** Sorry, I heard you, but not clear exactly what you are looking for. Could you please help me?



*Globus Spirits Limited
February 12, 2025*

Dhruv Kashyap: Sure. Shekhar sir, you were talking about the strategic initiatives in your opening remarks. So, if I have to divide your strategic initiatives into consumer and manufacturing separate, so within consumer, you mentioned in the luxury segment, in the regular and above, Prestige, etc. There is also a foray that you are making into beer, as well as the RTD business that you've acquired from Not Out. So, within beer, RTD, regular prestige and above, I mean, if you could just expand on your opening remarks in terms of what are your consumer strategic initiatives over the medium to long term?

Shekhar Swarup: Okay. For Prestige and above, our strategic initiatives are to focus on growth of the three brands or four brands that we spoke about earlier, to add new states to the success of Delhi, UP, and well, partially Bengal right now. For luxury, our focus is to create, we have now created a separate team that focuses only on sale of luxury brands. We are also now looking at states where we will launch just the luxury portfolio and not wait for the mainstream portfolio to be launched in those states to help drive the volumes in the luxury space a little bit faster. Our Malt Spirit production facility is another initiative I spoke about, which will help the luxury space as well as the mainstream, but predominantly the luxury space. In terms of regular, the only update there was UP launch of new brands, the distillery coming up. UP is a vast ocean of volumes, and we hope to become a meaningful player there in the years to come. I did not give an update about Beer and RTD at the moment because there isn't a whole lot to report. We will start informing you about progress there once Q4 is complete.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Shekhar Swarup for closing comments.

Shekhar Swarup: Thank you all for attending to this call. As always, we remain available for questions, clarifications. If needed, please reach out to us or to our investor relations agency, Stellar. All details are available on our website. Thank you, and have a great evening.

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