Globus Spirits Limited
(Corporate Identity Number: L74899DL1993PLC052177)

F-0, Ground Floor, The Mira Corporate Suites,Plot No. 1 & 2,
Ishwar Nagar, Mathura Road, New Delhi - 110065. **Tel.:** +011-66424400,
E-mail: corporateoffice@globusgroup.in, **Web:** www.globusspirits.com

Dated : 25th July 2026

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 FY27 held on 20th july 2026

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 20th july 2026 to discuss the financial performance of the company for the 1st quarter ended on 30 June 2026 for the financial year 2026-27

Kindly take the aforesaid information on record and acknowledge

Thanking You
Yours faithfully
for **Globus Spirits Ltd.**

Santosh Kumar Pattanayak

Digitally signed by Santosh Kumar Pattanayak
Date: 2026.07.25 16:33:12 +05'30'

Santosh Kumar Pattanayak
Company Secretary
ACS-18721

"Globus Spirits Limited

Q1 FY27 Earnings Conference Call"

July 20, 2026

MANAGEMENT: **MR. SHEKHAR SWARUP – CHIEF EXECUTIVE OFFICER AND 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. SUMEET KHAITAN – MUFG INTIME**

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY27 Earnings Conference Call of Globus Spirits Limited hosted by MUFG Intime. 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded and will be 60 minutes long. I now hand the conference over to Mr. Sumeet Khaitan from MUFG Intime. Thank you and over to you, sir.

Sumeet Khaitan: Thank you. Good morning everyone. I welcome you all to the earnings conference call to discuss Q1 FY27 results of Globus Spirits Limited. To discuss the results, we have from the management, Mr. Shekhar Swarup, CEO and Joint Managing Director; Mr. Paramjit Singh Gill, CEO, Consumer Division; and Mr. Nilanjan Sarkar, CFO. They will take you through the results and the business performance after which we will proceed for Q&A session.

Before we proceed with the call, I would like to mention that some of the statements made in the today's call may be forward-looking in nature and may involve risk and uncertainties. For more details, kindly refer to investor presentation and other filings that can be found on the company's website.

With this, I now hand over the call to the management for their opening remarks. Thank you and over to you, sir.

Shekhar Swarup: Hi, good afternoon everyone. This is Shekhar Swarup. Thank you for joining us for the Q1 earnings call of the company. Param and Nilanjan are also with me on the call today. Q1 has been a good start to the year. Revenue from operations grew 13% year-on-year to **INR7,887 million. EBITDA grew 33% to INR795 million and PAT grew **50% year-on-year to **INR278 million.

EBITDA margins improved to 10% at an overall basis and PAT margins improved to 4%. The point I want to emphasize here is that this performance reflects structural improvements we've been working on across the business. Better capacity utilization, improved manufacturing profitability, and continued resilience in regulars and others, with stronger traction in prestige and above.

Over the last few quarters, we have consistently described Globus as a consumer-focused alcobev company built on a strong manufacturing base. Manufacturing gives us supply security, cost control, quality consistency, and free cash flow. Consumer business gives us the opportunity to build brands, deepen distribution, and improve the quality of growth over time. During the quarter, the manufacturing business performed well.

****Note: During the call, Revenue, PAT and PAT growth was inadvertently said as INR 7,887 million, INR 278 million & 50%; please note that Revenue should be read as INR 7,888 million; PAT & PAT growth should be read as INR 276 million & 49% as a factual figure, as reported in the financial results, investor presentation & other filings.**

Segment grew 11% year-on-year to INR4,720 million. Sales volume stood at 56.11 million litres with capacity utilization at 89%. This business was supported also with strong ENA demand across the states.

Overall, the EBITDA margin for this business was *INR6.6 per litre. Manufacturing is not a passive capacity business for us; it is an active operating platform. We continue to optimize between products, raw materials, geographies, and customer opportunities.

Our objective is not simply to maximize volume in a quarter; our objective is to optimize margin, cash flow, and strategic supply for our consumer business. The Uttar Pradesh facility is also becoming increasingly important in this context. UP is a key consumer market for Globus. Having manufacturing capability in the state gives us a structural advantage over time. It improves our ability to service demand, manage costs, and support both segments of the consumer business, R&O and P&A, in a disciplined manner.

On consumer side, both parts of the businesses have contributed to growth. R&O not only continued to provide resilience and cash generation but has also started growing volumes, while prestige and above has delivered much stronger growth. The consumer business is becoming more meaningful, more diversified, and more visible in the overall performance of the company.

For the balance period of FY27, our priorities are clear, keep manufacturing business operating efficiently and within a disciplined margin framework; continue to build R&O as a resilient and growing consumer business; scale P&A with focus on market depth, brand strength, and profitable growth; and of course maintain balance sheet discipline while investing behind the long-term opportunity.

We are building Globus quarter by quarter. The objective is to create a stronger, broader, and higher quality alcobev company with manufacturing depth, consumer reach, and financial discipline.

With that, I request Param to take you through the consumer business.

