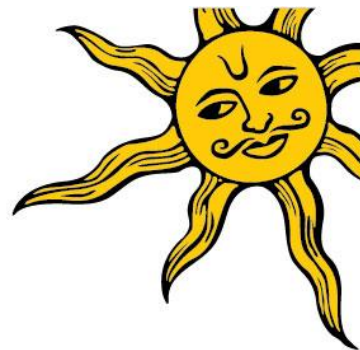




Date: 17th November 2025

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 Q2 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 Tuesday, 11th November 2025 regarding the Unaudited Standalone and Consolidated Financial Results for the quarter and half year ended 30th September 2025.

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

Shalaka Koparkar
Company Secretary and Compliance Officer
Membership No: A25314

Encl: As above

Sula Vineyards Limited

(formerly known as Sula Vineyards Private Limited)

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“Sula Vineyards Limited

Q2 & H1 FY '26 Earnings Conference Call”

November 11, 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, INVESTOR RELATIONS –
SULA VINEYARDS LIMITED**



*Sula Vineyards Limited
November 11, 2025*

Moderator: Ladies and gentlemen, good day, and welcome to Sula Vineyard Limited Q2 and H1 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 the conference call, please signal an operator by pressing star then zero on your touch-tone 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, Mr. Kapse.

Mandar Kapse: Yes. Thank you. Good afternoon. On behalf of the management team at Sula, I would like to welcome you all to the Q2 and H1 FY '26 Earnings Call of Sula Vineyards. Today on the call from the management team, we have with us Founder and CEO, Mr. Rajeev Samant; and CFO, Mr. Abhishek Kapoor. They will take us through the Q2 performance and answer your questions.

As always, we'll kick off today's call with Rajeev sharing his thoughts on the operating environment and 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 just like to draw your attention to the safe harbor statement regarding 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 our Q2 FY '26 Earnings Call. Starting off with our performance in Q2, though our revenue has remained fairly flat at INR 140 crores. We have some bright spots that bode well for the future and that I would like to highlight today.

The biggest bright spot is our Wine Tourism business, which delivered yet another record quarter in Q2, reporting 8% growth in Q2 and 15% growth in H1. In an exciting development here, we have just launched our third resort, The Haven by Sula near our York Winery in Nashik. This is just a little bit further down the road from our main Nashik campus, which, as you know, has our Source resort and SulaFest and other such facilities.

Our new resort, which I had spoken about in the last earnings call as well, features 30 keys and for the first time, we have a state-of-the-art convention center. As the resort was only launched in October, it will contribute very meaningfully to Wine Tourism revenue and healthy growth therein in H2.

Coming to our wines. Our Source range continued to clock strong double-digit growth in Q2. The Source has really been our star performer in terms of our brands, clocking double-digit growth for many quarters in a row. It now forms 10% of our own brands revenue, which is a



Sula Vineyards Limited
November 11, 2025

pretty big jump from a year ago. We fully expect The Source to be our key driver of growth going forward. And we would not be surprised if its share of own brands doubles in a couple of years.

In other good news, Maharashtra, our most important market, after going through a pretty challenging phase over the last 12 months has shown signs of decent recovery coming back to growth in Q2, which bodes very well for H2 as well as the coming years.

Discussing our Own Brands performance now. Own Brands showed a marginal decline in Q2, which was primarily due to the temporary route-to-market disruption in Telangana, which emerged recently as our third largest market. Specifically, here, the expiry of retail licenses in November 2025 led retailers to focus on destocking during Q2 ahead of the new license issuances in December.

It's worth noting that Telangana accounted for nearly 15% of our sales in Q2 and H1 last year. And hence, this disruption has had a notable impact on our Q2 performance. That said, with the license auction process in Telangana proceeding well and expected to conclude soon and with supply transition to new holders commencing in December next month, we anticipate a strong recovery towards the latter half of H2 FY '26.

