Management Discussion

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
Thank you. Good evening, everyone, and welcome to the first earnings call of IGL Spirits Limited as an independently listed company. Our results, press release, and investor presentations are available on the stock exchanges and on our website. Today is a very special day for us. For more than two decades, this business was a part of India Glycols. On November 4, 2026, following the demerger, IGL Spirits was listed on the BSE and NSE. For the first time, investors can own this business directly and value it on its own merits. And we take that responsibility here at IGL Spirits very seriously.

For those who are new to our story, IGL Spirits is an integrated alcohol platform with three engines under one roof: consumer spirits brands spanning the IMFL and the non-IMFL sector; our own extra-neutral alcohol; and third, biofuels. Very few companies in our industry today bring all these three expertise together. In spirits, we are amongst the Top 5 companies in India by volume, and we sold around 30 million cases last year under the IMFL and non-IMFL portfolio combination. We are the number-one IMFL player in UP and Uttarakhand, two of the country's largest and most profitable spirit markets.

In IMFL, our Amazing Vodka range and Zumba Rum make us number two in white spirits in our core markets. While Soulmate Blu, Amazing Craft Whisky, and Single Reserve, which span from regular to premium offerings that we have in our portfolio. We also boast about strong partnerships. We have been Bacardi's manufacturing partner for the last 15 years and are its sole cane-spirit maturation partner in India. Our 2024 partnership with Amrut gives us a capital-light entry into the premium and luxury segments.

Our two integrated distilleries at Kashipur and Gorakhpur, with a combined 1,100 KLPD, can run on grain or molasses. This lets us send every liter to our brands, ENA sales, or biofuels, wherever it earns the most. This model has delivered in financial year '26, where we reported net revenue of INR2,801 crores and EBITDA of INR492 crores at a 17.6% margin and a PAT of INR244 crores, with a return on capital employed of 20.5%.

These are our first results as IGL Spirits. And in H1 financial year '27, the idea was about choosing quality over quantity, and our strategy seems to be paying off. This is the discussion that we had in the month of September, where our strategy was prioritizing the high-margin IMFL segment. We have improved our gross margins, EBITDA, and PAT margins. If we were to look at our financial highlights for Q2 and H1, the gross revenue was up by about 10.3%, INR2,295 crores in Q2 and about 14.3% higher in H1 at INR4,837 crores.

The net revenue has managed a flattish kind of a trajectory at INR706 crores in Q2, declining by about 8% over last year Q2, and we have our good enough reasons for that. And at H1, we are about 3% lower than what it was last year H1 at INR1,389 crores compared to INR1,450 crore last year. This was mainly on account of a lower biofuel revenue, where even our EBITDA margins are challenged. Along with the regulatory change in the non-IMFL range, we'll speak about it when we come to it later.

Profitability, however, was something that we focused on, and therefore our EBITDA margins for Q2 and H1 are more or less comparable at about 17.6%, 17.7%. This is a marked improvement in last year's numbers of about 129 bps over last year quarter two, where it was 16.4%, and last year H1 was 16.5%. Our tax has moved up significantly in terms of PAT margin at about 8.7%, which is an

improvement of 100-plus basis points. This is mainly on account of the lower finance cost due to debt repayments that we did during the quarter. This revenue shift -- when we look at the results and if you wonder why, despite having a flattish kind of a trajectory on the revenue, the margins have improved, that is because the revenue mix is shifting to high-margin IMFL segment.

If we look at Q2 last year, the contribution of the revenue from IMFL was about 12%. Q1 in the current year was at 14%, and Q2 we ended at about 18%. Our outlook for Q3 stands at about 24%. Realization per case has improved on portable spirits, and that is because of the increasing IMFL share. We've moved northwards from 410 per case to 432. This is a combination of both IMFL as well as non-IMFL.

I spoke to you about the gross margins. The gross margins are at a healthy 39.5% for our total business as compared to about 35.4% last year. EBITDA remains stable. There are two quarters that we have now delivered as far as IGL Spirits is concerned as a separate entity we delivered INR120 crores EBITDA in quarter one, and we delivered INR125 crores in quarter two. Compared to last year, against INR238 crores in H1, we have delivered INR245 crores. But the silver lining is the EBITDA margin improvement from 16.4% to 17.6%. The PAT margins I spoke to you about, so net-net we have prioritized our mix over volumes, which means margins are a priority rather than revenue.

If I look at the revenue mix-up between biofuels and portable spirits, currently, it is at a 50-50 split. But when I drill down further on the portable spirits, 25% of the revenue last year came from IMFL, 75% came from non-IMFL, which has favorably moved up to 32% in the current year from IMFL and the balance 68% from non-IMFL. This 25% of revenue of IMFL last year contributed to about 33% EBITDA, and the 32% IMFL revenue this year has contributed to about 39% of the EBITDA mix that we have -- that we are declaring for H1. Please bear in mind that when we met last time, we had promised that we will take this EBITDA mix from IMFL close to about 50% by the end of this fiscal, and we seem to be heading in the right direction.

If I were to now look at portable spirits in terms of the segmental performance, the revenue has stayed flat at about INR690 crores for H1 vis-a-vis INR680 crore last year. There is a marginal drop in Q2, from 338, we have dropped to 329. The EBITDA has stayed firm at about INR89 crores and INR173 crore, INR174 crores for the half, with a margin of about 27.1% EBITDA margin as far as Q2 is concerned.

