



Date: 14th August 2025

To,
National Stock Exchange of India Limited ("NSE"),
The Listing Department
"Exchange Plaza", 5th Floor,
Plot No. C/1, G Block, Bandra-Kurla Complex
Bandra (East), Mumbai – 400 051.

To,
BSE Limited ("BSE"),
Corporate Relationship Department,
2nd Floor, New Trading Ring,
P.J. Towers, Dalal Street,
Mumbai – 400 001.

NSE Symbol: SULA
ISIN: INE142Q01026

BSE Scrip Code: 543711
ISIN: INE142Q01026

Sub: Transcript of Q1 FY26 Earnings Conference Call

Dear Sir/Madam,

Pursuant to Regulation 30 and 46 read with clause 15 of Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Analyst / Investor Conference Call held on Friday, 8th August 2025 regarding the Unaudited Standalone and Consolidated Financial Results for the quarter ended 30th June 2025.

The said transcript has been uploaded on the Company's website at the following link:
<https://sulavineyards.com/investor-relations.php>.

Kindly take the above information on records

Thanking you,

For Sula Vineyards Limited

Shalaka Koparkar
Company Secretary and Compliance Officer
Membership No: A25314



Sula Vineyards Limited

(formerly known as Sula Vineyards Private Limited)

Regd. Office: 901, Solaris One, N.S. Phadke Marg, Andheri (E), Mumbai 400069, Maharashtra, India.

Tel: 022-6128 0606/607 Email: info@sulawines.com CIN: L15549MH2003PLC139352

Winery: Gat 36/2, Govardhan Village, Gangapur-Savargaon Road, Nashik 422 222, Maharashtra, India Tel: +91 253 3027777/701

www.sulavineyards.com



“Sula Vineyards Limited
Q1 FY '26 Earnings Conference Call”
August 08, 2025



**MANAGEMENT: MR. RAJEEV SAMANT – FOUNDER AND CHIEF
EXECUTIVE OFFICER – SULA VINEYARDS LIMITED**

**MR. ABHISHEK KAPOOR – CHIEF FINANCIAL OFFICER
– SULA VINEYARDS LIMITED**

**MR. MANDAR KAPSE – HEAD OF INVESTOR
RELATIONS – SULA VINEYARDS LIMITED**



Sula Vineyards Limited
August 08, 2025

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '26 Earnings Conference Call of Sula Vineyards Limited. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on a touchtone phone.

I now hand the conference over to Mr. Mandar Kapse, Head of Investor Relations at Sula. Thank you, and over to you, Mr. Kapse.

Mandar Kapse: Yes. Thank you, Zico. Good afternoon, everyone. On behalf of the management team at Sula, I would like to welcome you all to the Q1 FY '26 earnings con call. Today on the call from the management team, we have with us the Founder and CEO, Mr. Rajeev Samant; and CFO, Mr. Abhishek Kapoor. They will take us through the Q1 performance and answer your questions. As always, we'll kick off today's call with Rajeev sharing his thoughts on the operating environment and our Q1 business performance. This will be followed by Abhishek taking us through the financial highlights of the quarter, post which we'll open the forum for Q&A.

Before we proceed, I'd like to draw your attention to the safe harbor statement regarding the forward-looking statements. Please note that various factors may cause actual outcomes to differ materially from those projected.

With that, I now invite Rajeev to commence today's call.

Rajeev Samant: Thank you, Mandar. Good afternoon, everyone, and thank you all for joining us today for Sula's Q1 FY '26 Earnings Conference Call. I hope all of you have had the opportunity to go through our Q1 press release and presentation that we have put up on the exchanges.

Discussing our performance in Q1, our own brands performance was impacted by 2 major factors. First is the softness in urban demand, which continued to persist. And second, towards the end of the quarter, we were also impacted by the temporary disruption in wine placement in Maharashtra, our most important market, following the announcement of the excise duty hike on spirits.

