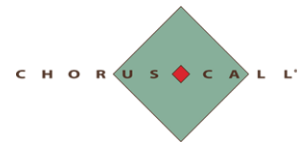




“United Spirits Limited  
Fourth Quarter Financial Year 2026 Earnings  
Conference Call”

May 15, 2026



**MANAGEMENT: MR. PRAVEEN SOMESHWAR – MANAGING DIRECTOR  
AND CHIEF EXECUTIVE OFFICER – UNITED SPIRITS  
LIMITED  
MR. PRADEEP JAIN – EXECUTIVE DIRECTOR AND  
CHIEF FINANCIAL OFFICER – UNITED SPIRITS  
LIMITED  
MS. SHWETA ARORA – HEAD, INVESTOR RELATIONS –  
UNITED SPIRITS LIMITED**

**Moderator:**

Ladies and gentlemen, good day, and welcome to the United Spirits Limited Fourth Quarter Financial Year 2026 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, 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 Ms. Shweta Arora, Head of Investor Relations, United Spirits Limited. Thank you, and over to you, ma'am.

**Shweta Arora:**

Thank you, Dorwin. Hello, everyone. Good evening, and welcome to United Spirits Limited Q4 and full year FY26 earnings call. Before proceeding with today's presentation, I would like to remind the listeners that during the call, there may be some forward-looking statements. These statements are based on our views and assumptions at this point of time.

However, this is not a guarantee of our future performance and results may materially differ from those expressed in or implied by such forward-looking statements. I request all of you to refer to our financial and press release posted yesterday and presentation posted today. Both are available on stock exchange and company's website under the Investors section.

Today on the call, we have with us Mr. Praveen Someshwar, our MD and CEO, who is joined by Mr. Pradeep Jain, Executive Director and CFO. Praveen and Pradeep will take you through the business and financial performance for the fiscal year 2026, followed by the Q&A session.

With this, I hand over the call to Praveen for his opening remarks.

**Praveen Someshwar:**

Thank you, Shweta. Good evening, everyone. Thank you for joining in on the call. It's been a little more than a year that I've been -- I've spent with Diageo, what a year it's been in balance, excited about where we are. We're going to talk you through the business update and a full year '26 update and our reflections going ahead with the financial highlights.

Now this, in summary, is a reflection on the year gone by, my first in a business that has seen a reasonable good -- good last 4, 5 years and would want to say to all of you that the best is yet to come. I've always maintained in our interactions over the last few quarters that we need to continue what is working well and need to change what can be better and the combination of 2 will unlock our true potential.

And in that sense, I would want to call out several things that are -- that have been already working well, whether it's Signature that has continued to perform competitively in the upper Prestige segment or Black & White in the primary scotch segment, a global trademark for which India is the number 1 market in Diageo.

We continued our excellent work on Johnnie Walker, which posted strong growth during the year. Our format innovation, especially pocket pack, what I know PJ refers to as the triple benefit interventions, are contributing meaningfully to segment beating growth in the Mid-Prestige segment and value chain productivity.

Now coming to the areas of the portfolio where we have done changes over the last year. First and foremost, opening the world's largest vodka brand, Smirnoff to local flavor innovation and how it has responded and started to contribute meaningfully for our overall growth scenario.

In this fiscal year, we have crossed the volume of 1 million cases on the trademark. Last quarter itself, it has done over 400,000 cases. Second, accelerating the tequila category creation. Again, it's our fastest INR100-plus crore trademark and has long legs for sustained growth in future. It's already captured one-third of the tequila market and it's expanding the category. It's growing share and expanding category. And considering the price points we operate at, our value share will be significantly higher.

Third, I've spoken about the on-premise opportunity multiple times across these forums and in the importance of the same to build our brands. We are ramping up our investments in this critical channel that makes our brands come alive for consumers, allowing us to highlight their rich legacy and purpose.

We are convinced that in this category, that is alcobev, how our brands show up in on-premise is an extremely critical enabler for long-term top of mind and equity recall. And we have already seen green shoots on the same. As we move into the new fiscal year, we are feeling good on the policy front, driven by the progressive intervention in Karnataka that will provide the much-needed shot in the arm for continued premiumization of the category in the state.

And with India-UK FTA likely to come in play in the near future, scotch, which is our core strength, will become more accessible and improve penetration. Last but not the least, what's going well, we are extremely happy with the sustained productivity agenda that we have driven and that we are being able to extract from the business value chain year-on-year. We will share more details on the same as we progress in this session.

Now all of this is stuff which has worked for us. Coming to the headwinds in the year gone by, and all of you are aware of Maharashtra. We're doing what we can through the industry association and the legal route. Keeping that aside, I believe the worst impact has now been absorbed in the quarter gone by.

And sequentially, it should not deteriorate from here onwards, while we'll still have a couple of quarters to cycle on prior year comparatives. And then the softness in our anchor trademark, McDowell's, which across Rest of India, excluding AP and Maharashtra, which are states which are impacted, has also been flat.

We've now been working on the transformation of McDowell's for the last year and a completely transformed bundle of McDowell's is getting launched in its very first market as we speak, that is Uttar Pradesh today -- actually over the last couple of days. I'll spend more time on the McDowell's transformation in the next few minutes when we come to the portfolio. That was my summary, if I may say, of the year gone by.

Let us move on as we see what the numbers say. The numbers on this slide clearly indicate that if we take out the states impacted by policy change -headwinds and tailwinds, that is AP and Maharashtra, the Rest of India, which is roughly 80% of our national portfolio has grown double

digits in both P&A and total portfolio and has seen a sequential pickup in momentum over the prior year.

And within this, if we further see Mid-Prestige, and that's not on the chart, but if we see Mid-Prestige, it's there in small font, if I may say so, Mid-Prestige and Above segment, the same has grown in high-teens. Mid-Prestige & above nationally, including Maharashtra and AP, has also grown in mid-teens over prior year. Allow me to unpack this further on the next slide.

Let me walk you through the segment-wise performance of the business in a slightly different manner. As mentioned on the previous chart, P&A in Rest of India, excluding Maharashtra and AP, which are the impacted states, has grown at a solid 11.3% for the year versus prior. And within that, Mid-Prestige & Above has grown at high teens at 17.1%.

All segments from Mid-Prestige onwards are posting healthy growth rates in the year and all have momentum as we enter into the new fiscal year. While we always continue to see our business as P&A, including Lower Prestige, what we have observed increasingly are the varying definitions of P&A floating in the industry.

