



Globus Spirits Limited

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Dated : 08th August 2025

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

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

Subject: Conference call Transcript– Q1 FY26 held on 04th August 2025

Dear Sir,

This is with reference to the above captioned subject and in compliance with Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, attached herewith the conference call transcript w.r.t. conference call held with Investors on 04th August 2025 to discuss the financial performance of the company for the 1st quarter ended on June 30, 2025.

Kindly take the aforesaid information on record and acknowledge

Thanking You
Yours faithfully
for Globus Spirits Ltd.

Santosh Kumar Pattanayak
Company Secretary
ACS-18721

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**“Globus Spirits Limited
Q1FY'26 Earnings Conference Call”
August 04, 2025**



MANAGEMENT: **MR. SHEKHAR SWARUP – JOINT MANAGING
DIRECTOR – GLOBUS SPIRITS LIMITED
MR. PARAMJIT SINGH GILL – CHIEF EXECUTIVE
OFFICER, CONSUMER DIVISION – GLOBUS SPIRITS
LIMITED
MR. NILANJAN SARKAR – CHIEF FINANCIAL OFFICER
– GLOBUS SPIRITS LIMITED**

MODERATOR: **MR. SUYASH SAMANT – STELLAR INVESTOR
RELATIONS ADVISORS**

Moderator:

Ladies and gentlemen, good day, and welcome to the Globus Spirits Limited Q1 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

Suyash Samant:

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

The management will be sharing the key operating and financial highlights for the quarter ended June 30, 2025, followed by a question-and-answer session. Please note this call may contain some of the forward-looking statements, which are completely based upon the company's beliefs, opinions and expectations as of today.

These statements are not a guarantee of the company's future performance and involve unforeseen risks and uncertainties. The company also undertakes no obligation to update any forward-looking statements to reflect developments that occur after the statement is made. I now hand over the conference to Mr. Shekhar Swarup. Thank you, and over to you, sir.

Shekhar Swarup:

Good afternoon. Thank you for joining us today for our Q1 earnings call. Our presentation -- results presentation was uploaded a little bit earlier. However, the PDF of our results was uploaded just a few minutes ago. We apologize for the delay in uploading that. Today, Param, Nilanjan and I will talk to you a little bit about the quarter gone by and maybe add some narrative to the performance. The performance that we've seen in the quarter gone by is a result of structural improvements in our business as opposed to temporary blips.

In Q1 FY '26, our investments in the Prestige & Above segment gained strong traction. The segment is nearly a breakeven in the quarter gone by, which is a milestone we achieved sooner than we expected. The segment has also improved its cash cycle. With these improved operating leverages, the segment is well poised to be a growth driver for the company. Today, the consumer business of the company operates in multiple growth engines with a unique portfolio of strong brands, offering consumers a wide range of options between INR100 a bottle to INR4,000 a bottle.

Our strong manufacturing footprint drives incremental profits from our steady volume manufacturing business. The consumer business contributed 39% to total revenues and revenues in the segment grew by 14% year-on-year and 9% quarter-on-quarter. We continue to grow our reach and presence, and Param will share more details about this shortly. The quarter witnessed notable improvements in the manufacturing business as well with EBITDA margins improving to INR6 per liter.

Capacity utilization was at 81%, and we hope to see improvements in capacity utilization in the coming quarters. With a stable policy environment, we are now able to operate with raw material flexibility as well as assured demand from OMCs. Our focus going forward remains to increase utilization of maize in East India and consolidate rice in North India. Maize allows us to fix our margins by procuring forward contracts during the harvest season. With these initiatives in place, we expect that margins will average at about INR7 per liter with reduced volatility.

Our multi-feed distillery project in Uttar Pradesh is progressing as planned with commissioning expected in Q3 of this year. Uttar Pradesh remains a key growth market for our consumer business and the plant in the state provides us strategic competitive advantages. I would now like to invite Param to talk a little bit more about the performance of the consumer business.

Paramjit Gill:

Thank you, Shekhar, and good afternoon, everyone. The consumer business again delivered a strong performance this quarter, supported by our strategic focus on brand expansion and enhanced market penetration. Coming to the high-growth segment for Prestige & Above, I'm pleased to share that we have achieved a strong top-line growth of 50% year-on-year and 36% quarter-on-quarter.

As Shekhar mentioned, profitability continues to improve in line with volume growth as well as our business plan with operations in Uttar Pradesh and Delhi already in the breakeven zone and West Bengal also showing signs of being in the breakeven zone by the end of this year. This is despite the temporary impact of the policy decision in Delhi during June 2025. Our current portfolio comprises 15 brands across whiskey, gin, rum and vodka segments.

The business is now present in 9 states, and we have also identified 3 new states with plans of expansion in the same as well as exploring the options to enter the duty-free channels as well as the CSD network. Globus ANSA India Limited, our joint venture partner with ANSA McAL, entered the beer market with the launch of Carib 500 ml strong beer in Uttar Pradesh in quarter 1.

The initial feedback is positive. I'm also happy to share that while Mountain Oak continues its northward journey, Snoski and Brothers are also demonstrating strong potential to be our strong growth partners as we move forward. In luxury, we currently plan to expand our portfolio to 3 additional states this year and are also eyeing duty-free as an opportunity. Our expansion strategy includes strengthening distribution network further, enhancing brand visibility as well as recall and capitalizing on our portfolio offerings.

In the regular and others category, the segment saw almost 10% year-on-year growth and 5% quarter-on-quarter growth in Q1 FY'26. EBITDA margin in this category stood at 17% in line with the long-term average. We successfully forayed into Uttar Pradesh, a high potential market with a size of approximately 10 million cases per month.

In Q1 of FY'26, we recorded 0.13 million cases in the state with strong potential for further growth. Additionally, we received a price increase of 4.35% in Rajasthan and a revision in Uttar Pradesh effective 1st April 2025, both of which are expected to support improved profitability and drive revenue growth.

I now hand it over to Mr. Nilanjan Sarkar to take us through the financials. Thank you.

Nilanjan Sarkar:

Thank you, sir. Good afternoon. I hope everybody had a chance to go through the presentation uploaded in the website. Last quarter, we have restated finance costs incurred on supplier financing through TReDS, which was earlier reported in cost of goods sold and now reclassified to finance cost.

As a result, Q1 FY '23 results are also being reported in this quarter with this reclassification. There is no impact of this reclassification on preceding quarters. Additionally, we have successfully reduced debt net of acceptances by INR40 crores. I now hand over the forum to the moderator for questions.

Moderator:

Thank you very much. The first question is from the line of Himanshu from Dolat Capital. Please go ahead. Mr. Himanshu, your line has been unmuted. Please go ahead with your question. As there is no response from the current participant. The next question is from the line of Raj Shah from RK Family Office. Please go ahead.

