"Globus Spirits Limited
Q2 & H1 FY'25 Earnings Conference Call"
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MODERATOR: **MR. SUYASH SAMANT – STELLAR INVESTOR RELATIONS ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to the Globus Spirits Limited Q2 and H1 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 touch-tone phone. Please note that this conference call is being recorded.

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

Suyash Samant: Good afternoon, everyone, and thank you for joining us today. With us today the senior management team of Globus Spirits Limited, Mr. Shekhar Swarup, Joint Managing Director; Paramjit Gill, CEO of Consumer Division; Dr. Bhaskar Roy, COO; and Mr. Nilanjan Sarkar, CFO, who will represent Globus Spirits Limited on the call.

The management will be sharing the key operating and financial highlights for the quarter and half year ended September 30, 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 our beliefs, opinions and expectations as of today.

These statements are not a guarantee of our future performance and involve unforeseen risks and uncertainties. The company also undertakes no obligation to update any forward-looking statements to reflect developments that occur after a statement is made.

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

Shekhar Swarup: Thanks. Good afternoon, everyone, and welcome to our Q2 and H1 Earnings Call. Our results and presentation has been uploaded with the exchanges, and I hope you've had a chance to see it. Today, we'll give a quick sort of highlight and then open up to Q&A ASAP.

We are excited to report strong traction for our brands across key markets. In the half year gone by, we have launched several brands in strategically chosen segments of the industry. Our latest launch of Dōaab India Craft Whisky, a single malt positions our business as a strong contender in this space. Our business in the regular and other segment continues to go from strength to strength with steady growth in Rajasthan. We are eagerly looking forward to the launch of our portfolio of regular brands in Uttar Pradesh in the second half of the year.

As expected, our manufacturing business continues to face margin pressure due to high cost of raw material on the back of very strong demand by ethanol producers across the country. We're expecting cost pressures to ease in Q3 due to the Kharif crop harvest, and there's been a high production of paddy and maize this year, which should compensate for the extra demand placed by ethanol producers.

Our plant upgradation work is underway to maximize the opportunity in producing ethanol from maize. And once completed towards the end of the year, we expect to add INR4 to INR5 per litre in margins across all plants. We have also successfully received ethanol orders as per our capacity utilization targets for the year.

I request Param to take us through a little bit more about the consumer business.

Paramjit Gill: Thank you, Shekhar. Good afternoon, everyone. Coming to our high-growth Prestige & Above segment. The performance has been robust as well as encouraging. For the quarter gone by, we witnessed a sales volume of 0.21 million cases with a robust growth of 152% year-on-year and 8% quarter-on-quarter. For H1 FY '25, the sales volume stood at 0.40 million cases, up 204% year-on-year.

I would like to highlight that our annual FY '24 volumes were 0.38 million cases and we have crossed the entire last year's volume in the first half of this fiscal itself. As Shekhar alluded to, we are excited to share with you that we have launched Dōaab India Craft Whisky in Rajasthan and UP markets in the quarter gone by. To further expand our luxury offering, Terai Litchi has also been introduced in UP and the same is getting followed into other markets.

In the quarter gone by, we have also launched Mountain Oak Rum, Seventh Heaven Whisky in UP as well as we have renovated our offering on Oakton of which we will keep you updated on the progress as we go along. To strengthen our West Bengal business, we have introduced Brothers Whisky as well as Snoski vodka range to help strengthen the game portfolio there. The initial response is encouraging and we will keep you updated on the journey as we traverse.

Delhi Consumer also tasted Brothers Whisky in Q2 as the brand got launched in this market also. To top our excitement, four of our brands got Spirits Achievers Award at the 2024 Edition. Noteworthy are the Grand Gold Award received by Brothers & Company Whisky, followed by Snoski Orange receiving the gold.

Coming to regular and other segment. This segment continues to perform well and in line with our internal targets with the H1 FY '25 total volume of 7.8 million cases, a growth of over 10% year-on-year and total EBITDA profitability of INR72 crores with steady and healthy EBITDA margin of 18%. We have also entered UP in the regular segment, through Great Times, whisky as well as vodka. This state is a sizable opportunity, and we are very excited about the possibilities that this will create for us in this state.

We are also excited to share that we are on the verge of introducing our IMIL range in UP towards the end of Q3 or beginning of Q4. UP is a huge market and over time, Globus sees itself making a footprint here. With this, I request the moderator to open the call for questions. Thank you.

Moderator: Thank you very much sir. Our first question is from the line of Ankit Minocha from Adezi Ventures Family Office. Please go ahead.

Ankit Minocha: My first question is on the consumer regular and other segment. So in this, I believe the EBITDA margin currently reported for this quarter has been 16%. Now if I look at next year, if I look at, say, FY '25 or '26, and in that case, what would be your indications? What could be the margin profile be after your entry into UP? And what could be the revenue for the year for this segment after you entered UP and say, spent like 3, 4 months already in the market just for next year?

Shekhar Swarup: Sure. Param, would you like to take that, please? Hello Param, are you there? Can you hear me?

Paramjit Gill: Hi Ankit, thank you for the question. At this point of time, I would shy away from giving margin indicators for the full next year, which you will come to know in time. Suffice to say that at this point of time, we are accelerating at a very high pace, and we intend continuing this momentum in the coming quarters and flowing well into next year as well.

Our margins at this point of time in the short run of 6 to 12, 15 months in our division are likely to stay in the same range. Thereafter, they will start accruing because the investments will start reaping results. It's very difficult to start giving forward-looking years projections at this point of time.

Ankit Minocha: Understood. But just to understand more clearly what you just said that we anticipate an upward bias from the 16.5% EBITDA margin that we had for this quarter for next year? Or do we anticipate compression?

Shekhar Swarup: So the price -- the regular and others margin is dependent largely on price increases in Rajasthan currently. As of now, we do not have an indication whether there will be a price increase next year. So typically, in Q4, we get a sense of this for the subsequent years. As of now, what I can say is that we have maintained north of 15% margin -- EBITDA margin in our regular and others category for several years. In fact, it's been 18%, 19% typically. And that's the kind of rate that we should expect going forward as well.

Ankit Minocha: Understood. And secondly, on the Prestige segment, I mean, impressive growth this time. So congratulations on that. Could you just add some color on to what could be, say, again, FY '26, what are the kind of ambitions we have for this segment in terms of revenue and growth? And also give more color in terms of the new launches that would be coming in as new products in the category?