The Mid-Prestige & Above growth rate will ensure fair and like-to-like comparisons on an annual basis with some of these players. My second key message that I've already spoken of in summary is that the opportunity on Lower Prestige and McDowell's. I'll come to it very soon, and you can see it's more flattish as we've seen over the last year.

Last but not the least, coming to the 2 excluded states of Andhra Pradesh and Maharashtra, it is clearly visible that both of those states have impacted growth, one positively and another negatively. Both combined, we have lost about 120 basis points of growth this year. But clearly, the Rest of India business is delivering double-digit growth. And our exciting plans ahead give us the confidence that in the coming year, even with Maharashtra and AP included on P&A, we should be able to deliver our double-digit growth guidance.

Let's take a step back and start with the bigger picture. India is fast emerging as the consumer market of the next decade, backed by strong economic growth with GDP expected to reach 7 trillion by 2030 and more importantly, a very high-quality growth. A young population, median age roughly 28 combined with a rapidly expanding middle and affluent class is reshaping consumption.

Over the next 5 years, India will add around a 100 million legal drinking age consumers, nearly a quarter of the global additions, making this a globally significant growth story. This is further enabled by a vibrant democracy and a digital-first economy that is expanding access and driving aspirational consumption.

Bringing that to our category, India is already the number 1 whisky market by volume, number 2 by value and the second largest spirits market globally. It contributes roughly 39% of the growth in global total beverage alcohol and remains the fastest-growing large market. Importantly, we are still early in the growth curve with spirits penetration at 40% and per capita consumption at 2.6 liters, it leaves significant headroom for growth.

Now looking ahead as of today, in spite of the West Asia troubles, the combination of macro tailwinds, a young and expanding consumer base, rising incomes and increasing premiumization with significant category headroom creates a compelling opportunity that we are well positioned to capture. Our strategy clearly is leveraging this India moment.

Let me touch on how we are positioning ourselves. India's alcobev market is clearly shifting. Growth today is being driven by premiumization and closer alignment with evolving consumer aspirations. In response, we reshaped our portfolio strategy around 3 clear priorities: winning consumer occasions, which will drive penetration up; accelerating premiumization and investing in future backed innovation. At the same time, we are building a future-ready organization focused on unlocking critical talent gaps and embedding a strong learning culture to stay agile and competitive.

And finally, all of this is anchored in our broader responsibility through our Spirit of Progress Agenda and our commitment to contributing to the vision of Viksit Bharat. Let me talk about our portfolio strategy, which is anchored in a deep consumer-first lens. We think of India as 3 Indias. India-1, which is approximately 49% of the population and happens to be 49% in terms of value salience. It's highly aspirational but income constrained. Therefore, seeking affordable access to aspirational brands. This is what is driving penetration for India.

India-2, which is roughly 28% of the population and 19% in terms of value salience is the core middle class, driving consumption with a focus on value for money and is seen constantly premiumizing. India-3, which is roughly 8% of the population and 7% of the value is affluent and new wealth, seeking premium experiences, identity, self-expression and repertoire in usage.

We have consciously chosen not to play in the bottom 20%, if I may say so, given the limited affordability, a shrinking base and societal considerations, but we are constantly seeing that the lower base is premiumizing very, very rapidly. Importantly, our portfolio and the category are structured around these 3 Indias and premiumization, ensuring sharp alignment to consumer needs.

And finally, our strengths lie in brand building with 5 of the top 10 equity brands, including Signature, RC, McDowell's, Black Dog and Johnnie Walker playing in these phases. Now if you see each of these 3 Indias are driven by very distinct realities. While incomes are rapidly or should I say, rising across segments, surplus is growing in India 2 and 3, while declining in India-1, and therefore, shaping very different consumer behaviors.

From a category perspective, alcohol consumption is growing across all segments, India 1, 2 and 3. However, India 1 and 2 are driven by higher penetration and frequency. India 3 is led by affluent growth with some moderation in frequency due to the experiences. However, what we are seeing that there is constant premiumization even in India 3, which is driving the growth.

Our 4 clear trends cut across all segments. Recruitment, which is primarily in India-1 continues in India 2, which is about expanding the consumer base through the LDA, women and beyond scotch categories.

Premiumization, a clear shift which we are seeing across India 1 and 2 and 3 to better quality. Repertoire is more in India 2 and 3, but prominent in India 3, which is about more experimentation and experiences and the India confidence, the growing pride in its own culture and the rising aspiration-driven consumption across India 1 and 2.

Now our playbook is very simple. We have differentiated strategies across the 3 Indias because one size clearly does not fit it all, anchored in a full portfolio approach with clear competitive choices. Now with a very different set of competitors playing out in India 1 and 2 and 3.

Execution is sharply tailored. For India-1, it's about enabling drinking better at scale through pack price and format innovation with a strong focus on accessibility and recruitment. For India 2 and 3, the focus shifts to upgrading the experience with innovation around occasions, culture and flavors and a clear push towards premiumization.

So in essence, everything we do, our metrics, innovation and propositions is tightly aligned to the distinct needs of each of India. Let me start with the India-1 consumer and our brands playing around there. Our Royal Challenge continues to perform strongly on recruitment, driving share gains across both Mid-Prestige and now, as we call it, new Prestige.

Growth is clearly being led by the 180 ml segment, the pocket pack, which has become central to our expansion. We are also stepping up media to build sharper brand distinction. Our latest campaign, 'Main Nahi Toh Kaun Be', is designed to create excitement and keep RC top of mind with new age consumers, featuring contemporary icons like Smriti Mandhana, Rannvijay Singh, rapper Srushti and gamer Naman Mathur, popularly known as 'Mortal'.

So clearly, all of them coming together. We are building fairly deep engagement through Esports integration, leveraging a high-passion platform for our audience with purchase-linked activations to drive trials, excitement and conversion.

Let me play the video of "Main Nahi Toh Kaun Be."

[Video Presentation]

As we go ahead, we are transforming McDowell's No. 1, to re-energize the consumer. We have upgraded the liquid with 30% more scotch to deliver a smoother, richer taste, while retaining what consumers love, all at the same price, driving aspiration with affordability. This is complemented by a completely new, modern, scotch-inspired design and a more aspirational, convenient 180ml PET format.