Raj Shah:

Sir, my question is regarding IMIL. So do you think currently the lowest hanging fruit is UP's IMIL market and the new excise policy of the government has a direct relation with it? Please share your view.

Shekhar Swarup:

Param, can I ask you to take that?

Paramjit Gill:

Yes. Thanks, Shekhar. Yes, indeed, as of now, UP is the lowest hanging fruit in front of us. And UP has demonstrated a very stable excise policy over the last few years and continues to exhibit a lot of confidence into all the stakeholders, including us. So yes, we are looking to capitalize UP in times to come.

Raj Shah:

So currently, if I see major organized players of IMIL and UP doesn't have a significant share in that market. So am I right in understanding that the new rules and policies like e-Lottery systems and that 2 years limited time period for a single shop and other things will break the Cartelization of small and unorganized players, and it will be significantly beneficial for Globus and other organized players? Or am I getting it wrong?

Paramjit Gill:

So UP does have large players in IMIL segment. To that part, your information is short. But the second part, which you said, UP doesn't have any Cartelization. It is an open market, free market, and it bodes exactly in line with what I said. UP is a free market with a very stable policy, and it gives a very good opportunity for players like us to professional players to come and enter and take their claim on the field.

Raj Shah:

Okay. And sir, in next 2 years, how much of 10 million cases per month market globally will try to capture?

Paramjit Gill:

So we don't really quantify it. But since the size of the market is so humongous, we are cautiously ambitious to try and gain a strong foothold in this market. But as I said, we don't give forward-looking volume.

Raj Shah: So sir, any market share guidance, any market share like 10%, 15% market...

Paramjit Gill: Both are one and the same thing.

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

Himanshu Shah: Sorry, my line got dropped earlier.

Shekhar Swarup: Yes, can hear you. Please go ahead.

Himanshu Shah: Sir first is a bookkeeping question. In the manufacturing business, we have sold around 54.5 million liters with a spread of INR6 per liter, then this should have given us an EBITDA of around INR32-odd crores. The numbers are basis our presentation, but the EBITDA that we have reported in manufacturing business is INR22 crores. Why this gap should be there?

Shekhar Swarup: Nilanjan, can you comment on that, please? Nilanjan, you there?

Nilanjan Sarkar: Yes, I'm there, sorry. So the manufacturing numbers of sale, you should also exclude the in-house consumption also. Have you excluded that?

Himanshu Shah: Okay. So that I haven't excluded. So this is including in-house consumption. So external sales would be lower. Can you help us, sir, with the external sales? Or we should just divide the EBITDA by INR6 to...

Nilanjan Sarkar: I'll give you the number.

Himanshu Shah: And sir, any specific reason our capacity utilization are trending lower at around 81%, while it has improved on a Y-o-Y basis. But historically, we used to have our capacity utilization at around 90%, 92%.

Shekhar Swarup: Yes. I can talk about that. So in the last maybe 3 quarters or so, maybe -- yes, so Q4 and 2 quarters before Q4, we've been reducing our capacity utilization because of unfavorable raw material scenario. In Q1, we've now ramped that up to 81%. And we are hopeful of going even further in this year.

Towards the end of the year, we'll certainly reach our historical stable levels. Some of the low capacity utilization is also due to upgradation of technology for corn oil production in East India. So that's why I'm not saying that it will be at 90% plus from Q2. It might take another quarter. But certainly, by the end of the year, it will be well over 90%.

Himanshu Shah: And on demand side, we don't have challenge, both on the ENA and ethanol side means whatever utilization...

Shekhar Swarup: We are not seeing any demand...

Himanshu Shah: Okay. So whatever utilization will be there, less the internal consumption that sold off to the external parties. Sir, second, again, a small bookkeeping question on IMIL side. What was the

exceptional revenue mix in Q1 of FY '25, which has led to this decline in EBITDA on a Y-o-Y basis despite price increases in Rajasthan market and improvement in raw material scenario?

Shekhar Swarup: So I think the margin guidance we've been giving on our regular and others business is around 17% EBITDA margin. Q1 last year was -- we had very high margins. And towards the end of the year, they came down to about 18%, 19% I think that level, 17%, 18% is something that we hope to sustain.

Himanshu Shah: Okay. And by exceptional revenue mix, we mean much higher share of RML or something?

Nilanjan Sarkar: Yes. So there were certain more profitable SKUs, which we were able to sell a greater amount of. So these are certain -- how do I say, opportunities that you get from time to time and you take them. But these are temporary blips. And my intention on these calls is to focus on structural changes that have happened in our business.

Himanshu Shah: Sir, just one more on raw material side. We have seen decline quarter-on-quarter basis of 4% in rice and 9% in maize. So one, are the prices stable around this level or they have seen further correction maybe towards end of the quarter or in July? So this is first question. And second question is the benefit of this decline, which has already taken place. Has that got fully reflected in Q1 FY '26? Or it should flow through in further quarters, Q2, Q3?

Shekhar Swarup: So a couple of things have happened. I think, I spoke about this in my opening remarks as well that maize is a raw material that we can really hedge. We can book forward contracts for and get a more secure margin profile for our ethanol business. So we did a pilot for this last year, which included storage of maize as well as some forward contracts. But this year, we've really been able to ramp that up.

So I believe the number is around 17%, 18% of our maize demand for the whole year, we've been able to fix in terms of fixed prices are. And as we go ahead into the future years, we hope to increase this number a little bit more. So some effect of the decrease will go into Q2. But thereafter, what is interesting is that we're going to be able to manage to maintain our margins with lower volatility going forward.

Himanshu Shah: And sir, so from Q2 onwards, we should hit -- we are almost there at INR6 per liter. And with this further price decline benefit, we should hit INR7 kind of a number starting up.

Shekhar Swarup: No, I think the greatest increase in terms of EBITDA per liter will come from growing capacity utilization now. So -- but there is a little more improvement in gross margin per liter perhaps that is yet to come, but most of it is already factored in.

Himanshu Shah: And sir, lastly, on IMFL part, while the percentage growth looks quite attractive on a Y-o-Y basis, but our top-line numbers, we are still much smaller over there. And in that backdrop, it looks like we are proceeding slightly more cautiously, while we are turning and we are very close to breakeven. But between growth and profitability, are we focusing too much on profitability at the expense of growth?

Shekhar Swarup: I think that's a great question. Param, do you want to take a crack?

Paramjit Gill:

Yes. No, no, Mr. Himanshu, it's always a fine balance. And no, we are not compromising one for the other. We are absolutely committed to sustaining very accelerated growth. But having said that, along with growth, we also enhance our overall capability to sustain and grow each and every state, each and every brand and each and every category that we enter.

So basis this balance, there is a fixed pace at which we are right now accelerating. So while we keep profitability very closely in line of sight, we are not trading off at all because we know as far as we keep growing healthy top lines, bottom lines are going to follow us.