Paramjit Gill: So in terms of new launches, as I have indicated in my opening remarks as well as it's outlined in the investor deck, we have launched a slew of brands in very exciting portfolios in the last almost 1.5 quarters, which have gone by. And we are going to take a pause and work towards stabilizing these offerings and we have more brands in the offering. But at this point of time, the launch dates and the plans are not firmed up for the simple reason that the whole outlook has been launched a couple of brands, use the route-to-market strength that we have created, get those brands to settle down at a particular trajectory and then only look forward going into the next phase.

So at this point of time, for the next 2 quarters, the full focus is on building up GR8 Times, Brothers & Co, Seventh Heaven, Terai Litchi, Dōaab as well as Mountain Oak Rum. So you don't expect in the next couple of quarters, more offerings will come. In terms of the projections of next year in top line, which you have asked, at this point of time, I would avoid giving those projections but we are going to be -- how shall I call it, we intend being the top most drivers of revenue in percentage terms in the category at this point of time for a while to come. We definitely see ourselves leading category growth at this point of time in the short, medium term.

Ankit Minocha: Okay. Okay. And just an extension of that, when you spoke about Dōaab whisky, I mean, the pricing that you've kind of finalized of between INR4,500 and INR5,500 versus, say, some of the other Indian popular whiskys that have now started to come in. Don't you believe that this pricing is a little bit on the higher side? And was there any rationale in terms of passing on to trade margins or something like that? Or yes, could you just help us with the more details on that?

Paramjit Gill: So Indian malt whiskeys are generally camped into two price points. And just to say, one has to give a price range of consumer price but the price range varies significantly across states, as you know, because of the state-wise excise policy. I would say that our brand, Dōaab at this point of time is priced in the higher bouquet of price points of the Indian malts. It is in the higher bouquet and it is cross line to brands in the category of between Godawan and Indri those range, not the lower price brand range of the Indian single malts. So Indian single malts are more or less in two broad price ranges. So this one is the higher bouquet.

Ankit Minocha: Right. So similar pricing to Indri and Godawan, then because I was comparing to Delhi prices of...

Paramjit Gill: It is in that zone. See, obviously, your price ends up being INR100 a bottle here or there. But yes, that's the range we are talking about.

Moderator: Our next question is from the line of Arpit Tapadia from IGE Family Office.

Arpit Tapadia: Yes. My question is regarding the EBITDA per liter what we have generated into the manufacturing segment, how soon we expect it to revive back to its previous levels? Or what will be the growth rate?

Shekhar Swarup: So I have always maintained that in the manufacturing business with the high level of ethanol revenues that we have, the margins are going to be volatile. Over a certain period of time, this margin is going to -- this business is going to give us sufficient cash flow to invest in our consumer business. So that is the strategy that we follow.

We are coming into Q3 now. Q3 is usually the time when raw material prices are lower and we will be taking advantage of that in terms of doing some seasonal stocking of raw materials as well. I mentioned in my opening remarks that we have certain upgradation work that's happening. Once completed, those will add around INR4 to INR5 a liter starting next year. So with some of these things, margins in Q3 and Q4 should be a little bit higher. And then next year, with the new technology, we should be able to go back to our average cycle margins of around INR7 a liter.

Arpit Tapadia: Okay. Understood. Just a follow-up. Is there any impact of new rice opening up again that is visible currently?

Shekhar Swarup: You mean FCI?

Arpit Tapadia: Correct.

Shekhar Swarup: No, there is no impact of that, that is visible currently because the price of that material is so high that it is unviable to use it for ethanol production.

Moderator: Our next question is from the line of Nitin Awasthi from InCred Equities.

Nitin Awasthi:: A couple of questions from my side. I'll start first with the UP market, which seems to be the most exciting proposition as of now. For starters, I just wanted to understand compared to the Rajasthan market of Regular & Others segment, this market would be 10x that, right?

Paramjit Gill: Not 10x. I think UP market very broadly speaking.

Nitin Awasthi: Would be over 100 million cases and Rajasthan would be closer to 10x.

Paramjit Gill: No, the regular segment, UP market at this point of time should be probably 75, 80.

Nitin Awasthi: Then you add others to that and you move up to 100.

Paramjit Gill: Yes. Then other, we will add others is what? It will be a bit shy of 100...

Nitin Awasthi: Okay, and Rajasthan?

Paramjit Gill: Rajasthan is shrinking. The only regular market is shrinking because the market is building up towards Prestige there. So regular market, we haven't launched our GR8 Times there, but I think it will be under a couple of lakh cases a month.

Shekhar Swarup: I think what you mean is the country liquor plus medium liquor?

Paramjit Gill: Country liquor.

Nitin Awasthi: Correct.

Paramjit Gill: The country liquor market, okay, that regular market in Rajasthan is about 30 lakh cases, 3 million cases a month, so about 35 million, 36 million. And UP, yes. UP then is 100 million. That's correct. UP then is 100 million.

Nitin Awasthi: Okay. So about 4x... About 3x to 4x...

Shekhar Swarup: 3.5x, 4x, yes.

Nitin Awasthi: Okay. Okay. So the next question is on the similar lines. As of now, we would be pretty excited to enter this market given that it's a very large market compared to the markets we serve and being the largest in India in this category. What is our current ambition, if any? And within this market, who -- what is the share of the top 10 guys and the top guys? Is that available?

Paramjit Gill: So I don't have it on hand, but very approximately the top 10 guys -- top 10 guys will be earning the market. I mean, top 3, 4 guys itself would be almost 60%. Top 10 guys will be earning more...

Nitin Awasthi: Large shares with all the top guys.

Paramjit Gill: Yes, yes. So it's obviously geographically spread out but the top 2, 3 players have a significant historical presence.

Shekhar Swarup: Yes, I have the data. So top 3 is about 60%. The rest is about another 10 or 12 people who have the rest of the market. I think for us, the strategy is very clearly to become a strong player amongst the rest, whilst then because the headroom is so large in UP, we don't really have to worry about that. It's to become -- to have a certain number of geographies where we become a preferred partner, if not the number 1, number 2, then at least the number 3, number 4 type partner for the trade and then consolidate our wins from there. I think our year 1 target is very much to be one of the strong others players over there.

Nitin Awasthi: Okay. So like a 5% market share?

Shekhar Swarup: Difficult to put a target to it, put a number to it, Nitin. But by the end of this year, hopefully, we'll be able to get into the market, we haven't yet launched.

Nitin Awasthi: Understood, sir. And also going by this in the Regular segment that you enter in UP, profit -- all the sales will start coming in from this quarter itself, what you have indicated. Profitability might only come in once you have the backward integrated ENA plant there, right?