Why is there a drop in the net revenue? This is on account of the fact that the non-IMFL volumes, especially in the state of Uttar Pradesh, by design had to drop in Q2. That's because of the government intervention in terms of -- on two accounts. One, the government wanted higher strength alcohol to be made mandatorily available in the channel. Now, when you go from a lower strength to a higher strength, but obviously the number of cases shrink because there is a quota that governs the industry in the state of Uttar Pradesh. And that quota is in terms of the amount of alcohol in proof liter that is supposed to be lifted.

Once the strength goes up, the number of cases drop because the proof liter has to remain the same. And that explains why the volumes in our non-IMFL in Q2 dropped from 6.4 million last year to 6.2 million this year. At the H1 level, we are more or less flat. And that also led to a loss in revenue from INR249 crores we dropped to about INR203 crores. Almost the entire loss in the net revenue on account of non-IMFL has come in Q2 on account of this mandated lifting of higher strength alcohol, as well as the fact that no supplier can supply beyond 75% in any of the core districts of the supplier. They will have to lift a minimum of 25% from some other players, which we call as traded brands.

And because of the traded brands, the overall revenue drops because the realization per case on the traded brands is lower. However, the silver lining is that the IMFL volumes grew by 84% and the revenue was up by 42% in Q2, and that continues the trend from Q1. IMFL is our growth engine, and the premiumization play is clearly working as far as movement from non-IMFL to IMFL is concerned. We delivered about 2.8 million cases in H1. We -- when we met last time, we had promised that we will deliver in excess of two times of what we delivered on the IMFL volume last year. We seem to be on track as far as living up to that commitment.

Q3 for people who follow alcohol industry closely, Q3 and Q4 have a swing because this is the time when the season starts. And we expect this acceleration to further go up in the coming months. What have we done further with the portfolio last time when we met? We said that we will need to beef up our portfolio as well as move beyond the core states of where we are currently operating as a business. So we have developed, in a span of less than three months, more than five different offerings to take care of the various white spaces that we had in our portfolio.

We have a Deluxe Rum in Dhurandhar. It operates in the Dark Rum segment. Then we have a premium rum called Himalayan Monk, which is a blend of cane spirit from Jamaica, Cuba, and India. The promise of the product is as authentic as the Himalayas. It is possibly going to be the first rum at its price point which can claim to be 100% natural with no artificial flavors. We have an upward extension of our core vodka brand, Amazing, called Amazing LUXE, which is -- which takes into consideration exotic fruit infusions and will be more contemporary flavors, something on the lines of mojitos and the cosmopolitans of the world.

Apart from this, we are also looking at launching a whiskey brand across three different expressions, which is a mix of Scottish, Indian malt and grain spirit as one expression, then we have Irish malts, Indian malts and grain spirit as the second expression. And Japanese malts with Indian malts and grain spirit under the banner of SYMBOLiQ. No other brand currently in this country has undertaken this expedition of being available in three different forms, three different expressions.

We also are almost ready to launch a good Deluxe whisky in the states of -- in our poor states of UP and Uttarakhand. It's called Good Old Whiskey. It takes you back to those good old days when everything was authentic. It talks about no fluff, no fuss, just good whiskey. The money is invested in the liquid, the consumers at this price point will get a genuine whiskey, and that's how we would want to market this brand.

Apart from this, we had also promised that we would get into different states. There is an expression of interest that we participated in West Bengal, and we have come through successful in the same. The launch is slated in the months of December-January, depending upon the label registration. We are very aggressively pursuing registration in Andhra Pradesh and Daman/Silwasa. And we have almost prepared ourselves to be available in one or two more markets like Rajasthan, Punjab, Himachal and the Northeast. Subject to, of course, the government giving us clearances as far as our pricing and label registrations are concerned.

Apart from this, there is a packaging refresh that we have done for all our four brands. Our brands remained the same ever since they were launched under the IGL banner, and it was time that we took -- undertook some kind of changes as far as the brand refresh is concerned, as far as the packaging and the liquid is concerned. I'll share the same with you as well.

Our pipeline, apart from this, there is some work that we are doing as far as the RTD segment is concerned, and we are also in very progressive talks with -- with strategic partners, both for manufacturing as well as distribution of certain brands in the states where we operate in. You would

have gone through the presentation and realized that there is a marked improvement as far as the packaging across our closed -- core brands is concerned. The designs are much bolder and youthful, and clearly the products stand out in the shelf and appeal to the younger audience.

And this therefore ends up filling up all the white spaces in the portfolio so that we have one brand to offer at every price point at which the industry currently operates or sits at. Apart from this, on the geographical expansion, there are reasons on why and where we are expanding. I spoke to you about Andhra Pradesh, West Bengal, Daman/Silvassa. Andhra and Bengal clearly are markets where the industry is big and especially in the segments where we operate. Bengal, Daman/Silvassa gives higher margins. Daman is a market where the ease of entry is very high, and it also gives us a regional presence.

Apart from this, the other markets where we wish to enter are Assam, Meghalaya and Arunachal Pradesh. Of these, Meghalaya and Arunachal Pradesh are markets that give you very high margins, and there is a relative ease of entry when it comes to getting into the Northeast states. Assam industry, especially as far as the rum and the whiskey industry is concerned, is pretty significant. And getting into the Northeast immediately ensures that we are well stretched as far as our presence in the east is concerned.

The other region where we would want to establish ourselves is north beyond the UP, Uttarakhand and Delhi core markets. And we are looking at a possible entry into Punjab. Because of the size of the industry, the kind of margins that it gives us, and also the fact that there is an ease of entry as far as the RTM as well as the ease of doing business is concerned. The next two markets are Himachal and Rajasthan. In the list that I spoke to you about, North, my gut feel says that we'll probably be able to manage one state before the end of this year. The other two may not be possible because of restrictions as far as new label registration and pricing approvals is concerned.

