

Date: 13th May, 2026

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 Q4 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 Thursday, 7th May, 2026 regarding the Audited Standalone and Consolidated Financial Results for the quarter and year ended 31st March, 2026.

The said transcript will also be 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

Gayathri Iyer
Company Secretary and Compliance Officer
Membership No.: A38069

Encl: As above



Sula Vineyards Limited

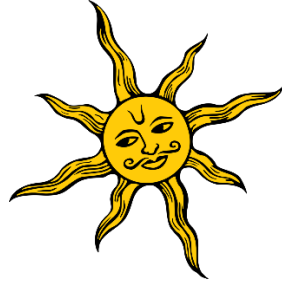
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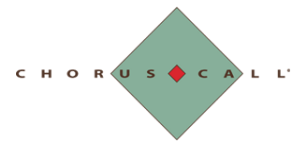
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SULA
VINEYARDS

“Sula Vineyards Limited
Q4 FY '24 Earnings Conference Call”

May 07, 2026



**MANAGEMENT: MR. RAJEEV SAMANT – CHIEF EXECUTIVE OFFICER –
SULAVINEYARDS LIMITED**
**MR. ABHISHEK KAPOOR – CHIEF FINANCIAL OFFICER
– SULAVINEYARDS LIMITED**
**MR. MANDAR KAPSE – HEAD INVESTOR RELATIONS –
SULAVINEYARDS LIMITED**



Moderator:

Ladies and gentlemen, good day, and welcome to the Sula Vineyard Q4 FY '26 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. Mandar Kapse, Head, Investor Relations. Thank you, and over to you, sir.

Mandar Kapse:

Thanks, Neerav. Good afternoon, everyone. On behalf of the management team at Sula, I would like to welcome you all to the Q4 Earnings call of Sula Vineyards. Today on the call, we have with us from the management team, Founder and CEO, Mr. Rajeev Samant; and CFO, Mr. Abhishek Kapoor. They will take us through the Q4 performance and answer your questions.

As always, we'll kick off the call with Rajeev sharing his thoughts on the operating environment and the business performance. This will be followed by Abhishek taking us through the financial performance for the quarter in greater detail, post which we'll open the forum for Q&A.

Before we proceed, I would just like to draw your attention to the Safe Harbour 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. Over to you, sir.

Rajeev Samant:

Thank you, Mandar, and good afternoon, everyone. It's great to have you all with us today for our Q4 FY '26 Earnings Call. I hope you've had the opportunity to review our results presentation and press release available on our website and the exchanges.

Coming to our performance for the quarter. After a challenging few quarters we delivered a marked improvement in Q4, returning to growth with revenue up 7% year-on-year. This was driven by improved traction in own brands and another solid performance in our Wine Tourism business.

Our own brands grew 5% year-on-year with the elite and premium portfolio leading the way, delivering double-digit growth in Q4. This was powered by strong double-digit growth in both The Source and RASA alongside improved performance in our core premium labels, including the Sula Classics and Dindori.

From a regional standpoint, Telangana, UP and Kerala delivered robust growth, while encouragingly, our two largest markets, Maharashtra and Karnataka saw visible improvement in demand trends. I'm especially pleased to say that after the corrective action we took earlier in the year, Karnataka now seems to be looking much better moving forward.

Encouragingly, for the first time in nearly 2 years, we recorded monthly Own Brands and Wine Tourism growth for 4 straight months. So, the momentum seems to be carrying into FY '27, which gives us good reason for optimism on the road ahead. I would like to briefly highlight the performance of The Source range, which continues to go from strength to strength. The Source sales grew by over 35% in Q4 and over 20% for the full year FY '26 with its contribution to own brands increasing by around 250 basis points year-on-year to over 10% in FY '26, and that momentum continues into FY '27.

We have made strong progress in expanding the availability of The Source range nationally this year and will continue to scale up its distribution and availability further in FY '27. In the institutional channel as well, we have made significant headway in ramping up listings for The Source and RASA over the past 12 months, positioning us well to compete with European imports once duties come down almost a year from now.

We have also strengthened The Source portfolio by launching two more wines in the last 5 months, including The Source Chardonnay, which I mentioned last time. And in this past quarter, The Source Grenache Red. And this builds on the success of The Source Grenache Rose, which was our first ever Source wine and continues to grow double digits.