Encouragingly, excluding Telangana, our Own Brand sales grew by mid-single digits year-on-year. This was supported by strong double-digit growth across 8 of our states, including Haryana, Uttar Pradesh, Rajasthan and Pondicherry, among others.

Our CSD segment, which we've talked about even in the last earnings call, also saw robust growth with sales more than doubling year-on-year in the second quarter, so more than 100% growth, reflecting the benefits of the expanded label listings from the previous 5 to now 9.

Moving on, we believe that Sula has continued to gain market share in the overall wine market in H1 despite having lower S&D spend than our key competitors as indicated by the early industry data that has come in for some of the key corporation markets.

Moving on to our portfolio mix. The share of Elite & Premium remained pretty stable at about 78% in Q2. Within this, The Source, as I touched on earlier, continued to be the standout, clocking healthy double-digit growth. The Source has really been perhaps the most successful wine brand launch by any company in India in the last decade. Our key labels in The Source have grown at 40% to 50% CAGR over the last 6 to 7 years.

And building on this success, we are actively expanding the brand's national footprint, rolling it out with top priority across key markets in the country. I'll mention 2 in particular, very important markets, Haryana, where we managed to register after 2 years of trying 3 more Source labels just a couple of months back and most recently, in Delhi, where we hope to begin supplies of those Source brands in this quarter itself. We are also strengthening The



*Sula Vineyards Limited
November 11, 2025*

Source portfolio further by launching one more new wine under the umbrella brand shortly by early Q4.

Our latest wine launch, the Sula Muscat Blanc is India's first premium low alcohol wine, which has received a very positive response from the market in its first quarter of launch, and this is also showing really good potential for future.

Encouraged by the strong success of our 2 Muscat wines, The Source Moscato, which I should mention here is our fastest-growing new brand ever that was launched about 3 years back and the Muscat Blanc, we are significantly expanding the acreage of this variety to ensure increased supply of these wines, which will position us really well for FY '27 and beyond.

It's worth noting that this Muscat variety is a prime example of our pioneer status in the Indian wine industry. And at this point, until now, we still have a monopoly on production of these Muscat varietals within the country.

As we had alluded to in earlier calls, we are also not neglecting our economy and popular portfolio. In line with this initiative, we outsourced the distribution of this portfolio in Maharashtra, which we noted a couple of quarters back and stepped-up brand activation efforts as well. Our efforts here can now show clear results with our popular portfolio rebounding well from degrowth and delivering healthy growth in Q2, led by the well-known value-priced brands, Samara and Port 1000.

Moving to Wine Tourism. Our Wine Tourism business delivered yet another record quarter in Q2, growing 8% versus last year, driven by higher footfalls, record resort occupancy and increased spend per guest. Our resort occupancy for Q2 improved by 350 basis points to 77% versus 74% last year. Footfalls and spend per guest at our wine tourism facilities also grew in low single digits.

Notably, the quarter saw some landmark milestones. Over the Independence Day weekend, the Nashik campus recorded its highest ever single day footfall with both the tasting room and restaurant achieving record single day revenues.

As I spoke about earlier, the key development this quarter in Wine Tourism is the launch of our third resort, The Haven by Sula. I'm also very pleased to announce that we are already in development of Phase 2 of The Haven, and we will be adding another 20 keys in Q4. So overall, by year-end, that takes our room capacity up by nearly 50% to 154 keys versus 104 keys just 6 months back. So, you can imagine that that bodes very well for the growth in our resort business currently and in the near future and beyond.

Further to the resorts, we are also building a beautiful new tasting room with a spectacular view at our Domaine Sula facility in Karnataka, along with the expansion of the restaurant capacity there. Both these additions are actually ready to open. We're just waiting for some final permissions and fingers crossed, we are slated to open before the end of Q3.



Sula Vineyards Limited
November 11, 2025

Domaine Sula already welcomes over 30,000 visitors annually, and we see these additions as key in enhancing the guest experience and leading to greatly enhanced footfalls moving forward.