Coming to the biofuels section. We improved our profitability, and I'm sure you would have questions on this, and we have answers for you as to how we improved our profitability despite higher input costs. H1 EBITDA was at about INR71 crores, and the margin rose to 10.2% from last year 8.4%. This is predominantly on account of strategic procurement. The grain prices have gone northwards ever since, and we, however, expect the grain prices to begin stabilizing from December 2026 onwards once the new crop availability goes up.

The balance sheet is the part I'm most pleased with, where the operating cash flow of INR186 crores against an outflow last year. We repaid INR88 crores of debt, bringing gross borrowings down to about INR714 crores. And our gross debt-to-equity improved from 0.66 to 0.54 times.

Our biggest concern, of course, is the fact that the cost for our inputs is rising. Grain prices have moved northwards from INR21.7 to INR23.3 for quarter two, and we expect an average buying price in the range of about INR26.5 to INR27 per kg in quarter three. Coal prices have gone up, and our grain-based manufacturing cost is also expected to shoot up. This will obviously have an adverse impact on the margins as far as biofuel is concerned. But a few advantages that we have is the fact that our power and fuel costs are kept under control mainly on account of the fact that we use molasses spent wash and seasonal rice husk to drive power, which is at -- which comes to us at a lower cost.

So while the margins would be thin, but we will not be impacted as some of the other players in the industry, plus we are a well-established old player in this industry. We -- our plants are located in the rice belts, and we also have a 30% allocation of FCI rice, which should help us in trying to continue -- continue to hold on to a margin which is slightly better than that of our competition.

However, our endeavor, as you would have realized from the entire presentation, is to look at the capacity that we have and monetize it depending upon the opportunities that we have in the IMFL and the ENA segment.

Just for academics, every liter of ENA that we generate gives us -- if it were to give us X rupees on biofuel, it gives us 2x on ENA and 5x to 6x on IMFL. Today, we have a certain installed capacity, and rather than keeping the capacity idle, ethanol becomes the balancing figure in our business. We prioritize both ENA as well as portable alcohol, and there whatever is left is what we eventually end up supplying for ethanol. As far as the outlook on ethanol is concerned, we have participated in the recent tenders, and our allocations are higher than what the initial allocations were for us last year. And based on that trend, we expect to clock a higher ethanol revenue by the end of this year as compared to last year.

Finally, our EBITDA guidance, which we spoke to you about last year -- last time of about INR500 crore to INR550 crores, I feel it is within reach. We have delivered about INR245 crores in H1. And if we were to keep the H2 level the same as that of last year, it takes us to about INR500 crores. Given the various initiatives that we spoke to you about in terms of the portfolio and the geographical expansions, the ethanol order as well as the fact that a bad quarter of non-IMFL is behind us, and we expect this quarter to bring us back to a flattish kind of a growth on non-IMFL vis-a-vis last year. We expect to bridge this balance INR50 crore gap and continue to hold on to our promise of INR550 crore EBITDA delivery by the end of this fiscal.

I would now want to Naresh take over and speak to you on the financial aspects of the business.

Naresh Agrawal - Chief Finance Officer, IGL Spirits Limited
Thank you so much, sir. Hi, everyone. In the financial side, the gross revenue of the current quarter is INR2,295 crores, as correspondence quarter is INR2,080 crore, a 10% increase. Net revenue is INR705 crore, as compared to correspondence quarter at INR760 crore is declined by 7%. EBITDA is more or less same, is INR125 crore in the current quarter as well as correspondence quarters. PBT has increased INR83 crore as compared to the INR77 crore by 7%, due to the reduction in the finance cost and repayment of loan. As well as the PAT has also increased, INR61 crore as compared to INR57 crore, by the 6%.

Now in the half year, the gross turnover is INR4,837 crores as correspondence is INR4,233 crores is 14% up. And the net [Phonetic] revenue is declined by the 4%, INR13,89 [Phonetic] crore from INR1,450 crore. EBITDA is also increased in current half is at INR245 crore, as correspondence is INR238 crore. The PBT has increased by the 9% is a INR163 crore, correspondence is INR150 crore. And PAT also is at INR120 crore, as compared to the last half year is INR112 crore.

Now on the balance sheet side, our total asset is the INR3,323 crore, as correspondence as of March is INR3,259 crore. The shareholder fund is increased due to the profit is INR1,329 crores as compared to March is INR1,208 crores. About the borrowing side is the -- right now the borrowing is INR715 crore as correspondence as compared to March is around INR800 crore. This decline more or less is INR80 crore due to the payment of the term loan. Now, the cash flow, cash flow is operating, is INR186 crore is positive, and we have utilized that money for payment of the loan, finance cost, lease, and some taxes.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
So, to sum up, we are trying to build a strong business. We are making that transition from being a core non-IMFL player to a player of repute in the IMFL sector. For that, we needed a portfolio. We

now seem to be portfolio-ready. There are markets that we spoke to you about where we want to expand. Our margins are up because our movement in terms of revenue from business is in the right direction. Our single most concern is the biofuel profitability, and which we will try and look at protecting in Q3. But we have a strong cash flow, and we continue to maintain our outlook of EBITDA delivery in around INR550 crores for the financial year. Much of this internal accrual will also go towards our debt repayment, and we reiterate our stand that by the year 2028-'29, we will become a debt-free company.

