



Globus Spirits

Globus Spirits Limited
Q3 & 9M FY17 Earnings Conference Call Transcript
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Moderator: Good day ladies and gentlemen and welcome to the Q3 & 9M FY17 Earnings Conference Call of Globus Spirits Limited. 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 the 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. Nishid Solanki from CDR India. Thank you and over to you, sir.

Nishid Solanki: Thank you. Good morning everyone and welcome to Q3 & 9M FY17 Earnings conference call of Globus Spirits Limited. Today, we are joined by senior members of the management team including Mr. Shekhar Swarup – Joint Managing Director; Dr. Bhaskar Roy – Executive Director & COO and Mr. Ajay Goyal – CFO. We will commence the call with opening remarks from the management following which we will have an interactive question and answer session.

Before we begin, I would like to highlight that some statements made in today's call may be forward-looking in nature and a disclaimer to this effect has been included in the results presentation shared with you earlier.

I would now like to invite Mr. Shekhar Swarup to share his initial remarks. Thank you and over to you, sir.

Shekhar Swarup: Thank you and good morning everyone. Thank you for taking up the time for join us today on Globus Spirits earnings conference call. I will start by taking you through the key corporate developments while Dr. Roy, COO will brief you on operational performance followed by Mr. Ajay Goyal, CFO who will share the financial highlights.

I am glad to share that we have commenced commercial production at both our Greenfield facilities. The capacity at West Bengal will be 33 million bulk liters per annum, while the capacity in Bihar will be at 26 million bulk liters per annum. With this, we have become the largest grain based distillers in India with the total distillery capacity of 150 million bulk liters per annum. West Bengal is an alcohol deficit state with demand surpassing overall supplies. So, we expect to swiftly ramp up distilleries sales volume. We also successfully extended our bottling relationships with USL to West Bengal, which will assist us in further accelerating our sales. Globus Spirits remains committed to the unique 360° alcobev business model which entails having presence across all segments of the spirits industry



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including, Distillery, IMIL, IMFL and Franchise Bottling, thus enabling us to capture value across the entire alcobev chain. Here, I am delighted to share that we have received the license of manufacturing and marketing IMIL products in West Bengal, thereby opening up a huge opportunity for us to launch and market our IMIL products. We expect to launch brands in the state in the coming financial year. Currently, we have already started development of brands, some products are ready and we should be creating a soft launch in the current quarter.

Our primary objective here is to convert as much of our extra neutral alcohol into branded IMIL, thereby improving our overall margins. We have strongly established the consumer business in North India and our consumer facing IMIL brands contribute 44% to the total revenues of the company. The ENA produced at our captive units gives us assurance of product quality which allows us to capture market share and grow faster than the market. Meanwhile, we continue to sell bulk alcohol in the open market and to our franchise partners with the objective of fully utilizing our capacities.

Overall, we remain on track to demonstrate a strong 360° alcobev business model in the alcohol deficit state of West Bengal. With respect to the Bihar facility, as you may be aware, the Government of Bihar through notification has informed that the existing licenses of production of ENA from grain distilleries, IMFL manufacturing, a bottling plant would not be renewed by the Bihar State Government from the financial year 2017-2018. We are exploring all options to safeguard our investments here.

To conclude, I would like to add that the long-term prospectus of Globus remain intact as we are well placed to demonstrate superior performance in FY18 driven by healthy contribution from a greenfield distilleries. Furthermore, our existing operations continue to expand our offering as well as market share in the branded IMIL space, which will notably contribute to our performance.

With that, I request Dr. Roy to share operational performance of the company.

Bhaskar Roy:

Thank you, Mr. Swarup. Good morning and warm welcome to everyone. I hope you got a chance to go through our result documents. I will briefly share the operational performance of the company during the quarter.

We reported strong performance during the quarter led by gains in franchise IMFL business. Bulk alcohol as well as IMIL segment supported the overall growth. We anticipate the momentum to further improve in the upcoming quarter's owing to commissioning of our Greenfield facilities. Mr. Swarup has already spoken about our newest facilities in West Bengal and Bihar. Our Haryana and Rajasthan facilities showed capacity utilization at 98% in Q3 with captive consumption at 61% including IMIL and franchise IMFL. Rajasthan was the star performer with captive consumption at 77%. Going forward, we are hopeful that West Bengal facility will reach similar levels as Rajasthan.