Looking ahead, this festive season has started on a very strong note for Wine Tourism. The month of October has also seen a significant increase in bookings and footfalls across our resorts and wine tourism facilities. Building on this healthy momentum, the launch of our new resort and the improved connectivity via the Samruddhi highway are expected to further boost the Wine Tourism performance in H2.

I should also add here that our Nashik Airport is continuously announcing more and more record single day tourist arrivals or visitor arrivals. Just last week, they mentioned 4,800 was a new record. And IndiGo has announced a second daily flight from Delhi, more and more visitors from Delhi coming to our resorts, and it just means that this growth looks set to continue.

Moving on from Wine Tourism, a word on the ongoing FTA negotiations. With the EU, we do expect that there would be some reduction in the minimum import price likely in-line with the price that was negotiated most recently in the first phase of the Australia FTA. However, we are confident that even given such an outcome, the vast majority of our Own Brands portfolio will not be impacted, and we are getting ready, I would say, girding our loins to prepare for this scenario.

On this note, we had stepped back substantially from the imported wine distribution business where we were one of the largest players until about 5 years back when we stepped back to focus on our own brands, which I do believe has been the right strategy over the past 5 years.

Currently, we are the India distribution partners for just 2 global brands, Le Grand Noir from France and Trapiche from Argentina. But it's a mark of our sales and distribution expertise in the industry that we have managed to make Le Grand Noir into the number 1 French wine brand in India today.

Given that duties are expected to come down and the minimum import price is expected to come down, we are now actively exploring to once again step back in and expand our imported wine distribution business. This makes eminent sense considering we have the best wine distribution network by far in India.

And it will make sense for our sales teams to once again sell a well-focused imported wine portfolio side-by-side with our own leading brands at different price points and with exactly the same route-to-market.

Overall, looking ahead, Sula is well-positioned to deliver improved operating performance in the second half of FY '26, supported by a more favourable urban demand environment, higher



Sula Vineyards Limited
November 11, 2025

WIPS that is the Maharashtra VAT refund income, and the sustained healthy traction in our wine tourism business.

With that, I would now like to call on our CFO, Abhishek Kapoor, to take you through our financial performance and a few more details. Over to you, A.K.

Abhishek Kapoor:

Thank you, Rajeev. Good evening to everyone joining us today. Following Rajeev's overview of our business performance and key initiatives, I'm pleased to present a detailed review of our financial results for the second quarter of fiscal 2026.

First, talking about the revenue performance. Our quarter 2 revenue remained stable at INR140 crores, reflecting resilience in a challenging market environment. Our Own Brands registered 1.5% increase in volume, though value declined 2.5%, primarily due to an unfavourable sales mix. This divergence highlights the impact of temporary unfavourable sales mix across our portfolio and geographical markets.

Within our Own Brand portfolio, economy and popular brands maintained flat growth compared to last year, while Elite & Premium brands experienced a 3% decline. Despite this, the Elite & Premium mix held steady at 78%.

Notably, The Source range, as Rajeev mentioned earlier, continued its robust double-digit growth, marking multiple consecutive quarters of outperformance even amidst subdued demand environment.

Turning to our geographic performance. Telangana, which is our third largest market and one with a 98% of Elite & Premium mix faced significant degrowth due to temporary trade disruptions. The expiry of retail licenses prompted retailers to prioritize destocking ahead of the new license issuance. We expect a recovery in Telangana in the latter half of H2 following the upcoming license auction, and our teams are actively engaged with stakeholders to ensure a smooth transition.

Outside Telangana, our Own Brands revenue grew mid-single digit for quarter 2. Eight markets, notably Haryana, Uttar Pradesh and Rajasthan, delivered strong double-digit growth, reflecting success of our targeted regional strategies.

Additionally, as Rajeev mentioned, our CSD segment was a standout performer this quarter. Revenues more than doubled Y-o-Y, benefiting from expanded label listing and increased penetration. This achievement underscores our ability to capture new opportunities and diversify our revenue streams.