With this, I request the moderator to open the line for questions.

Questions & Answers

Operator
Thank you very much, sir. We will now begin the question-and-answer session. [Operator Instructions] First question is from the line of Neil Bahal from Negen Capital. Please go ahead.

Neil Bahal - Analyst, Negen Capital Services Private Limited
Hi, everyone. Good afternoon. My question is around the share of IMFL in our overall EBITDA. While it's good to see that this share has been increasing, and it's increased further this year. Where is your endeavor? Where would you want to see this IMFL share as an overall EBITDA over the next, let's say, three to four years, let's say, up to FY30?

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
By the end of this year, I told you that we are looking at close to about 50% of the portable EBITDA coming from IMFL, which means that, on a weighted scale compared to the EBITDA that I get from biofuel, we would be close to about 23%, 24%. By 2030 is too long-term a horizon, but eventually the endeavor is to ensure that 50% of our EBITDA in the next two years comes from the IMFL portfolio. That's the [Indecipherable].

Neil Bahal - Analyst, Negen Capital Services Private Limited
All right. So your endeavor is for the next -- in the next two years, you would want the overall EBITDA, IMFL share, overall EBITDA, I mean, including the biofuel --

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
Including ethanol -- including ethanol, to be at about 50%.

Neil Bahal - Analyst, Negen Capital Services Private Limited
Okay. That is exactly what our thesis rests on. So yeah, okay, thanks. That's all from my side. Thank you so much.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
Thank you.

Operator
Thank you. Next question is from the line of Balasubramanian from Arihant Capital. Please go ahead.

Balasubramanian A - Analyst, Arihant Capital
Good evening, sir. Thank you so much for the opportunity. Sir, actually in FY25, FY30, the volumes are nearly 30 million cases. But there is no growth on the volume side, but we have seen on that

revenue improvement. On the same side, if you look at -- we have a variety of ranges from regular to elite. Regular starts from INR400 to elite INR5,000 plus. But if you look at average realization, nearly INR430, is that the right way to understand more than 90% of volume is from regular and gradually we are moving to premiumization. And if you could elaborate more on what is our premiumization strategy to increase average realizations.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
Okay. So if you were to look at the average realization figure that we gave you, it was for portable spirits. It is a mix of both IMFL and non-IMFL. Now you would also realize that the realization on non-IMFL is pretty low, which is why you see it at INR432. IMFL alone as a standalone is at about INR832, right? So that partially answers your question. Now the second part, today, about 18% of the revenue I shared with you came from IMFL in quarter two, which we are expecting to go up to 24 in quarter three. And by the time we end quarter four, quarter four we should come back to you with -- these are projected numbers, so don't quote these numbers, but our ambition is to take it closer to about 30%. So it should be around 28%, 29% of the revenue.

At 18%, the average realization is INR432. At 24%, we expect this realization to go up to about INR500, and at about INR30, the average realization, which is for portable spirits, should be at about INR550. IMFL standalone should be at about INR1,000 when the mix it is at about INR550. Does that answer your question?

Balasubramanian A - Analyst, Arihant Capital
Yes, sir. So, further, you can elaborate on our premiumization strategy.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
Yes, premiumization, you know, Bala, all this while I did not speak about premiumization because premiumization talks about the PNA [Phonetic] segment salience. If you realize, our transition has been from the non-IMFL to IMFL, so I would first talk of that step. The second step would be, subsequently, when we are well entrenched in the IMFL segment, then I come back to you and talk about mass premium and PNA.

Balasubramanian A - Analyst, Arihant Capital
Okay, sir. Sir, this year we are targeting INR550 crore EBITDA, and by FY31, INR1,000 crore EBITDA. If I'm taking that, 18% kind of margins, top line would be anywhere INR5,500 crore, which means 18% CAGR growth?

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
Yes.

Balasubramanian A - Analyst, Arihant Capital
We are then --

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
If you look at the breakout growth that we have shared with you, it is predominantly coming in from IMFL. And IMFL, when we are -- the portfolio and the geographical spread, this will continue to deliver faster growth for us. And I told you that almost 50% -- in my previous answer, I told you almost 50% is the endeavor would come from IMFL. The country -- the non-IMFL part is basically a cash cow for us. It will continue giving us the advantage of operating on a very low working capital model and driving our margins from there. Country -- and non-IMFL, incidentally, if you -- if you

were a part of the last time's call, I had told you that our margins on non-IMFL are also pretty encouraging in the tune of 23% to 25%.

Balasubramanian A - Analyst, Arihant Capital
Yes, sir. Sir, my last question, if you look at biofuel margins are 10% kind of range, but it's depends upon government blending mandates. And if you look at our raw material cost may not be passed through. So see if there is any --

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
So, currently, if I were to answer your question, if I have understood, and I have reiterated several times. [Technical Issues] but it is a necessary evil that I will live with. Why? Because I have a certain installed capacity, and in that installed capacity, my priority will continue to be portable alcohol and ENA sales. But whatever is left, that I will continue to sell with biofuel. I, in any case, will enjoy a better margin than some of the other players in this industry, primarily for the reasons that I mentioned to you. In terms of the fact that we have been in this business for quite some time. There is strategic buying that we keep on doing. We know the tricks of the trade.

There are cost-saving initiatives that we have built over time. You know, there is an asset that we have built which needs to be utilized. And therefore, even if the margins shrink today, biofuel is something which will give me the necessary revenue may not give me the resultant EBITDA to the extent that I would want.