After rigorous testing over the last several months, we are absolutely confident that we have a trending bundle rolling out from May this month. As we speak in the last few days, it just got rolled out in UP, and we are excited what we have heard from our consumers and partners. In essence, this is a full reset of the world's largest whisky brand by volume, built to reignite growth and win back its consumers.

Let me play the video.

[Video Presentation]

So we believe this is going to reinvigorate and recharge this massive category back to growth.

Now coming to India 2 and Black & White is a significant part of that opportunity. Our scotch portfolio continues to deliver very, very strong momentum in this space. Black & White is now the largest scotch brand in the country by volume, strengthened by a refreshed design and cultural platforms like table for everyone, along with the high-impact partnerships such as Premier League and Lollapalooza. Black Dog is also back to gaining traction with a renovated range rollout and the "Savour the Pause" campaign with Emilia Clarke, which is driving strong engagement.

At the portfolio level, we lead in scotch with Johnnie Walker, where entry-level scotch acts as a key gateway to premiumization, especially for our India-2 consumers. With FTA and evolving market opportunities, this creates a significant runway for recruitment and upgradation, which we are very, very well positioned to capture.

At the upper Prestige space, we have Signature, which continues to lead with its distinctive positioning around conscious living. This has helped drive strong equity ahead of the category growth and share gains. We have brought this to life through our mangroves regeneration campaign in Odisha, amplified by our "One With Nature" communication.

At the same time, we are building cultural relevance through partnerships like Thaeli and Ziro Festival, reinforcing the brand's connection with sustainability, music and purpose. Overall, Signature is winning by combining strong equity with a clear purpose-led net income.

What a year it's been for Smirnoff. We are starting to see this brand build back nationally. We've crossed a million cases and entered the top -- one of the top 5 global markets, underscoring both scale and strategic importance. As I mentioned earlier, we exited fourth quarter volumes north of 400,000 cases. We are now at INR350 crore NSV growing at a triple digit as we exit the year and with a clear trajectory to get to INR1,000 crores over the next 18 months.

This will help to close the gap in this massively growth space. Growth is strongly flavor-led with the portfolio entering the INR100 crore club and innovations like Minty Jamun delivering record monthly volumes. At the same time, we are building strong brand love with Gen Z from large scale experiences like the Afrojack across 3 cities, to high-impact cultural platforms like Lollapalooza and fully activations, we are strengthening relevance across touch points.

Putting it all together, we are not just scaling volume. We are building momentum through the right mix of flavor and innovation, culture and consumer experiences. NAO Spirits, the trademarks have now successfully integrated and are starting to stabilize within our portfolio, on track to fully extract the potential of the business around 'Greater Than', 'Hapusa' and Pipa Rum. All three really trailblazers in their own categories.

Now we'll come to India 3, the top of the pyramid. Johnnie Walker continues to build strong cultural relevance and premium credentials. Our latest "Keep Walking" campaign with Virat Kohli is reconnecting the brand with young affluents. We are driving desirability through on-

trade experiments like whisky experiments and scaling -- on-trade experiences like whisky experiments and scaling cultural impact via platforms like AP Dhillon and Sunburn.

Importantly, we are leveraging the full portfolio across 3 India's from accessible formats, driving recruitment to premium offerings, strengthening our luxury credentials. India is now a very important market. It's a number 3 globally by volume and number 4 by value for Johnnie Walker.

Godawan is truly a crown jewel in our portfolio. It's a purpose-led brand deeply anchored in conservation, supporting the revival of the Great Indian Bustard known as Godawan, making it much more than just a whisky. At the same time, it delivers world-class distinctive liquids with growing presence in India and global markets. This is reflected in the strong recognition with 100-plus global awards, including recent wins that reinforce its potential to become a leading global whisky.

It was humbling and encouraging to see this work recognized at a national level. And with the Honorable Prime Minister highlighting it in Mann Ki Baat that sustained scientific and on-ground efforts are making a real difference in protecting the Great Indian Bustard, known as Godawan. This re-energizes the team and only deepens our resolve to keep moving forward. Overall, Godawan brings together - purpose, craftsmanship and innovation - creating uniquely Indian brand, we are incredibly proud of and growing triple digit through the year.

Don Julio has been a standout success. It's the fastest-growing brand in our portfolio to reach INR100 crore top line, underscoring strong premium momentum. Positioned it as a tequila of choice for luxury occasions, bringing Mexicana culture to life through campaigns like Day of the Dead and Cinco de Mayo. Alongside experiential activations such as Paloma Time in key on-trade platform. With tequila as a category growing strongly, Don Julio continues to outpace the market, delivering high double-digit growth and continuously gaining share.

If you look at this slide and the scale of innovation and renovation delivered over the last year, it clearly demonstrates that we have left no stone unturned in strengthening this agenda. In fact, I would say this is a distinct competitive advantage for us, right from deep consumer insighting to delivering the right product proposition in the market. What is equally important is the breadth of innovation across the portfolio.

The initiatives span liquid innovation, renovation, evolving flavor profiles, back-end format changes as well as premium limited editions, whether purpose-led offerings such as Godawan 173 or culturally resonant activations like Johnnie Walker Blue Label Diwali edition. Innovation continues to be a key enabler of our growth ambition, helping us drive premiumization, recruitment and strong brand salience across occasions.

I'm sure all of you are very familiar with this slide. This effectively demonstrates the success of our sustained efforts to build and strengthen our trademarks. The results speak for themselves, a complementary portfolio that is delivering both in volume and value with a balance where we play to the India 1, 2 and 3 opportunity and therefore, creating scale and premiumization.

Now we have 4 trademarks, which are greater than INR1,000 crores NSV as Signature just enters the INR1,000 crore club. So we moved from 3 to 4 trademarks this year in our INR1,000 crore

club. There are 2 which are INR500 crore plus. And I'm confident that it's just a matter of time before Smirnoff comes into that club.

Now there are five which are INR100 crore plus as Don Julio joins the INR100 crore plus club. We have eight 1-million case trademarks in our portfolio. Again, as I mentioned, Smirnoff is now 1 million case brand. McDowell's is the largest selling whisky in the world with roughly 30 million plus cases.

Now as we get to Diageo in Society, it's particularly something which is very, very important for us. While we are accustomed to evaluating business performance from an internal albeit holistic lens, this study takes a step back. We work with Pahle India Foundation, the name that translates to 'India first'. It highlights the broader economic and social impact of Diageo India, extending well beyond the immediate boundaries of our business operations.