To add more context to this latter point, post the duty hike announcement, distributors substantially front-loaded spirit purchases to take advantage of the pre-revised prices stock. This shift in focus led to a significant reduction in wine offtake during the last 2 weeks of June in Maharashtra.

Now June is our highest grossing month in Q1. And Maharashtra, of course, as you all know, is by far our largest state market. And so this factor definitely had a notable impact on our Q1 sales. There is likely to be some impact of this in July as well. But going forward, we see this policy announcement as a positive for Sula and the wine industry in general, as wine will become relatively more competitive and attractive to consumers in Maharashtra.



Sula Vineyards Limited
August 08, 2025

Our economy and popular brands stand to gain more as the biggest duty hike impact is on the more economical spirits brands. Moving on, apart from these 2 factors, we also had a one-time gain of INR10.4 crores on account of the WIPS unwinding in Q1 last year, and that has distorted the comparatives this quarter.

Adjusted for this one-time gain, our revenue in Q1 stood fairly flat on a Y-o-Y basis. Further, despite the near-term headwinds, Sula gained market share in the last fiscal year FY '25, and we expect to have gained market share in Q1 this year as well, going by the early industry data that has come in for some of the key corporation markets.

Talking about our portfolio mix, our Elite and premium wines continue to perform better than average, and the share of Elite and premium stood at a healthy level of 75% during the quarter. Our Elite portfolio, in particular, saw very healthy growth led by the Source and RASA range.

The Source continues to be a standout performer for us. And in Q1, the brand recorded robust double-digit growth. Given the resounding success of The Source, one of our main priorities this year is to expand its national footprint by rolling out The Source wines with top priority across the country.

Turning over to wine tourism now. I'm pleased to share that FY '26 started on a strong note. Our wine tourism business grew strongly by over 20% in Q1. This growth was driven by solid all-round performance as we saw a healthy increase in footfalls and record Q1 resort occupancy and spend per guest.

Our resort occupancy for Q1 stood at 82%, up significantly versus 70% in the previous year, while the spend per guest at our wine tourism facilities increased by 6%. Improving spend per guest continues to be a key focus area for us, and we are constantly working towards providing an elevated visitor experience to drive this important KPI.

In another positive development, the much-awaited Mumbai-Nashik section of the Samrudhi highway is now open. It shortens the drive time between Mumbai and Nashik by 45 minutes, thus materially improving accessibility for a large section of our visitors. Our expansion plans in wine tourism are progressing well, and we have a host of new openings coming up in Q2.

The most significant of our upcoming expansion plans is the new 30 key resort coming up near our York winery, which will be known as the Haven by Sula. The new resort is slated to open well in time for this festive season and will expand our room capacity by around 30% to 134 keys. Also, very importantly, this will be our first resort to have much needed convention facilities.

We also launched our Dindori tasting room and bottle shop at our ND Wines facility just last month. This facility is strategically located less than 50 kilometers from the Gujarat border and will offer visitors wine tastings and vineyard tours. We are also opening a beautiful new



Sula Vineyards Limited
August 08, 2025

tasting room with a spectacular view at our Domain Sula facility in Karnataka in Q2. We are also expanding the restaurant capacity there. Domain Sula sees over 30,000 visitors annually. And so having a tasting room here is a natural next step in enhancing the guest experience.

All in all, with these exciting expansions coming on stream and the opening of the Samruddhi highway section enhancing accessibility, the outlook for wine tourism remains robust for the remainder of FY '26.

Moving on now on the innovation front, we are thrilled to launch our latest wine, the Sula Muscat Blanc, a new pioneering wine from the Sula stable. This is the latest in a string of elite and premium launches from Sula and follows on from our successful launch of the Sula Merlot less than a year ago.

The Sula Muscat Blanc is India's first low alcohol still musket wine with just 7.5% ABV. It will be our second launch based on the Muscat grape varietal after The Source Moscato. The Source Moscato, by the way, was our fastest wine to hit 10,000 cases after launch. And so, we have high hopes for Muscat Blanc as well.