Talking about Wine Tourism. Our Wine Tourism business continued its upward trajectory, delivering 8% year-on-year growth in quarter 2. This performance was driven by improvements across all key metrics, including visitor footfalls, resort occupancy and spend per guest.



Sula Vineyards Limited
November 11, 2025

Average room occupancy improved by 350 basis points year-over-year to 77%, while average room revenue increased by 1%. Visitor footfall rose by 2%, reaching approximately 78,000 guests.

In the first half of the year, Wine Tourism achieved healthy growth of 15% over last year, reflecting the growing appeal of experiential travel and our differentiated offerings. A major highlight for the quarter was the launch of our third resort, The Haven by Sula near York Winery in Nashik.

This new property, which opened towards the end of September follows an asset-light model. Land and capital investments are provided by a third party while Sula manages the property and pays a fixed rental. This approach enables us to expand our footprint efficiently while maintaining financial discipline.

The outlook for Wine Tourism remains robust, supported by a strengthening consumption environment, the launch of our new resort and improved connectivity via the Samruddhi highway, as Rajeev earlier spoke about. We are committed to enhancing guest experiences, leveraging digital platforms for marketing and exploring new partnerships to drive further growth in this segment.

Moving to profitability. Our gross margin contracted by around 900 basis points year-over-year. This contraction was driven by 3 key factors: First and foremost, adverse market and product mix, which I touched base earlier. A strong growth in the CSD, Haryana and UP markets increased their share in our Own Brands revenue by around 800 basis points year-over-year, largely at the expense of Telangana and Karnataka.

As these markets operate at lower gross margins compared to Telangana and Karnataka, this shift impacted our overall gross margins. Nevertheless, we believe that wider distribution augurs well for the expansion of wine category and positions us for long-term growth.

The second key factor was change in the sourcing model for Wine Tourism. As previously communicated in quarter 1, starting quarter 3 of last financial year, wine for our Wine Tourism business have been sourced from a third-party distributor instead of internally sourcing from our own group companies.

This change, while optically reducing the gross margin by around 400 basis points, does not affect Gross Profit or EBITDA at an absolute level as the increase in cost of goods sold is offset by a corresponding increase in sales. The change in sourcing model for our wine tourism business was implemented in Q3 last year. Therefore, from Q3 of FY '26, which is the current fiscal onward, we will have a comparable base, and this factor will no longer impact margins on a comparative basis.

The third key factor was carryover of relatively higher cost liquid inventory. from last year, impacting gross margins by approximately 150 basis points. With this inventory now nearly



Sula Vineyards Limited
November 11, 2025

phased out, we expect this effect to taper off in the coming months. It is important to emphasize that these factors are transient, and we do not expect any significant adverse impact on gross margin in the second half of the year.

EBITDA margin declined by 530 basis points year-over-year primarily due to gross margin impact. However, through disciplined cost management, we reduced operating costs by 8% year-on-year, helping to contain the adverse impact on EBITDA margin. This achievement reflects our ongoing commitment to operational efficiency and prudent expense control.

Below EBITDA, our interest cost for the quarter was higher by 13% mainly due to an increase in average debt levels year-over-year. Net debt at the end of September 2025 stood at around INR350 crores compared to INR315 crores in September last year.

The increase in debt is primarily attributable to lower profitability and higher receivables, with receivables expanding due to slow collection from Telangana in quarter 2. I'm pleased to report that collections have normalized starting quarter 3, and we expect further improvement going forward.

Despite these challenges, our debt-to-EBITDA ratio remains comfortably around 2.5x trailing 12 months EBITDA. And cash generated from operations post tax stood at a positive INR4 crores in H1. This demonstrates the underlying strength of our business and our ability to generate cash even in a challenging environment.

Depreciation was higher in quarter 2, reflecting the elevated capex undertaken last financial year. Importantly, major investments have already been made and capex in current fiscal and going forward is expected to taper down to INR30 crores to INR35 crores, which is nearly half of what we have been doing in the last few financial years. Lower capex intensity, coupled with improved operating profitability in H2 will help contain any further increase in debt.