Our total economic contribution to the country, as indicated in the report, direct and indirect combined stands at approximately INR49,000 crores. We support 650,000 jobs through direct and indirect contribution and our contribution to exchequer stands at roughly INR20,400 crores. Our CSR spends are roughly INR22 crores and have 2,26,000 beneficiaries. Now this independent assessment performed by a leading Indian think tank reassures all of us at Diageo USL to see a meaningful contribution to the Viksit Bharat situation.

It is encouraging to see our ESG journey progressing in the right direction also, as reflected in improving scores and industry-leading recognitions. Sustainalytics has assessed us at a medium risk rating with a score of 21. Focused interventions are underway to further strengthen our ESG profile and progress towards a low-risk rating.

On Dow Jones Sustainability Index, we continue to see steady year-on-year improvement, reaching 61 on 100 positioning us amongst the leading alcobev companies in India and globally. On the NSE ESG rating, we are rated for the first time and achieved a strong score of 73 on 100, placing us amongst the top CPG companies in India. We have also received multiple accolades for our manufacturing and ESG practices from prestigious industry bodies.

Now at Diageo, we continue to make focused investments to further strengthen the core of our organization. Our people priorities are focused on building future-ready capabilities that strengthen business performance both today and for the future. Innovation commercialization is where we have invested heavily over the last few years. Overall, the organization structure in the last fiscal year with focused teams and sharp KPIs to support the growing innovation pipeline aligned with evolving consumer trends.

As we have always maintained, we would want the share of innovation contribution to our growth increase year-on-year. Now if we don't include pocket pack, we are roughly around 25% of our growth comes from innovation. And if we would include pocket pack, it's north of 70%. Clearly, it just tells us the path of our investment.

Our second pillar is on on-trade. I've spoken about this earlier as well, and it continues to be a clearly identified area regarding requiring focused intervention, sustained effort and ongoing investment. We've refreshed our on-trade organization and strengthened capabilities to align

with our sharpened strategy, recognizing the critical role of on-premise channels in discovery, recruitment and accelerating premiumization. Our focus remains on building strong luxury capabilities through the right talent, the right structure and a culture of continuous learning.

The third pillar or should I say, a very key enabler, which is to drive digital penetration across our organization. We made quite a few interventions on scaling capability across our sales commercial functions, expanding AI and data analytics skills across Diageo and driving operational excellence within supply. We want our associates to have a born digital mindset over a period of time.

Our internal employee feedback survey achieved an exceptional 94% response rate, reflecting strong employee engagement and trust. Our employee engagement index remains strong at 90% significantly higher versus external benchmarks, alongside an I&D score of 88%, while our employer NPS of 56 and product NPS of 84 reinforce the trust we build -- continue to build with both our people and consumers. Our commitment to building a thriving organization and inclusive culture has been recognized across multiple platforms, reflecting our continued efforts to make Diageo a great place to work.

We were recognized by the India Workplace Equality Index as a Gold Employer for the third successive year, and we were also awarded winner in Women Representation in Senior Management by FICCI. In addition, Diageo India received the Great Place to Work certification, reflecting our continued focus on building a diverse, inclusive and high-performing organization.

With this, I hand it over to PJ to take us through how we are doing on financials.

**Pradeep Jain:**

Thanks, Praveen. A very good afternoon to all who have joined. As always, great to interact with this cohort, especially on the annual call, where we dig a little deeper into our full year performance. Praveen has already done a teardown of the revenue growth in his section, so I will not repeat that here. We'll get to that in the next few minutes.

As you will observe, we have delivered a leverage performance on the P&L in the full fiscal year. Our EBITDA growth stands at 11.6% against an NSV growth of 7.6%, which translates roughly in a 1.5x growth multiplier. Gross margin is at 46.4%, up 172 basis points on a reported basis, 11.7% gross profit growth.

And our EBITDA margin reached 18.4%, about 66 basis points better than last year. This is very much in line with our guidance of mid- to high teens EBITDA margin. Reemphasizing the free cash flow generation capability of this business, it has turned in INR1,375 crores on that front during the year.

I'm also pleased to share that the Board has approved a final dividend of INR11 per share, subject to shareholders' approval, including the interim dividend of INR6 per share declared in Jan '26. The total dividend distribution for the fiscal year will amount to INR17 per share. That translates to a PAT payout ratio of 67%, having increased from the 50% payout ratio two years ago when we resumed dividend distribution after a decade. Return on capital employed stands at a healthy 28% versus 26% last year.

This is a familiar chart for all of you, but we would want to keep reminding all of you of this year-on-year. It is something that epitomizes our growth philosophy that is the virtuous cycle of growth critical to building and sustaining a healthy business. Our continuous focus will be on driving this flywheel to keep strengthening our portfolio while accelerating top line growth. Productivity and revenue growth management will lead to collectively offset inflation while enabling a careful balance between marketing efficiency, investment sufficiency and long-term brand building. Together, these actions should support sustained profitable growth.

Okay. This is a particularly important chart, and I will spend a minute on the same. First, I want to reiterate that fiscal 2025-26 includes 6 months base benefit from the reopening of Andhra Pradesh, following recommencement of business in September '24 after a gap of 5 years.

Additionally, the fiscal also reflects the impact of Maharashtra excise policy revision, again, 6 to 7 months impact, adverse impact. While both Andhra and Maharashtra are extremely critical markets for our business, the impact of developments in these two markets are distorting the underlying organic growth trajectory of the business, reflected in the reported numbers that you see on the left-hand side of the chart.

It seems to suggest that our portfolio has performed in the same vein as the prior year. Now if I draw your focus on the chart on the right-hand side, our Rest of India business, excluding the impacts of Andhra and Maharashtra, which will roughly be 75% to 80% of our national P&A portfolio is delivering a healthy growth of 11.3% in Prestige and Above and 10.9% on a total portfolio basis.

And these growth levels have significantly accelerated versus the prior fiscal year, approximately 500 basis points acceleration. This is what gives us confidence as we enter fiscal year 2026-27. We move to the next slide, right? Okay.

Now this is a slightly different cut of what Praveen has already flashed in his section. He referred to percentage growth, while here, we are giving you a sense of the absolute rupees growth, what added to the growth and what was soft. So, as you will see, we've roughly added about INR900 crores to our top line, to be precise, INR875 crores.

