"Som Distilleries & Breweries Limited
Q1 FY27 Earnings Conference Call"
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MANAGEMENT:

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Moderator: Ladies and gentlemen, good day, and welcome to the Som Distilleries & Breweries Limited Q1 FY27 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 this conference call. Please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

Diwakaran S.: Thank you. Good afternoon, everyone. My name is Diwakaran, and I'm the Chief Operating Officer of Som Distilleries & Breweries. Thank you very much for joining us for the Q1 2026-2027 Earnings Call of Som Distilleries & Breweries Limited.

Let me begin by acknowledging that Q1 was an extremely difficult quarter for the company. The operational and regulatory disruption in Madhya Pradesh had a significant impact on our volumes and consequently on our financial performance.

Despite the disruption in Madhya Pradesh, there are some positives, which is very good. We saw a strong rebound in Karnataka with improving demand and market share. Odisha also delivered a strong recovery, demonstrating the resilience of our brands and distribution network.

These trends are encouraging and give us confidence that the underlying business remains strong as market conditions normalize. A major milestone during the quarter was the successful commissioning and commencement of commercial production at our Uttar Pradesh unit, brewery. The facility adds approximately 10 million cases of annual beer capacity, giving us a significant new manufacturing and marketing -- market access platform.

Our focus now shifts from commissioning to ramp-up, capacity utilization and market penetration. From an operating perspective, beer continues to be our core earnings engine with 45 lakh beer cases sold during the quarter. Beer represented approximately 98.9% of our total volume and 93% of our revenue.

On the IMFL side, realization improved by approximately 3% year-on-year to INR1,047 per case, reflecting the increasing focus on higher-value products. So while Q1 was undoubtedly a challenging phase, we believe there are several positive indicators beneath the reported numbers like recovery in Karnataka and Orissa, the successful commissioning of UP, disciplined leverage and continued investment in our brands and premiumization strategy.

Our priorities for the balance of year 2026, 2027 are clear: restore normal operations at Madhya Pradesh, sustain the recovery in Karnataka and Odisha, ramp up the UP facility, improve capacity utilization, strengthen our premium portfolio and convert the early signs of recovery into sustainable volume and profitable growth.

We remain confident in the underlying strength of the business with our expanded manufacturing footprint, improving market conditions and a disciplined balance sheet. We believe Som is well positioned for a meaningful revival as we move through full year 2026, 2027.

With this, I will hand over to Nakul to take you through the financial and operational performance in greater detail. Over to Nakul.

Nakul Sethi: Consolidated volumes for the quarter stood at 45.79 lakh cases with a total income of INR268.8 crores and EBITDA stood at INR15.2 crores. However, we believe these numbers need to be viewed in the context of the specific challenges faced during the quarter and not as a reflection of the underlying potential of the business.

I would also like to highlight the strength and resilience of our balance sheet. Despite the commissioning of the UP facility and a difficult operating environment, gross debt increased by only INR10 crores during the quarter with gross debt to equity ratio moving marginally from 0.3x in March 2026 to 0.31x in June 2026. We have therefore added significant manufacturing capacity without any material increase in our leverage.

More importantly, cash generation remains healthy. We generated close to INR28 crores of cash from operations during the quarter. This is an important indicator of the underlying financial strength of our business. Even in a challenging quarter, we have continued to generate operating cash while maintaining disciplined leverage and investing in our future capacity.

Despite the disruption in Madhya Pradesh, our other operating businesses continue to demonstrate resilience. The Hassan facility operated at approximately 60% capacity utilization, while the Odisha facility operated at around 70% capacity utilization.

As we speak, we have invested close to INR300 crores in the UP brewery. And importantly, this investment has been made without taking any external debt. We have therefore created a substantial new manufacturing platform and expanded our capacity while maintaining a disciplined approach to leases.

With this, we would like to now move on to the Q&A session.

Moderator: Thank you very much. We will begin the question-and-answer session. The first question is from the line of Sucrit Patil from Eyesight Fintrade Private Limited.

Sucrit Patil: Good afternoon to the tea. I have two questions. My first question to Mr. Diwakaran. Just want to understand on the operational side, what are the key priorities you are focusing in terms of manufacturing efficiency, supply chain growth and compliance? And what risk do you see in raw material sourcing, regulatory frameworks or demand volatility? And how are you preparing to mitigate that? Just want to understand the forward-guidance on this.