Balasubramanian A - Analyst, Arihant Capital
Got it, sir. Sir, I just want to complete that question. So biofuels are 10% kind of range margin, but if you look at IMFL, 28% plus, non-IMFL 20% plus. So if you are changing the mix towards the IMFL side, obviously the EBITDA margins also will improve. So just want to understand whether we can able to reach 20% kind of overall EBITDA margin over the next three to four years time.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
See, in endeavor [Foreign Speech], but when you look at some of my peers, the kind of EBITDA margins that they have declared, they do not have a significant ethanol business. For me, the ethanol business is significant even today. So at the current -- in the current context, you know, chasing something which is north of 20% is going to be a challenge.

Balasubramanian A - Analyst, Arihant Capital
Got it, sir. Got it. Thank you.

Operator
[Operator Instructions]. Next question is from the line of Saket Kapoor from Kapoor & Co. Please go ahead.

Saket Kapoor - Analyst, Kapoor & Co
Yeah, namaskar. I hope I'm audible.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
Yes, you are audible, Kapoor, sir.

Saket Kapoor - Analyst, Kapoor & Co
Sir, firstly, pertaining to the Biofuel segment, so as you mentioned that [Foreign Speech] grain

procurement prices are now going to inch up for every sequential quarter. So for this -- for the first half, sir, average rate [Foreign Speech] and if you could just -- that's great.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
Can I ask Anish to answer that question for you? He is an expert sitting here on the biofuel business. Anish?

Anish Arora - Business Head - Bio-fuels, IGL Spirits Limited
Yeah. Anish here. Good afternoon. Good afternoon, [Indecipherable]. [Foreign Speech] about INR21, and the second quarter it was about INR23. And this quarter, quarter three, we are expecting it to go maybe about 26.5% approximately. It will shrink our margin, but still we will be in a very profitable position. And as could compare it to other peers in the market.

Saket Kapoor - Analyst, Kapoor & Co
Okay. And sir, how is the ENA pricing being, sir, and what is our external ENA sales that we do in the market?

Anish Arora - Business Head - Bio-fuels, IGL Spirits Limited
Sir, [Foreign Speech], when I look at Gorakhpur -- Gorakhpur, and that is the happy situation that I would want eventually. Gorakhpur [Foreign Speech] entirely portable spirit [Foreign Speech]. We don't sell it to anyone. In fact, there is a further requirement of Gorakhpur, which we buy from the market also at times. Now, Kashipur, typically ENA [Foreign Speech], biofuel [Foreign Speech], both are spread businesses. There is a cost of manufacturing, and there is a price that you sell at. Now I gave you the idea in biofuel if it is X, ENA sales are 2x. Typically, if I were to answer your question straight rather than beating around the bush, my per-liter manufacturing cost in Q2 was about INR56.

On account of the inflationary trend on grain prices, etc., I expect this to go up to about INR64, INR65. And therefore, the kind of margins that we should be making on biofuel would be close to about INR6.57 [Phonetic]. Now you can imagine what would be my selling price on ENA. Biofuel [Foreign Speech] in terms of the margins that I make.

Saket Kapoor - Analyst, Kapoor & Co
Right sir. Sir, now coming to our capital work-in-progress, using the [Foreign Speech]. So I think so, closing -- closing balance is INR65 crores, and capex also we have done closer to INR54 crores. So what is it attributable to and if you could just give some more light sir?

Anish Arora - Business Head - Bio-fuels, IGL Spirits Limited
The capex during the half is related to some maintenance, some storage of tank, some tractor machine. [Foreign Speech] is also going on.

Saket Kapoor - Analyst, Kapoor & Co
And the last line I could not follow, come again, please.

Anish Arora - Business Head - Bio-fuels, IGL Spirits Limited
ENA.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
ENA capex. ENA capex.

Saket Kapoor - Analyst, Kapoor & Co
ENA, we are -- ENA capex need, sir, are we adding capacity or --

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
Just we have increased the capacity of ENA in Kashipur.

Saket Kapoor - Analyst, Kapoor & Co
Okay, by what is the percentage by which it will be increased to? Increase by?

Anish Arora - Business Head - Bio-fuels, IGL Spirits Limited
So, Saket at present as Mr. Rai has told that we are having a -- like the flexibility to move from ethanol to ENA and all. So we rather would like to sell our ENA first than the biofuel. So to have that option more precisely in the coming future, we are spending some money on the ENA capacity enhancement. And our -- further the additional capacity of 20 lakhs or so would be coming around the December end at Kashipur location.

Saket Kapoor - Analyst, Kapoor & Co
Sir, somehow I could not make it. Can you speak again closer to the mic, sir? Sorry.

Anish Arora - Business Head - Bio-fuels, IGL Spirits Limited
So, Saket, at present -- at present, yeah, am I audible now?

Saket Kapoor - Analyst, Kapoor & Co
Yes, sir.

Anish Arora - Business Head - Bio-fuels, IGL Spirits Limited
So, Saket, you know, as Mr. Rai told that, we would like to sell ENA more rather than the biofuel, to have the larger margin and all. So we are enhancing our capacity for the ENA, and that capacity is expected to be commenced from the December -- from December end or January first week.

Saket Kapoor - Analyst, Kapoor & Co
Okay. I was asking by what percentage the capacity will increase from the present --

Anish Arora - Business Head - Bio-fuels, IGL Spirits Limited
So, at Kashipur right now we are manufacturing around 30 lakh ton ENA -- 30 lakh liter ENA per month, which is expected to be around 50 -- around 55 lakh liters per month.