On a quarter-to-quarter basis, we reported a turnaround performance with EBITDA growth of 45%, like wise revenues also demonstrated a sharp turnaround. During Q3 FY17, growth in consumer business stood at 4% year-on-year, while the manufacturing revenues grew by 19%. At company level, contribution of consumer and manufacturing business came in at 44% and 56% respectively. Franchise IMFL volumes improved to 1.10 million cases in Q3 FY17 from 1.01 million cases in the corresponding quarter last year.

IMIL volumes were steady at 3.05 million cases during the quarter despite zero IMIL revenues from Bihar vis-à-vis last year. However, Rajasthan and Haryana demonstrated healthy volume growth of 18% and 17% respectively. I anticipate this traction to sustain going forward. Coming to other segments, our high potential DDGS reported de-growth of 21% year-on-year due to an increase in alcohol yields by 2.5% and also a decrease in rates of soya.

With that, I would like to call upon our CFO, Mr. Ajay Goyal to continue the discussion with his views on the financial performance during the period under review.

Ajay Goyal:

Thank you, Dr. Roy. Good morning everyone. I will take you through the key financial highlights for the quarter and nine months ended December 31st 2016.

For Q3 FY2017, revenue from operations stood at Rs. 2,203 million higher by 12% year-on-year. EBITDA came in at Rs. 165 million translating to EBITDA margin of 7.5% approximately. Margins were impacted due to high raw material prices. Raw material prices were expected to decline during the third quarter, however owing to cash crunch, mills were not operating thereby impacting the availability. Profit after tax during the quarter stood at Rs. 21 million.

For the first nine months of fiscal 2017, revenue from operations stood at Rs. 5,785 million, higher by 12% year-on-year. EBITDA stood at Rs. 471 million, whereas EBITDA margins came in at 8.1%. Profit after tax stood higher by 3% to 84 million as compared to Rs. 82 million in the same period last year.

Let me now share the product line-wise performance breakup. In Q3 FY2017, we sold 3.05 million cases of IMIL with an average net realization of Rs. 317 per case. IMIL volumes marginally declined by 2% year-on-year, while IMIL revenues increased by 5%. Slight decline in IMIL volumes was primarily due to zero IMIL contribution from Bihar vis-à-vis last year.

In Franchise IMFL business, the aggregate volumes for the quarter was 1.10 million cases. Out of this, 0.50 million cases pertains to bottling done for ABD and USL in Rajasthan, 0.35 million cases for bottling done for USL in Haryana and the remaining 0.25 million cases for bottling done for USL in West Bengal. Our bulk alcohol volumes stood at 13 million bulk liters compared to 13.2 million bulk liters in Q3 FY16. The total revenues from manufacturing stood at Rs. 1,237 million in the quarter, while the revenue from consumer business stood at Rs. 966 million. The total debt as on December 31st 2016 stood at Rs. 271 crore.

This concludes my remarks on the financial highlights. I would now request the moderator to open the forum for questions. Thank you.

Moderator

Thank you very much. We will now begin with the question and answer session. The first question is from the line of Yash Jhaveri from Alder Capital. Please go ahead.

Yash Jhaveri:

I have a question regarding the Hisar plant, what are your plans there, are you planning to sell it or do you plan to commence production there?

Shekhar Swarup:

So Hisar plant, we are currently making plans for utilization of the asset. Currently, the bottling facility is running and we are marketing IMIL under brands of Associated Distilleries Hisar, which gives us about 8% market share in Haryana.



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The question is really on the distillery equipment which is a bit dated, we are making a proposal on how to utilize that asset and hopefully we will have some information for you in the coming quarter.

Yash Jhaveri: Just a question about the background. Why has it been unutilized for 3 years, could you just throw some light on that?

Shekhar Swarup: Well like I said, asset is dated, the technology is old and there is over supply of extra neutral alcohol in the state of Haryana. Our other distillery in Haryana which is Haryana Organics in Samalkha is exporting most of its production which is surplus to outside the state and outside the country. We did not feel it was prudent to run another extra neutral alcohol facility in the same state. However, there have been some changes now in the market which will allow us to utilize this technology for some other products with in the alcohol space. Like I said, I will be able to give more information on that in the next quarter.