Coming to the WIPS update, which is the VAT refund from Maharashtra. Our outstanding balance at the end of September stood at INR80 crores compared to INR72 crores when we closed March 2025. We accrued WIPS of INR20 crores and received a payout of INR13 crores in H1.

Additionally, we received an extra payout of INR11 crores in beginning of quarter 3, which is in October, bringing our current WIPS outstanding to approximately INR70 crores. This reflects our proactive approach to managing working capital and optimizing cash flows.

Looking ahead, we expect to see a year-on-year improvement of 250 basis points in our operating margins in second half of this year. This improvement is expected to be driven by a combination of a higher WIPS accrual, sustained traction in wine tourism and phasing out of high-cost liquid inventory from last year.



*Sula Vineyards Limited
November 11, 2025*

We remain confident in our strategy and our ability to navigate market challenges, capitalize on growth opportunities and deliver value to our stakeholders.

Thank you for your attention. With that, I would like to invite the operator to open the floor for questions.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Ishan Agarwal with Brightstar Investments.

Ishan Agarwal: Hi Rajeev, good to hear positive commentary for the future. Firstly, I wanted to understand your take on the canned wine market in the country. Are we pursuing this segment aggressively or we do not really believe in this segment going ahead?

Rajeev Samant: Hi Ishan, as you know that we have been the pioneers in this segment. Though we have seen some success, for instance, you would be aware that our canned wines are being featured on IndiGo's International business class, which is growing very fast and with a great response. But we're still seeing slow traction on canned wines in general.

And there are a few teething issues in the case of canned wine, which we're trying to overcome. So perhaps the growth has not been as fast as we would have expected. However, having said that, there is still growth happening.

And so, we will continue to go down this path. I think once we start to get permissions to serve wine in stadiums, I sincerely hope that in the not-so-distant future, IPL, for instance, could see canned wine being served. That would be the real inflection point.

Ishan Agarwal: Why I'm asking this question is, I myself got introduced to wine via a canned wine. And I had gone to buy spirits. I just saw that a canned wine is there in the fridge. I told him to give me a few cans. And now I'm a fan of wine. So, I believe that just as the company believes, Wine Tourism can get more and more people to try wine. Canned wine is something that also does have the potential to do the same thing. And from what I understand, we are not market leaders in this segment, in the canned wine segment. Is that correct?

Rajeev Samant: I believe we are market leaders. I want to just also note one thing here that we, at this last SulaFest, which was our first one after 5 years, canned wines featured very prominently. We figured that this was the best place to market them. And the response was pretty phenomenal. So given that, definitely, there is a lot of scope to roll out canned wine even to other concert venues, for instance.

We do have to overcome the issue of some of the big spirits and beer players pouring money into this market of live events where the wine players, of course, including ourselves, have more limited budgets, but still opportunities do come up, and we will continue to push forward.