Himanshu Shah:

Just a follow-up on this. So now we have been piloting this business for the last 3, 4 years. So should the flywheel effect start kicking in where the growth rate should start getting accelerated? Or as the base inches keep inching upward, again, the growth rate will be at this levels or start moderating? Some qualitative color of that?

Paramjit Gill:

So obviously, by normal logic, as we are -- if we continue to sustain 50% growth, we'll be closer to 1.3 million, 1.4 million cases from there. So you will not be doubling, tripling business every year over a decade. So growth will shallow out a little bit, but they will shallow out from our own previous extremely high growth. It will not be like the industry growth with the industry is used to. So our growth rates are going to be very, very aggressive and healthy. But obviously, as the base keeps getting higher, growth won't multiply on the base.

Himanshu Shah:

And in terms of expansion, we are going to add and expand into 3 more new states only for luxury product, not for deluxe or semi-premium?

Paramjit Gill:

Yes. For mainstream also, we have added states, which are in the process of getting launched. But for luxury, we have called out, we are adding 3 more. The mainstream business is also expanding. Mainstream business is also expanding.

Moderator:

The next question is from the line of Bhargav from Ambit Asset Management.

Bhargav:

Sir, my first question is that what is the utilization level of our distillery in Bihar? And if post elections liquor is allowed in the state, can we be amongst the largest beneficiary in that state?

Shekhar Swarup:

Just finished the Board meeting a little while ago, and this is something that we spoke about at the Board level as well. Given the sensitive nature of the topic, I'm not able to go into it in too much detail, but I just want to say that before prohibition in the IMIL category, Globus had a 25% market share. We have since closed down our bottling unit over there. We have a functioning distillery, obviously. So let's see how the policy action takes place, but we are very carefully monitoring on that policy.

Bhargav:

So in that way we are prepared, right, in the event if that event occurs, then we'll be able to capitalize on that?

Shekhar Swarup:

So as per the law in Bihar, currently, we are not permitted to have any bottling equipment in the states. However, as and when there is an event, we are working towards being prepared for that event.

- Bhargav:** Okay. Understood. And my second question is that, sir, you mentioned in your opening remarks about entering into CSD and duty-free. So how are margins in this segment? And are these larger markets for us?
- Paramjit Gill:** So CSD for luxury is definitely a significant player because CSD does support a lot of bottled in India luxury brands. And duty-free continues to be a competitive market, but it's a very high energy channel and duty-free availability as well as success explodes the growth of trials to the consumers and the opens of the international bouquet in a very big way. So they are both strategic as well as commercially attractive to us.
- Bhargav:** Great. And sir, the last question is that, is it fair to say that by end of FY '26, we should be aiming to become profitable in the IMFL business?
- Shekhar Swarup:** End of FY '26, we are aiming for breakeven.
- Moderator:** The next question is from the line of Nitin Awasthi from InCred Research.
- Nitin Awasthi:** 2 questions from my side. Firstly, I just wanted to understand on the regular segment, something is not adding up. So I just wanted to understand from your perspective because what we have said in the presentation is that we had about 8% volume growth in Rajasthan. And Rajasthan is happens to be a very large contributor to our overall pie in this segment.
- Apart from this, within the presentation, we have also stated that in the first quarter itself, we clocked some sales in UP itself. 0.13 million, if I'm correct, from the presentation. And despite that, our overall sales growth is 1%. That means some states, Rajasthan, Delhi, together, we have drastically reduced our sales, and that has a very strong impact on our EBITDA. Is that understanding correct? Because fixed cost looks to remain, right?
- Shekhar Swarup:** So let me break that up into 2 parts. number 1, Rajasthan has grown. UP, we have initiated Q1 last year, there was 0 sales. Delhi and Haryana have degrown. However, the greatest impact on EBITDA is because of a changed product mix in Q1 of last year. It's not so much because of Delhi and Haryana, the fixed costs here are very, very low. The margin profile to be expected in this segment will be around 17%. The 19%, 20% level of Q1 last year is -- was an abnormal sort of margin. And even last year, I have spoken a lot about that.
- Growth in Delhi and Haryana, we have not been very optimistic of growth coming in anytime soon. Delhi was a bit of a surprise, in September, they have committed to relook at the policy. It's not like our market shares have come down. In fact, our market shares have only grown in Delhi, but the industry has fallen for various reasons. So they have assured that they would look at this industry in the policy coming up in September. That's my reaction to your question.
- Nitin Awasthi:** So if everything stays normal in Delhi, let's say, last quarter, which went by Q1, how much volume growth would have been there?
- Shekhar Swarup:** Delhi has been a very stable market, 30,000, 40,000 cases a month. North of 40,000. North of 40,000-plus cases a month. And it's been stable at that level. It hasn't really grown.

- Nitin Awasthi:** Understood, sir. Sir, second question is the 3 states that we are looking to enter in or we are planning to -- are we entering in all the segments or specific segments that we are looking to enter in specific states?
- Shekhar Swarup:** Sorry, your line was breaking up for me. Param, if you..
- Paramjit Gill:** I got that one. Yes, Shekhar. So the 3 states we are opening up are for luxury and among them, 1 will include the full portfolio that is the mainstream as well. As I said, both run sometimes in tandem and sometimes luxury in unison. So in this case, luxury is 3 states and the mainstream is 1 of the 3.
- Nitin Awasthi:** And planning to take mainstream into the other 2 states also, if things go well? Or is this a pure luxury in those 2 states?
- Paramjit Gill:** Yes, yes. So obviously, eventually, we will be everywhere -- everything will be there. But we are just being jury prudent on, as I said at the beginning stage of the business plan that our right to win, the opportunity, the headroom and our positioning of brand portfolio is what we internally use as a determinant. So we give ourselves the best and the tightest chance to win in the state we enter. And basis that filter, we keep choosing it. But eventually, you will see us in mainstream as well as in luxury everywhere.
- Moderator:** The next question is from the line of Sanjay Manyal from DAM Capital.
- Sanjay Manyal:** I have a few questions on the ethanol ENA part. So I think you have a INR33 crores kind of a capacity. What kind of external sales of ethanol you can do in a year? And if you can also elaborate which is a major feedstock, what is the proportion of maize and proportion of broken rice and FCI rice you are using as of now?
- Shekhar Swarup:** Right. So I think 33 includes our UP facility that's yet to be commissioned. But even without that, it's, I think, north of 27, 28. So our entire capacity is actually between neutral alcohol and ethanol, except for the facility in Rajasthan, which cannot produce ethanol. So that entire facility is in any case, largely used for internal consumption, so we didn't feel the need to set up ethanol.
- All other facilities can do both. With our current level of internal consumption at each plant, which is only going to increase in the years to come as our consumer business grows, we do not see any challenge in demand of ENA and ethanol for our facilities. And hence, the facilities have been sized according to the demand that we are confident of. I hope that answers your question.
- Sanjay Manyal:** Just one thing on the maize and broken rice and FCI rice. What is the contribution?
- Shekhar Swarup:** Our North plant, so Rajasthan and Haryana run largely on broken rice. And our Eastern India plants run now largely on maize. And that's due to the raw material scenario in the 2 regions.
- Sanjay Manyal:** And is it possible for you to elaborate at what price we are now procuring maize? Because what my broad understanding is despite MSPs at INR24, the price of maize has come down drastically. And that ideally, according to my calculation, should be north of INR8 a liter kind of an EBITDA. So if you can just elaborate on that?