We have strategically priced the new wine very attractively at an MRP of INR 875 per bottle in Maharashtra. Muscat Blanc will be part of the iconic original Sula Classics range, thus strengthening our premium portfolio. It is already available in Maharashtra with Karnataka to follow in the coming months. Moving forward, we have a couple more exciting product launches coming up soon before this festive season, so watch out for those.

We strengthened our CST portfolio in March by introducing 4 additional labels from our Elite portfolio, taking the total number of CST listings to 9 labels. I'm pleased to say that the newly listed wines are now widely available in CST canteen stores across the country, and we look forward to seeing solid sales growth in CST this year with our expanded portfolio.

Overall, looking ahead, while the year has begun on a challenging note, we remain firmly focused to deliver healthy growth in operating profit for the rest of FY '26. With that, I would like to call on our CFO, Abhishek Kapoor, to take you through our financial performance in greater detail. Over to you, Abhishek.

Abhishek Kapoor:

Thank you, Rajeev. Good evening, everyone. Following Rajiv's overview of our business performance and strategic initiatives, I will now take you through the financial highlights for the first quarter of fiscal 2026. Revenue for quarter 1 stood steady at INR 118 crores after adjusting for the one-time gain of INR 10.4 crores recognized in quarter 1 of last year on account of unwinding of WIPS.

Our own brand portfolio faced short-term pressure during the quarter, impacted by 2 key factors: a continued softness in urban demand and a temporary disruption in wine placement in the month of June in Maharashtra following the excise duty hike announcement on spirits.



Sula Vineyards Limited
August 08, 2025

However, as Rajeev highlighted, we see the excise hike as a structurally positive development for Sula and the broader wine industry, improving wine's relative appeal versus spirits in the longer term.

Excluding the WIPS gain from prior year, our Elite and premium portfolio grew modestly by 1% despite a challenging environment. As a result, the contribution of Elite and Premium wines increased by over 300 basis points to 75% of our own brand revenue, up from 71% in quarter 1 last year.

Our major Elite brands, The Source, RASA and Dindori saw positive momentum, particularly the Source, which continues to deliver strong double-digit growth and now contributes nearly 10% to our own brand revenue. From a geographical perspective, despite overall tepid urban demand, several key states, including West Bengal, Goa, UP and Rajasthan posted healthy double-digit growth.

Turning to wine tourism. The business delivered another quarter of healthy double-digit growth with improvement across all key metrics, footfall, resort occupancy and spend per guest. Our D2C wine sales from bottle shops at our wine tourism properties grew by 11% Y-o-Y to INR 9 crores. This strong performance underlines the strength of our customer engagement and gives us confidence that as demand normalizes, we should see broader growth across key markets.

As mentioned earlier, we are set to launch our third resort, the Haven By Sula near the York winery, as Rajiv already mentioned. This like Beyond By Sula is being developed under an asset-light model with land and capex funded by a third party and Sula managing operations on a fixed rent basis. Looking ahead, we remain optimistic about the growth trajectory of wine tourism. New capacity additions in quarter 2 and enhanced connectivity to Samruddhi Highway between Mumbai and Nashik will further strengthen this vertical.

On the profitability front, our operating performance in quarter 1 was primarily impacted by a 20% plus increase in COGS. This increase was driven by a change in the wine sourcing model for our wine tourism business. As shared earlier in quarter 3 of financial year 2025, we transitioned from intra-group sourcing to procuring wine from a third-party distributor.

This change being non-comparable on a Y-o-Y basis resulted in an increase of INR 6 crores in traded goods purchased, leading to a 450 basis point compression in gross margin.

Adjusting for this one-off, our gross margin remains broadly in line with last year at around 80%. This is a temporary impact and will continue into quarter 2, to a much lesser extent. From quarter 3 onwards, this effect will normalize due to a comparable base.

In parallel, we have implemented initiatives to lower raw material costs and improve manufacturing efficiencies. The benefits of these actions are not yet reflected in quarter 1 due



Sula Vineyards Limited
August 08, 2025

to carryover of relative higher cost liquid inventory from last year. As this inventory is utilized, we expect to see a positive impact on gross margin in balance part of the year.