*Sula Vineyards Limited
November 11, 2025*

- Ishan Agarwal:** Okay. And what is the quantum of additional WIPS benefit that we expect in Q3 and Q4 of this financial year?
- Abhishek Kapoor:** So, Ishan, as I touched base in my commentary that the challenges which we faced last year due to the new units not being completely up and running for our bottling operations, now there is no such limitation. And the INR6 crores WIPS, which we lost in second half of last year, now will not be a loss for us and we will be able to capture 100% of WIPS as it gets accrued from Maharashtra sales.
- Moderator:** Next question comes from the line of Nitin Gupta with Emkay Global.
- Nitin Gupta:** Yes. My first question is can you throw some light around the focus on imported brands? How would be the profitability from imported brands?
- Rajeev Samant:** What I would say here is the profitability is not going to be at the level of our Own Brands. That much is clear. However, having said that, with the minimum import price coming down and duties coming down, the opportunity to have a higher level of profitability moving forward than what has been the case in the past, that is very much on the cards. And supported by our existing sales and distribution network and expertise, it will give additional profitability and EBITDA.
- Having said that, Own Brands will continue at least for the next couple of years to be, we do believe, at a much higher level of profitability. But we don't want to get hit by something that is unexpected. So, I think that it's important to start building this up slowly and steadily and then just see what the future has in store.
- One thing is clear, when MIP comes down and duties come down, there will be an increased demand for imported wines. We, being the market leaders today, don't want to be left behind in that segment.
- Nitin Gupta:** This is really helpful. Next question pertains to Telangana. So, like with retail allotment finalized in November '25, do you see the similar disruption in Q3 as well?
- Abhishek Kapoor:** So, Nitin, as we stated earlier that we do expect that once the auctions are completed and the trade licenses are issued, the disruption will no longer prevail, and we will be able to recover from the slowdown that was caused by this disruption in the trade in the past 1 quarter.
- Rajeev Samant:** As far as we are aware, this is going to start from December 1 itself. So, we would get a good benefit of that within Q3 itself. Fingers crossed.
- Moderator:** Next question comes from the line of Nishita Shanklesh with Sapphire Capital.



Sula Vineyards Limited
November 11, 2025

- Nishita Shanklesh:** You mentioned that the capex in the current fiscal and going forward is going to be INR30 crores to INR35 crores. Is that annually? So, in FY '26, in total, are we going to do a capex in the range of INR30 crores to INR35 crores and the same is going to be in FY '27 also?
- Abhishek Kapoor:** Yes, Nishita, you are right. So, as I mentioned in my commentary earlier that most of the capex expansion is already past us. We have expanded our capacity to take care of our requirements, at least for the next 2 to 3 years. So, the running capex for current year and the coming fiscal, we don't see it be going beyond INR30 crores to INR35 crores.
- Nishita Shanklesh:** Okay. Okay. Understood. And if you would like to give any revenue guidance for FY '27 and what will be the sustainable margins? Is it going to be in the range of 20%?
- Abhishek Kapoor:** No. So, Nishita, first and foremost, we do not give a revenue guidance per se. But looking at our efforts in terms of expanding the breadth of distribution of wine across the states in the country, we do see that there is immense potential. Having said that, of course, there's no number which we can pin to this.
- Moderator:** Next question comes from the line of Keshav Garg with Counter Cyclical PMS.
- Keshav Garg:** Sir, I'm trying to understand that in the wine business, somehow it seems that the total asset turnover is less than 1x. Like, for example, last year, we did around INR580 crores net revenue out of which INR60 crores came from our resort business. So roughly INR520 crores was the wine revenue last year.
- Now if we look at our fixed assets of last year, I'm looking at the net block, which is INR500 crores. Now in this, there must be some part of Wine Tourism, and we had roughly around INR450 crores of inventory and trade receivables. And again, that less than INR200 crores of payables. So basically, if we add this, so it seems that the asset turnover is less than 1x. Is that understanding, correct?
- Abhishek Kapoor:** So let me clarify you in terms of the business model itself. Since we get only one crop during the year, there is only one harvest, which happens from January to March. The tanks, which is our key asset in which liquid is stored, that can be utilized only 1 cycle in a year.
- Similarly, the oak barrels, etc., they also follow the same pattern. And hence, that being the large part of the capex, there is some impact of this on our return profile. Having said this, this is not a phenomenon which is only for the Indian wine industry. This is a global phenomenon.
- Mandar Kapse:** Also, Keshav, it's worth noting here that right now our capacity utilization is just below 60%. And so, you're not seeing the full revenue yet coming from the capacities that we have put up. Also, there will be some legacy assets on the Wine Tourism side, the land, etc., because the resort, The Source, is owned by us completely. And so, to that extent, the model looks asset heavy, but if you look at the Own Brand business on its own, at a fixed assets level, the turnover will be easily above 2x.