- Shekhar Swarup:** So yes, you're right. Prices came down to about INR22, INR23 delivered to our factories or to our warehouses. However, what is more interesting for me personally is that we've been able to secure maize delivered to our factories up till November or December at a price of INR24, INR24.50. And that is what I see as a huge win for Globus because we've been able to completely eliminate all sorts of margin volatility on account of raw material.
- Sanjay Manyal:** Okay. Okay. And one last one on the IMFL side. What is our sort of view over the next 2, 3 years? What is the aspiration we have about the IMFL business? What kind of a run rate we want to achieve over the next, say, 3, 4, 5-year period?
- Shekhar Swarup:** I think Param spoke a little bit about that earlier, someone else asked as well. But just trying to paraphrase what he said, we hope to continue these levels of growth rates in the near future. But as our business scales up, 50% plus revenue growth will be very difficult beyond a point. So they will come down, but we will be much faster than the more established industry peers.
- Sanjay Manyal:** And do we have some sort of a profitability in mind or an aspiration in mind over the next, say, 3, 4 years, that kind of a profitability really you want to achieve?
- Shekhar Swarup:** I mean our internal targets are to be in line with the profitability of our peers. Those are our targets right now. But let's not jump too far ahead. We got to get to breakeven first, whilst continuing our growth. And we've demonstrated that for a couple of months in this quarter. Hopefully, we can do that for the rest of the year as well. And then let's take it from there.
- Moderator:** The next question is from the line of Tarang Agrawal from Old Bridge.
- Tarang Agrawal:** Congrats on strong set of numbers. Just a couple of questions. On the consumer business, specifically the country liquor business, you've called out UP is about 10 million cases. Given that you'll have an advantage of your own plan there, what is the kind of market share that you're looking for, number 1? And number 2, if you could just illustrate the operating market dynamics? I mean, how many players are operating? If some sense there would be helpful. And second, on the Prestige business, was the margin in this quarter a one-off? Or do we expect this to be the new normal?
- Shekhar Swarup:** Param, could you please?
- Paramjit Gill:** Yes. So in the first one in UP, Radico, IGL, they are among the leading players in the IMIL segment. And then there are many, as I said, stable but relatively smaller players. So it's a well-distributed market among many participants with these 2 still being leading the pack.
- And we definitely see ourselves also becoming one of the formidable players in years to come because we have all the credentials of making it up and the whole intention, one of the reasons why Distillery came on the drawing board was to have a full 360 opportunity in UP, which is Prestige & Above as well as regular and below. Coming to -- what was the second question I missed out? Remind me?
- Tarang Agrawal:** The margins in your Prestige & Above consumer?

Paramjit Gill:

Yes. So we -- yes, we are definitely going to -- our intent is to be in the same zone where we are in Q1. That's the intention because we have set ourselves that we should -- fingers crossed, should be in the breakeven zone in every quarter as we have been. Obviously, there will be some favorable quarters and some challenging quarters because seasonality and investments don't align month-on-month. But yes, we definitely see ourselves only getting better as things keep unfolding.

Tarang Agrawal:

Just a follow-up. I mean, in the earlier maybe 2 years back, you were investing in particular territories. Then as those territories started getting profitable, you were essentially utilizing those cash flows to build or gain scale in other territories?

What I'm probably getting out of your response now is that maybe from an expansion standpoint or a distribution standpoint, a reasonable effort has been put together. And now it's going to be about making those smaller markets maybe, which are unprofitable to start making profits. Is that how we should look at it? Or do we expect you to probably expand your distribution further?

Paramjit Gill:

So let me say it. So the call out which we had made was that the intent has been in the third complete year, we would -- we endeavor to make a state breakeven. That has been the endeavor. And as we -- whenever we plan, we plan the launch of the state whenever we think the time is right. And the third complete year is when we want the state to come on to the contributing position.

And we are holding on to that. And that is how at any point of time, states are -- we have called out are in the zone of making profits or breaking even and newer states will continue to invest. But as the breakeven states continue to get hefty, obviously, they will -- we see them giving in more profits than the investment that is required for the new states. And that is how we see over time, while the investments will continue, our operating margin as well as the profitability position will keep on getting stronger and stronger.

Tarang Agrawal:

Okay. So would INR10 crores be a decent number for FY '26 for this business in terms of EBITDA loss?

Paramjit Gill:

Unfortunately, we'll not be able to help you on that question.

Moderator:

The next question is from the line of Anil Shah from Insightful Investments.

Anil Shah:

Sir, a couple of questions. One on the manufacturing side, where are we from a scale of 1 to 200 in terms of derisking the business that we started the journey probably 12, 18 months back. Again, rephrasing the question, if rice prices, policies, et cetera, were to change, how protected are we? And how secular is this business going forward?

Shekhar Swarup:

Yes. I mean, okay, let me try to answer that -- let me try to answer that. A rising tide or a lowering tide will affect every ship, okay? There is -- the ethanol business cannot insulate itself from tidal impact. But within -- as long as the current policy environment exists, which means 20% ethanol blending, certain spread between MSP of crop and purchase price of ethanol. Within that environment, we have been able to secure our margins considerably.

And that includes fixing prices of raw material by shifting to maize, at least in East India, having multiple fuel sources for our boilers, having palm oil production as well as DDGS production to maximize value addition from byproducts. These are some of the initiatives in place to hedge that. But if there is a reversal in ethanol for some reason, which I find completely improbable, then there is very little we could do to protect ourselves from that.

Anil Shah: No, not in terms of the blending part. That I think will only get higher, obviously, from the government focus. My question is more related to the policy changes in terms of the pricing of the raw material rice, which the government basically gives from the food corporation and on some bit of pricing slow volumes from the overall.

Shekhar Swarup: My sense is that for the current year as well as the next year, there is sufficient policy stability for us to say that margins are going to remain less volatile. There is sufficient price clarity of rice from FCI and how do I say it, ethanol prices of each of the raw materials from the OMCs. We are expecting ethanol blending to increase as are you. So I think for a couple of years, we are pretty good on raw material volatility.