With these latest editions, we now have a strong, you can say, a stand-alone portfolio of eight labels in The Source range with a good mix of red, white, rose and bubbles. In fact, we plan to scale up the production of our previous four launches which includes The Source Moscato, Source Pinot Noir those two in The Source and the Sula Muscat Blanc and Sula Merlot being the two Sula Classics launches by approximately 40% in FY '27.

This is a good situation because we sold out of almost all these wines in FY '26. So being able to boost the production by that much is definitely going to serve us very well in FY '27 and beyond. These four wines, even though they are fairly new launches accounted for around 6% of our own brands sales in FY '26.

In more positive news, we have received preliminary approval from CSD for five additional wine listings, which would take our total listings in CSD to 14 versus the current 9. We hope to complete the listing process before the end of this year and introduce the new wines in CSD by Q4, which should support the continued CSD sales momentum in the second half of the year.

Importantly, one of the wines that has received preliminary approval in CSD is Dia which has been a standout performer within our economy portfolio. And I know I don't generally talk so much about our economy and popular brands, but Dia has really been one of those standout strong growth performers. And we do expect Dia to be a big hit in CSD.

To provide more context on this, last year, when we expanded our CSD listings from 5 to 9 wines, we saw great acceleration in CSD sales in the last quarter of FY '25 and throughout FY '26. In FY '26, CSD sales have grown 21%. We hope to see a similar boost next year in H2 FY27 and beyond.



Apart from CSD, the standout market this year in terms of growth was UP, delivering more than 50% growth in FY '26 and nearly 100% growth in Q4. The good news in UP is that the new policy will enable a significant expansion in retail licenses that augurs well for us as Sula is by far the category leader in non-fortified wine in UP. And so, we are expecting to see another bumper year in UP in FY '27.

Turning to Wine Tourism. This business of ours continues to deliver strong performance and is steadily emerging as our most powerful growth engine. We delivered a robust 17% Y-o-Y revenue growth in Wine Tourism in Q4, driven by 11% increase in footfalls and a strong ramp-up in room revenues following the launch of our third resort, The Haven by Sula in Q3.

Encouragingly, we closed FY '26 with double-digit year-on-year growth in footfalls, crossing over 4 lakh visitors during the year, including the footfalls at our resorts. You would recall that FY '25 actually saw a fall in visitor numbers. So very pleased with the fact that we have bounced back in terms of visitor numbers in FY '26.

And we also continue to set new milestones with the Republic Day long weekend witnessing our highest ever single day revenue and footfall looking across our Wine Tourism business. And that record surpassed the previous record set during the Christmas weekend in Q3. So, two new records being set in Q3 and Q4.

Furthermore, our overall Wine Tourism revenue crossed the INR100 crore mark for the first time in FY '26, which is definitely a landmark milestone for us. Just to note that this includes wine sales at our resorts. So, when you see the number in the P&L, it doesn't reflect the entire revenue. That reflects just the other revenue, the non-wine because the wine sales are recorded in Own Brands. But when you take all our revenues in terms of food, room revenue, events and then the wine that we sell at our Wine Tourism, we have crossed the INR100 crores, in fact, the INR110 crore mark in FY '26.

And with the addition of The Haven by Sula, our room capacity has now expanded by 50% to 154 keys. So that's quite a significant achievement during the year and just shows that we are very focused, focused like a laser on continuing to grow this key segment for us. Despite the significant expansion in room capacity, I'm pleased to say that our occupancy levels continue to remain very healthy at over 70% in Q4.

Excluding The Haven, our core resorts, The Source and Beyond operated at an occupancy of over 80% in Q4, reflecting the strong underlying demand. Given the strong momentum, we are doubling down on our Wine Tourism business with the lion's share of our capex over the next 3 years earmarked for expanding this segment.

We have an exciting pipeline of projects lined up for FY '27. But before I touch upon those, I would like to briefly talk about our most recent project, which became operational in Q4. In our previous earnings calls, I had mentioned that we were working on a beautiful new tasting room overlooking our vineyards at our Domaine Sula campus located just outside Bangalore. I'm very pleased to say that this facility is now open and getting rave reviews from the early visitors.