Saket Kapoor - Analyst, Kapoor & Co
Okay. So if you take into account whatever the [Foreign Speech] inflationary trend at grain, that will get compensated in terms of the higher ENA contribution going in. Is that understanding correct?

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
Yes.

Anish Arora - Business Head - Bio-fuels, IGL Spirits Limited
Yeah. That's right.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
That understanding is absolutely perfect.

Saket Kapoor - Analyst, Kapoor & Co
Okay. And now, sir, coming to the contracted volume that we have for the biofuel program, [Foreign Speech], what is the deliverable quantity for the remaining part of the year? And what is the total order value as of now to be executed?

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
Sir, ethanol [Foreign Speech] it works on an ethanol year basis. It does not work on a financial year basis. Ethanol yield starts from December 1 and ends on October 30. So today, the extension has been given by the OMCs to supply last year's balance quantity till November 30. So we are continuing with the previous supply, which we got allocated during the last quarter of this ESY, which was as of September, October. And further, we have extended 15 more days to supply if there is any quantity available to supply from SFG, which is -- which is FCI-wise.

So this ESY last will continue maybe partially up to December 15, but probably we will start our supply, first supply of this ESY, is from December 1, instead of November 1. So first supply will go from December 1, that means effectively we will have 11 months to supply for the quantities which got allocated for 12 months tenure. Today, the allotment of biofuel is 14.75 crore liter. Comparatively, from last year, it is 67% higher because last year in the initial tender, we got about 10 crore liters of supply. And additionally, there is a clause of 10%, we get additional quantity against that order, which we have resumed, got.

And secondly, we expect a cycle two of ethanol will come surely somewhere in the second quarter of this ESY. So about 150 crores additional requirement will come up of OMC. In that quantity also, we will participate and get maybe around 1 crore or 1.2 crore liters of supply. And this 10% additional will be approximately about 1.4 crore liters. So total -- and we are also working with the private OMCs like Reliance, Nayara, and private traders.

Last year we supplied to them, last year's supply is about 6.78 crore liters to these private OMCs and traders. This year also, we are expecting to close some deals with the private OMCs and traders, maybe about 2.5 to 3 crores. So, permanently 14.7 plus this additional coming from OMC is 2.5 crore plus additional coming maybe around 2 crore to 2.5 crores from private operators will touch 20 crore to 21 crore liters of supply, which we are maintaining in this ESY, in this financial year also, and continue to make in the next financial year unless there is additional requirements come in ENA where we have a good growth, or in IMFL where we have a multiple revenue and profit generation.

Saket Kapoor - Analyst, Kapoor & Co
Correct sir. My last point is on the --

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
[Speech Overlap] Sorry, the idea is to utilize the 100% capacity, which we are doing.

Saket Kapoor - Analyst, Kapoor & Co
Correct sir. Sir, then if we take the power and fuel cost, that has moved up from -- on a Q-on-Q basis from INR45 crore to INR56 crore. So how is this line item going to shape, going ahead for the remaining half?

Naresh Agrawal - Chief Finance Officer, IGL Spirits Limited
The remaining half, actually, that -- the power fuel cost is the increase in quarter one versus quarter

two, which means the increase of the coal price is around the INR5,500 to the INR6,800, right? And the remaining, the second half, will be the same as the [Indecipherable] as compared to quarter two.

Saket Kapoor - Analyst, Kapoor & Co
The remaining [Phonetic] factor? Come again.

Naresh Agrawal - Chief Finance Officer, IGL Spirits Limited
It's same as quarter two, or is it dependent on the coal price.

Saket Kapoor - Analyst, Kapoor & Co
Correct sir. [Foreign Speech]. I'll join the queue, and sir, all the best to the team and congratulations for successfully completion of the same. And we hope for continuity and participation going ahead, sir. On the -- a small point, if our investor presentation can be uploaded a bit -- with a lesser lag time, that would suffice because it's not a volume data that we need to assess. A lot of data points you have given for us to analyze. So if that could be done a bit earlier, it would suffice and would be beneficial for us, sir.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
We'll take note of that. We'll do that.

Naresh Agrawal - Chief Finance Officer, IGL Spirits Limited
Thank you, Saket.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
Thank you.

Saket Kapoor - Analyst, Kapoor & Co
Thank you once again. Thank you.

Operator
Thank you. [Operator Instructions] Next question is from the line of Kushal Binani from Daksham Capital. Please go ahead.

Kushal Binani - Analyst, Daksham Capital
Sir, good afternoon. This is Kushal Binani from Daksham Capital. Sir, just want to understand the trajectory going forward in terms of profitability, EPA, and what kind of scenario you see in terms of growth coming in the current financial year as far as spirit business is concerned.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
Okay. So Kushal, if I were to look at the spirit business and break it into two, IMFL and non-IMFL, I was very clear when I told you that the non-IMFL part of the business, I do not expect the trajectory to shift dramatically from what it has been in the past. It will continue to be a flattish kind of a trend. We are maintaining our competitive position in the markets where we operate. We are market leaders in both UP and Uttarakhand. We will continue to maintain that numero uno position. But having said that, industry could [Foreign Speech]. That is as far as non-IMFL is concerned. As far as the IMFL is concerned -- sorry.

