Associated Alcohols & Breweries Limited

30th July 2026

To,
The Department of Corporate Services
BSE Limited
PJ Tower, Dalal Street,
Mumbai – 400 001
Scrip Code: 507526

To,
The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, G Block
Bandra Kurla Complex,
Mumbai – 400 051
NSE Symbol: ASALCBR

Sub: Transcript of Earning/ Investor Conference Call held on 27th July 2026 on Earnings Presentation for the Q1 FY 2026-27.

Dear Sir / Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find attached herewith transcript of Earning/ Investor Conference call held on 27th July 2026 on Earnings Presentation for the Quarter ended 30th June 2026 for FY 2026-27. A copy of the said transcript along with audio recording is also available on the website of the company www.associatedalcohols.com

This is for your information and record.

Thanking You

Yours Faithfully,
For Associated Alcohols & Breweries Limited

ABHINAV MATHUR
Digitally signed by ABHINAV MATHUR
Date: 2026.07.30 11:07:47 +05'30'

Abhinav Mathur
Company Secretary & Compliance Officer

"Associated Alcohols & Breweries Limited

Q1 FY 2026-27 Earnings Conference Call"

July 27, 2026

MANAGEMENT: MR. TUSHAR BHANDARI – WHOLE-TIME DIRECTOR – ASSOCIATED ALCOHOLS & BREWERIES LIMITED
MR. DILIP KUMAR INANI – CHIEF FINANCIAL OFFICER – ASSOCIATED ALCOHOLS & BREWERIES LIMITED

MODERATOR: MS. RIDDHI SHAH – GO INDIA ADVISORS

Moderator: Ladies and gentlemen, good day, and welcome to Associated Alcohols & Breweries Limited Q1 FY 2026-27 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 call is being recorded.

I now hand the conference over to Ms. Riddhi Shah from Go India Advisors. Thank you, and over to you, ma'am.

Riddhi Shah: Thank you, Shruti. Good afternoon, everyone. It's my pleasure to welcome you on behalf of Associated Alcohols & Breweries Limited. Thank you for joining us today for Q1 FY 2026-27 earnings call. We have with us Mr. Tushar Bhandari, Whole-Time Director; and Mr. Dilip Kumar Inani, Chief Financial Officer.

Please note that today's discussion may include certain forward-looking statements, and therefore, they must be viewed in conjunction with the risks that the company faces. I would now like to hand it over to the management for opening remarks. Thank you, and over to you, sir.

Tushar Bhandari: Thank you, Riddhi, and good afternoon, everybody. Thank you all for joining us on the Associated Alcohol & Breweries Limited Q1 FY 2026-27 Earnings Conference Call. We have begun FY 2026-27 on a very strong note with the same conviction, discipline, execution behind our own IMFL proprietary portfolio, continued backward integration and clear roadmap to build a comprehensive portfolio. Firstly, let me begin by providing an overview of the performance of IMFL proprietary segment, which has been our key focus area. During the quarter, IMFL proprietary business continued to deliver strong momentum.

I am pleased to report our highest ever quarterly IMFL proprietary revenue of INR729 million, registered a robust of 58% year-on-year growth in value and 40% year-on-year growth in volume. This growth is led by strong consumer acceptance of our brand, continued focus on brand-building initiatives and expanding our portfolio across markets. Central province continued to be the key growth driver of our proprietary portfolio.

The CP series comprising CP Rum, Vodka and Orange Vodka and Whiskey continued to gain traction. The CP series delivered an impressive 260% year-on-year volume growth in Q1 FY27 with the sales increase from 20,300 cases to 73,000 cases, reflecting strong brand equity and reinforcing its leadership position within the segment.

Alongside CP, our premium brands, including Nicobar Gin and Hillfort Whiskey continued to scale steady across key markets, supported by sharper execution and increased consumer pull. In Q1 FY 2026-27, IMFL proprietary contributed 23% of our overall revenue, compared to 17% in FY 2026-27, reflecting in the growth contribution of our higher-margin proprietary portfolio.

To support this growth, we continue to invest behind our brand through consumer engagement initiatives, on-ground brand activation and strengthening our sales and marketing manpower. These investments are amid to create sustainable brand equity and accelerate the growth of our product portfolio. Our commitment to build brand remains unwavering. Building on a successful launch of RTD culture in Madhya Pradesh. The registration process is underway for expanding its presence across 8 additional states, including Chhattisgarh, Jharkhand, Rajasthan, Delhi, Karnataka, West Bengal and Goa. This marks our entry into one of the fastest growing and evolving segments within the India alcobev industry. With changing consumer preference and increasing demand for ease to consumer format, flavoured beverages, we believe RTD category presents a significant long-term opportunity.

Our premium product pipeline also remains firmly on track. We continue to make steady progress towards the launch of our premium tequila and brandy in Q2. Tequila will be launched initially in Madhya Pradesh, followed by a phased rollout across the key markets, while our premium brandy is planned to be introduced in Kerala, further strengthening our brand portfolio in one of India's largest brandy market.