Now coming up to the projects lined up for FY '27. First, in Q1 FY '27, we are opening one more retail store. This will be at our Domaine Dindori Winery in Nashik District where we don't currently have a store. Our target is to have this bottle shop operational before the end of this quarter. This would be our third bottle shop co-located with our wineries and is strategically located on the busy Jaulke Wani highway.

Given the super success of SulaFest in the last two editions, both of which were sold out, I'm pleased to say that we have another project going on right now to boost our amphitheater capacity, which we expect to complete in Q2.

So, this will enable us to have more attendees and host more music and wine lovers at subsequent SulaFests, which is the need of the hour because we have been sold out and we have people landing up on the last day and going away disappointed, and that's something that we would love to avoid. And of course, that gives a nice revenue boost and exposure to our beautiful wines and vineyard.

We are also building a beautiful event pavilion at our flagship Nashik campus. For some time now, our hospitality team has been asking for a large air-conditioned indoor venue for weddings, corporate gatherings and other private events. So, this 5,000 square foot pavilion will address an important gap in our offering at our flagship campus and will significantly strengthen our event hosting capabilities. And we expect this facility to become operational in Q3 and support higher event-led revenues going forward after that.

You might have seen our release on a very exciting development. We have signed a binding agreement to acquire Chandon's 19-acre estate in Dindori, Nashik, to expand our Wine Tourism footprint even further with this beautiful, I would say, spectacular property. We have very exciting plans for this property. However, the transaction is currently underway with regulatory approvals pending, and we still need to sign the conveyance deed. So, we hope to get this over the line soon and would be sharing more details with all of you on the planned project after the signing.

Coming to profitability, our headline EBITDA in Q4 stood slightly lower versus last year, even though we had top line growth. And that was really impacted by 2 key factors. First is the higher blended grape cost, and that reflects an increased mix of wine grapes versus table grapes. And this arises mainly because we had been more optimistic on the growth of our elite and premium wines, especially and hence, had locked in long-term grape contracts for more expensive wine grapes.

And when those sales don't materialize as planned, unfortunately, there is a surfeit for a time of more expensive wine grapes. And so, one is constrained to use some of those wine grapes in some of the cheaper wines, which normally would be made from table grapes, that is some of our economy and popular wines.

These things can be cyclical, and we are looking forward to in the not-so-distant future, the grape situation coming back into balance, which would then give a much better look on grape and raw material costs. In the meantime, this is good news for our consumers because what it

means is that they will be buying very inexpensive wines, which normally one would expect to make from table grapes, but they will be getting wine grapes like Chenin Blanc and Shiraz actually in those wines. So good news for our consumers in FY '26 and in FY '27.

The second factor was that we had a one-off gain of INR3 crores in the prior year in Q4 FY '25 arising from a onetime catch-up in pricing on our closing inventory in Karnataka. And that has really hit at the EBITDA level and PAT level.. So that is something that would not be repeated going forward. You would not have such a tough comparative.

But despite these impacts, tight cost control helped keep our absolute EBITDA largely intact. And importantly, adjusted for the one-off gain in the prior year, both EBITDA and PBT saw year-on-year growth on a like-to-like basis. On the supply side, the Grape Harvest 2026 has progressed well with adequate grapes availability to fully support our production and growth plans for the next fiscal. We have also been able to control the intake of grapes.

So, this would be reflected in lower inventory of bulk wine moving forward, which, of course, has a great positive impact on cash flows and therefore, overall debt. It takes some time to play out on the P&L side, but it definitely gives good strong financial benefits to the company in the interim not to be carrying excess inventory.

I'm also very pleased to note that the share of renewable energy in our total energy mix has gone up to 75% in FY '26, which is a very meaningful number for a winery of our size. And this really fulfills a dream of mine to reach this magic number of 75% renewable energy share, most of this, of course, being solar.

Now we will be turning our attention from adding more solar panels, to adding battery energy storage systems, in which costs are really going down, and that's really providing a great new opportunity. With these new systems, we are targeting to go 80% plus renewable energy, and that will give us a lot of resilience right now in these uncertain times when fuel and power costs look much more likely to go up than to go down very unfortunately, but Sula is definitely in pole position in that respect.