On the operating cost front, we have made meaningful progress. Actions initiated in quarter 4 of financial year 2025 have resulted in a 1% Y-o-Y reduction in Q1 operating expenses. Interest cost for the quarter was up 5% due to a marginal increase in average debt. Nevertheless, our debt-to-EBITDA remains healthy at around 2x to our trailing 12-month EBITDA. Depreciation is higher Y-o-Y, driven by elevated capex over last 3 years. However, I want to emphasize that our major capital investments are now behind us. We expect capex for FY '26 and onwards to moderate to half of this to around INR35 crores annually.

In the last 3 years, it may be noted we have been doing capex to the extent of INR 50 crores to INR 60 crores per annum. Low capex, along with reduced inventory levels should help contain any further increase in debt this fiscal.

Update on WIPS. Our WIPS outstanding at the end of quarter 1 stood at around INR 70 crores compared to around INR 72 crores at the end of March 2025. During the quarter, we accrued around INR 9.5 crores of this accrual. And we also received a INR13 crores payout from the government.

Looking ahead, we expect an improvement of a couple of hundred basis points in operating margins in second half of this financial year, which is driven by no capping constraint on WIPS accrual. It may please be noted that last year in second half of the year, we lost around INR 6 crores of revenue, which flows directly to the bottom line. New wine tourism openings, as Rajeev already mentioned, and realization of cost efficiencies in manufacturing and operating expenses.

We are taking decisive steps to improve profitability, grow wine tourism and enhance shareholder value while staying true to our long-term vision of delivering sustainable and profitable growth.

With this, I request to open the session for Q&A.

Moderator:

Thank you very much. First question comes from the line of Chirag Kinger with CLSA. Please go ahead.

Chirag Kinger:

So, my first question was on the demand environment pre-stocking of the spirits due to the duty hike in Maharashtra. So just wanted to understand what was the run rate of growth looking like in the month of April and June? That's my first question. And then secondly, in the month of April and May.



Sula Vineyards Limited
August 08, 2025

And then secondly, just on the change in wine sourcing model for the wine tourism business, can you talk about what were the key driving factors behind this change? And yes, those would be my 2 questions.

Abhishek Kapoor:

Thanks for your question, Chirag. So, as we mentioned that June being the biggest month in the first quarter of the financial year, there was a significant impact on account of this policy change, which increased the duties on spirits. Since before the official announcement, there was already an information in the market and that created the trade to kind of pick up a lot of stock. So, this impacted significantly in the last fortnight of the quarter.

Now before that, we could see some of the green shoots as we could see the wine sales from the wine tourism were picking up right from the start of the financial year from the month of April itself. So, we could see that the demand was building up in case this disruption due to the duties was not there. We could see a growth in the state of Maharashtra, which would have contributed to the overall numbers on our own brand portfolio.

Chirag Kinger:

All right. And then just on the second question on the wine sourcing model, what were the driving factors for that?

Abhishek Kapoor:

Sure. So, Chirag, we we have 3 legal entities and for sourcing of the wines for our wine tourism business, we were holding the licenses amidst these entities. But there were certain challenges and the 3 entities, it was difficult to manage in terms of the supply chain. And that's why the decision was taken to source the wines from a third-party distributor.

As we informed that in quarter 3 of the last financial year that this is not going to have any impact in terms of the gross margins because it's neutral. Ultimately, it's in terms of the charges which we pay towards this is only miniscule handling charges.

But because this is an incomparable base as far as quarter 1 is concerned, we are seeing a huge impact on account on our COGS and Gross Margins for the wines, which we purchased during the quarter for our wine tourism operations. So as stated earlier, from Q3 onwards, this will get completely normalized, and we will not see any impact on account of this change model.

Moderator:

Our next question comes from Kshitij Sharma from Rest Assured Wealth Advisors. Our next question comes from Siddhant from Goodwill.