Paramjit Singh Gill: Thank you, Shekhar. Good morning everyone. I will focus specifically on the consumer business. Q1 was an encouraging quarter for both parts of our consumer portfolio. Regular and others delivered steady growth and profitability while prestige and above continued to scale across markets and brands. Let me start with prestige and above. P&A revenue grew 35% year-on-year and 38% sequentially to INR550 million. Volumes grew 45% year-on-year and 45% sequentially to 0.42 million cases.

***Note: During the call, EBITDA per litre was inadvertently said as INR 6.6 please note that EBITDA per litre should be read as INR 6.5 as factual figure reported in financial results, investor presentation & other filings**.

This growth was broad-based across states and was supported by stronger traction in brands such as Terai, Snoski,and Brothers & Co. The key point is that growth is not dependent on a single brand or a single market anymore. It is coming from geographical expansion, deeper distribution, and better market execution across the portfolio. EBITDA for the quarter was negative INR13 million.

We are comfortable with this at the current stage because the investments are going into distribution, brand visibility, as well as market development. Our focus is not just to deliver volume growth but to build markets that can become profitable and sustainable over time. We continue to think about P&A through the same market architecture we discussed earlier, core markets as well as emerging markets.

Core markets are where we are building depth and profitability. Emerging markets are where we are making the foundational investments so that they can become future growth engines. The framework is important because it keeps our expansion disciplined. We are not entering markets merely for presence; we are entering markets where we believe the portfolio has a right to win, where route-to-market execution can be strengthened, and where the market can move towards profitable scale over time.

In regular and others, Q1 was steady and healthy. Revenue grew 10% year-on-year to INR2,564 million. Volumes grew 13% year-on-year to 4.48 million cases and EBITDA grew 13% year-on-year to INR440 million. Rajasthan continued to deliver stable and consistent performance. This remains an important mature market for us and demonstrates the strength of our execution in R&O.

Uttar Pradesh is now scaling well. UP R&O volumes grew 2.4 times year-on-year and crossed 0.2 million cases per month during the quarter. This is an important milestone because UP is not only a large market, it is also a market where our manufacturing presence, distribution capability, and portfolio strategy can work together sustaining growth over time, surely due to the size of the business available there.

Across the consumer portfolio, our strategy is to build value in layers. R&O gives us the foundation for scale, distribution, and cash generation. P&A is the future core where we are expanding reach and improving mix. And our luxury portfolio is intended to strengthen aspiration, innovation, and long-term brand equity.

This balanced architecture allows us to generate cash today, premiumize the business for tomorrow, and selectively build brands that can shape the category over time. At the same time, we will remain disciplined. We will continue to build this business market by market and brand by brand. Q1 gives us confidence that the strategy is moving in the right direction.

With that, I hand over to Nilanjan for the financial performance update.

Nilanjan Sarkar: Thank you, sir. Good morning, everyone. Let me briefly take you through the financial highlights for the quarter. Q1 FY27 reflects a continuation of the stronger operating and balance sheet trajectory we delivered in FY26.

The company reported a revenue of INR789 crores, representing a year-on-year growth of 13%. EBITDA for the quarter stood at INR79.5 crores, registering a growth of 33% over the corresponding period last year, while EBITDA margin stood at 10%.

Profit after tax for the quarter was INR28 crores, reflecting a strong year-on-year growth of 49%. PAT margin for the quarter stood at 4%. Alongside the refinancing and debt optimization actions already undertaken, including the improvement in current ratio to 1.01x and the interest coverage to 3.14x.

With that, we now conclude our remarks and open the forum for questions and answers. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Abneesh Roy with Nuvama. Please go ahead.

Abneesh Roy: Thanks and congrats on good numbers. I have three questions. First is on the manufacturing part. So on ethanol, of course, one positive news which has come out is government is thinking of ethanol being used for the cooking fuel also. Of course, this is currently in initial stages.

On the other hand, there has been the controversy on the E20's ethanol mix pool damaging the passenger cars, etcetera. So, if you could tell us how the industry is likely to see the demand drivers? And on profits, you always said that broadly 5% to 7%. And this quarter also, you have demonstrated that. But if you could discuss on the demand side. That is the first question.

Shekhar Swarup: Thanks, Abneesh. So regarding your first question regarding ethanol for cooking. So ethanol does have a lot of applications. In Africa, we've seen a massive adoption of ethanol stoves. However, there needs to be a lot of distribution and also packaging of those canisters for ethanol in India.

I think adoption of that is not going to be very fast to begin with. However, if gas supply cylinder refill start becoming a problem again, then perhaps the speed increases on that front. I think the main demand driver is going to remain ethanol blending.

Government has clarified that E20 is very much part of India's petrol supply situation. There has obviously been certain, how do I say, pushback on whether -- ambiguity rather on whether E20 is damaging petrol engines, especially in the social media and the press last few weeks, but automobile association, automobile manufacturers as well as petrol companies has clarified that there is no such damage that is being reported.

So E20 is very much part of the country's supply -- petrol supply. We are expecting ethanol demand at this scale to grow at about 7%, 7.5%, which is in line with petrol growth. There is also talk about multiple more blending grades, so whether it's E85 or E50.