Shekhar Swarup: Yes. I mean for a year, you'll be -- your Regular business will be at reduced profitability. Be that as it may, it's not zero. I think we're at about INR20 a case or so, which will go up to INR70 a case or thereabouts.

Nitin Awasthi: And we will enter the market…?

Paramjit Gill: Just to continue, one second, Nitin, on the previous one, we are hoping to enter the market towards the end of this quarter. It could slip into the beginning of next quarter because at the time of launch, with so many approvals in place, you can always have a 1-month lead or lag.

Nitin Awasthi: Understood, sir. Sir, next thing on the capex of our normal manufacturing business. What we have indicated in our slide, and if I may refer to the Slide 17, we are doing a lot of upgradation with regards to maize. So are we getting into the maize oil part for biodiesel, or is that the intention?

Shekhar Swarup: That is one of the upgrades that is taking place. And yes, so that's one of them, yes.

Nitin Awasthi: Okay. And the other one?

Shekhar Swarup: Those are process upgrades in order to be able to produce ethanol efficiently on maize, whereas our distilleries are dual raw material, they are optimized for rice. Given that ethanol is now going to -- we believe in the long term, going to be a maize-based product, we are optimizing our capacities for maize as well. So a part of it is corn oil and a part of it is other upgrades that we need on plate heat exchangers and other such equipment so that we can run on maize profitably or rather most efficiently.

Nitin Awasthi: Understood, sir. So have we signed up any contracts for the biodiesel part, or are we in talks, I think?

Shekhar Swarup: We are in talks with...

Nitin Awasthi: We're in talks, okay? So I think probably by next quarter, we should have something down if we are -- because at least as per the indication is that Q1 next year, we'll be starting this production, right?

Shekhar Swarup: No, we will start production earlier. In West Bengal, we started in Q3. And in the other unit, Jharkhand and Bihar, that will be in Q1. So at least from one facility, we'll start getting updates even sooner.

Nitin Awasthi: Understood, sir. Sir, last question from my side is on the accounting front. Other expenses seem to have jumped a little out of the line this time around. Anything particular that has led to this jump or a one-off or something like that?

Shekhar Swarup: Fuel prices -- in monsoon period, fuel prices are always an issue. So that's the jump in this quarter largely.

Nitin Awasthi: How are the prices now? They have returned back to normal, or are they still like that?

Shekhar Swarup: In process here. I mean, after Diwali, it takes this year for some reason, whether it's Diwali or Chhath Puja, it was nearly a 10-day break in most markets. So things are returning to normal. Yes, prices have started correcting.

Moderator: Our next question is from the line of Aashish Upganlawar from InvesQ PMS.

Aashish Upganlawar: Yes. I don't know if I'm repeating this, but sir, margins are at, I mean, maybe 10-year lows now, maybe in terms of per liter or maybe EBITDA margins absolute. And we are expecting that from

Q3, the new procurement season would have some help to offer in terms of margin improvement and we are in the midst of the quarter almost.

So any feelers as to how things are progressing on the raw material pricing procurement side would help us to understand. And with that, I would like to know the technological improvement that you mentioned, which would help you in -- from the next year to amplify margins. So that -- a bit of detail on that, that would also help?

Shekhar Swarup: So I mentioned that from Q3, we start seeing softening. And typically, it's after Diwali is when softening starts. So up till now, raw material prices have been firm. We've started seeing softening that's taking place now. Let's wait and watch and see how the quarter unfolds. But raw material prices this quarter will be lower than last quarter. There's no doubt that I have.

In terms of the technology, we just spoke about it when earlier Nitin asked some questions before you. Corn oil is one technology and the other is plant -- various plant upgrades needed to run maize in an optimized manner. I mentioned that our capacities are dual mode, but are far more optimized on rice and that optimization on maize is taking place now.

Aashish Upganlawar: Okay. Sir, on the -- so typically, we are talking about maize only, right? I mean, the raw material that we're talking about right now?

Shekhar Swarup: For ethanol. For ENA, it will foreseeable future continue on broken rice. Maize will be used for ethanol.

Aashish Upganlawar: Right. And broken rice, we do not see any softening there, is it?

Shekhar Swarup: Broken rice also there has been softening and softening should continue. Paddy crop is very, very successful this year. There is a higher level of milling expected with a friendly export policy. Higher level of milling means higher amount of broken rice production and therefore, it should compensate for the higher demand that is there this year because of ethanol production.

Aashish Upganlawar: Okay. So some good amount of better margins should be expected maybe in Q4 once this procurement season kind of is over by Q3 end?

Shekhar Swarup: Let's see how it shapes up, yes. I mean there has been a lot of export -- sorry, ethanol demand. I'm expecting a lot of it to get offset with the new crop. But let's see how it shapes up in the next few months.

Aashish Upganlawar: Okay. Okay. But apart from the near term, sir, don't you see that this seems to be a structural issue given other usage of -- rather ethanol-based usage of grains is kind of disturbing all equations, which has been the case. So is it a structural issue and maybe we are trying to find a very temporary kind of calm in the overall profitability here. Is it that way or one can expect that INR4, INR5, or INR5 plus per liter to...?

Shekhar Swarup: No, I'm very certain of our -- of this market returning to our historical average levels of INR7 a liter. That is something I completely believe in and expect that the company will be able to deliver. There is technology change that's taking place, which will help in the process as well as our key assets that are ENA cum ethanol will support the process.

It's possible that ethanol itself is around INR4, INR5 profitability. But combined with ENA, we should be able to achieve our INR7 a liter average over a certain period. During this period, there will be times of lower margins as you're seeing today. There will also be periods of higher margins than INR7, but an average of INR7 is completely doable.

Aashish Upganlawar: So possibly, one can expect that Q2 was the trough of things as far as the profitability was concerned?

Shekhar Swarup: I expect so, yes.

Moderator: Our next question is from the line of Sarvesh Gupta from Maximal Capital.

Sarvesh Gupta: Sir, this INR4 to INR5 enhancement in the EBITDA per liter that will come because of technological changes that you are doing in the plant. Is this a certain thing? And can you explain what exactly are you doing, which will lead to that?

Shekhar Swarup: So part of it will come from corn oil, as I already spoke about and some part of it will come from improving our plant efficiencies. And this, I believe, is absolutely certain.

Sarvesh Gupta: No. But suppose you are now being dependent on corn oil as a raw material as well, then you are subjecting your margins to the vagaries of the prices of corn oil instead of rice or maize right now, right? So you're just moving commodities from one commodity to another?