Moderator: Thank you. The next question is from the line of Karthik Swaminathan from Catamaran. Please go ahead.

Karthik Swaminathan: My question is on the news item which came about the Government of West Bengal is planning to move into the wholesaling of liquor in West Bengal. Do you think it will have any impact on the business?

Shekhar Swarup: We have always maintained that corporation markets, where state is sort of the distributor is the fair way of working, since there are sort of no monopolies or syndicates that did come about in the distribution channel. Our IMIL business in Rajasthan is also done through a corporation type of system, where the Rajasthan Ganganagar Sugar Mill acts as the sole distributor on behalf of the Government. As you are aware, Rajasthan performance over the last 2 decades has been quite exceptional and we are very excited that West Bengal has decided to go the same route and it is a great time for us when we have setup this investment in West Bengal and the state has all the signs of becoming another Rajasthan for us in the times to come.

Karthik Swaminathan: Do you see any change in the realizations or will you have to give extra margins, do you see any change in your income from West Bengal or do you see it improving to a much greater extent because of greater penetration of your liquor in that state?

Shekhar Swarup: Let me address that in a different manner. See, when there is such a tectonic change in the route to market, the current realization structures will obviously undergo some change, however, we believe that a good incremental gross margin on ENA is around Rs. 30 to Rs. 50 a case for IMIL in any state. We believe that this incremental margin will be the case in West Bengal as well. Now let's come to the margin on ENA. Most of the country liquor players in West Bengal import the ENA from adjoining states, which comes them at a much more expensive rate than it was manufactured within the state. So, that margin is on top. So, we believe that West Bengal regardless of the change in route-to-markets will be a profitable IMIL foray for us.

Karthik Swaminathan: On your IMFL franchisee business in West Bengal, are you the complete franchisee or all the business of USL in West Bengal done through you or is it some part of it which will done through you?

Shekhar Swarup: So, USL prefers and most companies prefer to have multiple franchisees, it gives them flexibility in case something were to go wrong. We have the same system in Haryana and Rajasthan with ABD and USL. Similarly, in West Bengal, they are multiple franchisees. However, it is really the fittest and the most efficient player who gets majority of the business and we are hopeful to fill in that space.

Karthik Swaminathan: Are you the largest franchisee for USL in West Bengal?

Shekhar Swarup: Well we have started operations in October, I think we would be amongst the number 1 or the number 2, yeah I think so.

Moderator: Thank you. The next question is from the line of Amit Thavani from Zenith Capital. Please go ahead.

Amit Thavani: Quick question on the Bihar regulations. One, does it also prohibit us from manufacturing industrial alcohol?

Shekhar Swarup: The Bihar notification is truly unfortunate, it is also very disappointing for us, however, we are taking legal action on this, the matter is currently subjudice, I am not able to talk too much on the details of the options we have. Suffice it to say, that we are working on our strategy where the next year operating performance in the worst case scenario will not be affected and we will be able to provide details on this in sometime. Like I said the matter is subjudice currently, so I am not able to get into more details on the Bihar facility.

Amit Thavani: But just trying to understand what our options are, one of the options, how easy is it like just to kind of transfer, you said the Hisar equipment was dated, so how easy would it be to may be transfer Bihar equipment to the Hisar plant or set up additional capacity with this in West Bengal with the Bihar plant, is that a feasible alternative?

Shekhar Swarup: So, like I said we are quite confident that the operational performance for next year will not be affected and I am happy to get into the details on this. However, currently I am not able to do so. Do give me some time and possibly before the end of next quarter we should be able to talk little more about the details.

Amit Thavani: And as far as West Bengal goes what is our realization right now for ENA?

Shekhar Swarup: So, West Bengal realizations are in line with Rajasthan realizations, so the 2 states are the sort of alcohol deficit states that we operating. So, around the Rs. 42 to Rs. 44 per liter level are the realizations in both states.

Amit Thavani: And what is the raw material cost for Rajasthan and for West Bengal?

Shekhar Swarup: So, the difference in raw material cost is about 7% or 8%. In West Bengal, it is lower by about 7% or 8%.

Amit Thavani: Can you tell me as a percentage of your, so let say Rs. 44 is your realization, what would be the raw material cost out of that in west Bengal?