But however, for that, cars need to be made compatible. We've seen some launches from Maruti recently. But as far as I know, there aren't enough cars compatible for higher blends yet. And the focus will remain E20 growing at the same rate as petrol consumption grows in the country.

What's interesting for our business, Abneesh, is that at E20, there is a significant oversupply of ethanol, overcapacity of ethanol in the country. And that's been the case in the last few quarters as well. And despite that, we are able to perform our facilities, utilize our facilities at well over 85%. In fact, this quarter, we've seen a record 89% at a higher installed capacity base. And that's due to this flexible product nature that our facilities have between ENA and ethanol.

Abneesh Roy: Sir, one or two quick follow-ups. So first is, in spite of very high oversupply, which you mentioned on the ethanol, if you could tell us which industries are driving demand for you? You did mention the flexible nature, but if you could elaborate on the end customer, which one is driving.

And second, one small follow-up on this controversy, does this impact demand because customer doesn't have a choice, right? It might be in the news flow, but does it influence the overall demand?

Shekhar Swarup: No, it does not impact overall demand, no. We have not seen any of that. I mean it's -- our ethanol offtake -- the ethanol offtake of the industry is very sticky, as you can imagine. It's been fairly consistent over the last few months. Of course, it's growing year-on-year at about 7.5% or so. However, month-on-month is fairly sticky.

We're able to utilize our capacities by increasing our ENA supplies, both in India and overseas. We've got a significant international sales function, and we've seen prices form up overseas. And therefore, we've taken advantage of that.

Abneesh Roy: Sure. Now, two quick questions. One is, now the new Bihar chief minister has been there for a few months. And of course, adjoining state, UP is one of the gold standard in terms of how alcohol policy should be there. And you have an increasing presence in Uttar Pradesh. So any update if you can share of any discussions happening in the government corridors on any prohibition getting lifted at some stage in Bihar?

And second is, you're the first alcobev company this quarter. Other alcobev companies are saying that because of Iran crisis, glass inflation is a reality. So if you could talk about your R&O and P&A, what is the impact of glass inflation?

Shekhar Swarup: Yes. So regarding Bihar, it's difficult for me to say to give any time lines on the change of policy, obviously. But our belief is firmly that prohibition in Bihar is a thing of -- or will be a thing of the past. In terms of time lines, my expectation is 1 to 2 years of the new Chief Minister for it to

-- for a change to start happening over a 2-year period would be a complete reversal. That would be my sort of sense to what's going on there.

With regard to glass prices, in fact, we've seen recent inflation across the board, glass PET. But Param, maybe do you want to talk a little bit about that and our mitigating strategy?

Paramjit Singh Gill: Yes. The cost-push of glass, Abneesh, depending on the brand and the pack is in double digits. It is in mid-teens. It moves between 10% and 16%, 17% depending on which brand, which pack. And this yo-yo of cost-push, we are expecting that looking at the current situation of the environment, we are expecting that this cost-push is going to be here with us for a while now in both glass as well as PET. And I mean, energy prices end up coming in various forms across various parts of the business.

Abneesh Roy: So, thanks. That's all from my side. Thank you.

Moderator: Thank you. The next question comes from the line of Nitin Awasthi with InCred. Please go ahead.

Nitin Awasthi: Hello, sir. Congrats on a good set of numbers and also delivering on all the promises you had made once you had entered UP and what do you call, stabilization of your plant and operations there. So looking forward for that market to also grow going ahead.

Two questions from my side. One was given the UK FTA is now a reality, will you be seeing a gross profit expansion due to lower scotch prices, because you have your whisky segment is still dominating in your whole try, if I'm not wrong, Mountain Oak and Brothers & Co. are still the two dominating whiskies in your overall sales?

Paramjit Singh Gill: Do you want me to take it, Shekhar?

Shekhar Swarup: Param, please.

Paramjit Singh Gill: Yes, Nitin, it's a good point. We do like most of the industry players expect to benefit out of that as we go along and when the inventory is getting transitioned. I think a lot will depend on, you know, if partners on the other side start changing the base prices. It's still a bit of a vague situation, but overall, we are expecting a tailwind here and a favorable climate going forward for sure.

The actual numbers while they are working so very easy on paper, but to see them transformed, I think we need a little more time to actually see them lively getting transformed onto the paper.

Nitin Awasthi: Understood, sir. So just getting a little further on this, since now it's a reality, what is flipped? Is it the sellers now, like you one thing you pointed out, the sellers could increase the base price? Or is it to the substitutes or not substitutes rather the co-prices, let's say, malt from other places, even India, are those prices now moving downwards for you?

Paramjit Singh Gill: Too early. As of now, no indications whatsoever of any tinkering on any other front. At this point of time, the only focus is on this tailwind and how to effectively materialize it in the quickest possible time. At this point of time, that's the only and obviously discussions are on, on a very hectic basis to try and land these opportunities before some other variables which we can't see come into play. Yes, overall it is going to be a favorable anyway.