Shekhar Swarup: Corn oil is an extremely valuable product, number one. Number two, our yield of corn oil is a very small yield in the overall scheme of things. It's about 2.5% to 3% of our production -- of our maize production or rather our maize consumption will be corn oil.

So I don't see this as a dependence on another commodity. I do see it as another commodity adding a little bit of buffer in our costing in terms of the volatility that takes place. The next thing that we are doing in this technology plant upgradation is to increase our storage capacity. So we are able to stock more material in the season to be able to use it in the off-season.

So overall, the company's plans of achieving an average of INR7 is very much on track. It's taking a little longer and that is something that I have indicated even in the previous call that it's going to take a bit of time. But over -- by the end of all our efforts, another couple of quarters, I think we'll be able to show you that performance.

Sarvesh Gupta: And this is being done across all manufacturing facilities, right? I mean...

Shekhar Swarup: This is for ethanol. So predominantly, we are producing ethanol in Bengal, Bihar and Jharkhand. Some capacity in Samalkha as well, but that's a small one. Predominantly, it's Bengal, Jharkhand and Bihar.

Sarvesh Gupta: But as of now, your ENA profitability has that got impacted as well? Or this entire call is being attributed to ethanol only?

Shekhar Swarup: Our ENA profitability also has been impacted, but not as much as ethanol. ENA prices have increased from earlier this year from INR65 to nearly INR71, INR72 today. Ethanol prices are at INR71, but that's obviously from maize. So ENA too has been impacted but not as much.

Sarvesh Gupta: No, this INR4 to INR5 increase, this is on the overall manufacturing capacity, are you talking about? Or are you just talking about the ethanol part?

Shekhar Swarup: On the ethanol, on the ethanol part of it.

Sarvesh Gupta: So ethanol part of it would be how much roughly percentage-wise of the total?

Shekhar Swarup: Nilanjan, do you have that percentage of total revenue, which is ethanol?

Nilanjan Sarkar: Yes, our total revenue of ethanol is about 35% to 40%.

Sarvesh Gupta: So then this INR4 to INR5 is on a blended basis only INR1 to INR2, right? For the company as a whole, where your margins have dropped from INR7 to INR2, INR3, you are only going to improve by INR1 to INR1.5 maybe because of the technological improvement, right?

Shekhar Swarup: Yes, yes. Go ahead. So corn oil is that impact. That's what I'm trying to explain to you. The other will come from raw material purchasing.

Sarvesh Gupta: Yes. So basically, what you are saying that the margins have dropped from INR7 to INR2, INR3 now. Out of INR1, INR1.5, you will gain because of technological changes because of which you have to put in capex of INR100 crores. And then remaining is dependent on the vagaries of the raw material.

Shekhar Swarup: Yes, to which my response is that we are improving our stocking capacity and we'll be able to purchase more material in the season to consume it in the off-season.

Sarvesh Gupta: Okay. Understood. Now secondly, on the Prestige & Above segment, now this time, we have seen a very high growth. So I was hoping that we will be able to do a bit better on the profitability part. So do we expect at least PAT positive sort of a number in FY '26 from this?

Paramjit Gill: Shekhar, do you want to take it?

Shekhar Swarup: Yes, I can take it. Yes. Our journey to profitability in the Prestige & Above business is dependent on how much investment we are making in future growth. I foresee next year to be a very low loss in the Prestige & Above segment going into profitability in the year after that. But frankly, there is -- before A&P, there's going to be profitability even next year. The question is how much investment you want to make in advertising and promotion activities.

Sarvesh Gupta: Understood. And finally, on the Regular & Others segment, so I think one question which was not answered was -- now with the entering into UP, what kind of revenue growth are we seeing? Because historically, we have been seeing like a high...

Shekhar Swarup: No, I did talk about this earlier that it's a bit early to give an indication on revenue growth because we've not yet entered. There is huge headroom available. We were discussing earlier that the market is about 3.5x, 4x that of Rajasthan. So we're going to enter the market in the second half of this year, probably end of Q3 beginning of Q4. And once we have entered the market, had a chance for our brands to get some distribution and traction, that's the stage when we'll be able to give some forecast into how much growth we can generate here.

Sarvesh Gupta: Yes. Understood. So basically, we have entered, but the success of the same will be known maybe next year only, but...

Shekhar Swarup: No, we've not entered yet. We'll be entering later this year.

Sarvesh Gupta: Yes, we'll be entering but we'll come to know maybe next year only as to how much successful our efforts will be. But do we have any right to win in this market because just like you have a strong hold in Rajasthan?

Moderator: Sarvesh, we request you to join the question queue for any follow-up.

Shekhar Swarup: I can answer that. Our right to win is based on our team's ability to get business from shops and distributors. We will be amongst the very few companies in UP that has access to the width of portfolio that we have currently. And as a result, there is a good chance of high traction from -- for Regular & Others category as well, number one.

Number two, we've demonstrated success based on our innovative liquid offerings in other states, mainly in Rajasthan and we hope to be able to use some of that knowledge in UP as well. We can take the next question.

Moderator: Our next question is from the line of Himanshu Shah from Dolat Capital.

Himanshu Shah: So my first question is, sorry again for repeating on UP part, but what is the reason for getting into the IMIL category or Regular category in UP because one of the large leading player, which has multi-decadal presence in that market is hardly making any money, 5%, 6% margins and with significantly much larger capacity and relationship and very, very strong IMFL business in that market, it is struggling to make money over there. Why are we then investing in that particular market, especially...?

Shekhar Swarup: I don't see how you can generate 5%, 6% margin. It is a far more profitable business. Earlier days, there will be lower profitability, but it is easily 15% EBITDA business.

Himanshu Shah: Okay. I'm not sure because they have been calling out this over the last couple of years on the call that the margins have indeed in the 5%, 6%.

Shekhar Swarup: Maybe they are combining different segments. I don't know. I can't comment on their numbers, but I don't see that. The opportunity here is very interesting.

Himanshu Shah: Secondly, today, in our manufacturing business, this quarter, our EBITDA per liter should be less than INR0.50, what I understand, basically INR3 crores or maybe 6 crores, 7 crores liters of sales of ENA plus ethanol combined. Now you are trying to call out that the longer period average should be around INR6, INR7. But is this INR6, INR7 largely dependent on raw material price correction besides some marginal benefit, which may come through this technological upgradation, which you're doing and the shift that you may do from broken rice.