Going forward, our growth drivers for the proprietary brands would be two pronged that is both value and volume. Secondly, let me speak about SDF Industries, our distillery-cum-bottling acquisition in Kerala. This was a deliberate move to strengthen our bottling capabilities and enhance operational efficiency in one of the largest market, Kerala, has been a strong growth story for us.

SDF gave us a single central located in-house facility strategically placed in Central Kerala, equidistant from major airports and consuming centre. We believe this acquisition will further strengthen our footing in the state. The upgradation and automation of SDF facility are progressing as planned. Installation of the new automatic machinery is currently underway, and we expect the plant to become operational by December '26. On the manufacturing front, our backward integration initiative continued to progress well. Our malt maturation is well underway with objective to enhance profitability, from the next year onwards.

The same will be utilized for our captive consumption as well as to support the launch of our single malt whiskey. Improving operational efficiency and be meaningfully valued attribute our medium term. Lastly, we continue to expand our presence beyond our core market. In Q1 FY27, we successfully entered Odisha. The initial response has been encouraging, while establishing in a new market typically takes 1 or 2 years before the brand begins making meaningful contribution. We are confident that Odisha will evolve into an important market over the medium term.

At the same time, we continue to work towards entering Karnataka and Andhra Pradesh, further centering our presence. Looking ahead, we remain fully confident in the long-term growth of our business. Our strategic focus will continue to be on scaling our IMFL proprietary portfolio, driven by a sustained growth of our existing brands and supported by the robust pipeline of the new product launch. For FY 2026-27, we remain confident to deliver around 30% volume growth in our IMFL proprietary portfolio while continuing to improve our product mix and create long-term value for the stakeholders.

I will now hand over the call to our CFO, Mr. Dilip Inani, for a detailed review of the financial and operational performance for Q1 FY27.

Dilip Kumar Inani: Thank you, Tushar. On a consolidated basis, income from operations for Q1 FY27 stood at INR2,809 million, registering a 5% year-on-year growth. EBITDA for the quarter stood at INR299 million with an overall EBITDA margin of 11%, while profit after tax was INR178 million, translating into PAT margin of 6%. EBITDA margin for potable alcohol division stood at healthy 18%. The key highlight of the quarter was the continued strong momentum in our IMFL proprietary business.

We are pleased to report that we have exceeded our earlier volume growth guidance, delivering an impressive 40% year-on-year volume growth to 0.79 million cases. Revenue from the segment grew even faster, increasing 58% year-on-year to INR792 million, reflecting a favourable product mix and improved realizations.

As mentioned before, the CP series has emerged as one of the key growth drivers in the IMFL proprietary segment. This is reflected in the enhanced realization, which has increased by 13% year-on-year to INR823 per case. Despite continued investments in brand building and market expansions, we maintain a healthy IMFL proprietary EBITDA margin of 20%. As we scale up our proprietary segment, share of our ENA requirement is being met completely through in-house production.

Captive consumption of ENA in Q1 FY27 stands at 59% compared to 50% in FY26. The ENA business delivered 35% year-on-year volume growth to 7.3 million liters while revenue grew 25% year-on-year to INR456 million. However, margin remained under pressure during the quarter due to lower realization and increase in grain prices. The ethanol performance during the quarter has been a mixed bag. While we witnessed 28% year-on-year growth in volumes, realizations were impacted due to oversupply in the market and lower quota allocation by the government. However, we expect quota allocation to improve in the coming months. And with ethanol prices likely having bottomed out, we anticipate a gradual improvement in performance going forward.

Our IMFL license business was impacted due to changes in business arrangement with Inbrew from licensing to contract manufacturing. As a result, the segment reported volume of 0.1 million cases and revenue of INR132 million during Q1 FY 2026-27. The IMFL business volumes stood at 1.7 million cases, while revenue was INR734 million with healthy EBITDA margin of 18%.

Looking ahead, our strategic priority remains firmly on expanding our IMFL proprietary portfolio. We remain on track to building a holistic portfolio of product offering and expanding this product to various states and driving sustainable profitable growth over the long term.

With that, I conclude my remarks, and we are happy to take any questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Vinay Rawal from Choice Institutional Equities. Please proceed.

Vinay Rawal: Thanks for the opportunity. So, my first question is that, given the operating loss that we have been seeing in the ethanol segment and the fungibility of the plant, do we have any plan to shift the capacity towards producing more of ENA rather than producing the ethanol?

Tushar Bhandari: No. See, we do not have any plans right now to shift the plant into producing ENA. We will be producing ethanol only. The primary reason why ethanol we've seen slightly down is because of the allocation, which was given to us was less because the supply was much higher than the demand which was there. So, to run the plant and to get the marginal contribution, we had to run the plant, and we sold it to the private OMCs, Oil Marketing Companies, wherein the price realization was lesser. But it was a conscious decision to go ahead because that would give us better economies of scale.

Vinay Rawal: Okay. Okay. Understood. And my second question is on the SDF plant's operational status. So, like when are we expecting it to start producing EBITDA to start contributing at the EBITDA level?

Tushar Bhandari: Which plant?

Vinay Rawal: SDF, the plant.