Moving on, the demand backdrop seems to have improved across key markets compared to the last couple of quarters, bringing own brands back on to a growth trajectory. And at the same time, Wine Tourism continues to see sustained solid momentum. Importantly, the strategic actions that we have taken over the past few quarters and continue to take to reduce operational expenses and overheads are beginning to reflect now in our performance, and these underlying positives should hold us in good stead as we head into FY '27.

On that note, I will now hand over to our CFO, Abhishek Kapoor, to take you through the financials in greater detail. Thank you.

Abhishek Kapoor:

Thank you, Rajeev, and good evening, everyone. Following Rajeev's overview of our operating performance and strategic priorities, I'll take you through the financial highlights for quarter 4 and full year FY '26.

First, talking about the revenue. Q4 marked a meaningful improvement in our business momentum with revenue growing 7% Y-o-Y to INR 142 crores compared to INR 133 crores in Q4 last year. This growth was driven by a recovery in Own Brands performance alongside continued strong momentum in our Wine Tourism business.

For the full year FY '26, though, revenue declined 2% Y-o-Y to INR 596 crores, excluding a INR 10 crore one-time WIPS unwinding gain recorded in last financial year. The decline was largely attributable to a 5% contraction in own brands, reflecting disruptions in key markets, particularly Karnataka and Telangana during the first 9 months of the year.

In contrast, Wine Tourism delivered another strong year with revenue growing 20% Y-o-Y. This helps support overall revenue performance and partially offset the softness in own brands. Growth was driven by a combination of 17% growth in room revenues, double-digit growth in visitor footfall, as Rajeev earlier alluded to, and a higher revenue per guest.

Looking ahead, as occupancy at our third resort, The Haven, which was launched in quarter 3, scales up from approximately 50% level seen in quarter 4, we expect to see healthy growth along with improved operating leverage and profit throughput from the business.

Moving to profitability. Despite the 7% revenue growth in quarter 4, our gross profit declined by 3% Y-o-Y, primarily due to two factors. Rajeev already alluded to the fact that as part of our conscious strategy to reduce the wine inventory carryover, we chose not to procure table grapes from open market during harvest 2026.

Consequently, the mix shifted significantly towards wine grape with wine grapes accounting for nearly all grape procurement in harvest '26 versus approximately 80% last year. This change in grape mix, coupled with higher wine carryover from last year had an adverse impact of approximately 350 to 400 basis points on gross margin.

I would like to highlight here that the grape mix impact will weigh on profitability over the next couple of quarters, though this will be partially offset by lower inventory carrying costs, ongoing cost reduction measures and the reduced finance costs.

Secondly, Q4 last year included a one-time gain of approximately INR 3.5 crores related to catch-up impact of pricing on closing inventory in Karnataka, creating a higher base for comparison. This accounted for an additional impact of roughly 150 basis points on gross margin.

That said, we took decisive measures to optimize operating costs. These actions resulted in a 3% Y-o-Y reduction in operating costs, enabling us to maintain EBITDA at similar absolute levels despite the lower gross profit. Importantly, if we look at sequentially, Q4 EBITDA margins improved by approximately 200 basis points versus the quarter 3 and 9 months FY '26 average.

This improvement clearly reflects the benefits of the cost reduction initiatives undertaken during the year and gives us confidence going forward. For the full year FY '26, EBITDA

declined 25%, excluding the one-time WIPS unwinding gain of INR 10 crores in FY '25. The decline was primarily driven by lower gross profit despite a 2% reduction in operating overhead Y-o-Y.

Gross margins in FY '26 were impacted mainly due to 2 factors: the route-to-market change, which we have spoken about, the route-to-market change for sourcing wine for our Wine Tourism business during H1 and an adverse market mix during the first 9 months of the year.

As highlighted earlier, the route-to-market change in sourcing wine for Wine Tourism has no impact on absolute gross profit or EBITDA and is purely optical from a margin perspective. Since this transition was implemented in quarter 3 of last financial year, the impact has now been fully annualized into the base. Accordingly, there was no impact on margins in quarter 4 on this count, and this will not have any effect on margins going forward.