Management: I think the question is a little long. Can you briefly tell me one after the other, please?

Sucrit Patil: Yes. I just want to understand forward guidance on how are you going to -- on the operational playbook thing? And how are you going to strengthen the production, improve efficiency and ensure compliance while preparing for risk in raw material challenges, regulation and demand swings? Just want to understand your forward guidance on this.

Management: Yes, you're talking about 2006- 2027?

Sucrit Patil: Yes.

Management: Okay. So as you know, we have four capacities in all in terms of beer. And out of the 4 MP as of now is suspended. MP is as of now suspended, so the remaining 3 capacities are there. And out of that, 1 has started just recently at the end of Q1.

The 2 other facilities that we have is in Hassan and Odisha. Both these facilities are quite large and it's been operational for very long years, and we have all the best practices in terms of procurement, in terms of quality management, etcetera, which is already there, and we continue to focus on that with rigor, right? And I don't see any new addition to it, except for managing the -- with the availability of packaging materials, which is dependent upon particularly the can part of it, which is dependent upon a single supplier, Ball Corporation, for the entire industry and we are also dependent on that. So if we manage that properly, I think, we have sufficient scope to leverage during the coming quarters, in terms of supply.

As far as raw material pricing is concerned and whatever is the market volatility and whatever is being faced by others, we also are vulnerable to that. We are not completely, you know, away from it. And also we are playing in the same market and same kind of vendors from whom we purchase, whether it is imported or local. So we are vulnerable to that.

But anyway, we can safeguard that through various measures that we adopt on an ongoing basis to keep our costs on check. And we are focusing on, you know, reducing our cost a lot more now considering that we have to deliver better results in the coming quarters.

Sucrit Patil: Thank you. My second question to Mr. Sethi is, what key risk or challenges do you see in the coming quarters? And what specific measures are being taken to manage margins, cash flow and strengthen the balance sheet, especially, in areas like excise duties, receivables or competitive pressures? Thank you.

Management: I think, our first priority is that we should -- we are focusing on restarting of the MP plant as soon as possible because it's been 6 months, and we are mindful of that fact. Receivables, we normally operate in all or – you know, most of the markets which are -- where the wholesaler is the government. So I don't think that we have got receivable risk as such. And nowadays, the government also, you know, is very pro industry or you can say in terms of the payouts of receivables. So that is fine.

Normally, I think the key is, obviously, the margins. I think we have been in the past operating in the industry where I think our margins in the beer industry are amongst the -- one of the topmost. So I don't think we have an issue on that. Liquidity also, I mean, if you look at our results, which we have posted for this quarter, in spite of MP plant being shut, I think, all the -- other 2 facilities have done very well. We have seen a 30% increase in the cases sold in Karnataka in Q1. And similarly, I think, in Odisha also, we have seen about -- close to about

40% increase. So I think once we get over with the MP issue, I think, we are on track again as compared to the previous year.

Sucrit Patil: Thank you and best wishes.

Management: Thank you.

Moderator: Thank you. The next question is from the line of Manoj Pal, an Individual Investor. Please go ahead.

Manoj Pal: Yes. Thank you very much**, sir** for giving the opportunity. Sir, my question is since our -- the Bhopal operations are closed, so it means that already we have lost the market share. So what's your strategy that when we will come back for the Bhopal operation to gain that market share? Because the consumer is, like the consumer mentality is that if -- see, if the 1% is used to some one brand, if that brand is not available, he will go for another brand. So how to bring that consumer to his or her original brand? So have you thought of anything on that?

Management: Yes. I mean it's a good question and thank you for that. What I can tell you is that Madhya Pradesh, of course, is a problem and that we are fixing and we have been working on it for quite some time, and we hope that it will be fixed very soon. A consumer is not easy to get, and once we get them, it is important that we retain them. Noise…..

Moderator: Yes, sir, this would be better. You may please go ahead.

Management: Yes. So of course, I mean, once the consumer moves away to a different brand, particularly for reasons of non-availability for a considerable period of time, it's not a very easy task to get them back. But what we are seeing in the markets where we are available, where we have been available for the first quarter of this year, except for Madhya Pradesh where we weren't available and Delhi to some extent. In those markets, our market share has been either retained or we are growing. You know, so that actually speaks about the strength of our brands and our distribution network.