Tushar Bhandari: It will be done in the phased-out manner. So right now, we are doing production in 3 units where they are doing job work for us. So, by December, we will start moving one of the units to SDF. And from April onwards, we are planning to do a full-fledged operation from SDF. It will be done in December. First, we'll start and then we'll full-fledged move the operation from 1st of April.

Vinay Rawal: Okay, that was it.

Moderator: Thank you. The next question is from the line of Pawandeep Bhatia from NV Alpha. Please proceed.

Pawandeep Bhatia: Hello.

Tushar Bhandari: Yes.

Pawandeep Bhatia: Yes, hi. Am I audible?

Tushar Bhandari: Yes, very much.

Pawandeep Bhatia: Yes, sir. In our past conversation, you mentioned that IMFL licensed on a FY26 base was the bottom. And from there, maybe the revenues would be flat. We are seeing a situation where the revenues have further declined. And you did explain about that this licensed business has gone to job work and contract manufacturing. So even after delivering such good numbers, on the overall picture, we've not maintained our growth. So, what is your understanding in this regard, sir?

Dilip Kumar Inani: No. Revenue in IMFL licensing business for Diageo has remained almost flat and the revenue was in Inbrew in last quarter was there. So that is reduced. Otherwise, from Diageo revenue is almost flat.

Tushar Bhandari: And the reason being is that the industry has slightly degrown in that particular category. So just to brief you is that right now on the licensed brand, we just have one brand primarily, which is Celebration Rum, which is more of a seasonal brand. So, the overall sales were slightly down of that particular category. So, the revenue of that category has been flat. But if we talk about quarter-on-quarter performance of the licensed brand and right now is that last year, first quarter Inbrew business was existing. That's why it's down.

Pawandeep Bhatia: So, sir, our Inbrew business, can we assume like this is the base now and we're not going to get further numbers from Inbrew and the seasonal brandy is what is going to come from IMFL licensed business?

Tushar Bhandari: Yes. Yes, yes. I think the Inbrew business closed in...

Dilip Kumar Inani: Mid of Q2, July last year.

Pawandeep Bhatia: So, sir, on a yearly basis, with this seasonal rum and whatever business we are left with, what can be the annual number sales from this so that we can just take a steady-state number and...?

Tushar Bhandari: Yes. So right now, as we've already mentioned earlier, the company's completely focus has been to increase the sale of the proprietary brands, which we have been seeing, is performing on track and which has grown by almost 40% in volume terms this year as compared to last year. But if you would just want to take on the licensed brand per se, so licensed brand on a ballpark figure, we will do around 1 million cases, if you talk about only licensed.

Pawandeep Bhatia: Sure. Sir, on the ethanol front, our realization, some other participant also asked, our realization is down INR250. So, this is a result of only us supplying to private players because the government has some floor of INR69 or INR70.

Tushar Bhandari: Yes. So, our average realization from the sale to the government, which is the quota which we get on an annual tender was around about INR64; was INR64 because it was a mix of maize and FCI rice. So that average was INR64. But however, we had to run the plant to get marginal contribution from the plant and to overcome a certain amount of fixed cost. So then apart from that, the private parties whom we have sold to, which is around about INR54, INR52. So that's why the average realization has gone down drastically. And the quota, which we got last year was around about somewhere around on an annualized basis was 30%. And this is there up till October onwards. This year, we are expecting a higher allocation. And this year, we will also be participating directly to the other OMCs in their vendors as well to get a better realization.

Pawandeep Bhatia: Got it, sir. Thank you, sir. Thank you for your time.

Moderator: Thank you. The next question is from the line of Shreya Chatterjee from Ageless Capital. Please proceed.

Shreya Chatterjee: Hello sir. Thank you for taking my questions. Just if you can give a brief about what's the number of cases sold like currently, the cases sold for Nicobar and Hillfort? And also, what's the like market share and everything else for central province and the other brands and the other leading brands, it would be helpful?

Tushar Bhandari: So, Shreya, I can share you the details of this after this con call, but just to give you a ballpark figure. So, if I talk about only Nicobar Gin, so we are doing around approximately 500 to 700 cases of Nicobar Gin across the various states. And a similar amount of transaction is around about 1,000 cases of Hillfort whiskey, which we are doing on a monthly average. Because they would take a longer duration to scale up.

Shreya Chatterjee: And what are the cases like if you could individually provide for UP and Maharashtra, like how we are doing generally for UP and Maharashtra?

Tushar Bhandari: UP, there has been a certain change in the policy of lifting. So UP slowed down. Whereas is Maharashtra is picking up. So, Maharashtra, on an average, we are doing around 700 to 900 cases a month.

Shreya Chatterjee: Got it. And any forecast or guidance for these 2 states and for these your upcoming brands like Nicobar and Hillfort?

Tushar Bhandari: See, so what happens is that any new state you enter, it will take you at least 2 to 3 years to stabilize. And Maharashtra being a bigger market and very capital intensive. So, we are going slightly slow because the entry cost in Maharashtra market is a huge cost. So, you have to play a slow, steady and sustainable manner. Instead, Maharashtra, we have launched only in Thane, Bombay, Pune and Nagpur region only these 3 regions.