Shekhar Swarup: The other thing that you're not seeing is the IMFL loss because EBITDA is after a provision or rather the actual loss that has happened in the IMFL business. So be that as it may, there have been periods in Q2 where we've been -- ethanol has had zero profitability. In fact, we've had to reduce capacities from time to time because we felt it didn't make sense to run these capacities.

I've always maintained that ethanol for Globus Spirits is a way to generate cash for investing in our consumer business and that's how we've run this company so far. It continues to be a vehicle that allows us ability to make such investments. Q3 and the quarters coming up are certainly going to be better than what we've seen for the reason that there are investments planned in technology upgrades, there are investment -- investments planned in storage of raw material, which will help us smoothen out our volatility in raw material prices.

Himanshu Shah: Sure, sir. But I'm just trying to understand what will help us improve the margins in spread per liter. See, I'm understanding...

Shekhar Swarup: There is improvement in yields that is required. Our maize yield is -- there is headroom available for far better yield. There is better raw material purchasing required rather than purchasing regularly through the year. We need to make larger purchases in season time. There is a structural change in how the ethanol industry works and we are reacting to that change. And third is obviously corn oil and a few other technology upgrades.

Himanshu Shah: Sure. And lastly, sir, on this front, can you just call out what is the contractual bids that we would have done for ethanol for next season, that is November to...

Shekhar Swarup: I don't have the number with me, but we've got all the bids that we've got allocation as per the bidding that we did. I don't have the number with me right now. Nilanjan, do you?

Nilanjan Sarkar: No, I don't have it right now. I'll pass it on. I'll pass it on.

Himanshu Shah: And sir, this will be on maize or it will be on this ethanol biddings would be based on maize or broken rice?

Shekhar Swarup: I believe 80%, 85% of our ethanol allocation is maize. Some amount of it is rice, but mostly it's maize.

Himanshu Shah: Okay. And can I have just one last follow-up?

Shekhar Swarup: Yes.

Himanshu Shah: There are media reports of increase in this regulated ethanol prices, I think, so across commodities, which is maize, broken rice, I believe even for B and C heavy molasses also. Any particular updates or anything when we have done this contract?

Shekhar Swarup: I'm reading the same news articles as you are. And I know that the industry associations are pressing hard for price increases. But in all of our assumptions, we are working on the premise that there will be no price increase. However, that doesn't mean that there will not be. Let's see how that picture unfolds. I'm not able to speculate on that.

Himanshu Shah: Sir, the contractual billings that we do, that is only for the volume part. And whatever the pricing that government will decide, that would flow to us. As of now, we are going by -- okay, fine.

Moderator: Our next question is from the line of Sunil Jain from Nirmal Bang Securities.

Sunil Jain: Sir, can you, first of all, a few data, like how much is the total manufacturing volume, if you can say, bulk volume?

Shekhar Swarup: In the previous quarter, Nilanjan, do you have that?

Nilanjan Sarkar: Ethanol is 3.67 crores liters.

Sunil Jain: And the total including ENA?

Nilanjan Sarkar: ENA is you can add. ENA is another 1.3 crores liter.

Sunil Jain: Yes. And in terms of power cost, how much was the power cost in this quarter?

Nilanjan Sarkar: You want an absolute value?

Sunil Jain: Yes, absolute term.

Nilanjan Sarkar: In absolute value, the power cost was INR55 crores.

Sunil Jain: INR55 crores, same as last quarter?

Nilanjan Sarkar: Yes.

Sunil Jain: And sir, out of the total raw material consumption, how much is the maize and what percentage of the raw material is maize and how much is the rice?

Nilanjan Sarkar: In the current quarter?

Sunil Jain: Yes.

Nilanjan Sarkar: In the current quarter, maize has been 32% and rice has been 68%.

Moderator: Our next question is from the line of Anil from Insightful Investments.

Anil: Just a few questions. Starting with -- in the last quarter, you all talked about a maximum loss of INR15 crores for Prestige & Above on the EBITDA side for the full year. Are we still with that number?

Paramjit Gill: Yes. Yes. We're still holding in the zone.

Anil: We are still with that number for the year. Okay. Second question is on Regular & Others. In the first quarter, when I see the presentation, we've talked about an EBITDA of INR43 crores for tonnage of about 4 million cases. In this quarter, Q2, we've talked about 3.8 million cases, and we've talked about an EBITDA of INR34.8 crores, correct? INR43 crores and INR34.8 crores, but when I look at your first half EBITDA, again, in the current presentation, which got released today, instead of 77.8, we are showing it at INR71.8. Could you clarify this or not?

Shekhar Swarup: Nilanjan, could you clarify, please?

Nilanjan Sarkar No, our investor deck is very clear. It's INR348 million in this quarter of Q2.

Anil: Correct. And if you look at the Q1, I have the printout with me, it's INR430 million.

Nilanjan Sarkar So there was a hologram sale, which we have taken it in this quarter.

Anil: Sorry, could you tell me what was there?

Nilanjan Sarkar There was a hologram sale, which was not factored, which we have taken it in this quarter.

Anil: And how does that affect? Can you just explain a little, please?

Nilanjan Sarkar Because that's not part of the revenue. So we had to reclassify that -- as per IND AS, we have to reclassify that in the current quarter.

Anil: Right. Okay. Now third and the last question is a lot has been spoken about the manufacturing segment. Just to cut the long story short, and just if you could just explain, while you explained what all you've been doing, and I appreciate in terms of the upgradation and moving to corn oil and maize, etcetera.

But we are being financial analysts, just trying to understand on 301 total installed capacity in terms of million liters that we have, what is the net-net impact that you will see once everything stabilizes, which means you've talked about in the next 2 quarters, obviously, the raw material cost has come down a bit. We are also moving towards maize. The upgradation will be done and ready by the end of this fiscal year.

So from a next year perspective, taking into account the split between ethanol and ENA, what is the number that one can expect on 301 installed capacity as far as million liters are concerned?

Shekhar Swarup: That's really the great question you've asked. It is entirely based on how raw material plays out in the country, a function of raw material and ethanol price rather. Currently, we are assuming that we will need to secure our raw material in the harvest period so that we can consume it in the non-harvest period. Up until now, our entire business was based on procuring raw material at a steady basis, whether it's with FCI or from the open market.

Given the speed at which new capacities of ethanol have come up, it is no longer possible to achieve the potential of profitability in this manner. For us, there are 2 harvests that are important. One is that in the summer season, especially in the East India and the other is the winter season, which is in North.