Shekhar Swarup: I just want to jump in here a little bit on this, Nitin. Like Param said, we expecting some improvement obviously. However, if you just look at the FX position, the rupee has depreciated by 20% over the pound in in the last one year. And so overall impact on our business is not going to be very significant in my view, and therefore we are 100% focused our efforts on just execution in markets. So, when this benefit comes, we'll get it as will the other people, but we are not the market makers for scotch prices -- for scotch price revision.

Nitin Awasthi: Fair enough, sir. Fair enough. Okay, sir. Second question moving to place where you are one of the market makers. In Rajasthan, you had a very big position in your consumer segment regular and others, and you obviously used that to jump on with the consumer prestige and above segment.

In Uttar Pradesh, it was the other way round. Prestige and above had started earlier, Regular had started using another supplier and then Regular you guys have started once your plant came online, now you are scaled it up. There is a similar situation in West Bengal, but West Bengal is again, Prestige, you have been pushing it for some time, at least the market is recognizing the product there.

Regular and others although started some time back has not gone as planned in West Bengal. What is the status currently of that? And because there have been a certain changes, at least we are hearing that regulatory changes etcetera have happened making it easier and some actually news flow is saying that it's making it harder, some news flow is saying it's a stalemate right now. So just some clarification on the West Bengal front Regular and other segment?

Paramjit Singh Gill: So with regard to the R&O of West Bengal, we are only going through the steps of getting regulatory approvals. So we are still confident that we should be -- we are on round the corner. These things do, you know, regulatory for the final last hurdle regulatory approvals can always be a month or two months this way or that way, but as soon as the regulatory approvals are in place and as of now there is a reasonable view that this quarter we should be able to secure them.

We will after that within 60 days or so we should be able to get back into the market. So, we see the market environment as applying for everybody. If the market gets a bit more complex, it'll be for everybody. If it gets a bit favorable, it'll be for everybody. We have to fight our way. Having said that, I do not see the market getting unfavorable in West Bengal. At worst, it could be status quo or it may move for a slightly better is my view as I see West Bengal going forward.

Nitin Awasthi: Understood, sir. Okay. Understood, sir. Thank you.

Shekhar Swarup: Yes, we will be entering R&O in West Bengal hopefully sooner than later.

Nitin Awasthi: Got it, sir.

Moderator: Thank you. The next question comes from the line of Parth Soda with Trinetra Asset Managers. Please go ahead.

Parth Soda: So, am I audible? Hello?

Shekhar Swarup: Yes, Parth.

Parth Soda: Good morning and first of all thank you for the opportunity. My question is on utilization. Like with utilization now close to 90%, how much additional volume growth can be achieved without any major capacity expansion? At what utilization level would the next capex cycle become necessary?

Shekhar Swarup: I can take this. Thanks for the question. So, we aside from maintenance capex which we have a guidance of about INR50 crores, INR60 crores a year, we don't have any plans for capex in increasing ENA/ethanol capacity. So, we run at these utilization levels. Our guidance is around 85%, so this quarter has been significantly higher than our guidance.

Our capacities are at about 334 million litres. You know, aside from incremental changes in by maybe 1% or so due to certain new technologies that might come up over time, I do not see any significant change in capacity as part of our FY29 strategy at least.

Parth Soda: Okay, got it. Thank you so much.

Moderator: Thank you. The next question comes from the line of Himanshu Shah with Dolat Capital. Please go ahead.

Himanshu Shah: Hi, thanks, sir. Thanks for the opportunity. Am I audible?

Shekhar Swarup: Yes, Himanshu.

Himanshu Shah: Thank you. So can you just disclose the debt number as of June '26 and how does it compare versus March '26?

Nilanjan Sarkar: You want the debt number?

Himanshu Shah: Yes.

Nilanjan Sarkar: The debt is the same level at INR650 crores. March was at INR660 crores.

Himanshu Shah: Okay. And this is net debt, right, sir?

Nilanjan Sarkar: Net debt, yes.

Himanshu Shah: Okay. Secondly, on the manufacturing side, our spread has come down a bit. Is it more due to the mix of the business or is it due to the increase in raw material prices?

Shekhar Swarup: Sorry, what has come down a bit? Your line broke.

Himanshu Shah: EBITDA per litre that has come down in the manufacturing business. So is it due to the change in mix of ENA versus ethanol or is it due to the increase in raw material price? And where do we see the spread moving forward for next couple of quarters or for rest of FY27?

Shekhar Swarup: Our guidance on margin per litre is about INR5 to INR7. We are firmly within that in Q1. Going forward, I'm expecting similar range-bound performance in this business. You know, certain parts of the business, certain customers are obviously more profitable, other customers are less profitable.

So with this, 89%, 90% type of capacity utilization at INR6.5 or so per litre margin, I think that's a pretty solid performance in this quarter. I'm not concerned about margin changes within the INR5 to INR7 range, Himanshu, and going forward I maintain that our margins will remain in that range.

Himanshu Shah: Yes, sir. Can you just provide some color how broken rice and maize prices are hovering and where do we see this prices in the quarters ahead? Are we seeing some inching up because of lower monsoon or something?