Anil Shah: Got it. But sir, second question is, and this has been asked by multiple people on the call already. But just if you could still go into further details on the consumer regular and other businesses. Rajasthan, which is our main market, we seem to have grown volumes pretty well. We've got a 4% price hike. We've done more sales in UP from 0 last year same quarter. And despite the mix, at least from Rajasthan being the main market, where volumes have grown and pricing has come and yet EBITDA to not grow is something that financial analysts is difficult to understand.

Shekhar Swarup: Okay. So let me get into it again. There are 2 scenarios. There are 2 things that have played out. One is that in Q1 of last year was an abnormal quarter in terms of product mix in Rajasthan and in some other geographies, which gave us a much higher EBITDA per case or net sales value per case as compared to normal, number 1. Number 2, over the course of the year, there has been certain cost increases in packaging, nominal.

But yes, there have been cost increases. Number 2, as our Rajasthan business has grown in volumes tremendously over the last 3 years, our share of secondhand bottles has reduced, whereas the numbers have only grown, but the share has reduced. We are reverting to our older share of secondhand bottles now towards the end of Q1.

All of the -- whereas each of these things in isolation is not a large ticket item, but all these things put together have led to that reduction in margin from around 20% to, I believe, around 17% in Q1.

Anil Shah: Right. So sir, given the fact that this background, and I appreciate we don't give forward-looking guidances. But given the fact, okay, that the Q1 has had some exceptional because of last years, how do we see this for the next 2 years, '26 and '27? Should -- given the fact that we have UP, should we pin in higher volume growth and with 17%, 18% margins, should we pin in 12% to 15% revenue growth? So if you could give some color on this, it will be highly appreciated.

Shekhar Swarup: I've always -- last 2, 3 calls, even when the EBITDA margins were at the 19%, 20% I have maintained that 17-ish percent is the margin for this business, okay? So we were expecting a

reduction, and that reduction has come. Secondly, UP currently is much less profitable than Rajasthan because we are not manufacturing our own alcohol. It's not made any meaningful impact at all on margins overall because the volumes there are so small right now.

But as soon as that distillery starts up, which we're saying is Q3, the margins in UP will again be around the 17% number. So the margin to expect for the next few years in the regular and other segment is going to be 17%. Now in terms of revenue growth, Rajasthan, I'm not saying anything new today. I've said this earlier as well, is going to grow at mid-single digits, and that's the visibility we have currently.

UP because of our scale, which is very small currently, is going to grow much faster. It's difficult for me to say whether it will stabilize at -- whether we -- how quickly we get to 2 lakh cases or 3 lakh cases a month or 1 lakh cases a month. We still have a lot of operations to perform before we can give any volume guidance or growth guidance there. But given the scale of UP currently for at least 4, 6, 8 quarters, I would sense that overall regular industry should be a mid-single-digit growth.

Anil Shah: Sure. So could we take this as -- at least for the current fiscal year that this -- as far as the EBITDA of INR39 crores is concerned, is probably on the lower end. And as we move successive quarters going forward, things will get better. Because volume from UP will come in third, fourth quarter, the profitability will improve.

Shekhar Swarup: Yes. Yes. The volumes improve margins are stable, we will have more profits.

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

Sunil Jain: Congratulations on good numbers. Sir, my question relates to Prestige & Above. Can you talk which are all brands is driving this growth or it more of a distribution channel, which is driving this growth? What is the pull from the market for which brand is doing exceedingly well and which is the top brand in your business?

Shekhar Swarup: Thank you. Param, could you please?

Paramjit Gill: Yes. So as of now, we -- apart from our luxury brands, which are DOAAB as well as the TERAI Gin family comprising of 2 variants Mountain Oak, Snoski, as well as Brothers & Company, all 3 are finding a very strong firm traction with the consumers, and we are very, very happy with the momentum that these 3 brand categories are building.

Sunil Jain: So which is the top brand in your portfolio?

Paramjit Gill: As of now, our top line -- top brand is Mountain Oak.

Sunil Jain: Okay. So in overall sales of say INR40 crores in this year, is this the main contributor?

Paramjit Gill: I won't be able to give you more details than that. But as I said, it is still -- there are 3 brands plus luxury, which are all playing a very powerful role and Mountain Oak is the largest of the family.

Sunil Jain: Second question related to price increase you had said you got price increase in Rajasthan. So benefit of that has already come in this Q1 or will be coming in the coming period?

Shekhar Swarup: No, this is after the benefit. Q1 includes the benefit.

Sunil Jain: Okay. So any other states you are getting price increase?

Shekhar Swarup: UP, there has been a price increase and Rajasthan, UP, I don't have the number. But all of the performance is inclusive of price increases. There are no further price increases expected in the balance period of the year.

Sunil Jain: Sir, last question about this data, if you can share bulk outside sales volumes if possible?

Paramjit Gill: Yes, sure. I think we've received that as well from another question from another person. We will provide that breakup in the -- we'll, in fact, update our investor presentation with that breakup.

Moderator: The next question is from the line of Nigel from Leo Capital.

Nigel: Firstly, what percentage of the regular and others business came from Rajasthan in FY '25 and in Q1 of FY '26?

Shekhar Swarup: I don't have that number ready. And Nilanjan, do you have it?

Nilanjan Sarkar: See, Rajasthan contributed about 72% of the total revenue.

Shekhar Swarup: In Q1.

Nilanjan Sarkar: In Q1.

Shekhar Swarup: And in Q1 last year?

Nilanjan Sarkar: That I don't have right now.

Shekhar Swarup: We can get that across to you.

Nigel: Understand. And my next question was by when do you expect the UP distillery to be operational?

Shekhar Swarup: Q3. It will be running in Q3 of this year.

Nigel: Q3 of FY '26. Okay. Got it. And is the profitability of ethanol depressed in Q1? Or is this the normalized level of profits you expect going ahead in the current financial year given the prices that have been...

Shekhar Swarup: From our entire manufacturing business, so not just ethanol, so average of ENA and ethanol, we expect an average margin of INR7 per liter going forward.

Moderator: The next question is from the line of Nishant Bhatt from Equity Works Ltd.