Siddhant:

My question was regarding the tariff. In a recent interview, you had mentioned that you're expecting some level of tariff. So, what kind of level are you expecting? And do you expect it to be in the price bracket like Australia, the tariff reduction?

Rajeev Samant:

I will take that one. At this point, we don't see any further tariff reductions as being imminent. The EU agreement is taking its time, and we have received assurances from our government that at the end of the day, the farmers are foremost in the consideration of the government



Sula Vineyards Limited
August 08, 2025

when negotiating these FTAs. Having said that, we are definitely vigilant and getting ready for the case that duties can come down further.

I think that nobody is under any misunderstanding or misapprehension that the high tariffs are going to last forever and the MIP is going to stay where it is forever. So, it is a possibility that the MIP, which right now stands at USD 5 a bottle CIF with Australia Part 1 could come down.

At this point, with Australia, the duty reduction has meant an impact on wines coming down to around INR 3,500 MRP in the Maharashtra market. So, there is still a significant gap between that and our highest-priced wine, which would be our RASA Cabernet Sauvignon, which is currently at INR 2,000 in the Maharashtra market.

In fact, there are already a lot of imported wines that we compete against directly, which are at, say, INR 1,500 to INR 2,000 MRP in the Maharashtra market. So, this INR3,500 could come down maybe to INR3,000, maybe a bit lower than that, but there is still some cushion, a fair amount of cushion between the impact in the case of some reduction and our highest priced product in the market.

Siddhant: Okay. My second question was regarding our competition in HoReCa.

Rajeev Samant: Sorry, your question was not clear. Please. Could you repeat, you said HoReCa in competition and HoReCa, we didn't hear after that.

Rajeev Samant: What I heard is the discounting by our competition very severe?

Siddhant: Correct. Yes.

Rajeev Samant: Unfortunately, this has been a very unfortunate characteristic of the Indian wine market over the last few years, indiscriminate and unsustainable, and I would say, state of loss-making discounting by some of our competitors. Sula has always tried to stay a bit above the fray. But of course, at the end of the day, we have to compete in the market.

And the place where it probably hits the most is in the HoReCa segment. In the retail segment, it's very clear that the consumer will get what they want at the end of the day. No retailer who knows their business is going to try to deny their consumers, their favorite brands. So, Sula is always well ahead in this market where the consumer gets to choose.

But in the HoReCa market, it's very different. because the selection is generally narrower. Once you're inside the restaurant and sitting down at the table, you cannot really ask for another wine and ask them to go get it. And hence, discounts do come into play. And yes, there is some pretty brutal discounting going on.



Sula Vineyards Limited
August 08, 2025

I would use the acronym BOGO, which is buy one, get one, which seems to be the raining mantra right now for a lot of our competition. And sometimes it goes even further than that. So, it does impact. However, having said that, I want to point out The Source in particular, which many restaurants, hoteliers -- they love this wine.

They love the price point. It's the sweet spot above INR 1,000 MRP but below INR1,500. And that wine shows no signs of slowing down and is making very impressive and significant listing gains even in HoReCa. We will continue trying to hold the line in terms of discounting. It's not always easy. Our sales force is always complaining, but Sula tries to stay above the fray for as much as is possible.

Moderator: Our next question comes from the line of Kshitij Verma from Rest Assured Wealth Advisors.

Kshitij Verma: My query was regarding the scalability of our hospitality projects. We've done a good job scaling in the Nashik region. But just to throw an idea out there, suppose there's a developer, say, in Goa or say, somewhere in Bangalore. I'm just giving random examples, who wants to build a property and give it to Sula to manage. And maybe not an actual vineyard, you can simulate a vineyard and give the experience as such. Like how do you see these foreign 5-star hotel brands, they are the developer to build and then they do the management. Is this possible or having a natural vineyard is a big precursor for this?