And the positive point is that we are seeing an increasing sale on a month-on-month basis as we've seen demand coming in from the consumer because it's primarily Maharashtra is majorly a consumer-driven market. In UP, we do not see much clarity right now because the new policy has come in new policies come in, how that policy is going to shape in, that will affect.

But next 2, 3 markets which we are seeing, which we've seen a substantial growth is Chhattisgarh and Delhi. So, we expect these 2 markets to do much better. And we have plans to enter Karnataka market in this quarter itself. So wherein also, again, premium market. So, our entire portfolio would vary in a combination of premium and a popular brand portfolio.

We'll be focusing on volumes right now because that gives you better economies of scale whenever you enter into other markets because we are also recruiting sales force in various markets. And the launch of premium portfolio would definitely come in from HoReCa. So, we have got high expectations once we launch tequila. Our objective is to reach with our tequila before Diwali or before the season starts in almost 7, 8 states where we are operating on the premium brand front.

Shreya Chatterjee: Sir, on the ethanol side, you say that you got a better volume, but the realizations were low, and that's why the margins like the EBITDA margins also were reported as negative for the ethanol business. So, what price would you have actually broken even for the ethanol business? And what's the guidance for the entire year? If you can give some guidance for the ethanol thing?

Dilip Kumar Inani: It should be around INR57 to INR60, in between.

Shreya Chatterjee: To breakeven, for the ethanol business to breakeven?

Dilip Kumar Inani: Yes, yes.

Shreya Chatterjee: So, if you could just give the guidance for the ethanol business. And I think we had done INR64 on the realization part for that one.

Tushar Bhandari: Last year, we did a realization of around INR54. And this year, we are expecting it to achieve the major volume. However, the new tender will come in place from October onwards. So, we might see a better realization in that front.

Shreya Chatterjee: So, any guidance of revenue or volumes for the ethanol business for this year?

Tushar Bhandari: Revenue would remain the same as per the last year because that's the maximum capacity we can manufacture. So whatever maximum capacity we can manufacture, we will manufacture unless until we get a marginal loss. We want to get a marginal contribution to cover the fixed overhead.

Shreya Chatterjee: Got it.

Moderator: Thank you. The next question is from the line of Udit Sehgal from PinPoint X Capital. Please proceed.

Udit Sehgal: Good afternoon, sir. I wanted to know regarding the SDF acquisition. From my understanding, in Kerala, it's mostly there are a few distilleries and everybody gets their bottling done there. And I mean every distillery has multi brands of bottling. So, is that what we are planning? Or are we going to do our own brands only?

Tushar Bhandari: The primary objective is to do our own brands. That's the primary first and foremost objective. That's what we are planning to do. We have in Kerala approximately; we have a sale of 1.5 lakh plus cases a month. So, what is the issue coming is right now, we are bottling at 3 different areas. So, to get the efficiency because the price realization is low to get the efficiency and to get it manufactured at 3 different locations is becoming difficult, and we cannot grow on the volume terms basis.

We cannot introduce smaller SKUs because if you do job work, he does not allow you to do that because for him, it's a costly affair. So, once we move the entire operations to our own SDF unit, we will be able to increase substantially add the volumes. That is the main objective.

However, we are working for a capacity buildup of at least around 3.5 lakh to 4 lakh cases per month.

So, we will be doing majorly our production and plus we might look out for an opportunity of doing job work for someone else also. But main reason was to get a better margin by better margin and better volume for manufacturing for ourselves. That is the core main reason of acquisition was.

Udit Sehgal: Okay. Perfect. And with regards to the malt plant, are we going to the malt and use it for our own single malt? Or do we plan to sell it in the market as well?

Tushar Bhandari: So primary objective is to use the malt for our own purpose. There are 2 defined purposes for the same. One is we are currently buying malt from outside for our central province whiskey Hillfort, and we are in process of launching one more whiskey. So, for that, we are buying right now from outside. So that we will use a blending process from in-house itself. Second is we will be launching single malt, 2 variants of single malt.

One is the entry variant and one would be the premium variant. So, we have started maturing the liquid. It's been almost 8 to 9 months since we've matured the liquid and the result is coming out fairly well. So, we expect the revenue of this to start being shown in the balance sheet in, I think, Q3 next year onwards.

Udit Sehgal: Okay. Excellent. And -- can I ask another question or should I come back in queue? Hello? Am I audible?

Tushar Bhandari: Yes.

Udit Sehgal: Sir, regarding our Hillfort brand, how many cases are we doing currently? And what is like the plan to grow it? Because it's a tough segment that we are in. So how do we differentiate ourselves? And how can we grow it more aggressively?

Tushar Bhandari: So basically, see, the thing is right now is that we are doing right now around, say, around 1,500 cases per month. but we expect it to increase just before the season time because I agree that it's a very tough market because the competitor, our competitors are world number 1 and 2. So we are pitching against that. So, it's very difficult to work in that.