And if you look at the left most and the rightmost bar of the chart. The premiumization ladder remains firmly intact. The salience of the mid-Prestige and Above segments increased from 56% in the prior fiscal to 60% in fiscal '25, '26, a tad higher than what would have happened had our LP segment also contributed to growth.

And if you look at the middle bars, which represent the sources of growth, it further reinforces this trend. We can see that in Rest of India, excluding Andhra and Maharashtra, Mid-Prestige and Above segments grew by 17% over last year, adding close to INR960 crores to our top line.

Popular added another INR70 crores. Lower Prestige was flat, and Praveen has already taken all of you in detail on what we are doing to revive growth in that segment. Overall, Rest of India business delivered a net addition of approximately INR1,020 crores, growing at 10.9% over last year. And then on the extreme right-hand side, the two impacted geographies of AP and Maharashtra, one a positive, the other negative.

I'll move to the next slide. So, this is a status update as we have always done over the last 3 years on our multiyear supply agility program. We are now approximately 3 to 3.5 years into the program with considerable progress achieved against all key objectives.

ENA co-location initiatives are now 100% complete, while footprint optimization is approximately 83% complete. Importantly, the program continues to be executed with strong cost discipline with both cash and non-cash costs tracking in line with budget. From a benefits perspective, actions for cost optimization that are already completed and will reflect in the P&L by the end of fiscal '27 will be close to 90% on an annualized basis.

And again, part of our virtuous cycle, let me take these one by one. Productivity- If we see the left-hand chart, right, the left-hand side of the chart, while the chart shows a decline in productivity, I would like to remind and reiterate a point highlighted earlier. The INR514 crores productivity delivered in fiscal '24 included a onetime benefit of INR160 crores to INR170 crores from the mono carton removal with underlying productivity of INR340 crores to INR350 crores.

Again, this base productivity increased to INR388 crores in fiscal '25 and further to INR415 crores in fiscal '26. That represents a healthy year-on-year improvement and reflects the strong productivity capability embedded within the organization, which continues to help us mitigate more than 80% inflation year-on-year and deliver sustained benefits.

Pricing and revenue growth management, top right-hand side, if you look at pricing and Revenue Growth Management, INR182 crores impact of fiscal '26 comprises the carry forward pricing of the prior year and the flow-through received in the current year. Together, we've delivered a healthy INR182 crores, equivalent to roughly 1.6% of last year's net sales.

If you remember, we had called out last year that after 3 years of consistent and healthy headline price increases, we do expect the same to moderate in fiscal '26, especially in view of the stable commodity environment.

Net working capital on the bottom right-hand side, our year-end operating working capital intensity has remained broadly in line with last year. This includes the higher levels of Telangana receivables, which have broadly stayed at the same level since last year.

Building on the previous chart, healthy headline pricing, along with a strong productivity trajectory over the last couple of years has enabled us to step up A&P investment behind our brands. As mentioned earlier, sustained A&P investment in our trademarks is a critical component of our virtuous growth cycle, which in turn supports portfolio premiumization and drives higher NSV realization per case. This year was no different, and we are glad we could step up the brand investments to support the growth and innovation agenda of the portfolio.

To conclude my section, I would want to finish with a chart that does not require any explanation and the numbers can do all the talking. Our EPS and ROCEs have consistently improved year-on-year, demonstrating the strength and resilience of our operating model and the continued support of all our stakeholders.

With this, I would want to turn it back to Praveen for his concluding remarks before we open it up for Q&A. Over to you, Praveen.

**Praveen Someshwar:**

Thank you, PJ. Just want to conclude with my thoughts as we look forward over the next year and a couple of years, but still focused on the great India consumer opportunity. We have favorable demographics, growing affluence And the India confidence and pride on our side.

Overlaying that with key industry drivers, including the largest pool of new LDA consumers entering the category, penetration headroom, enabling treaties such as India-UK FTA. I see a huge premiumizing opportunity at the confluence of all these factors.

Now I do understand in the short term, West Asia conflict could take a quarter or 2 away, but I do not think that will change anything on the medium term. How we capture this opportunity is critical. We have a clear line of sight on both opportunities and this backed by consumer foresight, strong innovation capability, differentiated liquid access, a national footprint and most importantly, organizational agility, our teams are well positioned to capture value, execute effectively and convert these opportunities into sustained growth.

Our actions are visible through sharper innovation starting from McDowell's now -bringing it back to life, new category creation, we could talk about tequila, localized portfolios of powerful global brands like Smirnoff and stronger productivity muscle.

The India-UK FTA will further amplify this. Our growth playbook positions us well to unlock new white spaces and accelerate consumer-led growth. Our on-premise investments made in '25, '26 have started moving the needle and start sharing results. As we enter F '27, we do so with rigor and confidence in delivering our ambition of strong double-digit growth for the P&A portfolio.

Thank you. Happy to take questions.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the queue, you may press star and two. Participants are requested to please use handsets while asking a question. Ladies and gentlemen, we will now wait for a moment while the question queue assembles.

Our first question is from the line of Jay Doshi from Kotak. Please go ahead.

**Jay Doshi:**

Thanks for the very detailed and insightful presentation. I've got two questions. First one is, could you please elaborate on your optimism regarding Karnataka following the recent policy changes? It would be helpful if you can share some data points around current salience of P&A and Mid-P&A and above segments in that market. And where do you believe this could trend in the next 1 or 2 years?

Second question is for Pradeep. What would be the impact of inflation on business in the first half of this year or maybe full year? And will you be able to fully offset it through operational efficiencies and cost optimization measures?

**Praveen Someshwar:**

Thanks, Jay. Thanks for your question. Yes. I agree with you, optimism of Karnataka, okay, it's truly a progressive and welcoming one. It's cut tiers across -- it's brought tiers down from 16 to 8 on excise slabs and has allowed flexibility for pricing, and therefore, building very high-quality laddering across different segments.

It's not only Mid-Prestige and Above. It's also Lower Prestige and -- Popular to Lower Prestige to Mid-Prestige and Above. So that is what is exciting. As we've seen, as we have rolled it out to the market over the last week, across portfolio, we've seen reduction of pricing. Depending on which part of the portfolio, it is anywhere between 15% to 35%, which is significant.