Moving beyond EBITDA. Depreciation for quarter 4 increased 16% Y-o-Y, reflecting higher capex undertaken last financial year as well as the lease impact of our new resort The Haven, which is recognized as right of use in accordance with the accounting standards. At the same time, capex for FY '26 stood at approximately INR 25 crores.

We expect regular capex in FY '27 to remain lower than the FY '26 levels as well, excluding the proposed asset purchase agreement with Chandon, which again, Rajeev highlighted we expect to conclude in H1 of FY '27. To provide some context, our ongoing annual capex requirement is now significantly lower than the INR 50 crores to INR 60 crores levels incurred up to FY '25.

Given our strategic focus on expanding the Wine Tourism business, a substantial portion of capital allocation over the next 2 to 3 years will continue to be directed towards this segment. Interest costs for the quarter remained broadly flat year-on-year, in line with marginally lower debt levels. Net debt at the end of FY '26 stood at close to INR 280 crores, slightly lower versus last year, which was at INR 285 crores.

This improvement was driven by lower capex and reduced working capital investment with inventory levels declining Y-o-Y due to calibrated reduction in table grade procurement during the current harvest. On a pretax basis, the PBT declined 10% Y-o-Y. PAT for the quarter declined 34% Y-o-Y, primarily due to a lower tax charge in quarter 4 of FY '25 arising from a one-time deferred tax credit recognition.

Our debt-to-EBITDA ratio remains comfortable at below 3x of our EBITDA on a trailing 12-month basis, and we expect further deleveraging during FY '26. A quick update on cash flows. Net cash generated from operations increased 70% Y-o-Y to INR 99 crores as compared to INR 58 crores in FY '25, primarily driven by favorable working capital movement. Our WIPS outstanding receivables stood at INR 86 crores as of March 2026 compared to INR 72 crores last year.

During the year, we accrued INR 48 crores WIPS and received a payout of INR 35 crores. In addition, we received a WIPS payout of INR8 crores in April, bringing the current outstanding balance to around INR 81 crores. So, this is much in control.

The Board has recommended a final dividend of INR 2 per share, supported by improved operating cash flows and a strong retained earnings position. And as Rajeev highlighted with the momentum which we saw in quarter 4 sets us in a good stead for the coming quarters, and we hope for a positive growth trajectory going ahead.

With that, I would now request the operator to open the floor for Q&A. Thank you.

Moderator:

The first question is from the line of Siddhant Dand from Goodwill Warehousing.

Siddhant Dand:

My first question was on the channel inventory levels. What would they be like compared to the last 2, 3 years? And my second question would be on the discounting and the price hikes that may have taken place in the market?

Rajeev Samant:

So, I will answer on the channel inventory, you would recall that in Q3, we did talk about a significant destocking move on our part. So, as a result of that, I'm pleased to say that at the end of Q4, inventory levels throughout the channels have come down a bit compared to quarters gone by. So that's a word on the channel stocks.

In terms of discounting, we continue to run far lower discounts nationally and across channels, and across segments, institution, retail than our competition, specifically other domestic wine producers. So, Sula continues to enjoy what I would call a brand premium, a significant brand premium, which allows us to offer lower discounts.

Having said that, still the level of discounting is, I would say, unsustainably high for the industry. At this kind of level of discounts, I would not be surprised if there were some, I would say, casualties among the industry, I'll be very frank, and that will not be us, but you can say that some of the producers unfortunately continue to run unsustainable discounts. In terms of pricing, we are going to be taking price hikes.

We have been taking and we will continue to hike price in those free pricing states, which includes our number one state, Maharashtra. We had sort of held our hand in the middle for about 1.5 years. But over the last quarter, we have started again hiking price, and it's necessary. We are very mindful of the fact that now in FY '27, we are going to face some pressure from packing material cost increases because of the West Asia conflict primarily.

And so, we would be taking some price increases. In general, we would take something like 2% to 3% a year in the free pricing states. Now I have said this once before that we would probably hold our hand on wines that cost more than INR 1,200 a bottle because we are very mindful of the fact that pretty soon, there is going to be duty reduction on those EU wines.

And we don't want to shoot ourselves in the foot by becoming unaffordable in comparison. Having said that, I'm going to go a little further than your questions. I'm going to comment a little bit on the whole FTA thing this time I have not really spoken much on it.