But we are in the brand designing and the liquid, we are working on that. We have worked really hard on that. So, it will take time to change the customers' preference. That's what we are working on. So, it's a slow process. I think it will take at least from here, if I talk about 1 to 1.5 years to start seeing the good results.

Moderator: Sorry to interrupt, Mr. Udit. May I request you to join the question queue for a follow-up question?

Udit Sehgal: Sure. Thank you.

Moderator: Thank you. The next question is from the line of Disha from the Trinetra Asset Managers. Please proceed.

Disha: Am I audible, sir?

Tushar Bhandari: Yes.

Disha: Sir, my first question was regarding the ready-to-drink new product launch that was in June 2026. What is the trajectory behind it? And how do you see it in past 1 month? And is there any...

Tushar Bhandari: sorry, your voice is not clear at all. Your voice is not clear at all.

Disha: I'll repeat again. Am I clear now?

Tushar Bhandari: Better. Yes.

Disha: Yes. So, the ready-to-drink products and the new product launch that was in June 2026, how was the first month? And did you see any meaningful contribution from that segment in the FY 2026-27?

Tushar Bhandari: See, your question was not clear, but I presume you're asking about the new launch of the RTD, right?

Disha: Yes, sir. Yes, sir.

Tushar Bhandari: So, the response of that right now, we have launched only in Madhya Pradesh, we launched last month, and we have seen a very favourable response. We've launched in 5 flavours with a 330 mL can at a price point of INR120 per can. The RTD contains almost 8%, I'll call volume by volume. So, we have seen a quite favourable response. And looking into the response, we have applied for registration to 8 other states.

Disha: Okay. So, do you see some meaningful contribution from that product by 2027 or from the next year onwards?

Tushar Bhandari: Yes. From next quarter onwards, you'll start seeing it. But again, as I said, that in the initial phases of launch of any brand, it will take certain time to stabilize. So, you'll see a full effect coming in from 1st of April when we'll be fully registered in 10, 12 states and fully functional. But yes, we are prepared -- we are doing all this just to prepare ourselves for the main season, which is just before the Diwali and before New Year. We will be available with this RTD in most of the states. We'll be available with tequila in most of the states. That's the focus is so that we don't miss out on the season, main season.

Disha: Okay. And my next question was on the EBITDA margin that fell from 14% to 11% despite the revenue growth. I know that might have been covered before. But could you please throw some more light on it and help me understand that whether it was from the ethanol segment oversupply or the pricing pressure? Or was it because of the potable alcohol business?

Dilip Kumar Inani: So again, your question is not clear, but you are asking for the ethanol business about, I think.

Tushar Bhandari: Overall margin reduction to 11% EBITDA.

Disha: Yes, overall margin reduction.

Dilip Kumar Inani: It is mainly because of ethanol business.

Disha: Yes. It was because of oversupply.

Dilip Kumar Inani: Mainly because of ethanol business.

Disha: And is it going to comprise the quarter 2 margin again? Or is it just a one-time quarter effect?

Tushar Bhandari: It's not a one-time quarter thing. but we expect the realization to become better. The next tender would start coming in from October, the annual tender of OMCs. And we would be also directly approaching tenders for the private OMCs, which is Reliance and Nayara. So, we would expect a better realization. However, the major concern for us is that we've seen an upward trend in the grain prices.

So now in last couple of -- last week itself, the rains are good in Madhya Pradesh specially. So earlier, the concerns were the rains also if the rains were scarce, then we would have seen a higher increase in the raw material price. However, with this week's rain, we expect the grain price to cool off in the coming months. But that is all subjective right now because the grain price is also elevated right now.

Moderator: Thank you. The next question is from the line of Manoj from Adinath Financial Services. Please proceed.

Manoj: Yes, good afternoon, Tushar. My question was regarding the average grain price in the last quarter for ethanol as well as our main business, ENA production.

Dilip Kumar Inani: Grain prices, average grain prices are INR 21,000 of this quarter.

Manoj: How much? Can you repeat?

Tushar Bhandari: INR 21,000 per metric ton.

Manoj: INR 21,000. And what is the yield of ethanol from maize or corn or whatever we are using?

Tushar Bhandari: Sir, yield is quite subjective depending on the type of raw material and the starch, which we get despite.

Manoj: So normally, it is around 380 to 400 ml per kg of maize, I think.

Tushar Bhandari: Yes, yes, somewhere around that only because if you are taking maize from the government godown, it's different. If you are directly purchasing from mandi different. So, there are multiple factors attached to it, moisture and other all. But definitely, our plant is one of the most efficient plants. So, we are getting whatever practical as possible.

Manoj: So then basically, raw material cost for ethanol production at current prices is almost INR50, INR52.

Dilip Kumar Inani: INR52 to the private OMC players. Otherwise...

Manoj: That is the selling price, our cost of raw material producing liter.

Dilip Kumar Inani: Yes, it is coming around, let us say, INR57 with all the cost, INR57, INR58.

Manoj: INR57. So, per liter, we are losing almost INR5, INR6 at the current realization.