- Nishant Bhatt:** My question was regarding the UP given the management's focus on the disciplined expansion and profitability, especially in the IMIL segment. Could you please elaborate on the current progress in UP in terms of volume growth and regarding the retail distribution footprint? And how does this execution cadence compare to Rajasthan in the early ramp-up years?
- Shekhar Swarup:** Okay. I should throw some color on the early ramp-up years. I mean, unfortunately, it's very difficult to compare because we are looking at something that took place 30 years ago with modern times. So I'm not sure, if there's any parable there. Param, you want to talk about how the scale-up is going?
- Paramjit Gill:** Yes. So obviously, we have a bouquet of brands, which we have entered. The brands and the bouquet have been chosen basis the category strength because in IMIL also, there are flavors and strengths available in UP. And we have primarily focused on the districts where we believe we have a right to win. We have put a separate sales team for this whole IMIL. It is distinctly different from our normal prestige and above team and hence works as an independent entity focused only on bringing in success to this.
- And we see ourselves taking almost another 1.5 years to be totally present in UP because the size of the market is so big that we don't need to be present in all of UP to get millions and millions of cases. So the whole business is hinging on wherever we enter, we must carve a place for ourselves and deliver market share to make it the most efficient business for us. So the spread across UP, most of the big players, except Radico, even IGL, which is the number 2 player, must be missing a few districts here and there in UP.
- So all other companies are not spread across all the districts of UP. So in IMIL spread is only one of the parameters unlike in IMFL, obviously, the spread does give you a lot of heft. So there, the penetration as well as the depth of your market share is what really matters most because each district is very big in volume and business opportunity.
- Nishant Bhatt:** Got it. Got it. That explains a lot. And just one more small question was how is the consumer feedback in UP, especially in your IML segment?
- Shekhar Swarup:** We're very happy to say that the initial feedback is positive, and that's what gives us a bullish view that in the short to medium term, we are going to really carve a place for ourselves.
- Moderator:** The next question is from the line of Chintan Shah from JM Financial Family Office.
- Chintan Shah:** So a couple of questions. So both are broadly related to strategy. So just wanted to get a sense from a medium to slightly longer-term perspective. So as the consumer segment continues to grow, so how would we prioritize our manufacturing segment?
- Basically, I mean, first, my sense would be incrementally more and more utilized for internal consumption and then we have ethanol and then we have ENA. So do we have that flexibility to switch between the 2? Because I believe in ethanol, we generally sign contracts on an annual basis. So what's the thought process here perspective? That is...

- Shekhar Swarup:** So yes, I think that's the right way to think about it that we first keep aside the capacity for our internal consumption and then we decide what is going to be more beneficial ENA or ethanol. And then we allocate capacity for ENA. And then whatever is balance, we sort of just pick up ethanol orders for it. You're also right by saying that ethanol orders are once in a year, but they do have a quarterly tender system for residual quantities.
- Till now, we have not faced any challenge. We typically keep, say, 15, 20 days per quarter, a little bit of buffer to bid for in the subsequent tenders in case there is a reduction of demand or anything of that nature. But our growth has been fairly predictable in our consumer business. And as a result, an annual tendering process is good enough for us. We don't really require a monthly or a quarterly tendering process.
- Chintan Shah:** Got it. Understood. And just one follow-up here. So right now, if you can comment on the profitability between the 2 segments? I mean, what could be the differential between ethanol and ENA external?
- Shekhar Swarup:** It's difficult to say, right? And then for example, Rajasthan is very highly profitable on ENA. And that's simply because we have very little capacity to offer there. But the right way to think about it is that in any state, eventually, ENA and ethanol will be at the same margin. maybe ENA will be at a 10% to 15% higher margin as compared to ethanol. But the right way to think about it is there will be very similar margins.
- Chintan Shah:** Got it. Understood, clear. And just one last question after this UP project, and we don't have any other capex that is lining up. So is it fair to say that at least for the next couple of years?
- Shekhar Swarup:** Expansion, there is regular maintenance capex that takes place, but no capacity expansion kind of a capex.
- Chintan Shah:** So entire cash flows over the next 2 years will be utilized for largely debt reduction. Is that correct?
- Shekhar Swarup:** Yes, yes. Unless there are some opportunities that come up, which we are not opposed to. But as of now, that's the plan.
- Chintan Shah:** The opportunity is in -- on...
- Shekhar Swarup:** Inorganic.
- Moderator:** The next question is from the line of Pritesh Chheda from Lucky Investments.
- Pritesh Chheda:** I joined the call a little bit late. I have just one question on the profitability in the manufacturing segment, which has reverted to about INR6 a liter. What would be your comment on the sustainability of this profitability?
- Shekhar Swarup:** So there -- we've actually spent a considerable time on that in this call. I'll quickly summarize it, sir, and our transcripts will be available on the website in a day or 2. The summary is that given that we have policy visibility for a couple of years currently and that we have shifted in East India to maize, so which allows us to book forward contracts as opposed to rice, which is entirely

a spot market. We have the ability to secure our margins. That does not mean there will be 0 volatility. It means that volatility will be reduced dramatically. My sense is an average of INR7 a liter will be the margins.

Pritesh Chheda: Okay. And I presume that bulk of this profitability enhancement is because of the maize prices correction of owing to release of rice stocks by FCI?

Shekhar Swarup: Yes. So there is now a scenario in the industry where you have 3 raw materials available in plenty of supply. In fact, putting all 3 raw materials together, there is now finally a slightly surplus situation on the grain side in the Indian market and which is the way it should be. That's how the ethanol policy was designed. So -- and this policy of keeping this kind of surplus is now clearly visible for 2 more years. FCI is offloading a large amount of inventory either of surplus rice or of broken rice through improved quality of procurement of rice.

Pritesh Chheda: Okay. My last question is, can you comment in the 6 months since this policy came in? I think this policy was announced in Jan, Feb post implementation. What should be the drop in the rice price from the Jan -- and what should be the drop in the maize price?

Shekhar Swarup: So really, it came into effect only in April. So let's look at it from an April point of view. And April is also -- April to June is also the period when there has been a very significant harvest of maize in East India. In case of broken rice, prices -- I mean, I'm talking peak to low. I'm not talking average to average. I don't have that figure. But peak to low rice prices were down 15%...

Pritesh Chheda: 18%, 18%.

Shekhar Swarup: And maize prices were down 20%. But that's also because of harvest. So maize prices will now start going up in the market, in the spot market. Globus has secured forward contracts and inventory of maize to secure a large share of our maize business.

Pritesh Chheda: Okay. So when you say peak, which means the peak that you would have experienced in the last 2 years, you are calling on peak that...

Shekhar Swarup: Peak of March to bottom of Q1.

Pritesh Chheda: Okay. That's right. The peak of March was also what we experienced for quite a long time, right?

Shekhar Swarup: Pretty much, pretty much. I mean maybe off by 1%, 2%, but pretty much

Pritesh Chheda: So now because in maize, you get a long-term contract, so your visibility of profitability is that much more stronger. And you would have booked maize for yourself for a few quarters ahead.

Shekhar Swarup: I mean I think in our investor deck, we have a slide on it. But we hope in the next year, in the next harvest to increase this further. So we started this process last year. We've improved it considerably this year. And hopefully, we'll get to a steady number next year.

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

Sarvesh Gupta:

On the ENA side, so when we launched this business and now we are entering -- consistently entering newer states and also adding the products. So obviously, we must be doing a lot of activation at the channel levels plus maybe giving better sort of incentives to the dealer and the distributor network, etcetera, which might be helping us in the growth of the sales?