Rajeev Samant: It's a very good question. I would say that we would always prefer to have a vineyard in front, but it is not by any means mandatory because our resorts by Gangapur Lake though they are, of course, very much in Nashik and they are on the same road as Sula, Beyond in particular, which is doing amazingly well, does not have a vineyard in front of it. It has a lake in front of it.

We have a couple of pillars for our wine tourism business. The first is that we like to be asset-light. So, if we get a good proposal from a developer, we are always open. That's the first thing. The second thing, what we want is a wine-friendly resort. So having the vineyard in front of it is not necessarily a make or break. But however, if we are to manage it, it would be that the consumer would find a great selection of all our wines at a price close to the MRP.

That, I think, is what and then properly presented in the right way with the right glassware, with the right accoutrements, all of that is what is most important for us. So, we are not, at this point, planning to expand further really as a hotel management company. It has to be tied to the greater objective of promoting the cause and consumption of our wine.

Kshitij Verma: Yes, sir, I agree that we don't maybe want to be a primary hospitality company. But as you're aware, sir, we are the pioneers in trying to get wine consumption increase as a percentage of share of alcobev. So maybe we will have to kind of take the ownership in this initially and then let the wine business outgrow because most of the people who have become wine converts, the first stage was actually a stay at the resort.



Sula Vineyards Limited
August 08, 2025

So, we've seen a very positive trend there and the margin sold on the resort is more. So, if in future, we can also actively look maybe not for many resorts, but just 1 or 2 in diverse geographies also, it will help our case in penetrating. It's just a suggestion. I'll leave it up to the vision of the management.

And my last query, sir, was when we go abroad to Indian restaurants across, there are Indian restaurants and even the foreigners love the Indian cuisine. But in many menus, you don't see Indian wine on the menu. You see the Indian restaurants selling Italian wine. So, is this challenging to activate restaurants abroad? Or how is the thing there?

Rajeev Samant:

Kshitij, I'll answer your first question first. We are open. Right now, we have a pipeline. We are not a big company that can manage multiple projects at once. So, we have a robust pipeline right now. But I would say that we do get offers, proposals, and we are always open. So, your point is very well taken about why not having, for instance, a resort, a wine-friendly resort in, say, Goa or Bangalore, you referred to, both of those places actually would work quite well for us because wine prices there are still relatively lower and more benign compared to the rest of the country.

In some states, you have the issue of taxes being so high that it doesn't always make sense. So, one of the things is that the states where you can still make a decent margin, even if you sell the wine at MRP because obviously, there are a lot of associated costs as hoteliers well know with putting that they recoup a lot of the costs and the profits from alcoholic beverages. So that would be something that would be very important. But Bangalore stands out because Karnataka is very benign in terms of wine taxation.

In terms of your second question of Indian wines not being on Indian restaurant menus worldwide. Yes, this is an issue. It's not so easy to get distribution. And unfortunately, the truth of the matter is that the last couple of years has seen a challenging environment for wine. So, you have pretty cutthroat competition in the global wine market. And you have countries where they have to export or perish.

You have countries with very large production like Chile, Australia and New Zealand, where the local consumption doesn't come anywhere close to the production. And so, these countries are very aggressive. The export market is not very remunerative. And I have always said that we would prefer to sell at this point, if you ask me, we would prefer to sell much more wine in Mangalore than in Manchester.

Kshitij Verma:

Just one last query from my side, one last. A countercyclical question, just suppose these FTAs go through and there is more availability of wine from abroad, do you think this might actually increase the wine penetration in the country and may actually benefit us by expanding the market as you'll have many people investing in educating the wine market and ultimately, our product will thrive on its own merit. So actually, it might be a blessing in disguise for us. Does the management look at it that way?



Sula Vineyards Limited
August 08, 2025

Rajeev Samant:

So, a lot of people do put forward this theory, and there is definitely some truth to that theory. So, I would say that if you have a situation where there is no minimum import price, that the government did away with minimum import price altogether, that I think would be very difficult for our industry because costs are higher.