Dilip Kumar Inani: Yes, yes. But we are getting some marginal contribution. That's why we are running the plant. We are hopeful with the next allocation. And this time we will…

Manoj: But when the plant was installed, there was interchangeability from ethanol to ENA. Why we are not doing that? Is there any stipulation? Have we avail some benefits? Due to that, we are not doing that?

Tushar Bhandari: So, this is -- so right now, we are running at a dedicated ethanol plant to avail the subsidy and interest subvention scheme, which is there. So, to avail that, we are running it dedicated ethanol plant basis. And plus, apart from that, we have to run the plant as well because then it gives us the cost saving in the energy in the overall operations because our main mine and boiler is ethanol plant side? So, we are saving a lot of money. So, in last quarter, if you would have seen the fuel prices have also reduced. That is because of the increase in efficiency.

Manoj: And what is our guidance for this RTD, malt and tequila for the current year and the next year?

Tushar Bhandari: So basically, the guidance for RTD, malt and tequila for the current year and next year is that as it is an initial state, but we intend to capture in RTD almost 3% to 4% market in the states which we enter. In the malt, again, we intend to capture over the period of time around 4% of the market share wherever states we enter. And the tequila is quite a premium segment. So, we are launching it.So, tequila is a vast segment. Tequila in tequila segment, the tequila is available from MRP of INR1,200 to upwards of INR20,000, INR30,000 MRP. So, we are targeting to launch it at around INR5,000 to INR7,000 in MRP. In that particular category, major, there are major tequila players present. So, we would like to capture in the initial phases, at least 10% to 15% of the market share. But obviously, this will come start coming and kicking in when the operations across all the states have stabilized.

Manoj: Thank you, Tushar, for taking my questions and answering.

Moderator: Thank you. The next question is from the line of Mitesh from Aditya Equity Investments. Please proceed.

Mitesh: Hello. Yes, I had a question about the ethanol business. As it lends too much of volatility to our earnings, have you given a thought of having it off into a separate company?

Tushar Bhandari: No, no, no. There is no plans to having it up as a separate company. See, the ethanol business was just an opportunity in the -- which we came across. And it was a very good opportunity at that point of time. Still, I think there's a huge scope in ethanol because government is looking at increasing the blending also, the car manufacturers are working on getting the flex-fuel cars, E85 cars where 85% would be ethanol and all. So, the future is good.

See, obviously, nothing can be continuously one way up. There would be momentary cycles, which will come in any type of business. Okay? So, this is a momentary cycle which we can take off. I think from next October tender onwards, we will see a better realization in the ethanol business per se.

However, I would still reiterate the company's focus and primary focus would only and only be the increase in the sale of its own proprietary brands, wherein we've seen a phenomenal growth. We've seen a 40% growth in that particular business. And we are on track with our target and guidance of the proprietary brand business. We want to bring at least 1 or 2 brands, which will be 1 million case brand in coming 2 to 3 years. That's what our target is.

Because in India, there is a huge, huge opportunity in IMFL product portfolio. And with the launch of tequila and with the launch of malt, we will be the company which will be the one-stop shop, which will have brands across the categories and across the price points. So, our complete focus has been there to increase the sales and increase the revenue from the IMFL proprietary brands and which we are working as per our guidance. The company is doing really well on that.

Mitesh: Sir, that's the point. If you can have it off into a separate company, it basically allows the management to focus only on the branded part of the business.

Tushar Bhandari: So, company is only, management is primarily focusing on the branded part of the business only, which you would have seen it from the performance itself. See, most of the parts of the company are professionally managed. Even ethanol division is also professionally managed, which has been handled by one particular person because there is just an order and sale which we have to do.

So having it off to a separate company or keeping it here does not make sense. Though any which ways, it's a separate company, which is a subsidiary, it is a separate vertical altogether, which is an ethanol vertical altogether, which has been presented also in our annual statements.

Mitesh: Okay. Thank you, sir.

Moderator: Thank you. The next question is from the line of Sumit Agarwal, an investor. Please proceed.

Sumit Agarwal: Yes, hi. I have got 2 questions. One question is on the margins on the IMFL business. So, in the last quarter, the margins were about 22%. And in this segment, the margins are about 20%.

So why is -- so they should be either stabilized or flat or they should be increasing as the brand awareness increases. So, what is the purpose of reason for this?

And second, I also see that there is a flattish growth in the IMIL business, considering that this is a stable business of the company, and we are not I'm not focusing on ethanol or EMA, but IML on a year-on-year basis also, I see a flattish revenue growth. So, what we are doing to increase the growth and the margin on the IMFL volume?

Dilip Kumar Inani: Yes. Basically, in the margin of IMFL reduced because of the raw material prices increasing. As earlier said, it is increased by around more than 10% from last quarter. That's why the margin is reduced by 2% only. So that is the reason. And for the IMIL business, the volume is basically fixed by the government based on their policy. We are utilizing maximum quota, which is available to us. The volume and growth will be same, except the price increase, whatever increase will show an increase in the revenue.