Shekhar Swarup: So, the cost of raw material in Rajasthan is 75%, without netting off the impact of value added products.

Amit Thavani: Without including, what is that?

Shekhar Swarup: DDGS. So that is the case in Rajasthan.

Amit Thavani: And for West Bengal?

Shekhar Swarup: It is like I said about, 7% or 8% lower.

Amit Thavani: So, about 67%-68%?

Shekhar Swarup: Yeah, should be around that.

Amit Thavani: Just on this new West Bengal distribution, actually even I was not aware of this, can you tell me whether this will have a favorable impact on volumes or you think it will not have any impact on volumes.

Shekhar Swarup: So, on Globus volume it will not have any impact because we are not operating an IMIL their currently. On the market volumes again it will not have any difference because for the consumer he is still getting the same product at the same place at the same price.

Amit Thavani: So, they are not issuing fresh retail licenses or anything?

Shekhar Swarup: No this is our wholesale chain. So, the West Bengal government will become the wholesaler like as the case in Andhra Pradesh or in Rajasthan.

Amit Thavani: So, is it that the wholesaler margin that were going to private entities earlier, now is going to go the government that is the only change.

Shekhar Swarup: Yes and now you have sovereign risk on your receivables.

Amit Thavani: And earlier would we have receivables from our wholesaler or would it all be in cash basis?

Shekhar Swarup: Well like I said, Globus Spirits is not operating IMIL there, so currently we have no outstanding with the retail.

Amit Thavani: No, I am just trying to contrast between two markets. So, Rajasthan is controlled by the states, so would there be receivables in Rajasthan versus may be another market where it is through private wholesalers?

Shekhar Swarup: There are receivables in Rajasthan and they are receivables in private whole sale markets.

Moderator: Thank you. The next question is from the line of Prasad Padala from Investec. Please go ahead.

Prasad Padala: In case of West Bengal, what would be the impact on working capital post this change in wholesale model?

Shekhar Swarup: So, the thing is between wholesale and private, you still need to create some receivables in the market. The rough estimate on outstandings in the market in a

private model was about 30 days. In case of corporation market, right now we are unclear as the policy is entirely not known to all of us. But I believe there will be a similar sort of outstanding that we will have to maintain, maybe it will reduce a little bit. Be that as it may, we are not sure if the corporation is going to insist on excise duty funding from the distillers, if so that will increase the funding levels a little bit. Be that as it may, we are not operating in IMIL today, so therefore there will be whatever launch we did there would have to be an increase in working capital.

Prasad Padala: And you said most of the country liquor players import ENA in West Bengal, can you please elaborate on that, why is that so?

Shekhar Swarup: Because there is limited production of ENA within West Bengal, the total demand of alcohol in the state of West Bengal has now reached 12 crore liters per year and the total production is around 3.5 crore liters, which is with the only other distiller there. Globus Spirits has added another 3 to 3.5 crore liters per year, that still leaves about a 5 crore liters as imports that take place.

Prasad Padala: So, is it just about the availability or is any price difference?

Shekhar Swarup: No, it is just availability, they actually importing it at much higher prices, than what is the manufacturing cost there?

Moderator: Thank you. The next question is from the line of Rohan Shah from Alpha Enterprises. Please go ahead.

Rohan Shah: I had a query regarding the excise duty and discount line item which has gone up quite drastically, so I just wondering is that because of more duty or more discounts, if you could break that up for me?

Ajay Goyal: See, eventually what happens in terms of IMFL, in Rajasthan and in West Bengal, the entire sales happen in the books of Globus because the licensees are in favor of Globus. Now, since in this Q3, we have started our operations in West Bengal and whatever 2.5 million cases which we have sold for IMFL in West Bengal, the entire excise duty is coming in our books. That is why there is a drastic increase on quarter-to-quarter or year-on-year basis.

Rohan Shah: So, going forward we should expect around 30% leakage in this.

Ajay Goyal: Yes.

Shekhar Swarup: Just want to correct that. The USL volumes in West Bengal will grow and it was a startup unit in Q3. So, in the next financial year, we believe that USL volumes should be around 18 lakh cases per year. So, that will probably take this excise duty as a proportion of revenue little higher.