And therefore, we are confident that once we are able to sort out issues in terms of the license in Madhya Pradesh, it's a matter of time, you know, when consumers would -- our consumers would return when they see the brand is available in the shelves. It is a long haul. It is not easy. You're right.

But we have our plans, and we have been in the business for quite some time to understand how this works and how the consumers move from one brand to another and when they come back, how to get them back. It's something that we have learnt and we have tried in many markets.

So when -- particularly when there are supply gaps and we kind of resume after 1 months or 2 months, we kind of recover quickly. But in a long period of time, it will take some time to come back, but we are confident that we can get back because our brands have that inherent strength because they have liked the brand, not just for being a brand-brand, but it is also for the taste and the quality that we provide to the consumer and also the advantage of various pricing, etcetera, etcetera. So I think we are confident that the consumers will come back, but it will take a little time in the markets where we are closed for a long time.

Manoj Pal: Okay, sir. I also wish for -- best wishes that all our consumers should turn back to

Management: Thank you, sir.

Manoj Pal: Som Distilleries whenever our operations get started. Sir, in last con call, it was my question only you answered that, that within the 15 days, we are going to start the operation of Bhopal. So I want to know what went wrong, you know after 3 months that matter -- the license is not yet restored?

Management: So see, this is not completely in our hands because it is in the hands of the courts and in the hands of the authorities. And therefore -- and most of the matter is in the court, and therefore it is sub judice for us to discuss on the phone and give our views. But it just happened that it is taking longer than what we had anticipated. And hopefully -- we are all working on it. I mean our Chairman, our entire team -- leadership team is working on it, and we hope to fix it very soon.

Manoj Pal: Okay, sir. Thank you. That's all from my side.

Management: Thank you.

Moderator: Thank you. The next question is from the line of Nagaraj Tripali, an Individual Investor. Please go ahead.

Nagaraj Tripali: Good afternoon. My question is how much of capex is already done on UP Phase 1 project? And what is the pending capex for this Phase 1 project? And when did we start commercial production? And what is the capacity utilization at present? And what are the plans for Phase 2 and its capex?

Management: Hi, sir. So we have spent close to about INR300 crores for the Phase 1 of the project.

Nagaraj Tripali: Any pending capex is there on that?

Management: No, there is no pending capex, I mean, on the Phase 1 as such. And commercial production started in, I think, about June 9. So currently, I think it is not meaningful to talk about the capacity utilization of the UP plant as of now. Maybe I think after one or two months, we'll be able to give you a clearer picture on that.

Nagaraj Tripali: What about Phase 2?

Management: Phase 2, we'll -- I think sir, we'll -- we have applied for the permissions, because Phase 2 is about the distillery. I think we'll have more a firmer idea about the execution maybe three to four months down the line, sir.

Nagaraj Tripali: Sir, my question is like it was very great for management to convert UP plant as 100% subsidiary. What is stopping management to convert the Hassan plant also to 100% subsidiary from the present 78% so that we can improve the corporate governance as was done in UP subsidiary?

Management: Sir, we have -- so this is -- like you, a lot of people have also commented on this. Let us evaluate and we'll get back to you on that pretty soon, sir.

Nagaraj Tripali: Okay. Thank you very much. And one more question is, how much of unsold stock is still inside Bhopal plant? And what is its shelf life?

Management: So, we have got about INR25 crores of finished goods.

Nagaraj Tripali: What about the shelf life?

Management: Shelf life, that stock is undergoing verification as of now. And I think we'll have about a month of shelf life remaining.

Nagaraj Tripali: Okay. And a bookkeeping question from my side. Can you please clarify the increase in excise duty paid in Q1 this year, I guess, much reduced sales?

Management: This excise duty is because we have sold more in Karnataka and Odisha, where the excise duty has to be paid by the manufacturer before the dispatch of the finished goods, which is unlike in Madhya Pradesh.

Nagaraj Tripali: Okay. That is good. And one small suggestion I've got from my side to management. Once this Bhopal issue is resolved, I request management to go for a rights issue to fund UP Plant 2 capex and keep the balance sheet strong and use the cash flow from operations for funding working capital and improve credit ratings against existing loans. This is my suggestion please to you.