I would like to point out that we are in a much more comfortable position today due to the massive appreciation of the Euro vis-a-vis the Rupee and other currencies, like the USD, a lot of you on the call are very aware of this. Even since this FTA with the EU was signed with a minimum import price set at EUR 2.50 in Indian rupees since that day, again, we've gone up another 5%. So today, when you look out, I must say that we don't feel that worried about that scenario.

Siddhant Dand: Lovely. Just a follow-up to that. Are we looking at importing some wines and distributing them? And where is that reached?

Rajeev Samant: We continue to look at that very hard. You know that in the past, Sula was a very important player. I would say, at one point, we were in the top 3 wine importers in the country. This would be around probably 6 or 7 years ago.

However, we realize that there is no barrier to entry in this business, and you have a lot of people jumping into this business, not realizing how difficult it is. Finding good wine to bring in is just the first part of it, then negotiating through the maze of customs, FSSAI and excise regulations and restrictions and actually then getting distribution, etcetera, of course, Sula doesn't have the distribution issue.

It's a tough business, and it doesn't really leave any profits on the table at the end of the day. So even though we have this great distribution setup nationally, almost incomparable in terms of wine. We will proceed very cautiously on this front because the way we see it, there would be much better profitability in our Own Brands than imports, and that's going to continue for some time. Thank you.

Moderator: Next question is from the line of Shubham Jain, Individual Investor. Please go ahead.

Shubham Jain: Sir, is it possible for us to assume as investors that going forward, you are bound to make more acquisitions and inorganic expansion in the Wine Tourism segment as that is offering us at least a consistent growth unlike the core wine segment?

Rajeev Samant: So, we would say actions speak louder than words. So, everyone is aware of the acquisition where we've signed the agreement for the acquisition of the Chandon estate. It's not so easy to find opportunities like that. But it just shows that we are always open to it, and we are keeping our eyes and ears open and always looking out.

So very much that's on the cards, and I hope other opportunities like that come our way. But having said that, even an opportunity like this, there's always further investment required. It's not just that one acquires a property and then sits still. So, there's more work and investment ahead. But yes, we keep our eyes and ears open.

Shubham Jain: Sir, one second question would be on the margin trend, what is the outlook as in what type of pressures do we face from a cost point of view and what type of improvements do we see going forward and overall outlook on the margin front?

Abhishek Kapoor: Sure, I will take this question, Shubham. Abhishek here. So, on the margin rate, as I articulated in my earlier narrative as well, that as far as the RM cost is concerned, the COGS bit of it, that has seen a spike in quarter four because of the grape mix, which me and Rajeev, we both spoke about. This is going to have an impact over the next couple of quarters because the grape harvest, it comes only once a year. So, till the next harvest, we will have to wait for it.

Having said that, we have been actively carrying out cost reduction initiatives and as you can clearly see in our Q4 as well as full year financials, that there is a good reduction in our overheads, which is to also mitigate against the RM cost increase.

We definitely would see that this impact of the grape mix, improving post quarter three of the next financial year, but at the EBITDA level, we will definitely have some mitigative actions coming in from the cost reduction.

Moderator: Shubham, sorry to interrupt. Can I request you to come back for a follow-up question, please? Thank you.

Shubham Jain: Sure. Sure.

Moderator: Next question is from the land of Jitaksh, from Tikri Investments. Please go ahead.

Jitaksh: Sir, I have two questions. First is regarding the resort plan for FY '27. Actually, I missed your initial remarks. So, can you please highlight your plans to launch keys and resort for FY '27? And second is on the strategy regarding our elite and premium category. How are we planning to increase the share in the overall revenue?

Rajeev Samant: So, I mentioned in my speech that stay posted for more news on this. We have just, of course, increased keys 50% from 1 year ago. So that's already a pretty good achievement. But we do have some plans, but I would just request to be a little patient. And when the time is right, we will be informing. We have some exciting plans ahead. I'll just put it like that. And I hope that by the next earnings call we would lay out exactly what that plan is.