Kushal Binani - Analyst, Daksham Capital
Sorry, you want to [Indecipherable]. No, sorry, sir. Please go ahead, sir.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
As far as the IMFL part of the business, this is the business that is going to give you much faster and accelerated growth, and the contribution of this segment is also going to go up. I spoke to you about three numbers: 13%, 15%, and 18% of the total revenue coming from IMFL, 18% is what we gave you as the revenue that came from this part of the business in Q2. Q3, we expect this to go up to 24%, and by the end of this year, it will be somewhere between 28% to 30%, depending upon how March pans out for us. And this particular segment, [Foreign Speech], we will deliver double of what we delivered in the IMFL business last year.

Kushal Binani - Analyst, Daksham Capital
Sir, we can see from the numbers itself, like last time also when you gave the numbers, IMFL as a percentage of spirit business has gone up significantly from last quarter also, I think from 28% to 40% also. So it shows what you're talking about. But I just wanted to understand that you have given a profitability EBITDA target of around INR1,000 crores in next four, five years, while currently we are at INR500 crores. Now, if things are going to remain flat for a larger part of the business, where do you see the growth coming from? Will the IMFL business be suffice enough to give this kind of a growth?

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
Yes, because currently whatever IMFL that I'm talking to you about is predominantly a three-state business. And by the end of this year, [Foreign Speech] we are establishing ourselves. But if you were to look at, say, hypothetically, the whole of next year, the whole of next year I would be available in 12 markets. [Foreign Speech] which is why I am saying. And this part of the portfolio is predominantly from the PNA part of the IMFL segment, where the margins are northwards of 27%, 28%. Plus, bear in mind, I've as a company, have low overhead costs. I, as a company, currently, because I am in the infancy stage of IMFL. My marketing and advertising costs are significantly lower as compared to my peers, which is why I am very confident [Foreign Speech]. I can, on a one-to-one -- maybe discuss on a larger call with you where I can give you year-by-year volume [Foreign Speech].

Kushal Binani - Analyst, Daksham Capital
Okay. Sir, my other question is with regards to the country liquor business. So in that case, your margins are significantly higher than what other players in the industry are having right now. So I just wanted to understand how do you get such higher returns on the country liquor side? Secondly, currently we are only catering to some 20-odd districts in UP, while there are maybe 75 districts to cater. So do we have expansion plans within the UP itself to increase our country liquor business?

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
So sir, UP [Foreign Speech] country liquor [Foreign Speech]. It operates under four different strengths: 25 degree, 28 degree, 36 degree, and 42.8. [Foreign Speech] 25 degree [Indecipherable] category head. [Foreign Speech] Yours truly is virtually the market-leader by leaps and bounds. And this part of the segment that you spoke about is predominantly concentrated in the Eastern part of UP across some 27, 28 districts. The more you go towards western part of UP, it is 36 degree, which eventually sells. That also will probably give you an idea who is well-entrenched as far as 36 degree is concerned and where their volumes come from.

[Foreign Speech]. It's made 25% -- a 25 degree [Foreign Speech]. 75% of this entire quota is available to IGL brands. That is by government mandate. [Foreign Speech] poor 100%, which is why

you look at these 25 districts contributing significantly to our volume. [Foreign Speech] it goes without saying that if I have that numero uno position or [Foreign Speech] brand [Foreign Speech], so my spends in the market are practically negligible, which is the reason why my margins are high. Plus, these are closer to my unit. Eastern UP [Foreign Speech] Eastern UP [Foreign Speech] service. So my cost in terms of transportation and logistics is also low.

Third, these are probably predominantly the two reasons for -- for why my margins are much higher than that of my competition. [Foreign Speech] significant market share [Foreign Speech] my cost-of-sales will go up, my margins will get eroded. And this is not a business where you would want to erode margins.

Kushal Binani - Analyst, Daksham Capital
So, sir, Western UP, [Foreign Speech] for the time being.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
[Foreign Speech] sir, but we will not commit [Indecipherable].

Naresh Agrawal - Chief Finance Officer, IGL Spirits Limited
Say, you get the same cost. It is the delivery.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
You understand, [Foreign Speech], if I have to convert from you, I have to spend more than you. Why should I get into that kind of a business where, just to capture the market, I ruin my margins?

Kushal Binani - Analyst, Daksham Capital
Got the point, sir.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
And which is why my [Foreign Speech] largest trajectory [Foreign Speech] non-MFL flat riser.

Kushal Binani - Analyst, Daksham Capital
Sir, given the fact that we are doing such a good business in country liquor segment, IMFL business is growing. Maybe I'm a novice in terms of the kind of business you are doing. But I think a lot of information is required to be given to the market to make the market understand that what kind of business IGL Spirit is into, because the kind of valuations we are getting right now is comparatively and significantly lower than what other participants are getting, in spite of being a much lower business what IGL Spirit is doing right now.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
No, suggestion taken, Kushal, but we would like to connect with you on one-to-one to understand what more information can we give to the market. We would want to be transparent, and we would want to give the market all those information which is necessary for them to make an informed decision, provided it does not hamper our competitive position.

Kushal Binani - Analyst, Daksham Capital
And sir, maybe I missed the initial part of it. With the maize pricing -- prices increasing, will the ethanol margins go down?

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
Yes, definitely, prices are going up in maize as well as in rice also. Primarily, we work on rice, and

our plant is based in Uttarakhand, which is a rice belt. So, and majorly we produce it from DFG, and definitely some hike will be there, but we will have a better margin as compared to other peers of the industry.

Kushal Binani - Analyst, Daksham Capital
No, sir, but not comparable -- not getting -- from the figure, but I mean --

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
[Foreign Speech] question Bianai ji. [Foreign Speech]. Because the maize selling price [Foreign Speech] and prices have also gone up.