Sula Vineyards Limited
November 11, 2025

- Keshav Garg:** So basically, now if we see our net profit margin of now it is less than 10%, but even if we take last year, then it was roughly 12% net profit margin. So 1x asset turnover with a net profit margin of roughly 12%, so the return on equity is then 12% in the wine business even for our industry leader with 60% market share. So that seems a little bit off.
- Abhishek Kapoor:** So, Keshav, as far as the net profit margin is concerned, as we are talking about the base year numbers, FY '25 and the first half of this year, this is not the right comparative because the profitability has been subdued given that the operating leverage has not been achieved due to the demand environment. Once that is back, we do see that the 17% to 18% of ROE, which we were clocking earlier, that is something which is a sustainable one.
- Keshav Garg:** Okay. So, 17 to 18% ROE can be achieved. And one more thing I wanted to understand, now how many states of the country, I think 3 states itself, Maharashtra, Karnataka and Telangana themselves are contributing roughly two-third of our business, right? So basically, there are many states that we have hardly scratched the surface.
- So now if we want to eventually get distribution and stock up the whole distribution, so I mean, will take a humongous amount of inventory for us. And also, if I start manufacturing wine today, then how many months or years it will take me to get that finished bottle of wine? What is the aging process?
- Abhishek Kapoor:** So, Keshav, it's very small portfolio of our own brands, which goes through the aging in oak barrels, maturity in oak barrels. Coming to your point in terms of expansion into the other states, if you followed my commentary, in fact, that's heartening to know that larger growth is actually coming from the states outside of our core states, which you mentioned, Maharashtra, Karnataka and Telangana.
- So, our distribution setup is already in these states. As far as our manufacturing is concerned, that is concentrated in the states of Maharashtra and Karnataka. And as Mandar was talking about in terms of the ample capacity, which we have built in, that doesn't give us any challenge with respect to either inventory or the infrastructure to be able to service the market as we grow the consumer base from rest of the states.
- Keshav Garg:** So basically, I mean, to the question that how much time once we start making the wine till, we get the bottle ready to sell, what's the duration in terms of months?
- Rajeev Samant:** I would say, you can take 6 months as a good average if you are looking at a February or March harvest of the grapes.
- Keshav Garg:** Okay. So, 6 months from there. Understood. So now another thing that last year, our revenue from government corporations were 29%, but they accounted for 51% of our receivables. So basically, the non-government, the private debtors, we had a 95-day debtor period, whereas for government corporations, which is essentially the Southern market, it is 250 days.



*Sula Vineyards Limited
November 11, 2025*

So, I mean we know that Southern states are the most urbanized and growing very fast and are richer. So obviously, wine consumption would be logically more in these states rather than, let's say, Bihar or some other states like that. So that being the case and the fact that Southern states being government cooperation market, so how do we deal with this 250-day receivable cycle because it's unviable for us...

Rajeev Samant:

So, I will quickly answer that and then we'll have to move on to some other people's questions as well. The big culprit in this case was Telangana. I think everyone is aware of the situation that has been there over the past year or 2 in Telangana. But we are quiet hopeful on this point.

Telangana has been clearing some dues over the last 6 months, you can say. So, we are pleased to say that the overdue as a percentage has come down recently. So, we do believe that moving forward, you should see some improvements on that front. We'll have to take some other people's questions.

Moderator:

Next question comes from the line of Jitaksh Gupta with Tikri Investments.

Jitaksh Gupta:

Sir, my first question is regarding the battery energy storage. So, you mentioned you will be installing 2 megawatts. So, can you like how much cost we will save and what is the cost to set up this storage system?

Rajeev Samant:

Good question. You know that sustainability is extremely important for us, and I'm very pleased to say that, yes, we are more or less already at 2 megawatts. So, we installed, I must say, I don't have this right in front of me, but our most recent installation was about 900 kilowatts, so 0.9-megawatt battery was our most recent installation.

And I got to say that it's moving very well on this, and its great news that battery costs are coming down per kilowatt. So, we have many megawatts of battery installations ahead of us. This is what I would like to say here. We've made some very smart steps forward here, and we are committed to continuing to increase our battery storage.