Rajeev Samant: In terms of elite and premium, the share of elite and premium has again grown in this quarter, even though I had said some time back that's probably as good as it could get, but it has gone up to 79% in Q4 as opposed to 75% in the previous quarter, So, it continues to grow. Having said that, again, I'm not going to guide that it could grow further still. We would like to see traction on the popular and economy. Having said that, you can say we are the masters of the elite and premium segment as far as Indian wine goes and that's really where our quality and brand value shines through, whereas in the popular and economy, as I've said many times before, that is very unfortunately characterized by unsustainable discounting.

And then you have a very price conscious consumer when you're talking about wines at INR 300 to INR500. So that is not a battle that we want to get into and fight very hard because the profitability is very limited there. And it's characterized by BOGO, buy one, get one. That's basically what it's all about. So elite and premium, we continue doing our job.

We continue having new launches and then it's about moving those out across the country, registering more labels in more states, getting them into CSD as well. 78%, would have been unthinkable a couple of years ago. If you had asked me, I would have said we will never cross even 70% or I would not have predicted it, but we're at 78%. So, I think that's about as good as it gets possibly, but you never know. Let's see again next quarter.

Moderator: Thank you. Next question is from the line of Keshav Garg and Counter Cyclical PMS. Please go ahead.

Keshav Garg: So, Rajeev, many congratulations for the excellent acquisition that you seem to have done. I don't understand 19 acres for INR 20 crores. I think it's a steal. So many congrats on that count. Now Rajeev, for FY '27, what is the broad outlook in terms of top line? Where do you see our operating profit? When can we reach the 30% kind of operating margins that we used to do till FY '24?

Rajeev Samant: So, thank you for the acquisition. You're right. Chances like this come by very rarely. I would not like to say that it's a steal, but it's definitely I think we will be getting a very attractive asset at a very decent price. In terms of margins, I would not guide that we are going to return to 30% anytime soon. And even at the time when we were at 30%, I was guiding for a few quarters in a row that, that's about as good as it gets. And now we do expect margins to moderate.

Having said that, now I think we've already moderated to a large extent. And I think I'm quietly optimistic that we will start to see now improvement in margins going forward. Of course, that is always dependent on growth. You have a decent growth, then you can see an expansion of margins.

And obviously, that has been a big hit in FY '26, but glad to see Q4 looking much better than the past 1.5 years, you can say and it looks like good momentum going into Q1 as well. So, I would say fingers crossed, and we should look now hopefully start seeing some Y-o-Y improvement in margins. That's something that I'm quietly optimistic about.

Keshav Garg: Okay. Fair enough, Rajeev. And also, Rajeev, now our receivable situation is that these corporation-driven markets of especially South India, so the high receivables will stay like that since governments won't start paying on time. So, have we explored anything about the trade receivable exchange wherein we can monetize our receivables so that the cash flow can get free and not get stuck in receivables?

And that's the first part. And secondly, also, we made some announcement about getting into some other liquor categories apart from wines. So, any progress on that count? And lastly,

when is the Chandon resort, I mean, whatever Wine Tourism resort, when can we expect it to, start under us? And how many rooms will it add to our current room inventory?

Abhishek Kapoor:

Keshav, let me take your first question on the receivables. So, as we have been highlighting earlier that there were certain challenges coming in from particularly the Telangana market, corporation was holding the payments. But in the last financial year, after the new excise policy, the licenses were rolled out by the state government, the payments were also released and that eased out the situation on the receivables front.

So, we are happy to notify that on the receivable front, we stand in a comfortable position. While we saw a little bit of inch up in the average receivables during the year but that situation is much in control with our distribution markets very tightly controlled in terms of the DSOs, which we regulate with our customers and from the corporation markets also with Telangana improving, Karnataka has always been a prompt paying market. So, we don't see a challenge, but in fact, an improvement from here on in the coming quarters.

Rajeev Samant:

In terms of other businesses, at this point, I must say that we are very focused on growing the Wine Tourism business. That is something which has a very decent profitability and segues very well with our overall wine business. And so that is something we have turned our attention to. And we are going to be rolling out much more exciting projects. I already spoke about some of them. Those are smaller.

We hope to announce a much larger project soon. And I think that that's the way that it's going to be for this year. That's the way it looks like. We have been looking at a few opportunities, but I must say that we have not yet found anything that makes a perfect sense to us.

Keshav Garg:

And Rajeev, what about the tequila, I guess, that we had plans to launch something like that tequila or some non-wine alcoholic beverage?