Now what we believe, and we also have to say that Popular, which is the lowest end, it's going to see a significant pricing increase, roughly around 17%, 18%, and it's going to break out from a magic price point of INR100. All of these factors give us the confidence. We've seen very robust growth over the last 1-year in Karnataka because part of the changes were also rolled out last year. But all of this gives us absolute confidence that you'll see very high double-digit growth unlock in Karnataka.

**Pradeep Jain:**

And roughly to your other question, Jay. Karnataka is roughly about 7% of our national P&A, 6.5%. Okay. I'll take the second question, Jay on your...

**Jay Doshi:**

Where do you think -- where do you think it should be given the -- where do you think it should be now that, you know, the pricing structure has improved? What's the ideal sort of representation Karnataka should have in your P&A?

**Pradeep Jain:**

So Jay, that's -- look, we don't want to kind of make assumptions around that. I think what Praveen has said is that, that should go significantly higher than the national portfolio average, right? That we are very, very confident.

Karnataka was already doing very well in fiscal '26, right? And that should ramp up, and it should grow significantly higher than the national portfolio average. After that, what range it reaches, you know, salience of 8, 9, 10, we don't.

**Praveen Someshwar:**

Well, only a thing I'd add to what PJ has said, Jay, is that we are over-indexed versus India share in Karnataka. So we will be the largest beneficiary of this unlock also.

**Praveen Someshwar:**

Yeah, okay. Sorry, PJ.

**Pradeep Jain:**

Yeah, it's perfect. Okay. Jay, second question, look, here is a broad headline, right? I don't want to grimace -- I mean, take a guess on the full year numbers. But here is the way we are -- what I'm seeing already, and on the first half, again, you know, provide some headline. Look, the large impact is on the packaging material cost, right? Packaging material costs are broadly 1/3 of my overall costs, right?

And what we are seeing is, in fact, in the April-June quarter itself, packaging material costs will inflate by about 4% to 5% higher than the normal run rate, right? So, we do expect an overall gross margin of impact, anything between 1.25% to 1.5% on our total portfolio, right?

That's roughly about anything between INR35 crores to INR40 crores impact, right? So, that's on the April-June quarter, right? Now, if the crisis continues for an extended period of time, right, this amount could well probably become 2x to 2.5x for the next quarter, right?

So, that's what I want to, you know, we just want to remain focused on the first half. And then as things evolve, we will see how we have to respond, right? You mentioned the other bit around operational efficiencies, absolutely, right? We can only do things that are in our control. And we will definitely be exploring every opportunity on how we can ramp up the additional productivity in our package.

**Jay Doshi:** So at this point of time, you don't see a reason to call out any big material margin impact, right? So there are headwinds, but you may have some...

**Pradeep Jain:** There will be an impact in the quarter. There will be an impact in the quarter. And you know it from past experience, Jay, that, you know, we will, our pricing comes with a lag, right? But again, as the year progresses, we will keep you updated on it.

**Jay Doshi:** Thank you very much.

**Pradeep Jain:** Thank you.

**Moderator:** Thank you. Our next question is from the line of Abneesh Roy from Nuvama. Please go ahead.

**Abneesh Roy:** Yeah, thanks. My question is to Praveen. You spoke on the local flavors in Smirnoff Vodka. So, I wanted to understand if you have started gaining market share because the local player has almost 60% market share. Are you trying more of the premium end or overall market share in Vodka also, you have a big focus there?

And the second related question is, you are over-indexed in terms of Maharashtra. So, if anyone just compares Q4 numbers of yours and the unlisted large MNC, I think we will get the wrong picture. So, my specific question is Ex of Maharashtra, if you can talk about market share on an overall portfolio and specific question was on Smirnoff Vodka also.

**Praveen Someshwar:** Okay. So, look on the Smirnoff part and the flavor unlock, as we say, it was a massive unlock. What it's done is local flavor. It's once in a decade kind of innovation unlock. And we are going to continue to build on it as we go through this. It's brought the mojo back to the Smirnoff brand and we've seen it grow.

As I said, sequentially quarter-on-quarter, you've seen significant growth. And in the third quarter, as I said, it's 400,000 cases plus or versus a 1 million case business that tells you it's grown triple digit and it's obviously beating every other player whichever category space it is.

We don't intend playing around with their Smirnoff players. We will continue to play there. We believe we are in great momentum and as we go on, we will unlock the right flavors to continue to build on this massive opportunity. And we are certainly growing handsome share.

When you're growing as strongly as this, you are growing handsome share, include with or without Maharashtra is really not relevant when we talk about Smirnoff because across the

country, in each state, we are growing handsome share. Does that answer your question, Abneesh?

**Abneesh Roy:** Yes, it does. Thank you for that. One follow-up on your Maharashtra comment. Yes.

**Pradeep Jain:** No, no, Abneesh. I was just saying that just remind us of your second question. We missed that while we were answering first.

**Praveen Someshwar:** It was the same. It was all at work.

**Abneesh Roy:** No, no, no, that. Yeah, yeah. That's fine. My second question was essentially on pricing. Last year, you rightfully said the inflation is low. So pricing for you also will be low. This year, obviously, things are different.

So apart from Telangana, any other state, any advanced discussions are happening? How much will be the price expectation given with lag generally you do get? So, if you speak on some of these states where I think there is a higher probability of pricing?

**Pradeep Jain:** Yeah. So, Abneesh, we -- look, like we have always said, we always make efforts to get some headline pricing and we continue to make these efforts a little more intensely now in view of what's happening in West Asia. It's very difficult to call out how much headline pricing we'll get. We've shown you the last 4-year run rates, right?

Whatever we will get, we'll get, right? Maybe with a little bit of lag or maybe immediately, right? So as it happens, we will. But typically on a slightly longer time frame, we've always said that we would want to neutralize 50% of inflation through headline pricing and balance 50% through productivity. I don't know, Praveen, you want to add something?

**Praveen Someshwar:** So just want to add also, as PJ rightly said, that there's going to be a lag. But as we see it right now, as policy changes are happening, Karnataka is going to give us some pricing back into our play. Rajasthan has given us some flexibility and we are going to do. Telangana, as you rightly said, is looking at and exploring it.

We know, MP, there is some cleanup and correction. So, all of these are going to give us some small spillovers before we get really the big increases over a period of time. So overall, pricing is going to be consistent in a medium-term basis.