Management: Okay, sir. Thank you so much. That's a very valid suggestion, sir.

Nagaraj Tripali: And wish you all the best for the future.

Management: Thank you so much, sir.

Moderator: Thank you. The next question is from the line of Jitaksh Gupta from Tikri Investments. Please go ahead.

Jitaksh Gupta: Hi, sir. Thank you for the time. I have a couple of questions. So sir, first question, how much revenue we lost due to closure of MP plant in Q1, if you can give any number?

Management: I think we lost about INR250 crores of revenue.

Jitaksh Gupta: Okay.

Management: INR250 crores to INR260 crores.

Jitaksh Gupta: INR250 crores, okay. And sir, our plant was to go live in Andhra Pradesh after the end of Q4, you had mentioned. So did we go live in Andhra Pradesh? If yes, then how many cases we sold or how much revenue we made from Andhra Pradesh?

Management: No. We were not setting up any plant in Andhra Pradesh, I think?

Jitaksh Gupta: No, not about plant sir, like we were entering Andhra Pradesh just the direct sales.

Management: Yes. Yes.

Management: Diwa sir.

Management: Yes, I'm answering, Nakul. So yes, we had said that Q1, we were supposed to start. But unfortunately, the permissions from the state authorities, both excise and the corporation have got delayed, and we received that by end of July. Right? And after that, we need to kind of take permissions from the exporting state, which is Karnataka to start -- to export from here, all the export permissions needs to be taken. That process is on. And I think it should get over in about two weeks' time.

Jitaksh Gupta: So by Q3, we...

Management: By first week of August, I think we should be able to see our brands in Andhra Pradesh. I mean September, sorry, first week of September.

Jitaksh Gupta: First week of September.

Management: We should be able to see our brands in there.

Jitaksh Gupta: Okay, sir. Sure. Thank you.

Moderator: Thank you. The next question is from the line of Hiten Boricha from Sequent Investments. Please go ahead.

Hiten Boricha: Hello.

Management: Hello, sir.

Hiten Boricha: Yes. Am I audible, sir?

Management: Yes. Yes, very much.

Hiten Boricha: Yes. Thank you for the opportunity. Sir, as you mentioned that the matter of Bhopal is currently in the court, so we cannot comment. But is it possible like you just mentioned by one of my colleagues that we are taking the permission from export from Karnataka to AP. So is it possible like we can do similar kind of practices to export from our Karnataka or other plant to Bhopal, because our household capacity is running at 45%, 50%, so as to increase the capacity and increase our capacity utilization?

Management: Yes. This thing was evaluated. The cost of importing from any other state, whether from Odisha or UP plant, right, is exorbitant, and it will erode our margins. Not even erode, it will be at a loss, particularly because of the import fee, very huge import fees that Madhya Pradesh has.

Hiten Boricha: Okay. Understood. And sir, if you can mention like currently our Bhopal plant is closed, it's not running. So what kind of fixed cost we are bearing for quarterly as of now because of that plant?

Management: I think about including everything, interest cost, salaries and electricity, we are incurring about close to INR6 crores to INR7 crores per quarter.

Hiten Boricha: Per quarter? And what is the plan like are we doing anything to reduce that cost because our employee cost and everything remain stable? Are we taking any measures to reduce that cost, sir?

Management: No, no. We have obviously minimized this cost because we have been trying to work on reducing the overheads as such. But we not done away with any salary cuts or employees as such. But what we have done is that -- we have tried to absorb the excess manpower in our other units.

Hiten Boricha: Okay

Management: Because, for example, we have shifted some people from Bhopal to our UP plant because we needed to do some hiring there. So obviously, we shifted some people there. Some people have also been shifted to Hassan or to Odisha.

Hiten Boricha: Understood. Understood. So just a follow-up on this, sir. So if you can give -- is it possible to give a breakup on the employee cost from that particular plant? So we have INR13 crores employee cost per quarter. Is it possible to give that?

Management: I can give it to you. I think it should be there in the standalone. You want of SDBL standalone?

Hiten Boricha: Yes, sir. So I have that. It's INR5 crores, right?

Management: Yes, yes.

Hiten Boricha: Okay. This INR5 crores is attributed to this Bhopal employee cost?

Management: Yes.