But as you would understand, the main proof of the pudding is in for repeat sales. So if you can throw some color on the sustainability of the growth because of the repeat sales that we are seeing from the consumer behavior towards some of our products?

Shekhar Swarup:

So I mean this is really Param's domain, but very quickly, I'll give you a proof that I look at is a reducing number of days of trade receivables and sustained growth over a period of time. And over the last 10, 12 quarters, we have demonstrated sustained growth. We have demonstrated improved working capital cycles. So this is not product that we are putting in the market and it's not selling. It's -- these are fast-moving products. And finally, of course, it's an increase in profitability.

Paramjit Gill:

Yes. So absolutely. So I think if we look at the 3 -- firstly, sir, it is in today's highly competitive environment, it is not possible to last even 6 months unless you do not get repeat demand of the brand, leave aside 3 full years. Second is we will -- if we see the profitability trend, if we see the trade receivables as well as we see the volume and the revenues go up, I think it's a given that the brands are waiting traction and they are allowing us to be in a position, where we are really have very strong optimism and are continuing to spread.

Actually, for most of the -- from what I hear on the investor call, sometimes we are asked why are we expanding too slowly? And that's where we say it is about achieving success in a state and then expanding to the next one because our commitment is that the third full year, the state on its individuality should strive to be breakeven and thereafter start contributing to the mother kitty. So if you just sort of correlate these factors, one is in an almost certain position that the brands have a strong traction in the marketplace.

Shekhar Swarup:

In addition, I'd invite you to come visit our markets, have a look at some of our shops and see it for yourself.

Paramjit Gill:

Yes, Uttar Pradesh, Haryana, Delhi, West Bengal, Rajasthan, I welcome to come to one of the states where we are operating and see how your team is performing.

Sarvesh Gupta:

And I guess it would also be sort of manifested in the return data from the dealer or the channel level, if any, or -- and the repeat buying from the individual dealers, etcetera, right?

Paramjit Gill:

No, no, absolutely. Absolutely. The repeat buying is the beginning of the journey. Without that, there is no journey. Repeat buying at the consumer level, repeat buying at the retail level and the repeat buying at the dealer level. And all the repeat buying must be accompanied by revenue movement between the trade partners because money must exchange hands for the previous transactions or the future transactions. So absolutely.

Sarvesh Gupta:

Okay. And secondly, with this U.K. FTA coming into picture, a lot of brands that we typically buy are also in the competing price ranges -- so now that a few months have passed through this,

any further color or understanding that you would have accumulated in terms of the impact that we may see on the P&A side?

Paramjit Gill:

My take on it is as follows. First is the impact of that is still a few months away. I think we are going to start seeing some visible impact in about a year from now. On the procurement, we definitely see ourselves getting some advantage as we chug along.

And in terms of the consumer benefiting from the prices, enough has been said that all possibilities exist because there are many trade partners in the channel, including the government as to whether there is going to be any noticeable reduction in the consumer price or not. From our point of view, for our bottled in India brands, do we see it as any challenge? Not at all. We do not see it as any threat whatsoever. We only see a softer procurement of scotch, if at all.

Sarvesh Gupta:

Okay. For this beer where we have done a joint venture with a training art company. So is it a very sort of a niche strategy? I mean when we were doing this JV, we would have probably had some other options as well. So how do you see this particular beer? Is it going to be operating as a niche sort of a strategy? Or is it something that is designed to sort of take up a larger market share over a larger consumer state?

Shekhar Swarup:

So we see ourselves as a stable player in the beer category also as we go forward. We have obviously started with the first state UP. And after having spent some time, we will obviously strike out into another state as well. The intention is to create and build this business itself into a larger opportunity.

It is not for just to sort of have one more add-on because it does take time, effort, investment as well as strategic thinking to operationalize it. So we do intend to capitalize on the opportunity that the Indian beer market is offering us. And we have started with one of the large opportunities of Uttar Pradesh. So we are very excited about this category, and you will hear more from us as we go forward.

Sarvesh Gupta:

Okay. Finally, just one bookkeeping question. So what is the net debt that we have right now?

Nilanjan Sarkar:

Excuse me, sorry, can you repeat the question, sir?

Sarvesh Gupta:

The gross debt and the gross cash that we carry in our balance sheet as on 30th June?

Shekhar Swarup:

Nilanjan can you comment on that.

Nilanjan Sarkar:

Net debt after cash and cash equivalents is INR334 crores.

Moderator:

The next question is from the line of Tarang Agrawal from Old Bridge.

Tarang Agrawal:

Just on bookkeeping. If I look at your bulk business, roughly INR22 crores of EBITDA for about 5.5 crores liters of bulk volumes. That translates to about INR4, INR4.5. I'm not too sure how the INR6 number is coming from?

- Shekhar Swarup:** So we clarified this earlier in the call. I think we should update the slide. Our bulk sale is lower than that. That's our total bulk production. So we'll update that slide. It's an error at our end. The information will be much clearer.
- Tarang Agrawal:** Got it. Second, on the UP distillery, I mean, the rationale is essentially to feed the UP market, right? I mean, whether it's through the IMIL business or the IMFL business. And if at all, there is any spare capacity, then it gets diverted to ENA or ethanol as the case may be?
- Shekhar Swarup:** Yes.
- Moderator:** The next question is from the line of Dhruv Kashyap an individual investor.
- Dhruv Kashyap:** I'm going to keep this brief because as always, I come in at the end, and I'm sure everyone is kind of tired. So a quick one, Shekhar, on the luxury part of the business where we currently have DOAAB and we also have Terai with a new variant as well, the lychees and mulberries?
- I just wanted to understand that how do you see the product portfolio or the range architecture evolve in this part of the business, which I think you formally called IWSR or something like that? I mean could you just give some understanding of how are we going to play out the luxury part from a product portfolio? I'm not asking about distribution?
- Paramjit Gill:** Yes. I mean I don't know how much color we can give on that because of confidentiality. I don't want to talk about what are the new products you want to launch here. So I mean, if there's anything else, I can say, I'm not sure to answer your question.
- Dhruv Kashyap:** Okay. The other one would be on the Prestige & Above. There's supposed to be a INR650 whiskey.
- Shekhar Swarup:** Param. We've already -- Param, if there's something that we've already announced, obviously, we can talk a little bit more about that. But new product launches, we can't really talk about, unfortunately.
- Paramjit Gill:** So in Prestige and Above, we have whiskeys, which are ranging from, as you rightly said, approximately INR600 onwards till right about -- we go up to almost INR1,200, INR1,300 and then the luxury category starts kicking in and goes right up to almost INR5,500 now.
- And yes, the MRP to the consumer is -- we must realize it's a big function on which state we are talking of because the same brand can be INR650 in one state and INR950 in the other. So it solely depends on the state we have in reference, but we define it more with category.
- Dhruv Kashyap:** Param, I'm referring basically to the slide, which says about product launches. It says a INR650 whiskey coming soon. So I was talking more specifically about that?
- Paramjit Gill:** Yes. Let me just...
- Dhruv Kashyap:** For the last 2, 3 quarters, there's been just one empty row or column, which talks about a INR650 whiskey. So I was just wondering because others, I think, is already at INR700, INR750. And

Mountain Oak is at INR500, INR55. So I was just trying to understand that is that INR650 even happening? Or is that an error in the slide or...