Shekhar Swarup: So Q2 is -- we've always seen every year Q2 is a slightly more inflationary quarter with regard to agri commodities, both fuel and raw material. So, you know, no surprises there this year either. With regard to the effect of the monsoons, I'm not seeing any, you know, dramatic impact on the maize crop that is that was scheduled for this time, right.

We've managed to secure our inventories there which gives us a good cover going into Q3 and Q4. We also have obviously the cover from FCI for a certain part of our purchase mix. So, you know, I'm not seeing any red flags, Himanshu, this year compared to how things have gone last year or the year before. You know, it's Q2 is inflationary, but it's already budgeted for. Yes.

Himanshu Shah: Okay, sir. On our regular and others business, our margins have been quite healthy. I presume we would have some benefit of pricing increase in Rajasthan plus we would also be having some carry forward inventory of PET bottles and the raw material for PET bottles. From here on, should we see a higher inflation and therefore margin impact in our regular and others business because of the inflation in PET bottle prices that has that should have taken place?

Shekhar Swarup: So I think the the big impact on our margin profile for R&O is actually going to be the mix from UP. In terms of impact of PET bottles etcetera, it's not much, you know, we keep a pretty slim inventory. It's a pretty large operation in Rajasthan, so we're not able to keep meaningful inventories to take positions in PET prices or take positions for PET prices.

So the more meaningful number here, the more meaningful trend that's emerging is that UP is growing exceedingly fast. And compared to Rajasthan, just the way the market is structured, UP is a lower price point or lower slightly lower margin profile than Rajasthan. So, you know, it doesn't structurally affect the business.

Our guidance for R&O has been around 15% to 17% EBITDA margins. So rather than if you see the last couple of years we've been sort of 17%, sometimes 18%, that's going to come down to maybe 15%, 16% levels. So it doesn't structurally impact the business, but it is slightly lower margins in UP.

Himanshu Shah: More of a mix state mix change, but you are not seeing any significant impact from raw material price inflation. We are able to mitigate that?

Shekhar Swarup: No whatever has had to happen has happened in Q1. I'm not seeing any further impact coming up.

Paramjit Singh Gill: We haven't got any real red flags as of now further. Obviously, there could be a little bit of a impact of a spill over in the first quarter of the previous year's inventory, but as Shekhar called out, we really do not carry significant inventories. But it's a wait and watch situation every day. Let's see how this plays out. But I think our aggressive growths will sort of position us much better to sort of withstand this challenge as compared to some of the other peers. Yes.

Himanshu Shah: Got it. And can we just take one more on the IMFL business part?

Shekhar Swarup: Yes, please go ahead.

Himanshu Shah: So how has been our repeat consumer behaviour because while this quarter has been healthy on the volume growth front, I believe it has not been driven by Brothers & Co. but Mountain Oak I believe has been struggling a bit from a overall growth perspective. And even earlier we used to have Governor's Reserve which I think so now we have scaled down significantly.

So the challenge that I personally see in our branded IMFL business is one brand is coming up, other brand is going down, and second brand is coming up, third brand is going down. So if you can provide some colour on this?

Paramjit Singh Gill: Yes. So Himanshu, what happens is as we are increasing our geography, different brands are driving growth in new geographies for a simple reason that the category sits in a different way in those geographies. The way the category sits in UP is not the way the category P&A sits in Delhi. And similarly, West Bengal, Assam, Jharkhand are very different.

So a significant portion is being dependent to which market is a high vodka market, which market is a high semi-premium market and which market is a high deluxe whiskey market. So that is the bigger driver. Time to time, there will be brands which will see an opportunity and drive growth much ahead of the curve, but there is nothing to call out that any brand of ours regardless whether it's Brothers or Mountain or Snoski is in a situation where we can say another brand is growing and this brand now, we don't know what the line of sight is.

I think that's a misconceived perception. That's because we are entering geographies basis on a lot of analysis of our right to win and the portfolio that we have, the markets are so different in terms of which segment constitutes a high salience in that market. And that is the primary reason for this. And that's going to be continuing to come our way for the next couple of years till we continue to add markets in terms of geography as well as growth. So that is the primary reason why you will see these fluctuations happening. So it's not at all a concern as we see it.

Moderator: The next question comes from the line of Hardik Jatheliya with ARDEKO PMS.

Hardik Jatheliya: Thanks for the opportunity. I hope I am audible.

Paramjit Singh Gill: Yes, please go ahead.

Hardik Jatheliya: Sir, firstly, on the R&O business, let's say, so UP volumes have grown on a lower base, they have grown well. But we believe that the 0.2 million cases, that's our exit run rate for the quarter. So incrementally, what sort of growth should we pencil in? Should we be thinking that UP will be adding roughly 0.1 million cases every month? What sort of ramp-up are you seeing considering the market is a bigger one, firstly, on that?

And incrementally, we believe that for the UP, we'll be warehousing different brands as well. So, we'll be always having an element of trading EBITDA. So once the state establishes, you have already mentioned that the margins to be remaining in a band of 15% to 17% for R&O as a whole. So we see the absolute EBITDA growing and margins slightly normalizing. Is that the right understanding firstly?

Shekhar Swarup: Param, do you want to talk about UP growth?