At this point, we are not installing so much more solar. We've run out of roof space. And therefore, the next logical step now is to boost our battery storage.

Jitaksh Gupta:

And sir, my second question is, like how many resorts we are planning to open in FY '27 next year?

Rajeev Samant:

So, I just mentioned that we have one more. It's a smaller one, 20 rooms, but adding that to the 30 rooms that we just opened last month and 20 rooms which we are planning to add in Q4, in fact, this year. So, we'll be adding 50 keys on the 104 that we had. So, we will be almost 50% higher. Right now, we have no further plans for FY '27. In fact, we front loaded a little bit. We sped up our construction of The Haven Phase II, which was supposed to come in '27.



Sula Vineyards Limited
November 11, 2025

We brought it into '26. I want to doff my hat to our Wine Tourism team for getting that done, fingers crossed. So, we will be at 50% higher by the end of this FY compared to the beginning of this FY in terms of keys. And FY '27 at this point, no further resort expansion. There are other parts of our Wine Tourism business where you will see an expansion.

Moderator: Next question comes from the line of Praneeth Kumar Reddy with Kotak Institutional Equities.

Praneeth Kumar Reddy: I have 2 questions. The first one is on Maharashtra market. So, I'm just trying to benchmark our performance with our competitor as well, and I see that we have been doing fairly well. Now I just want to understand how the situation is looking in Maharashtra markets because that particular market has headwinds, like huge discounting that's been going on and some tailwinds where wines were left out of the recent revision and exercise policy. So, how is this market growing and what kind of outlook do you see for this market because that has been one of our key markets?

Rajeev Samant: Yes, Q2 has been good in this regard. We seem to have left behind the problems that we faced earlier, which we have highlighted in previous earnings calls. One of them was the elections that happened about a year or just over a year ago. Then we had the Pune Porsche incident, and I kept alluding to that. And that had led to a lot of softness over the past 1 year. But I'm very happy to say Q2, I do believe, is the beginnings of a turnaround.

And yes, we have not been hit with the tax rise. And as such, I'm sure you would be aware that Maharashtra in other segments has faced a decline in excise revenues. Wine, however, in Q2, at least in Sula's case, that is not the case. We have positive news there. And I would also like to say that our market intelligence says that we are gaining market share, especially in Premium & Elite.

And we have probably, at this point, reached an all-time high in terms of our market share there. So, notwithstanding the fact that our competition continues to give much higher and unsustainable discounts, we are still gaining market share even by giving lower discounts, which is definitely a very good scenario.

Praneeth Kumar Reddy: Got it, sir. And my second question is on the EU FTA. Now I understand in the case of Australian FTA where the excise duty below \$5 CIF was unimpacted, right? So just to benchmark against that, what kind of CIF price below which the excise duty will be unimpacted? What's your reading on overall situation out here to help us better understand whether Australia FTA had impact of this change likely, sir?

Rajeev Samant: So yes, Australia FTA, the duties came down on wines above US\$5 CIF. In Australia's case, actually, there has been no growth in Australian wine exports into India. In fact, as per IWSR, CY 2024 has seen a decline in Australian wine exports into India. We do believe EU will probably come in at a lower level than \$5 but I'm sorry, we can't give you more visibility than



Sula Vineyards Limited
November 11, 2025

that and we leave it into the capable hands of our government and commerce ministry to protect the interests of the Indian farmers and our fledgling industry.

While of course, they do have to give some concessions in order to get an FTA signed, obviously, you can't have it all. So, it will come in somewhat lower, but I can't give better guidance than that.

Moderator: Ladies and gentlemen, that was the last question for today. We have reached the end of question-and-answer session. I would now like to hand the conference over to Mr. Mandar Kapse for closing comments.

Mandar Kapse: Yes. Thank you all for joining us. In case you have any further questions or queries, please do feel free to reach out to us. The Investor Relations contact details are provided on our collaterals. That's it for today. Good day.

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