Paramjit Gill: No, no. As of now, INR650 is there's 500 and 750. And if at all, you've seen a INR650, it will be -- one of them would be 650 in some other states.

Dhruv Kashyap: Just to clarify, there's no further product launch awaited?

Paramjit Gill: No, no. launches could be there, but there is no reference on it on the sheet. Launches could be there, but there is no reference on the sheet.

Dhruv Kashyap: The second question was more on the margin. So one understood that the IMIL business is around about 17%. One is also understood that the manufacturing business, a stable state of affairs would be about INR7 EBITDA per liter. One is not very clear on what's the steady-state margin of Prestige and above. And if you could split it into IMFL and luxury? Or if you can just give an amalgamated number of what's the steady-state margin for Prestige & Above.

Shekhar Swarup: Yes. Param, I can take that, please.

Paramjit Gill: Yes.

Shekhar Swarup: So I mean, this is something that we've been thinking about as well internally. We have to see how our portfolio mix, brand mix sort of stabilizes, when we've grown to a certain size. I think a good indication for now would be the EBITDA margin of our more established peers to use as an indicator to where we would like to go as and when we achieve some scale. But right now, it's very difficult.

We're not entirely sure how -- whether Mountain Oak will continue to surprise us or Brothers will surprise us or DOAAB will surprise us. So let's wait and watch. I think step one is breakeven. We've demonstrated that 2 months in this quarter. We've got to demonstrate that in many more months in this year, and then let's take it from there.

Dhruv Kashyap: Just a follow-up on that. What's the steady state for a good competitor for Prestige & Above?

Shekhar Swarup: I believe it's between 15% and 18%, right, for Diageo, Pernod, Radico.

Dhruv Kashyap: So that means it's no Better than the IMIL part of the business.

Shekhar Swarup: Yes. At a portfolio level, that's what it is.

Dhruv Kashyap: Right. Okay. And, the last question is on the maize part. What you explained to us and painstaking, you've repeated it a few times that you're getting future contracts, where it could be hopefully not escalating beyond INR24, INR24.50. And currently, I'm assuming the lowest we procured during the harvest season in the East of the country is more around INR22, INR23. And now you're saying this hedge is still November. Would it kind of protect us at those INR22, INR23 levels? Or would there be some escalation built in? And is there a risk to the INR7 a liter?

- Shekhar Swarup :** I'm not sure I get your question.
- Dhruv Kashyap:** Okay. So presumably, the lowest we get maize is about INR22, INR23 at the best of the harvest season. And this could at times escalate to INR26, INR27. And currently, you've got a forward contract hedge till November or December, you mentioned at no higher than INR24, INR24.50. Now given that we made INR6 in supposedly the lowest procurement price quarter, is there a risk to this INR7 a liter even within our hedging that we've done till November?
- Shekhar Swarup :** No, no, no. So yes. So INR6 is at a capacity utilization of 80%, 81%. The greatest gain in our EBITDA per liter is going to come now from increasing capacity utilization. In terms of margins, if we were at 90%, we would be north of INR7 in the last quarter. So in terms of margins, we are there or thereabouts. We're going to be in this range, in my view, for the next few quarters easily. So yes, I don't see a significant risk on the INR7 average.
- Moderator:** The next question is from the line of Suvaan Mittal from MFC.
- Suvaan Mittal:** My first question is in continuation with the last con call, where we emphasize that for our manufacturing business, 40% of our capacity for internal and about 70% we have surplus for external sales. So on a more longer-term perspective, if you could just qualitatively give some hints that over a 3-year period, can we expect the internal consumption percentage to go somewhere at least near to 50%, 60%?
- And my reason for please correct me in my understanding. The more we consume internally, the more the margins are dependent on the consumer business rather than being on the ENA realization, which is more fixed input cost driven.
- Shekhar Swarup:** No. So you're right. But the reason we kind of stopped kind of stopped tracking that number in so much detail and shifted it to share of revenue from consumer is because we are now growing in states. Our consumer business is now growing in states, where we are having to purchase alcohol.
- And we are able to grow in those states profitably because of our product mix. So yes, you're right. I mean, as Rajasthan grows, for example, we're at about 80%, 85% internal capacity utilization there. We'll go to 90% or 95%. And maybe even in the future, we will be buying alcohol. So you're absolutely right that it will increase, but it's not that meaningful anymore because we are also growing in states where there is no production.
- Suvaan Mittal:** Okay. Because main reason for that is a scope for margin expansion is may be there because in the manufacturing business, it's quite stable because of the input cost.
- Shekhar Swarup:** Right. But I would look at scope for margin expansion not limited to our capacity. The scope for the consumer business is the Indian alcohol industry. It's not the capacity of Globus Spirits.
- Suvaan Mittal:** Okay. Okay. And sir, the second and the last question is for the malt facility we set up in Rajasthan, if you could just qualitatively give a clarity that in the premium and above segment, do you see malt being a significant contributor to the premium and above segment for us?

- Shekhar Swarup:** I mean, it's not a very large -- it is a significant cost input for sure, but it is -- more importantly, a strategic investment for our consumer business to control our quality, to control the experience for our consumers as well as an essential raw material for our single malts. Without producing malt spirit, you can't sell single malt. So as we expand our luxury offerings, it enables us to grow into that segment. But for our other sort of IMFL or non-single malt offerings, it is a strategic sort of reserve for managing quality of our products.
- Moderator:** The next question is from the line of Gautam, individual investor.
- Gautam:** Yes. So why was the production down to 81%, not 100% in manufacturing?
- Shekhar Swarup:** So I spoke about that earlier as well. We had scaled down our capacities because of a low-margin environment. We've scaled them back up to 81%, and we are hopeful of achieving more than 90% as we go along in this year.
- Gautam:** Okay. So what can we expect for the upcoming quarters, mostly next quarter?
- Shekhar Swarup:** It's difficult for me to give you a number right now, but we're only going to grow this.
- Gautam:** Okay. It's going to be north of 81%?
- Shekhar Swarup:** Yes.
- Moderator:** Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to Mr. Shekhar Swarup for closing comments.
- Shekhar Swarup:** Thank you all for joining us. Like always, we are available for further questions if you may have. Please feel free to reach us directly or through our Investor Relations agency, Stellar. Thank you again, and have a good evening.
- Moderator:** Thank you. On behalf of Globus Spirits Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.