Rohan Shah: I think it is classified as excise duty and discounts, so how much would be excise duty and how much would be discounts in that figures?

Ajay Goyal: As such there is no discount, it is only excise duty.

Rohan Shah: And the next question was about DDGS, you had mentioned that it de-grew by about 20% and the reason I did not quite catch it, I think one was that the soya oiled cakes were cheaper, what was the other reason?

- Bhaskar Roy:** Soya oil cake is cheaper, hence the rate of DDGS is less. So, as it is less value wise it has dropped, this is number one. Number 2, if the recovery of alcohol from the grain goes up, then the DDGS volumes goes down, because if you are extracting from the same thing higher alcohol naturally the extraction of the remaining will come down. It is the total 100% element.
- Rohan Shah:** So, what is the outlook on this going forward?
- Bhaskar Roy:** It will be around Q3 levels because we are trying to always increase our productivity, which we have successfully done and it is overall during the period we are going on in it, so the things will be on these level only.
- Rohan Shah:** And I just had a last question on ethanol blending, are we producing ethanol for blending or is it still being discouraged because it is from a food source?
- Shekhar Swarup:** See, the broken rice which is our raw material is not a food source. The Central Government has decided that ethanol will only come from molasses or from cellulosic materials. As a result, we are left out from that entire scheme, that said, what is happened is the molasses ethanol is being eaten up completely by the fuel companies and therefore all the beverage companies are having to purchase grain ethanol. Therefore, the addressable size of the grain ethanol business has gone up.
- Rohan Shah:** So from the supply side there is a bit of constriction in that space?
- Shekhar Swarup:** Yes.
- Moderator:** Thank you. The next question is from the line of Ankit Panchmatia from ICICI Securities. Please go ahead.
- Ankit Panchmatia:** Just wanted the breakup of this raw material cost, so what would be the biggest raw material for us, for which the price increased has impacted our margins?
- Ajay Goyal:** Our biggest raw material is broken rice only. We are not seeing price increase in this quarter, what we are saying is the price reduction has not happened as envisaged due to basically shortage of cash in the market. We were anticipating much higher reduction in the raw material price as compared to Q2 which has not happened. Now, the production and new crop has started coming in the market so that why basically our concern is due to this impact, our margins are little impacted.
- Ankit Panchmatia:** And, does sugar price or glass price impact us, do we account in the consumption of raw material only or there is other expenditure which is accounted for?
- Bhaskar Roy:** Sugar is not a raw material for us as we are manufacturing alcohol from broken rice, so sugar output is not related to us and hence sugar prices. Mr. Goyal was telling that what was anticipated as grain price decline has not declined so much. So the expected margin has come down, number 1. Number 2, from Haryana we are practically exporting out of India, 80% of our production. So, the margin of ENA is as per the international prices available.
- Ankit Panchmatia:** And regarding West Bengal, so as indicated that we can expect USL to get 18 lakh cases per year. So, if I want to understand, what is the capacity utilization you are targeting for FY18 or any near-term targets which we have on the board?

- Shekhar Swarup:** So as explained earlier, West Bengal is a spirit deficit state. So, they import most of the spirits, the demand is 12 crore liters, the production is 3.5, Globus is adding another 3.5. Therefore, we expect to reach full production to capacity very soon. In fact, in the month of February, we have a very reasonably healthy order line and we feel that in February itself we will be at very high capacity utilizations. Now that is on the ENA side. As soon as we have reached full capacity of ENA we shall also side by side launch our brands for IMIL. The IMIL launch to start with will be a slow and steady launch considering that there is going to be change in the route-to-market. And once the change is clear, what is the new policy for the corporation, will be able to relook at our launch plans.
- Ankit Panchmatia:** Actually, the next question was regarding that only, so into the IMIL space, are we done with the internal product development or what is the status for IMIL?
- Shekhar Swarup:** So, our products are ready, brands are ready, in fact we started bottling products just yesterday in fact. The first batch went into production there, so we should be launching these in the market within February. But like I said, right now it is a soft launch and we will be re-evaluating our launch strategy as soon as the route-to-market is clear.
- Ankit Panchmatia:** Just to get a fair idea because we have been doing this in other states as well, how much time does it take from the launch of the product to scale it to better part of the, what IMIL kind of contributes?
- Shekhar Swarup:** That is the most critical question and the sooner the better, of course. We will have to wait and watch a little bit. I am unable to say how long it will take.
- Moderator:** Thank you. The next question is from the line of Srivallabh Bhaiyya, he is an individual investor. Please go ahead.
- Srivallabh Bhaiyya:** My question is regarding Bihar unit, what are the different alternatives you are looking at? If you can elaborate on that and what will be the financial impact next year on a likely disruption actually which were envisaging from 1st of April.
- Bhaskar Roy:** As Mr. Swarup already mentioned earlier, the matter is completely under subjudice, so we cannot speak about it in detail. We are taking all the actions possibly, so that the earnings of the next year is not hampered but at this stage we are unable to give more details and we will be able to share more details before the end of the next quarter.
- Moderator:** Thank you. The next question is from the line of Yash Jhaveri from Alder Capital. Please go ahead.
- Yash Jhaveri:** Can you tell me the gross debt on books as on December end?
- Ajay Goyal:** Rs. 271 crore, including short-term.
- Yash Jhaveri:** Average cost of?
- Ajay Goyal:** Average cost of borrowing is roughly 10.85%.
- Yash Jhaveri:** And any repayments in FY18?