Tushar Bhandari: So, sir, as Mr. Inani-ji said, IMIL business is the quotas specific business. A particular distillery in the state can avail certain amount of maximum quota. The company has been getting that maximum quota over the years. So, we cannot go beyond that quota. So that is the reason why you've seen a stability in the IML growth.

Sumit Agarwal: Yes, understood. So, is there any -- on the quota side, any visibility for quarter 2 FY27 and quarter 3 going ahead? Is this quota limit going to be remaining the same or it's going to increase at least some bit?

Tushar Bhandari: No, sir, it will remain the same. Slightly 1% or 2% to 1% or 3% here and there is okay, but it will remain the same because this is an annual tender. So annual tender quota is decided, and we are at the top most threshold of that annual tender quota. We cannot go beyond that quota.

Sumit Agarwal: Yes. Perfect. So, my last question is, again, coming back on the IMFL. So, assuming the other segments, the ENA, the ethanol and the IMIL remains more or less flattish. So, the main growth would be coming from the IMFL business and with the launch of tequila in quarter 2 FY27 and RTD segment bringing more volumes. Is my understanding correct on that looking forward on the quarter 2?

Tushar Bhandari: Yes.

Sumit Agarwal: All right, perfect. Thank you.

Moderator: Thank you. The next question is from the line of Rajesh Shah from BTF Capital. Please proceed.

Rajesh Shah: Hi sir. Am I audible?

Tushar Bhandari: Yes.

Rajesh Shah: Congrats on the great results on the IMFL branded side. I just wanted to understand within IMFL proprietary, what is the split we have in terms of volume and value in the 2 mature markets, MP and Kerala and the rest of the states? And secondly, wanted to get your 2-3-year view on how the revenue split of the company would look like based on your aspiration.

Tushar Bhandari: So basically, in the states which we are present, still the primary revenue comes from Kerala and Madhya Pradesh. Out of the total IMFL proprietary portfolio, 80% contribution comes from these 2 major states. We are working on other states, and we expect 1 or 2 states also to grow at a similar faster pace that we are working on. Secondly, you asked the percentage of revenue contribution of IMFL proprietary brand.

Dilip Kumar Inani: 23% now.

Tushar Bhandari: So right now, it's 23%, which has grown from 17% to 23%.

Rajesh Shah: So just to clarify, I was trying to understand how do you see this evolving forward 2-3 years forward down the line?

Tushar Bhandari: Your voice is not clear.

Rajesh Shah: Yes. I didn't get the last answer.

Dilip Kumar Inani: Actually, your voice was not clear that much. We didn't hear your question.

Rajesh Shah: Got it. So, I wanted to understand how this revenue contribution from IMFL proprietary as a company will evolve over the next 2-3 years in your aspirations?

Tushar Bhandari: So, in our guidance also, we have earlier also mentioned that we expect the revenue of the IMFL business to grow at the rate of 30% year-on-year. That's what we are focusing on.

Rajesh Shah: Okay. Got it. Thank you.

Moderator: Thank you. The next question is from the line of Pawandeep Bhatia from NV Alpha. Please proceed.

Pawandeep Bhatia: Hello. So, thank you for the opportunity again. So just a small counter question there. You were mentioning Hillfort and the challenges in scaling that because it's difficult to change people's preferences. How will we not face similar challenges in malt, ready-to-drink and tequila? And what is our thought process and strategy there? Because I've been tracking your company since a while and Hillfort is not able to scale, although we have done really well on a consolidated level on IMFL.

And second part of the question is, sir, when you say we will capture 3%, 4% market share in tequila, RTD and malt, if you are able to execute, what are the market sizes, sir, of these individual products like tequila, like in terms of cases and all? I don't know how do we measure RTD? Could you please answer those 2 questions?

Tushar Bhandari: Primarily, I'll go from the reverse part. So, the entire India tequila market is around about 1.5 lakh cases, out of which the price point we will be playing it is around about around 40,000 cases a year. So, if we are able to initially for tequila, I said that our target is to capture at least 10% to 15% market share. So out of the 40,000 cases market available, we will try and achieve 10% to 15% market share. See, what we do in capturing, yes, it's difficult, obviously, to make a brand. Brands take at least 2 to 3 years minimum to become built.

And to be sustained, it takes at least 5 to 7 years. So, in tequila, we are quite sure because, and so whenever we conceptualize a brand, as I said earlier also, we have to be different from what the market is doing. So, we do the look and feel as the liquid on the higher side. Basically, so for example, if we've launched Hillfort at a particular price point, in that price point, the look and feel of Hillfort and the liquid inside would be of the price point at a higher category. So that helps us to become different in the shares in that particular price category.

That's how we try to capture the market share and we incentivize the lower end of the market. But during this entire process, there are certain things which you realize you've done good but also do not be acceptable to the market. So just to come on the Hillfort front, particularly. So, Hillfort front, we had added a peated malt, which gives a smoky flavour and gives a premium level. So, at a INR1,500 bottle, we have given a feel of around about INR2,000 a bottle or INR1,800 a bottle. But however, that is being accepted in certain mature markets, which I would say like Maharashtra, Bombay, Delhi, these mature markets. However, that is not being accepted that kind of blend in the other markets as well.