Kushal Binani - Analyst, Daksham Capital
So, sir, just I was actually trying to get to the fact that [Foreign Speech] current financial year [Foreign Speech].

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
[Foreign Speech] Biofuel [Foreign Speech]. If you look at the alcohol industry, about 44%, 45% of your revenue comes in H1, 55% comes in H2. [Foreign Speech], this, in any case, takes you northward of 540, if I were to maintain the status quo. But given the fact, IMFL aggressive [Foreign Speech], this is likely to reach that number. So my reaching 550 is not contingent on maize prices going up, or maize -- say ethanol prices coming down, selling price coming down.

Naresh Agrawal - Chief Finance Officer, IGL Spirits Limited
We have taken the margin as for the current market price of the maize, and we have the calculated property of IFL of the full year.

Kushal Binani - Analyst, Daksham Capital
Sure sir. Thank you so much, sir. Thank you for the insight, sir.

Naresh Agrawal - Chief Finance Officer, IGL Spirits Limited
Thank you.

Operator
Thank you. Next question is from the line of Manoj Reddy Sama, who is an Individual Investor. Please go ahead.

Manoj Reddy Sama - Analyst, Individual Investor
Sir, I just had a doubt regarding this Amrut partnership. Like the MaQintosh brands, do we manufacture -- do we make the liquid, or we get the liquid from the Amrut Distilleries?

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
If we've -- our names are same. Manoj ji, [Foreign Speech] what do we do? We get the blend from Amrut, and we blend it with our ENA and create the product. So, as far as the taste characteristics and the blend characteristics is concerned, it is controlled by Amrut. And we use only the blend specified by them and purchased from them. But manufacturing [Foreign Speech] blending platform.

Manoj Reddy Sama - Analyst, Individual Investor
Okay. Okay. That was helpful. And two, sir, [Foreign Speech] future growth [Foreign Speech], will it come from existing markets, or like are new products getting hit -- becoming hit in our existing

markets like or are older like Amazing Vodka or Soulmate Whisky being a hitter products in these, let's say, new markets?

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
[Foreign Speech] competitive position as far as industry size of UP [Foreign Speech] IMFL. I am around 5% of the market. So a deeper penetration in my existing core markets is one strategy. And of course, getting into newer markets is the other strategy. So, organic growth [Foreign Speech] existing core markets [Foreign Speech] good that you brought up that point. Amazing Vodka is the second brand in the category, and we have a healthy share. We have about 19% share in UP and about 28% share in Uttarakhand, which gives us the promise that, yes, if we work hard on this portfolio, it has the potential to become bigger. And you are aware that for this particular portfolio, UP is one of the biggest markets.

So of course, to answer your question, one is dig deeper into the existing market, that is where your organic gains will come from. The inorganic gains will come from newer markets and the new portfolio.

Manoj Reddy Sama - Analyst, Individual Investor
Okay. Okay. Final question, sir.

Operator
Sorry to interrupt, Mr. Sama. We will take that as the last question for the day, sir.

Manoj Reddy Sama - Analyst, Individual Investor
Just this one question. Just the last question.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
[Foreign Speech] Manoj ji.

Manoj Reddy Sama - Analyst, Individual Investor
So, when we expand to new markets, sir, like do we tie up the third-party bottlers or like we transport the products?

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
There is no question of transporting. You understand how Alco-bev operates in this country. Each state is a different country in itself, and there are strong import duties and export duties levied depending upon how the state chooses to react. And therefore, we will have to tie up with local people. We are already tying up -- we have already tied up with local people when it comes to markets like AP and West Bengal. For a market like Daman, which gives us significant profitability, we will continue exporting it from our mother unit in Kashipur. So that gives you an idea.

So it is a mix of [Speech Overlap] wherever margins give us the opportunity from our core units, and where the margins are under stress, or the volumes are likely to be significant, we will look at local tie-ups.

Manoj Reddy Sama - Analyst, Individual Investor
Okay, and any update on Tamil Nadu and Kerala expansion, sir? This is the last question.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
Kerala, we are already available in the Kerala market. Tamil Nadu, you are aware of the policy, the

current policy mandates you to manufacture locally with a few select partners in the state of Tamil Nadu. You cannot export from outside into the state. We are not very comfortable at this juncture trying to tie up with a party, with a particular local party in Tamil Nadu, unless and until we are very clear on how our brands are moving in the rest of the states. Plus, Manoj ji, it is still too early because [Foreign Speech] how my brands are behaving.

Tamil Nadu, yes, it is the largest market in the country, but it has its own set of challenges. It is predominantly a brandy market, and I do not have a brandy in my portfolio, which is well-entrenched. Whisky or vodka has limited opportunity here. And therefore, in my priority list, that is a little low.

Manoj Reddy Sama - Analyst, Individual Investor
Okay, sir. That was helpful, sir. Thank you, sir.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
Thank you.

Operator
Thank you. Ladies and gentlemen, that was the last question for the day. I now hand the conference over to Mr. Manoj Rai for closing comments.

Manoj Kumar Rai - Executive Director and Chief Operating Officer, IGL Spirits Limited
So thank you, everybody, for your time, and do keep encouraging us with your questions. Your questions will serve as a guiding light for the approach that we take in the near future. There were feedbacks received in terms of uploading information earlier, we will ensure that we do that from next quarter onwards. And there was also a question of trying to share more information about the business. We'll specifically get in touch with a few of you and try and figure out what other information we can share with you, so that you have more visibility on how IGL Spirits as an organization is approaching the business.

Thank you so much once again, and you have a good evening.

Operator
[Operator Closing Remarks].