Ajay Goyal: Repayments are in place. It should be in the range of Rs. 30 crore.

Moderator: Thank you. The next question is from the line of Vijay Gaur from Latin Manharlal Securities. Please go ahead.

Vijay Gaur: I would like to ask what is the contribution of West Bengal sales in revenue?

Shekhar Swarup: Currently, it is negligible, because we have just started our West Bengal facility in Q4. So, the revenue you see in the financials up to Q3 are about 2 months of IMFL bottling that we have done for USL.

Vijay Gaur: One more follow-up question. You have mentioned some data on our market and there is a huge deficit and we have some capacity, you said we have a capacity of 3.5 crore liters. I was unable to recall this. Could you clarify this again?

Shekhar Swarup: Total market of West Bengal for extra neutral alcohol in the year 2016-2017 is expected to be around 12 crore liters. This is for extra neutral alcohol, of which there are 2 distilleries in the state of West Bengal, one is Globus Spirits which is a new start and the other is another company. The other company has a capacity of about 3.5 crore liters. Globus Spirits has the capacity of about 3.5 crore liters and the rest is all imported. The point of this data was to demonstrate and illustrate that there is a sufficient market for the products that we will be making and we should be able to reach high capacity utilization in a very short period of time.

Moderator: Thank you. The next question is from the line of Prasad Padala from Investec. Please go ahead.

Prasad Padala: Is there any correlation between molasses based-ENA and grain based-ENA. I mean do you peg your prices to be Rs. 2 - Rs. 3 higher than them or is it completely independent?

Shekhar Swarup: So, that is the big change that took place with fuel ethanol. Most of the molasses capacity has gone into fuel ethanol and therefore there is very little molasses alcohol that is being purchased by the IMFL company or the IMIL companies. The other change that happened is that since most of the IMFL players are now multinational corporations, they prefer to purchase grain based ENA as that is more sort of truer to their whisky profiles. So, as a result, molasses is not the correct peg, no pun intended for ENA prices. The benchmark for grain based ENA prices is in fact, ENA prices in surplus states of Punjab and Haryana. So, essentially in Rajasthan or in West Bengal which are the 2 deficit states for Globus Spirits. We benchmark our prices to replacement cost of ENA, which is cost of ENA landed in West Bengal or in Rajasthan from Punjab or from Bihar in fact.

Prasad Padala: So let's say tomorrow molasses based ENA jumps up by another Rs. 5, so are you saying that, they will not be any impact on grain based ENA?

Shekhar Swarup: No, well Rs. 5 is a very large difference, so yes if there is that much of difference, yes then there will be an impact. However, within up to 5%-6% change in molasses prices we do not see any change on grain ENA prices.

Moderator: As there are no further questions from the participants, with that we conclude today's conference call. I now hand the conference over to the management for closing comments.

Management: Thank you for joining us on the call and I hope we have been able to answer all your questions. If you have any further questions, please do feel free to reach out to us directly or our Investor Relations Firm – CDR India. Thank you again and look forward to seeing you soon.

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

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