This year, we'll be able to see what is the dip in price that takes place during the harvest season. And basis that dip, I'll be able to project what will be the profitability in the next year. The harvest season has started around Diwali. The impact of the harvest season on raw material prices is expected towards the end of November. Some impact has begun, but it is still very early days to be able to project that into the future.

So in my view, for me to be able to make a projection for next year, a meaningful projection for next year, I will need a little more time to see how the season plays out this year.

Anil: Sir, could I just take this question a little further. Hypothetically, what would be the raw material -- what would be the cost today as we speak? Just if you could give in terms of kgs or ton if we have to do it today. if we buy it today.

Shekhar Swarup: Broken rice is about INR2,800 today.

Anil: INR2,800 today, right. Now let's assume that we get broken rice by the end of November, December, and you are able to store it for the 6 months and then at similar prices or in the next season for the 6 months, you get it at, say, INR2,600. At INR2,600, okay, for the whole year, broken rice. And would you like to take an assumption on maize? And then we can talk about what kind of profitability can we make? That really will help all of us out here. Because -- completely appreciate the work we are doing, but it would really help and clarify a lot of these doubts.

Shekhar Swarup: Every INR50 change in rice price is as a thumb rule, around INR1 a liter in terms of margins.

Anil: Okay. And in terms of maize, how does that work?

Shekhar Swarup: In terms of maize, the arithmetic will change dramatically after corn oil. But as of now, every INR40 is INR1.

Anil: Every INR40 change in maize is INR1.

Shekhar Swarup: INR1 a liter of profitability. These are sort of thumb rules I'm giving you; plus/minus say 10%.

Anil: And these are -- you're not assuming any price hikes that you will get from the OMC?

Shekhar Swarup: At a fixed price...

Anil: Today's price. Today's price.

Shekhar Swarup: It's a selling price. Yes.

Anil: Okay. So again, if this were to happen, okay, I again repeat, assuming end prices remaining where we are, if we are able to procure, let's say, a INR2,600 rice as much as we need and we are able to procure maize at current prices, where can profitability be, assuming optimum utilization for the capacities that we have for both ethanol and ENA combined?

Shekhar Swarup: I believe it should be north of INR5. However, let us see how the...

Anil: INR5 per liter on an assumption that we have -- we work at 250 million liters, we can have about INR125 crores to INR150 crores of EBITDA coming from this business.

Shekhar Swarup: Yes. But we have to see how the grain markets play out into the season.

Anil: Correct. Again, just taking this question a little further. We're talking about an incremental -- INR5, right now, we are at INR0.50 given what we've done in this quarter. Out of that incremental INR4.5, INR1.5 to INR2 is because of technology change irrespective of the price.

Shekhar Swarup: Zero because of technology.

Anil: No, we've talked about the change in terms of efficiency, technology change because of that. Yes.

Shekhar Swarup: No, no. So this change is due to better raw material purchasing assuming that raw material prices are going to go down. INR40 on corn is INR1 a liter basis today without any change in technology, without any change in selling price.

Anil: Okay. And what could technology add over and above this?

Shekhar Swarup: INR2 to INR3 on the maize elements for ethanol, so not on the entire 300, but on, say, 30% of that.

Anil: So let's say, on about 100 -- on 100 million liters, we can add another INR2, you said INR2 or INR2.5. I'm sorry, I couldn't hear it clearly.

Shekhar Swarup: INR3.

Anil: INR3. So that's -- on 100 million liters, we can add another INR3. That's about INR30 crores odd or so incremental. So from a pure pricing perspective, it's about INR125 crores, INR150 crores. And on -- because of the technology change, it's about INR30 crores. So optimum is INR180 crores, but else, this is the range. Is fair enough?

Shekhar Swarup: Yes. But like I said, a lot of this is an assumption on where the grain markets go. With this higher demand of ethanol, this is the first season that we are going to see with this level of demand of raw material for ethanol. So we have to see...

Anil: We have also taken the upside. We are also -- on the flip side, we have not taken the upside from any price hike, which may be announced by the OMCs on the one side.

Shekhar Swarup: Correct. Correct.

Anil: And on the other side, you are building up enough of warehouses. So the capacity to keep raw material is also going up. So your -- in terms of you being able to predict because your raw material is getting more secured, should be much higher than it's been in the last couple of quarters?

Shekhar Swarup: Yes, it should be.

Anil: Right?

Shekhar Swarup: Yes.

Moderator: Next is a follow-up question from the line of Ankit Minocha from Adezi Ventures Family Office.

Ankit Minocha: This is again on the Prestige segment. So I mean, the Prestige and the popular segment, if I look at your volumes in terms of -- I think you're doing about 15 -- yes, 15 million-odd liters of volume in this segment. After entering UP, what do we think could be the uplift in these volumes? I mean what is the potential volume potential of UP versus your current sales?

Shekhar Swarup: I mean -- so we've said this a few times today, sir. We'll have to see how UP market performs. But just as a theoretical exercise, a 5% market share in UP will be 5 million cases or thereabouts. But I'm not saying that we're going to achieve that next year. It's just a theoretical number I'm throwing out. Let's launch in the next half of the year. Let's see how the brands are accepted and then we'll be able to give a projection.

Ankit Minocha: Right. On the pricing profile that you have for your products in UP and the distribution trade margins, etcetera, the EBITDA margin is -- would it be above or below 18% that you've done in H1?

Shekhar Swarup: So the Rajasthan is going to be far more profitable than UP. And in a steady state, UP will be able to give us 15%, but that's when we become a mature business. Initially, it will be lower margins. So we will start it cautiously and see how it builds out.

Ankit Minocha: And how does distribution work in a new territory when you kind of enter? Like how much time does it take to say, scale up to a number like you mentioned, say, 5% market share for a brand in terms of distribution?

Shekhar Swarup: I mean it's all about profitability. You're able to scale up in a market like that pretty quickly, but you sacrifice profitability. So speed and profitability are the variables that you have to play with. So we are looking at adding business in a profitable manner. So I would say it would take a couple of years at the speed we want to play at. If you want to be really quick, we have to give up profitability in terms of discounts and commissions, etcetera. And that's not something we want to do very quickly.

Ankit Minocha: Right. And my second question is with regard to Dōaab. I mean, I think you mentioned in your presentation on Slide 9 that after a long search for the just 500 casks were finally selected and expertly worked with. So could you clarify what this means? Does that mean that we have a limitation in the quantity that we can kind of sell even, say, the product becomes popular or...