Rajeev Samant:

Well, I had mentioned maybe a year ago that we would be open to it and we have continued to look at it. It would not have been that we would be looking to launch our own tequila, but there have been a lot of interesting small craft brands coming up in India in spirits, and we have looked, but we've not found anything compelling enough.

Moderator:

Next follow-up question is from the line of Siddhant Dand from Goodwill Warehousing.

Siddhant Dand:

We see a lot of proper infrastructure where wine can be sold very easily. It's not cooled well enough or something like that. So, is Sula working on that with our retail store partners?

Rajeev Samant:

Yes, we continue to work on that. Our first line of offense, you can say, is our first trade partners for distribution, our distributors. Even here, there are a lot of challenges, I must be frank that we have been working on this for 25 years since the day we started, but it's not easy. State corporations are not geared up for wine. They have been used to spirits.

Some of them have some air-conditioned space where they keep some amount of beer. But in general, spirits don't require air conditioning and even beer, even them asking for air

conditioning that's been fairly recent. And wine, we try and we've got some success with Karnataka, but I think not yet with Telangana, although we have constantly asked them to please allot us some AC space.

At the retail side, the modern trade has a decent air conditioning, but very unfortunately, your mom-and-pop stores are you can say, they are often reluctant to put in air conditioning. So, you know how it is in most of India, a liquor store or a wine shop is basically a counter in the wall quite often.

Siddhant Dand: Sir, exactly that is my concern with the summer heat right now.

Rajeev Samant: It continues to be a challenge for obviously, for all wine producers, Indian as well as imported. And all of us have to continue to work on that. All I could say is that in the case of our wine, the turnover being generally much faster, you can be assured of getting fresher stocks than in the case of imported wine. That's the only way I'd put it. So, the chance of heat damage would be less.

Moderator: The next question is from the line of Shreya, individual investor.

Shreya: I had two questions. Sir, we've been investing -- I wouldn't say investing, but we've been focused on growing our Wine Tourism business, right, with the acquisition also. How do you see like maybe 2, 3 years down the line, the revenue mix in terms of our Own brands and the Wine Tourism segment would turn up?

Rajeev Samant: Yes, very good question. So, Wine Tourism is now close to 20% of our overall revenue if you look at FY '26, somewhere around 19%. This includes, of course, the wine sold in the Wine Tourism. But we see this growing over the next couple of years. And I would not be surprised if we close this year up another 200 or 300 basis points that is in FY '27 over FY '26. So, we see this becoming a more and more important part of the overall revenues.

Shreya: Do you have like a target mix that is in your mind to kind of achieve with such strategic focus that you're bringing in?

Rajeev Samant: Given how important Wine Tourism is becoming, yes, we are working on a more comprehensive strategic plan as we speak. But for now, we can say that, again, actions speak louder than words and hence, as AK also mentioned earlier, our capex in terms of Wine Tourism in FY '27 is going to be something like 3x our capex on the winery front. So that just shows what we are working on.

I certainly would hope to see our number of keys expand significantly and talking about high double digit over the next couple of years and then continuing to be double digit beyond that. But I'm loath to sort of talk about what happens more than 2 years out. But for now, definitely, I believe 154 keys, which is where we've reached right now, is not enough.

We today have a great team who really knows their operations, and they are ready to take on a bigger challenge. And hence, I think that where we need to be looking at is, again, crossing



significantly more than 200 keys with our next project, which we should hope to deliver within the next 1.5 years if all goes well, but that's already getting a little bit beyond myself.

Shreya: So, would it be possible for you to give a ballpark figure on the margin profiles of the elite and premium and your value segment?

Rajeev Samant: Unfortunately, we don't provide that information but suffice it to say that the elite wine has by far the highest margin, followed by the premium, followed by the economy and then the popular. So, for sure, that's the way it goes, but I can't give you offer any more visibility than that.

Moderator: As there are no further questions, I'll now hand the conference over to Mr. Mandar Kapse for closing comments.

Mandar Kapse: Yes. Thanks, everyone, for joining today's call. And do reach out to us in case you have any further questions. The contact details are provided in the press release and the presentation. Thanks, again for joining. See you next quarter.

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