So, we are looking at -- we've just revamped the blend and revamped the entire brand strategy. So, with this new brand strategy, hopefully, we will see an increase in the volume. However, people -- whosoever has had our Hillfort; out of 10 people, at least 4 to 5 people have come for a repeated demand. So that gives us the confidence in the particular brand itself.

You have to again, keep on again hammering the customer in 360 degree otherwise it's very difficult nowadays to create a brand. So, we take a 360-degree approach. So, we do branding, we do advertising, we do shop visibility, we do bar visibility. And then there's a sales promoter also who is at the shops, and we do CSM schemes. So, this is the entire circle we do to hit the customer again and again.

Pawandeep Bhatia: Okay. And sir, the addressable opportunity in RTD.

Tushar Bhandari: So, the addressable opportunity in RTD is actually quite big. It's fragmented in different sectors. So, there is one RTD, which is available at 5%, which is number 1 India leader. Then there are fortified RTDs, which are wine-based RTDs, which serves at 15% alcohol by volume. And then what we are serving at is the market, which is at 8% Abv. So, the market is small at present. But as per the recent data and analysis, it's expected to grow at 15% to 17% in the years to come.

So, there is a huge opportunity in this particular sector. So, this also tries to take certain market share of 8% of beer. So that's why we have strategically placed at 8% market share because beer industry is huge and beer industry in beer industry, 95% is a strong beer, which is 8% beer market. So that's why we purposely have introduced at the 8% market. And we have launched various flavours unlike others who have launched only 1 or 2 flavours so that we are able to, at the first go only address the market and see the market acceptability.

Pawandeep Bhatia: Got it, sir. Sure. Thank you.

Moderator: Thank you. The next question is from the line of Shivakshi, an individual investor. Please proceed.

Shivakshi: Hi. I have just one question following up on the previous 2 questions. So, regarding the whole, the marketing and advertising aspect of our business, have we thought about engaging social media influencers or certain co-sponsorships of events, etcetera? And will that help in showcasing our tequila or the RTD portfolio and prepare a base for our single malt brand to come?

Tushar Bhandari: So basically, just to answer your question, see, every brand has -- is different and its story is different and its philosophies are different. So yes, we definitely are working heavily on Meta on all the different brands has got a Meta platform through which we are expressing the brand story and brand retail because that's the only platform wherein we can showcase the brands. Apart from that, we are working aggressively on the visibilities.

On the visibilities, we primarily look at not sponsoring the cash money. We look at sponsoring the liquid. So, we try and like recently, one of the big events happened in Bombay in which we had sponsored liquid and Hillfort and Nicobar and everything was exclusively available there. It was a very big event wherein all the top people had come.

And we got a great response of Nicobar Gin. So, on visibility front, we are working on this front that we sponsor instead of giving, for example, instead of INR2 lakh check, we will give INR2 lakh worth liquid because we are confident that people will appreciate the liquid. So that's how we play. So, we are working on every brand as well as in CP. On central province front, we have to work aggressively on the lower end. So, we have started working on the CP branding aggressively, we started CP water, water also.

So, all brand has got different strategies. Tequila would be completely different from our existing portfolio, which will help us build up the reputation of the company when we launch our single malt. So, on tequila, we would be doing very exclusive and high-end events because the perceived value of tequila at the price point, we will launch has to be very high. So, if you're launching at a price point of INR5,000 to INR7,000, the perceived value of our tequila should be at around INR10,000. So, the events would be completely premium and different from existing events what we have been doing.

Shivakshi: Right. And just a follow-up to that. Have we thought about investing in bottle design because some of our foreign competitors as well as some of our Indian IMFL competitors, their new strategies in the shelf space in retail outlets has been as a differentiator to have very creative bottle designs, the use of specialty glass, coloured glass, not the conventional cylinder bottle that is seen in normal prestige and above categories. But for their premium alcohol, they will have really great bottle design. So, have you thought about having some kind of facelift for existing brands or thinking about a different way to have like a great bottle design in our upcoming product portfolio?

Tushar Bhandari: So, we have definitely been working on the same. So, if you see our portfolio is completely unique from what is available in the market. We also, we try and take the best possible agency when we launch a new brand and conceptualize a new brand. Yes, definitely, we are working on because see, eventually, on the premium front, it's the look and feel which matters a lot.

That is the first and foremost for the customer to have the eye-catching shelf space. That is the first difference which makes. So definitely, we are working on the same. And we also believe in redesigning our package and brand portfolio after every 3 years because we believe that the consumer wants something new after 3 years or 4 years. So that is also one thing which we follow.

Shivakshi: Thanks. That will be all. All the best for the next quarter.

Tushar Bhandari: Thank you.

Moderator: Thank you. I would now like to hand the conference over to the management for the closing comments. Over to you, sir.

Tushar Bhandari: I would like to thank everybody for taking out time and being available on this conference call. If there are any further questions, we are happy to answer. You may get in touch with our IR agency, Go India Advisors. Thank you.

Moderator: Thank you. On behalf of Go India Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.