Paramjit Singh Gill: Yes. So in terms of -- see, we've given our F '29 guideline of where we see ourselves in UP. And it is very difficult for us to continue sort of projecting how each quarter growth will happen because at the end of it, we are fighting for our place in the market. And on one side and the other side, it's just a very huge market, almost 95-odd lakh cases a month.

So we are also dreaming to stay very aggressive in UP. We will see high growth coming out of our UP R&O. To say to quantify whether it will be 0.1 million every quarter or not, I don't think we are into that situation where we can start calling these things out. So you have to stay with that UP will continue to resonate strongly. And it is our next big bankable opportunity in R&O. And the team is doing everything we can to drive home that growth at the fastest possible pace.

Hardik Jatheliya: Fair. Secondly, on the P&A side, you mentioned, obviously, we have got multiple states. But if we just have to split the growth between our mature states and the newer states, then how should we be looking at like just to understand the repeats and the depth of our brands?

Paramjit Singh Gill: How would you say -- it gets very difficult to start giving these breakdowns for the simple reason that you see the new states may litreally -- it'll take a few quarters to start scaling up. I think the benchmark that we use is that as we have called out earlier that in the third complete year, we want a state after launch to become -- to land in a situation where it becomes a profitable growth state. And we have called out that our first phase states have already crossed that threshold.

It's very difficult because what will happen is emerging markets will eventually keep moving into core markets and new emerging markets will keep on adding up. So, your base will keep on getting so distorted every 2, 3 quarters that any number that you start putting it as a benchmark will raise more queries than answers because states move from emerging to core as soon as they perform. So, there is no permanent -- the core will keep on increasing.

As we talk today, we already have 5 core states and the sixth one is knocking on the door. And these will keep on increasing. The intention is to, in a couple of years, actually reach 10 core states, and that's what we need to be focusing on because the yardstick must be consistent to review it over time. Core and emerging as yardsticks are not consistent to be reviewed over time on the same base.

Moderator: The next question comes from the line of Hitaindra Pradhan with Maximal Capital.

Hitaindra Pradhan: My question was already answered. So, you can move on.

Moderator: The next question comes from the line of Sucrit Patil with Eyesight Fintrade.

Sucrit Patil: I have two questions. First question for Mr. Swarup is, this quarter's margin improvement is very, very good. And what we see -- but we can also see grain and packaging costs continuing to rise. From your point of view, how do you see Globus balancing the growth in sales volumes with the risk of input inflation putting pressures on the profitability? It would be useful to hear how you plan to protect the margins if costs keep on climbing through FY -- through the next financial year.

Shekhar Swarup: Yes, sure. So firstly, I've given a range-bound guidance on manufacturing margins at about INR5 to INR7 per litre. We are not seeing any challenge in achieving this for this year. And what gives me confidence is that, firstly, we have a significant part of our purchase mix. We've got a secured raw material supplier, which is FCI. They give us material at a fixed price through the year at different points -- different parts of the country based on where our capacities are.

Secondly, we are able to take to a limited quantity, not our entire purchase mix, but in a limited way, take a position on maize and therefore, lock in the price of maize for the period, which has seen the most amount of inflation in maize. And finally, we left with broken rice, which is subjected to some inflationary pressures. We don't have a way of hedging that.

Fourthly, we've got the E&A business, which is a flexi-price business. We can -- every month, we are able to pass on costs. So, it's more of a fixed margin business as it were. So, we're able to pass on movements in costs there. Given these four things, it gives me confidence that the year, we are able to operate between INR5 to INR7 a litre.

The other thing, sorry, I wanted to mention is that the inflationary with Agri commodities, right, which is what most of our purchases for the manufacturing business. It's not a -- purchase costs don't rise quarter-on-quarter and they keep rising. There are -- it's seasonal and it's based on harvest.

So Q2 and part of Q3, we see some inflation, Q3 and Q4 because crops start coming in, we see prices reverse. So, this is an event flow that we've been operating in for some time. And with this multi-product, multi-feedstock, corn hedging strategy, we are now able to maintain a INR5 to INR7 EBITDA per litre consistently.

Sucrit Patil: My second question to Mr. Nilanjan is operating expenses have risen quite a bit and expansion plans do naturally require more capital. Just want to understand on how you will be approaching this balance, keeping costs under control, managing funding needs and ensuring the dividend for the shareholders. If expenses continue to rise faster than revenue, how do you see the company maintaining both growth investment and shareholder return? I just want to understand your plan of action?

Shekhar Swarup: So capital discipline is a very important part of our growth strategy. The entire P&A business has been self-funded from cash flow, cash generation from the manufacturing business as well as the R&O business, and that remains our priority for investment. Once our capex plans finished sometime last year after commissioning UP, we do not have any more capacity expansion planned. So all the cash generation does get fed into growing P&A.

And the P&A investments essentially come -- you see it through as other expenses, right, whether it's manpower, it's marketing expenses and so on and so forth. The P&A business is not going to continue to grow in a manner where expenses are growing faster than revenue from approximately 60% or so negative margin a couple of years ago, we are now at nearly at breakeven.