Hiten Boricha: Understood. No problem, sir. Sir, any time line when this plant is going to start? Any comment on that sir?

Management: I think we are very hopeful that resolution to this problem should be done in this month itself.

Hiten Boricha: Understood, sir. Understood. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Jaya Raman, an individual investor. Please go ahead.

Jaya Raman: Sir, good afternoon, everyone.

Management: Good afternoon.

Jaya Raman: My question is that the UP plant, the Phase 1, we have put up and then it started running at 3 million cases, right? So total capacity is supposed to be 10 million cases, right? Then that is the plant capacity there.

Management: I think it will take us another three to four years to achieve that -- the peak capacity utilization of the UP plant.

Jaya Raman: Okay. But as per -- from the overall beer sales in UP, it's astronomical, it is growing at a faster rate, right? So I think currently, our plant should be running more than 60%, 70%, there?

Management: Sir, we only commissioned the plant in June.

Jaya Raman: Yes, correct.

Management: So -- and right now, we are in the lean season. It's not the main season for consumption of beer.

Jaya Raman: Correct.

Management: So it can't be at 60%, 70% capacity utilization. It's such a big plant, sir.

Jaya Raman: For 3 million cases itself. No, I assume that...

Management: It's not 3 million cases, sir, it's 10 million cases, sir.

Jaya Raman: Current capacity?

Management: Yes, yes, 10 million.

Jaya Raman: Fully set up is done?

Management: Yes, sir.

Jaya Raman: Okay. But what -- I mean what my understanding, if I'm wrong, just correct me. Earlier, we used to supply our brands to UP, right, from MP plant. So our brand acceptability or the recognition is already there, right?

Management: Yes, sir. It is there.

Jaya Raman: Okay.

Management: It is there and that's exactly the reason why we have put up a plant because our brands were well accepted. It is a matter of making it available during peak season. Particularly in peak season, it was unavailable for UP to a large extent because of capacity utilization and demand in Madhya Pradesh market itself. And therefore, we could not do much at that time. That is the reason why we have put up a plant.

And also, you're right that the UP has got huge growth opportunities, and it has been growing for the last five, six years. And we expect that to happen in the next two to three years as well. The growth will continue to be there because it is such a huge population of -- per capita consumption is, as of now low. So obviously, there is that opportunity. And like Nakul said, it will take at least -- I mean, the market is not dearth of capacity now.

I mean the other players are there. We have to now build on our brand franchise in that market and keep on pushing the brand and increasing our availability throughout the off-season. So that the coming season in, say, February, March, we'll have -- we'll be in a better position than what we are today.

Jaya Raman: Yes, 100% right. But strategic thinking, see, I have just gone through one of our peers, I would say competitor, UBL transcript. They have a strategy like whichever state has got overcapacity, they don't want to build a brewery over there. That's what their CEO, Mr. Gupta said.

So what you were saying is that whenever -- whichever state has got overcapacity we'll try to do contract manufacturing or licensing part. In a similar fashion, UBL is also coming head on with us in UP. I think they are also planning a INR700 crores, INR800 crores brewery over there in UP state. So it means that the demand is there, they are also projecting there will be huge demand.

But my general question or strategic question is that should we -- I mean, is it our policy or is it good for us to build a brewery in each and every state or for example, if some states have got overcapacity, then should we not use other players or neutral breweries, independent breweries' capacity and then contract manufacturing, we can do, right?

Jaya Raman: Yes, carry on, carry on.

Jaya Raman: Yes, that's it. My strategic view. I'm asking what kind of strategy we should go ahead to have, because if SDBL becomes pan-Indian player, then that is the best thing to happen, right? That is what my objective of this question.

Management: Absolutely, absolutely. That's how we have also mapped our capacity footprint. And if you look at our SDBL plant, it was completely supplying to the entire Northern states, right? And our UP -- I mean, Odisha plant supplies to the Eastern states, including West Bengal, Jharkhand and Northeastern states, right? And similarly, we have a Karnataka capacity supplying to the entire Southern states, right?

And UP -- but with that available capacity in Madhya Pradesh, we were not able to service UP plus UP is growing. And we don't put capacity for one year. We plan capacity for next five to 10 years. So, that's how the UP plant has been designed.

Jaya Raman: So, you're saying that the neighboring states wherever the import is possible without huge cost import duty or something like that, we can serve from the neighboring brewery, our own brewery.