Shekhar Swarup: Dōaab range of whiskeys is being launched or rather created as a series of limited-edition whiskeys. So we expect every year, a couple of variants to be launched at different price points with different attributes for the liquid. This is the first one, which is a range of 500 casks. We believe this is sufficient for a couple of years. And during this period, there will be other products that are launched as well.

Ankit Minocha: What would be the revenue potential of, say, 500 casks of whiskeys?

Shekhar Swarup: Param, do you have that? I don't think we have that calculation right now. But for our -- as per our targets, it's enough for about 2 years of sales of this product.

Ankit Minocha: And what would that number be?

Shekhar Swarup: I don't have that number, unfortunately. We can get it to you subsequently.

Moderator: Our next question is from the line of Dhruv Kashyap, who is an Individual Investor.

Dhruv Kashyap: Shekhar, so just for my understanding and maybe it will help the others as well. I'm just trying to deconstruct your consumer business as a layman. So if we start with the bottom, which is the country liquor or IMIL as you sort of nomenclature it, correct me if I'm wrong, we have more than a 50% share in Rajasthan, and that's where a bulk of our business comes from.

And in Haryana and West Bengal, we would be sort of a low single-digit share. And now we are entering UP. So could you just give a sort of color on where we are and where we can get to in this business?

Shekhar Swarup: So you're right about that split up more or less. Rajasthan is growing at a slow, but fairly okay clip. West Bengal and Haryana, we have indicated that because of involvement of the government in the business in some way or the other, we do not -- we are not hopeful for very high growth over there till there is structural change.

UP is the market where we are looking for higher growth rates in the Regular & Others segment. So UP has a very high headroom for growth. We're going to launch in the second half of this year. And let's see how the first 1 or 2 quarters go, and then we'll be able to project what kind of growth rate we can achieve there.

Dhruv Kashyap: Just to understand this better follow-up to the same question that, so there is a Value and a Value Plus. Both are well entrenched in Rajasthan. In Haryana and West Bengal, we don't see any major sort of headroom till sort of government gives us more clarity or gets less involved. And UP is the next one. So assuming Haryana and West Bengal were to not go anywhere, it would essentially mean that we are going to have just a big play in 2 states? Or are there other states that I'm missing, like Delhi or -- I mean, are there other states as well for the IMIL?

Shekhar Swarup: Delhi. There is very much Delhi, we haven't spoken about, but it's a smaller market. And your analysis is right. For Regular & Others, those 2 will be our major states. Up until the time, Haryana and Bengal, there is a change.

Dhruv Kashyap: And there isn't any plan like you had mentioned earlier that you might think of opening Jharkhand or one of the other markets you have a plant in already?

Shekhar Swarup: No. Right now, our hands are pretty full with the amount of work we have in the Prestige & Above, Regular as well as the manufacturing side. So we are quite satisfied with the potential that these markets have for us.

Dhruv Kashyap: And my second question would be that if I move one level higher on the pricing piano, the next one would really be your IMFL. And if we were to start with the sort of more basic range of IMFL. My understanding is that you would be making a big play in Rajasthan where you're already big on your country liquor, you would also be trying to make a combined play in UP as well of both country and IMFL.

And apart from that, I think you've done Punjab, Delhi, maybe West Bengal. So there could still be some markets that will be open to you where the government intervention isn't as high as the IMIL business.

Shekhar Swarup: So typically, in the other segment, which we call the Prestige & Above, and that excludes the entry-level IMFL completely. So it is a premium IMFL portfolio. There typically in most of the states in India, we don't see government intervention.

We have selected a few states which are our priority states and those are the states that we have already launched, which is Delhi, UP, West Bengal, Rajasthan, Haryana, Punjab, Goa and Maharashtra, but only for TERAI and Dōaab.

In future, there are 3 or 4 more states that have been identified in our road map. Currently, we are not in a position to make them public, but there will be maybe 3 or 4 more states that we launch. But in the future, currently, this is the distribution network that we want to focus on in building.

Dhruv Kashyap: So which would -- it would be fair to say that the belly of your business would be really addressing about 8, 10, 12 states of a significant sort of IMFL play. So IMIL will become more sort of UP, Rajasthan and a few others that are available. But IMFL is where you would really go big after 10, 12 markets at some point of time in the future?

Shekhar Swarup: That's the way to think about it, yes. I mean, currently, it's about 6 or 7 markets and with a couple more that will get added in our plan. But eventually, a little bit longer down the road as our brands become more and more influential, yes, more states do open up at that point.

Dhruv Kashyap: And hence, both category white spaces and geography white spaces. So you would go with a full-fledged portfolio of many more products than you have now?

Shekhar Swarup: Yes. Yes. I mean we've got a pretty expansive portfolio already. There are a couple more categories that are to be launched, but the majority of the categories we've already opened up in this year.

Dhruv Kashyap: Perfect. So my last question, which is at the top end of the price piano is really where a lot of your imagery sort of high -- your craft business -- so just give a color there that you have gin's there, which you will also augment with a lot of flavors and colors like Mulberry, etcetera. You'll have your craft whiskeys. I'm assuming you'll also have some craft vodka, rum.

Can you just give an idea of what the sort of erstwhile -- I mean, I think it was called a separate company earlier, right? So just give an idea of -- and also, when you said Dōaab is a limited edition, so does it not mean that we will have a sort of permanent Indri kind of a play in our portfolio? I didn't quite understand the top end part in our strategy.

Shekhar Swarup: So the top end -- currently, there are 2 brands in that segment, TERAI and Dōaab. And currently, there are no new launches planned over there, but you did mention some categories and those could be explored in the future. But currently, this is what is on the cards.

Dōaab will have multiple variants. And we wanted to create a bit of exclusivity around this, a bit of rarity around it. And therefore, each of these additions are a limited edition. Be that as it may, it's not something that we foresee that we will not have material or any of that nature. But this expression is limited to 500 casks, and there will be more expressions in the future.

But there will always be one or more Dōaab expressions available for you to purchase at -- in our key geographies. And this is all within a certain umbrella brand called the India Craft Spirit Company. It's not a separate company. It's just an umbrella brand to differentiate the luxury offering.

Dhruv Kashyap: So Shekhar, just one clarification on that, and this is my last question that. So when you say that there will be a TERAI expression, I'm assuming that will be with more variants that exist today, and that will try and go after volumes in the premium gin market. And similarly, the single malt, while you might say 500 casks and expression and impression and it will keep having different variants and launches and limited edition, I'm assuming that you would go after whatever volumes are available in these categories? Or are you just doing this for imagery?

Shekhar Swarup: No, it's very much for revenue and EBITDA.