In fact, we should be getting to profitability sooner rather than later. Our focus is, however, growing this business, utilizing our cash flows to grow this business as well as maintaining a reasonably healthy debt pay down as the years go by. Over time, there could be opportunities to accelerate P&A growth.

So far in the last couple of years, based on this sort of regular cash infusion coming in from free cash, we've been able to grow the P&A business to where it is today. The P&A business, of course, now has a lot more heft than it did a few years ago. And I do believe that based on this strategy of quarterly cash generation and then growing P&A business, there are some opportunities that we are missing out on. So we look forward to trying to find solutions for those whilst also maintaining a healthy balance sheet.

Moderator: The next question comes from the line of Tarang Agrawal with Old Bridge.

Tarang Agrawal: Hi, good afternoon team. A couple of questions on...

Shekhar Swarup: Tarang, sorry, your line is not very clear.

Tarang Agrawal: Okay. Just give me a second, please. Just a couple of questions from me. How big is the West Bengal IMIL market?

Shekhar Swarup: Last time I checked, it was about 6 lakh to 8 lakh cases a month, but I might be a bit wrong. I haven't seen...

Paramjit Singh Gill: No. IMIL, Shekhar is about 26 lakh, 27 lakh cases a month. IMIL is about just above 2.5 million, yes.

Tarang Agrawal: Got it. Got it. And second...

Paramjit Singh Gill: It's a sizable market, yes. A sizable market.

Tarang Agrawal: Sorry, come again.

Paramjit Singh Gill: It's a sizable market.

Tarang Agrawal: So it's almost as big as Rajasthan?

Paramjit Singh Gill: It's -- I mean, slightly smaller than Rajasthan and Haryana individually, yes.

Tarang Agrawal: Okay. Got it. The second question was, as you continue growing your IMFL business, just wanted to get a sense today, the last update that I had was you are present in 7 states. Is that correct? Or the number of emerging states has actually increased?

Paramjit Singh Gill: As of now, our total presence is also only 3, 4, 5, 6. So we are now touching 11 overall, total.

Tarang Agrawal: 11 states and…

Paramjit Singh Gill: Yes, 11 states, we are already totally present in now, including luxury. And 6 are the ones which we are driving to work towards core, out of these at this point of time.

And obviously Delhi, UP -- four are already core out of these six, Yes. So two are on the verge.

So the total presence will keep on increasing because luxury will expand at a slightly faster clip in terms of geography and core as of now we're going to just stabilize the other couple of states and then move to open up the next one.

Moderator: Thank you. The next question comes from the line of Samid with Manivardhan. Please go ahead.

Samid: I hope I'm audible?

Shekhar Swarup: Yes, please.

Samid: So could you please provide a breakdown of your UP plant production? How much is consumed internally, captive consumption, and how much is external consumption? Along with that, did you also please give a update on how is your distributor network evolved in UP state for R&O division and what are your key priorities for scaling this business?

Shekhar Swarup: Sure. Just one added point from the previous question. Tarang, if you could look at slide 11 on our corporate presentation, investor presentation, it has a good breakup of our geographical presence and strategies. Thank you for your question, sir. UP about 25% of our capacity is utilized captively, the rest is currently bulk sale, but this number changes right now quite a bit month-on-month because that facility is both a molasses as well as a grain facility.

So we do end up storing, producing one material, storing it in bulk and then shifting to the other. So, there is a certain amount of capacity optimization that needs to happen there. The next is, you know, UP has actually become a very important international sale source for us given the very positive policy of the UP government to encourage international sales. We have managed to pivot that unit to be our sort of flagship international sales source.

So it's currently the optimization of internal versus external is still underway. It's about 25% internal, but we need to optimize that in the quarters to come. With regard to distributor network, we -- it's sort of mandated, it's a private network, there's no corporation like in other in some other markets, it's mandated by the excise policy and we follow the processes and rules of excise to distribute our brands.

Samid: So, if you allow me, can I ask another question?

Shekhar Swarup: Yes, please.

Samid: One of our key competitors in UP market which operates in IMFL segment, which holds around 40% market share, but continues to deliver a single-digit EBITDA margin. So what gives you confidence to achieve a double-digit EBITDA margin in R&O business?

Shekhar Swarup: I'm not able to comment on other companies, sir, and how they and their profitability, but we've been operating in R&O in other states for some time. We've been operating in UP R&O for some time as well. Of course, we're seeing these much healthier growth rates this quarter onwards in the back of some very interesting and innovative products that the company has launched over there. This is what we are seeing, sir. I'm not able to comment on other companies' margins.

Samid: So basically, what gives you confidence that you'll be able to achieve a double-digit margins -- EBITDA margins in R&O segment?

Shekhar Swarup: We are seeing that profitability already. I mean -- and we are achieving it. So I don't know how else to answer your question.

Samid: Okay. Can I ask another question?

Shekhar Swarup: Samid, yes, go ahead please.

Samid: There has been a rainfall deficit in eastern north India this year. So, what will be the impact on raw material prices for next two quarters?