Management: Of course. So what -- to just give you an idea that Delhi was being serviced from Madhya Pradesh plant. Now it is getting serviced from UP plant because Madhya Pradesh is unable to serve.

Jaya Raman: So only few states, they don't want imported items because they have high import duty like Maharashtra where we have -- if we want to penetrate the Maharashtra market, we have to put a brewery in the place, right, in their place.

Management: Yes it is -- I mean, we also export to Maharashtra from our Madhya Pradesh unit.

Jaya Raman: That's minimal. I'm saying that if we really want to have sales, huge sales.

Management: Of course for the long term, it is better because such a large market and such growth opportunities are there, we'll have to plan that. I mean we'll have to prioritize where to play first.

Jaya Raman: But my question is that in Maharashtra, for example, Punjab, in Jammu Kashmir, even for example, Sikkim or Arunachal Pradesh there is an independent brewery. I forgot -- Asgard -- there is an Asgard distillery, somebody has taken over. That was taken over by somebody. They're renamed the company as Asgard Brewery or something, they've got nice brands, beer brands. So why I'm saying they're direct competitor, there are neutral breweries, they do contract working.

Why can't we use? For example, Punjab has got a lot of neutral breweries. So instead of exporting from neighboring states, it will be easier to do contract manufact since our brands are visible very highly, right?

Management: Yes, Mr. Jaya Raman, we get the point. Wherever there is a possibility of keeping our cost low by taking a local contract brewing facility, we do that. I mean there is an opportunity, right? Wherever it is not, I mean, we compare the options between importing and doing it locally. And whatever is best for the margin-wise, we go over there, margin and quality also.

Jaya Raman: Okay. Regarding, MP plant I don't want to comment on it because our industry, I know that it is a very highly regulated industry. I think as a management, I mean, you would do our best for our stakeholders. Thank you so much, sir.

Management: Thank you. Thank you. Thank you so much.

Moderator: Thank you. The next question is from the line of Sunil Jatakia from B-Fly India Opportunity Fund. Please go ahead.

Sunil Jatakia: Yes, thank you for the opportunity. Am I audible?

Management: Yes.

Sunil Jatakia: Sir can you provide state-wise or plant-wise volume and sales break-up quarterly and Y-o-Y? You have four plants, right? UP has just started, so rest of the three plants and what is the data like, just to figure out what's the growth with the plant and what is the impact of closure of MP plant?

Management: The volume data, you want it plant-wise?

Sunil Jatakia: Yes.

Management: We've already share the capacity utilization, so you can take out the volume data, based on that.

Sunil Jatakia: Okay. I'll take it offline, if you don't mind, Yes. Sir next question, say for example, hypothetically in FY27, we don't get approval for the MP plant, what will be the revenue and volume and margin for the FY27?

Management: I think first of all, we work on that assumption.

Sunil Jatakia: Okay.

Management: Right now, I'm not prepared to share any number based on that MP plant doesn't function. Why should I imagine that? I mean we are very hopeful that it should get resolved as soon as possible.

Sunil Jatakia: I understand. I mean one has to be positive about it. But if that doesn't happen, there has to be plan B, right? I mean it if doesn't work out...

Management: So, we have plan B, I think this is -- it's not appropriate to discuss plan B right now. That's what I'm saying. We are very optimistic that we shall soon be back on track.

Sunil Jatakia: Okay. So with that, what sort of revenue and EBITDA margin you expect for FY27?

Management: I think I will stay with my guidance of INR1,000 crores of revenue.

Sunil Jatakia: Earlier guidance INR1,400 crores or INR1,500 crores. So you're saying INR1,000 crore, now right.

Management: I mean as of now, let's keep it INR1,000 -INR1,100 crores. Margin and all, I think we have better idea by the next call which we have.

Sunil Jatakia: Fine. Sir, this particular brand Sunny Beaches, is it new launched, this quarter only, because I didn't see that earlier?

Management: Sorry?

Sunil Jatakia: The beer brand Sunny Beaches is launched last quarter...

Management: I think Sunny Beaches has done very well in Karnataka.

Sunil Jatakia: Okay. Sir how many brands we have in beers in total?

Management: As of now we have got: Hunter, Black Fort, Power Cool, Sunny Beaches, Legend; five brands.