Dhruv Kashyap: And hence, you would be going after the volumes available in that business or that category. So if, let's say, premium gin can be a 100,000 cases market, you go for that 100,000 cases of capacities and not just build an image there. That's what I'm just trying to understand.

Shekhar Swarup: Yes, 100%.

Dhruv Kashyap: And same would be true for the single malt part of the business, Dōaab that it might be 500 casks, but over a period of time with multiple variants or limited addition of expressions, you would still be trying to address whatever volume is available out there for such a product?

Shekhar Swarup: Yes.

Moderator: Our next question is from the line of Himanshu Shah from Dolat Capital.

Himanshu Shah: Sir, you have outlined capex projects worth INR220-odd crores, INR140 crores for UP and INR80 crores for technology upgradation and other stuff. Can you highlight how much we have already spent out of this?

Shekhar Swarup: Nilanjan, do you have that?

Nilanjan Sarkar: In UP, we have spent INR30 crores on the IMFL bottling that we have done. On technology upgradation, we have spent around about INR15 crores, INR20 crores in the current H1.

Himanshu Shah: Okay. And overall capex in H1 has been how much?

Nilanjan Sarkar: Overall capex in H1 has been INR80 crores.

Himanshu Shah: Okay. And out of this INR220 crores, how much is the balance that we would be doing?

Nilanjan Sarkar: In the current quarter, in the current H1?

Himanshu Shah: No.

Shekhar Swarup: Say, H2, Nilanjan?

Nilanjan Sarkar: Yes. H2, we will be doing anything in the range of INR70 crores to INR80 crores.

Himanshu Shah: Okay. And what would be the capex for FY '26?

Nilanjan Sarkar: FY '26, a part of this will be carried forward to the next year, and we plan to do a little more capex. The numbers are still not ready for FY '26.

Moderator: Our next question is from the line of Sai Narayan, who's an Individual Investor.

Sai Narayan: Congratulations actually on the improvement in the Prestige & Above segment. So I have a question on this brand, Mountain Oak. So do you classify this in the Prestige & Above or in the consumer Regular & Others segment?

Shekhar Swarup: Prestige & Above.

Sai Narayan: Right. So this quarter, we have done close to 0.2 million cases. Approximately how much of this comes from Mountain Oak brand?

Shekhar Swarup: It's about 60%.

Sai Narayan: Right. Okay. So last year, actually, we have done close to 0.4 million cases in Prestige & Above. And this year, in H1, we have covered that actually. So that means we are doing something right compared to last year, right? So what is the assessment from the company? What is it that we got it going that within 6 months of this financial year, we were able to cover the number of cases we sold last year?

Shekhar Swarup: So Param, would you like to take that?

Paramjit Gill: Yes. Yes. So thanks for the question. You see, as we have on a few occasions outlined that our principal approach is to create a successful route-to-market and then use brands to fly on the runway. Now when we are entering a state, it takes variable time to get the route-to-market right. And you start seeing the brand's acceptance and movement getting accelerated where we start getting our route-to-market activities totally aligned to what we have planned.

It is -- so the same brand may take 1 year in one market and may take 3 months in the other and 2.5 years in the third market. So it's all basis how we are able to align our route-to-market strength from creating a new team to establishing it to building up our marketing progress there and to implementing our plans. So that's basically the whole reason.

Sai Narayan: So I see Mountain Oak is getting wider acceptance in all these places, Bengal, Punjab. That's what I see in the -- my social media, YouTube baric part of consumers...

Paramjit Gill: So one brand lead, others will follow. Mountain Oak has been the earlier one among the slot between Snoski and Brothers. Obviously, Governors, which was our first brand, we had a lot of learnings there. And then it was followed by Mountain Oak. Mountain Oak has led.

Other brands, we are very confident will start following a similar approach. They will accelerate in the first couple of states and then start spreading. That's the whole objective. So Mountain Oak, we expect will have a couple of brothers and sisters soon.

Sai Narayan: Is there any brand which is getting... Is there any brand apart from Mountain Oak, which is getting traction because 60% of 0.2 million cases comes from Mountain Oak?

Paramjit Gill: SNOSKI Vodka is picking up traction. Our early launch of Brothers is picking up traction at this point of time. Even Oakton, which is a medium haul has started showing some early green shoots. Our Not Out, which is a 15% RTD and has entered Delhi and Uttar Pradesh limited market has started showing some stability and signs of growth. So we have a few of the brands, which are causing a bit of a shake up there.

Sai Narayan: Right. And just a last question, what is the total debt of the company as on end of quarter 2, total debt?

Nilanjan Sarkar: Total debt in H1 has been INR81 crores.

Sai Narayan: No, no. The total debt actually, not in H1, but the total debt of the company, the short-term borrowings and the long-term borrowings complete?

Nilanjan Sarkar: Total debt net of cash and cash equivalent is INR335 crores.

Sai Narayan: The debt has reduced, I suppose, compared to last quarter.

Nilanjan Sarkar: Yes.

Sai Narayan: Okay. That's it. Congratulations, Shekhar and team.

Shekhar Swarup: Thank you.

Moderator: Our next question is from the line of Dev, who's an Individual Investor.

Dev: A couple of questions. One, you had mentioned that you are making provisions if the commodity prices comes down, you'll be able to buy in store. So have -- have you already built capacities for storing? That's number one. Number two, any reason why your June, September quarter is always flattish in the past year?

Shekhar Swarup: So June, September is the -- for 2 reasons, it's always a little bit low. One is, this is the sort of period where beer consumption peaks and spirit consumption comes down in most of our markets. So there is a bit of seasonality. And the other is this is also the monsoon period where fuel prices are typically high. So Q2 has always had a bit of a seasonality element to it. Sorry, and what was the other question?

Dev: The other question is you had mentioned that if the commodity prices that it is maize, etcetera, comes down.

Shekhar Swarup: Yes. So we've started work on storage. It's a fair amount of storage that has to be built. So some of it will be ready in Q3 and others will be ready. So in every quarter, some amount of storage will come on stream. So we've done it in a phased manner rather than all at once.

Dev: Okay. And would you -- in case you buy in store, would you also hedge it? Or how do you...

Shekhar Swarup: We already have an internal hedge, right, because we've already sold our ethanol.

Dev: Okay. Got it.

Shekhar Swarup: We'll only buy it if it makes sense to produce ethanol from it.

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

Shekhar Swarup: Thank you, everyone, for your questions. We remain available to provide any more information. Please feel free to reach out to our Investor Relations team. The contacts are on the presentation. Thank you again, and have a good evening.

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