**Abneesh Roy:** So two small follow-ups and that is my last question. So Praveen, you mentioned that 2 more quarters of tough business environment in Maharashtra. But will it not be 2.5 because Q3 did not see much of an impact of MML. So Q3, you will see that impact. So if you could clarify on that?

And second small question is UK-FTA. Another liquor company said Q2, the industry may start seeing the benefit. What will be your take? I know everyone will have a take. But what's your take on UK-FTA benefit kicking in?

**Praveen Someshwar:** Look, India FTA, I think it's all in play. It's at the corridors of power. So I'm not going to speculate when and exactly. But I think it hopefully will be sooner than later, and we are hoping that it will come into play. That's how I would really put it. Sorry, your first question was...

- Pradeep Jain:** Maharashtra impact.
- Praveen Someshwar:** Maharashtra impact, look, I'd say 2 quarters. It's quarter 1 and quarter 2 effectively. I don't think it's going to sequentially deteriorate because we have taken the worst behind us, okay? From here, what gives us confidence is we've seen over the last 3, 4 months how the category has played out and where are they settled? We've seen it consistently now settled. Therefore, it's not going to accentuate, but we are going to see previous year comparatives impacting us.
- Abneesh Roy:** Understood. Thank you. That's all from me.
- Praveen Someshwar:** Thank you.
- Pradeep Jain:** Thank you.
- Moderator:** Ladies and gentlemen, in order that the management is able to address questions from all participants in the queue, we request you to please restrict yourselves to two questions only. You may rejoin the queue if you have any further questions.
- Our next question is from the line of Percy Panthaki from IIFL Securities. Please go ahead.
- Percy Panthaki:** Hi, team. Just a question on the Lower Prestige part. The PPT slide, the waterfall chart that you have, where the Lower Prestige is basically almost flat kind of growth. Just wanted to understand, is that a function of the industry itself growing at that rate or is it that within that segment, we have lost some amount of market share?
- Praveen Someshwar:** So Percy, thanks for the question. So look, very clearly, if you look at the overall ladder, Lower Prestige is obviously softer than Middle Prestige and Upper Prestige. Middle and Upper Prestige in the upper end are clearly growing faster. There's no doubt about it. And this is for the industry, there is no doubt about it.
- But within Lower Prestige, yes, we have not performed well. We have seen sequential share gaps over the last 6 to 7 quarters. And clearly, that's an area of opportunity. And that's why this whole work around transformation to build back McDowell's No.1 place. So clearly, we have seen softness, and the work is now with the renovation to build that growth in Lower Prestige and gain share within that space.
- Percy Panthaki:** And do we have a problem analysis of actually what went wrong for us to lose that market share? Is it that our packaging was not attractive enough? Is it that the flavor was not good enough or the pricing was not the right one? What exactly was -- I mean, what is the analysis of the cause of the problem?
- Praveen Someshwar:** Yes. Percy, I think it's the sum -- total of many of these factors. Obviously, we were not winning with the consumer. And that was the concern. It's one of our biggest brands and we wouldn't want to do anything in a short-term manner.
- So therefore, we worked on an absolute clear transformation agenda over the last 1 year. We've relooked at the liquid. We've re-looked at the packaging. We've re-looked at the format. We've re-looked at the overall bundle.

We've researched it now in roughly 8 markets with 10,000 consumers to make sure that we are building significantly versus any other competitor. And therefore, we feel excited as we have come back into this.

**Percy Panthaki:** Got it, sir. My second question is on margins. Assuming glass prices at where they are today, I think they have inflated 15%, 20% versus pre-war levels. If they remain at this level for the rest of the year and there are pluses and minuses from UK FTA, etcetera, but assuming that glass prices do not come down, do you think that you would be able to maintain this 18.9% margin that you have delivered for this year for the next year as well?

**Pradeep Jain:** So Percy, like I said, responded to Jay's question earlier, right. I am not looking at 12 months sense, right now, right? What we are very clear is that there is already an impact, which is roughly the 1.25% to 1.5% on gross margin for the April-June quarter. And if the crisis continues, right, that impact would probably roughly double in the July to September quarter, right. So that's what we would broadly want to look at.

And you're broadly right. The ranges that you have mentioned are broadly right. It's not just glass that is getting impacted, because crude being up, even PET and our raw materials relating to PET are also going up. So it's an overall combination that is impacting the packaging material.

**Praveen Someshwar:** Percy, all of this, as you know, will get moderated through our productivity. And we will obviously ramp it up, but we've already ramped it up. And that's how it's going to play out. What you have to look at over a period of time, this doesn't change anything. And actually, we seem to be reasonably comfortable. In the short term, there could be small ups and downs.

**Percy Panthaki:** Okay, sir. That is all from me. Thank you very much.

**Praveen Someshwar:** Thank you.

**Moderator:** Our next question is from the line of Arnab Mitra from Goldman Sachs. Please go ahead.

**Arnab Mitra:** Thanks for the presentation. My first question was actually, if I look at the fourth quarter results, there seems to be a moderation in your ex-AP, ex-Maharashtra growth also. So just wanted to understand if there were any factors specific to the quarter, like state elections or before the McDowell's relaunch, which played a role at all or do you think this was some kind of a slowdown which you are still seeing in the market as we speak?

**Praveen Someshwar:** Yes. Lots of issues around the fourth quarter. Check, it's moderate. It's marginally not significantly, first thing I'd say. Second, yes, there's lots of issues. Early January, there was a set of very different issues to late March as West Asia triggered, obviously, a whole lot of issues around our own global portfolio came into play.

We just needed to balance it to just make sure that we are able to -- in a sustainable way, resolve it. And that's impacted us a little bit. So it's also a little bit of what -- where we were last year same time. So there are many reasons for it but nothing significant as I would see, Arnab. In the moderation, I don't believe that's anything on a longer period, over a year or in the 9 to 12 months, I don't see any slowing down which has happened.