Shekhar Swarup: Like I mentioned earlier on, Q2 is inflationary, but especially in the east part of the country, we've been able to create a hedge for our raw materials. So I don't see any significant change this year over the last year.

Our guidance on an all-India basis for the manufacturing business is INR5 to INR7 and we continue to maintain that guidance for all the quarters of this year. So no, I don't see any material impact on that guidance as of now.

Samid: And how is your inventory segmented in distribution, UP distribution market?

Shekhar Swarup: I'm not sure I understand the question. What do you mean how is the inventory segmented?

Samid: Inventory part of your distribute on net book in UP state? How much is the inventory?

Shekhar Swarup: Inventory is sold, you know, product is sold as per the rules of excise. There is a combination of warehouses which we manage as well as the warehouses that are managed by others. So the the warehouses that we manage, the inventory is obviously in our books and the warehouses that are managed by others, it is a ex-factory sale. There is no -- it's not a meaningful inventory number. It's a few days' worth of inventory.

Paramjit Singh Gill: Yes, it is under a week most of the time. Just to sharpen it, in R&O segment the inventory is very low in number of days because it's quick in, quick out and it's a good cash flow business, because most of the business is either cash or token a couple of days' credit. So it's not a high credit business, the R&O.

Samid: Okay. Thank you so much for answering all my questions.

Moderator: Thank you. The next question comes from the line of Nishant Bhatt with Equity Works Limited. Please go ahead.

Nishant Bhatt: Yes, good afternoon. Am I audible, sir?

Shekhar Swarup: Yes, sir.

Nishant Bhatt: Yes. So I have two questions. I'll make it short. So Shekhar, I just wanted to know what's the current capacity utilization of the UP plant? And Param, can you please give some color on your previous plan? You mentioned that you have done a strategic wind-down of your legacy portfolio in West Bengal and Haryana in the R&O segment, right?

So West Bengal we know that, there is still that manufacturing license issue over there, but in Haryana when can we expect a good volume driver from Haryana to our R&O segment? And can you give some more color on the Assam and Jharkhand market which you recently entered, how are things progressing over there? That's from my side.

Shekhar Swarup: Sure. I'll take the first one, Param. Our UP, I don't have the exact UP utilization number for Q1, but there's no red flag there. It's running very well. It should be well over 85%. But I don't have the exact number.

Nilanjan Sarkar: Shekhar, it's more than 90%. So UP is more than 90%.

Paramjit Singh Gill: So, thanks. So, coming to the R&O Haryana, see Haryana we had earlier called out the state obviously somehow there has been a bit of a yo-yo in terms of the environment and we have obviously stayed slow on terms of investing in the R&O segment in Haryana and kept our momentum just continuing. What we have started doing is the consumer has been evolving and we are among the early ones who have taken advantage of this, and have either ramped up our portfolio, rearranged our portfolio based on as new and newer profiles of taste, packaging are evolving.

And that's what I mean, when I say, that we are doing away with some of the legacy portfolios that we are carrying on. In some cases, it's the renovation, in some case it's an upgradation, and then of course there are new launches that are being supported. So, Haryana at this point of time, I still see modest growths in the next two-three quarters from where I we look at it. Our main focus is to keep building UP at the most aggressive growth, and to as fast as possible get back into West Bengal R&O. Those are our two main focus.

Haryana will continue to be a modest growth state. Delhi of course, we have got the tender, and we are just starting to re-enter Delhi back after a lull, and that's more of a tender-driven market which is depending on the tender volumes, we just have to service that market. So that's how it pans up.

Coming to P&A, Assam and Jharkhand both are at this point of time giving us a lot of positive energy. The consumer as well as the trade partners have welcomed us with open arms. There is a high level of acceptance in both the states. So, we are expecting good tidings ahead on both the states.

Nishant Bhatt: Yes, thank you for giving more information on that. I also liked the new -- I heard that Snoski as a brand is gaining very good traction in UP, especially with the new variants that you have been launching. I saw it in the Instagram, I don't know you updated it on the investor presentation, but I saw you did two new launches on the traditional flavourings, right, the chili mango and the jamun flavours.

So just wanted to get a more sense from you that, how are like, how do you plan to build this P&A portfolio even stronger? Because the brands are getting enough traction, I think.

Paramjit Singh Gill: So, we obviously are not depending on one brand. Snoski is one of the power brands in the portfolio. Our focus as of now is to drive Mountain Oak, Brothers and Company as well as Snoski all equally aggressively. Obviously depending on the state and the opportunity and the innovation factor, there are quick wins, and then there are the hard-fought wins, and that's the relevance that you are pointing out on Snoski.

We rest assured that full support is going across. We do not see ourselves as a one-brand P&A success. We see ourselves as having a portfolio of three-four solid brands in P&A and a similar number of powerful brands in luxury segment also. So, the effort is on a very broad-based growth, where we are not dependent on one state, one brand for our future sustainable profitable objectives.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, that was the last question for today. I would now like to hand the conference over to the management for the closing remarks.

Shekhar Swarup: Hi, thank you everybody for joining the call. If there are some questions left out, please do email us, and we will get back to you at the earliest. Thank you again and have a good day.

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