But if you just have a situation where the minimum import price comes down a bit as is the most likely scenario, absolutely, we do see more market development activities being carried out by some of the global wine brands, which would lead to an expansion in the wine market. Then it's going to be up to each individual producer and company to hold their market share within that market.

But I would say that a growing market with us holding our market share would still be a pretty good outcome. And Sula has the ammunition for that more than anyone else because of our thriving wine tourism business, which dwarfs all the rest of our competitors put together. We are more than 10x all our competitors put together in wine tourism and an extremely iconic number of venues, which is going to expand even further with the expansions and the conference facilities, which I'm most excited about because that's going to allow us to have more weddings, corporate conferences.

And all of these, we put in a clause that if you're going to have a wedding or a conference at Sula, you have to buy a certain amount of wine. That's the way that we do it. So, Sula would, I do believe, stand strong. But yours is a very pertinent and relevant question. Definitely, market development would happen.

Moderator:

Our next question comes from Palak Shah from Entrust Family Office.

Palak Shah:

Just wanted to check, given the revised procurement cycle for the wine tourism linked wise, what would be a normative gross margins going forward?

Abhishek Kapoor:

So as I stated earlier, our normalized gross margins, which were in the range of around 80%, they don't get impacted due to this change in model once it has a comparable base. So, no impact per se on its own. It's only because for quarter 1, they were not the right comparable. That's why it is showing up.

Palak Shah:

So even if I look at sequential basis, right, you had a material fluctuation in the margins going from almost 83% to 70% to 76%, 74%. So just wanted to understand even the sequential margin variation that we have because before 2024 March, there was more normalized margins of anywhere between 77% to 80% margins. But right now, the fluctuation is quite material.

Abhishek Kapoor:

So yes. So, see, the key reason quarter-on-quarter for these gross margin fluctuations is largely on account of the mix between our Elite Premium and economy popular wines. So, as this mix fluctuates, so if you recall, our all-time high mix was close to around 78% of Elite and



Sula Vineyards Limited
August 08, 2025

premium wines. So as this mix changes, we see a fluctuation in gross margins. But per se, on its own, it doesn't have any impact if we were to have a stable mix between categories.

Palak Shah:

Got it. And secondly, earlier, we had this thought that when Jacobs Creek was sold, we would have some more moderation in competition because earlier Pernod used to force retailers to buy wine if they wanted the spirit side of the business. With this change in hands already concluded by December, 6 months already passed by, how are we looking at this competitive scenario? Is there some ease of competition?

Rajeev Samant:

So, to the best of our knowledge, there is a continued distribution agreement that Pernod would continue to distribute Jacobs Creek in those markets where the new buyer doesn't have a robust infrastructure and distribution network already. We are not privy to the final details, but we do believe that JC will continue to be as per what we know.

We may be wrong, but we do believe that JC will continue to be distributed by PRI for some more time. So that distribution continues to be at this point in the hands of PRI. Now how much the focus will be moving forward, one is not sure because when a company lets go of a brand, then obviously, focus and priorities change.

However, one should remember that there would be a certain amount of stock on hand and they would continue to try to be competitive, aggressive and competitive in the market, even if it's relatively different. But so, the might of PRI continues to be behind JC for the time being.

Palak Shah:

Got it. And just lastly, on the revenue growth side, it's been almost in 5 quarters since we had a subpar growth given where our penetrations are. In your thought process and in management strategy, when do we expect to go back to double-digit growth, if nothing else, at least a low double-digit growth, which should be the case given our penetrations today?

Rajeev Samant:

One would hope given the penetration, the miniscule penetration of wine that those days returned. However, I must say that the last year has been difficult. And so, I would not like to give any guidance for the future, except that we are working hard to come back to growth.

Moderator:

Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Mandar Kapse for closing comments.

Mandar Kapse:

Thanks Rico. Thanks, everyone, for joining once again. Please do reach out to us if you have any further questions on the Investor Relations e-mail ID. Good evening, and have a good weekend, everyone. Bye.

Moderator:

Thank you. On behalf of Sula Vineyards Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.