Sunil Jatakia: Five brands, okay. So what is your rationale behind -- Woodpecker, 6 brands sorry in beer. So what is your rationale behind having so many brands in beer? What is the strategy...

Management: Your voice is not clear.

Sunil Jatakia: Is it clear now sir? Is it better?

Management: Yes, yes, much better now.

Sunil Jatakia: Okay. Sorry for that. Sir, I'm just trying to understand, you have 6 brands in beer category, so what is the rationale behind having so many brands like -- what is the strategy company has adopted and why do we have 6 brands in a beer category?

Management: Diwa sir, can you answer that, please?

Management: So I mean I personally believe that having a good portfolio and having each brand doing its own work, each market depending on that market segment and the kind of consumers that we are addressing, I think playing a portfolio game is better than having one brand and trying to fit it into consumers' head everywhere across the country.

So we've always been a portfolio company. right? And our one brand is -- the national brand in Hunter, and we want to make Woodpecker also a national brand. But there are regional brands like this, like Power Cool and Power 10,000, and we have Black Fort and Sunny Beaches now, which are accepted by the consumers.

I mean -- so depending on the market opportunity and depending on what the consumer wants, the pricing opportunity that we have, we play in those kind of markets, I mean, with the brands. I mean we cannot -- for example, in Karnataka, the size of the market is a mix of affordable beers and mainstream beers and premium beers. So -- where if I have a portfolio, I can play, I cannot reduce my Hunter beer price to the level of affordable beer, right? So I play with different brands in different markets.

Sunil Jatakia: Okay. Okay.

Management: Yes.

Sunil Jatakia: Fair enough, sir. Fair enough. Sir, the next question is on the private company, SOM Distilleries Private Limited. Can you explain what it does, which brand it holds? And can you give some brief about the private company?

Management: I think, sir, on this call, let's not discuss about the private company.

Sunil Jatakia: Are the license common for both the listed one and the...

Management: What you can do is you can connect with us separately then maybe we'll give you more details and understand

Sunil Jatakia: Sure. I'll connect with you later on. Sure, sure.

Management: Yes. Yes, Sunil. Thank you.

Sunil Jatakia: Sir, one last question, sir. On the brands, what you discussed and what you mentioned, all belongs to the listed entity only, right? The brands of six, seven beer brands plus Mahavat and all belongs to the listed entity, right?

Management: Yes, I guess so. Yes.

Sunil Jatakia: So it's all with the listed -- I'm just repeating the question again. It all belongs to the listed entity, right, not the private company.

Management: I don't know why -- I told you, let's discuss it one-to-one whatever you have got queries on.

Sunil Jatakia: Okay. Okay, fine. Thank you. Thank you.

Moderator: Thank you. The next question is from the line of Jitaksh Gupta from Tikri Investments. Please go ahead.

Jitaksh Gupta: Hi Sir. Thank you for taking my question again. Sir, my question is regarding the raw material. So how was the situation of raw material and bottling cost in Q1? And did we take any price hike?

Management: No, sir, I think -- we have seen an increase in the price of cans, malt, bottles during the first quarter as compared to quarter one last year. Average increase has been about 7.5% to 8%.

Jitaksh Gupta: And sir, how many new products are we planning to launch for the financial year, either in beer or in whiskey category, IMFL category?

Management: Diwakaran, can you please answer that.

Management: Yes. Yes. So we -- in the beer category, I think we'll continue to focus on the existing portfolio of brands. Maybe we'll evaluate one or two extension of the existing brands in some markets. As far as IMFL is concerned, I think Mahavat has been launched in Bhopal, Delhi and UP. I think once we resume supply from Bhopal, I think that will be a big focus for this year. And probably we'll step into the Indian single malt category before the end of this year, this financial year.

Jitaksh Gupta: And sir, Single malt will be completely in-house developed by us only?

Management: Yes.

Jitaksh Gupta: Okay sir. Understood. Thanks so much, sir.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question of today. And now I would like to hand over the conference to Mr. Diwakaran, for closing comments.

Diwakaran S.: Thank you so much for taking your time and being with us. We always value your feedback and we value our relationship. And we are always pleased to clarify any doubt that you have. And thank you once again for being with us today.

Moderator: Thank you. On behalf of SOM Distilleries & Breweries Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.