- Arnab Mitra:** Got it. And just one add-on question to this was the -- is there any reason to look at numbers ex AP anymore given that AP is now in the base or were there some slightly higher than normal sales as the channel was retailing?
- Pradeep Jain:** No, no, Arnab. Not at all, In fact, in terms of quarter alone of performance, we don't look at AP. But because we were doing a 12-month review with you, being the annual call, because AP was there for the first 6 months, etcetera, you're absolutely right, we should not -- there is absolutely no need to look at ex AP.
- Praveen Someshwar:** And as we go forward, we will certainly not look at ex-AP.
- Pradeep Jain:** Ex-Maharashtra will continue for the next couple of quarters, probably, right?
- Arnab Mitra:** Got It. My second question was really good to see you focus back on McDowell's No.1. And my one question was, in the past, I've had a feeling that your focus was a lot more on Mid and Upper Prestige. Lower Prestige, does it still have the economics? And do you still have the cost structure to play in that segment because there is a lot of local smaller players who have now entered that segment?
- So just wanted to understand on the medium term, is this still a good economics business to grow? Of course, you still have to be there. It gives you scale and things like that, but in terms of trying to grow this business.
- Praveen Someshwar:** Arnab, it is a very big part of our business, number one okay? And number two, India-1, as we segmented it is a very big part and it is seeing very, very healthy growth, growth in penetration and frequency. A huge opportunity. And this over a period of time will ladder to our premium portfolio. So we believe this is an absolutely important catch, okay?
- We have seen it slowing down over the last couple of years. It is not to say we are not focused on it. We have seen it slowing down. We were going slow to go fast. We were fixing at the back end, and we have spent time as we have gone through this renovation and transformation.
- And we feel, therefore, as it gets back to the market, it will turbocharge growth at the Lower Prestige. Now coming to the economics. And PJ can add to it. Actually, PJ, can you add to the economics first?
- Pradeep Jain:** So Arnab, economics are not an issue, right? Look, as the enterprise productivity has scaled up, right, over the last 3, 4 years, let us understand, being such a salient part of our portfolio, the maximum benefit also comes down to McDowell's. So from our perspective, the margin structure of the category is absolutely a ladder structure, and we do not see any concern in the margin structure of McDowell's. So no economic concerns at all, all guns blazing, productivity has the maximum impact on McDowell's, and we do not see any concerns.
- Arnab Mitra:** Thanks. That's it from my side. All the best.
- Praveen Someshwar:** Thank you.
- Pradeep Jain:** Thank you.

- Moderator:** Thank you. Our next question is from the line of Harit Kapoor with Investec. Please go ahead.
- Praveen Someshwar:** Hi Harit.
- Harit Kapoor:** Hi, good evening. I just had a question on McDowell's again. So if you could just take us through how this process will work now in terms of putting the product into the market, change on the new blend and packaging? And how long would it take you to kind of get feedback on how the customer is kind of accepting it? So just some sense on that. I mean, would you be able to get sufficient feedback sense in the first 6 months or in H1. Sitting in H1? Would that be the right kind of timeline to look at it?
- Praveen Someshwar:** Yes. So it is still starting to go into market. In fact, earlier this week, it got launched in UP. And obviously, all markets typically have 15 to 20-day stocks at various parts. So as it goes through, it can take at least another month to see it in full bloom and the market it is gone and then you drive the whole agenda.
- So as I see, it will take every market in the third month is when you will see how it is getting executed, what is the consumer response. We can get early reads around it. But overall, so the early read is as we roll out to a market, to our core customers and a set of consumers, we see how they respond to it. And UP, we have just launched. There has been huge excitement around it. And that gives us the confidence.
- How long will it take across the country? I think it starts now and goes right up to end August. It is in a very sequential form as we have looked at it market by market. And therefore, by end of August, we will be pretty much across markets in India. So yes, you will start seeing how it performs somewhere mid-July onwards and start getting the lift around that part of the business to our overall portfolio.
- Pradeep Jain:** And probably in the October call, Harit, we will have a better sense. It will also, you know the presales before the festive season, etcetera, would also be a reasonably good indicator. So October would be a good time to kind of give you guys a sense.
- Harit Kapoor:** Great. Great. And the second and last question was on the playbook bit. So you know there is innovation mentioned there, there is category creation participation via portfolio white spaces.
- So I just wanted to get your thoughts on when you are looking into the portfolio now, any spaces which you feel that where there is still scope either to use the global portfolio might or innovate domestically, which can drive growth even more from here, maybe premium vodka or whatever you think there is, you know there are opportunities. Anything there you can just comment on in terms of how you are thinking about it? That is it for me. Thanks.
- Praveen Someshwar:** Great question, Harit. When I say category creation, we are building category in tequila right now, as we speak. We are unlocking the true potential of vodka through Smirnoff. We already play brandy. We are significantly enhancing our play around brandy. And we got to look at that very differently. There are certainly global brands which are waiting to come to India. We are evaluating each one of them. And when, you know the timing will decide, will be versus the consumer opportunity and when we can bring it to market, but certainly looking at it.

So over the next 12 to 18 months, you know you will see some exciting new spaces opened up. We would not want to talk about it because that is future looking, and it is a little speculative. But certainly, absolutely an opportunity and something we will evaluate very, very closely as we go through.

**Harit Kapoor:** Great. Great. I wish the team all the best. Thank you.

**Pradeep Jain:** Thank you.

**Moderator:** Thank you. Our next question is from the line of Krishnan Sambamoorthy with Ashika Institutional Equities. Please go ahead.

**Krishnan Sambamoorthy:** Yeah, hi. My questions are regarding a couple of other commodities. From what we gather, ENA costs were fairly stable for the fourth quarter. Could you just give an indication as to what has been the trend on that particular front recently?

**Pradeep Jain:** ENA cost is reasonably stable. You have got it absolutely bang on, right? And that is why, you know as I responded to the cost issues, it is largely centering around packaging materials.

**Krishnan Sambamoorthy:** Okay. And Pradeep last quarter, you also indicated that while you are insulated from the rupee depreciation impact on bulk scotch because of your agreement with Diageo, there has been, there was some inflation that you had indicated. Anything to call out on the bulk scotch inflation ex rupee depreciation?

**Pradeep Jain:** That is ongoing. That is ongoing, right? And on the bulk scotch also, the IMFL bulk scotch, we do not have a month-on-month depreciation but there is an annual price reset in which the Forex also comes and impacts us, right? So obviously, it cannot be right? Because the source inflation happens at source and the Forex gets reset once in 12 months when the price is being reset. So that also does come and impact us.

So if last year was at, let us say, 85, and today, the dollar is at 93, yes, that will come and impact. But that is part of our ongoing business as usual inflation, Samba, so we should not worry too much about that.

**Krishnan Sambamoorthy:** Okay. And lastly, given the dividend that you declared this year, any revision, a, from your dividend payout policy; and b, intentions, if and when the proceeds of the RCB stake sale comes through?

**Pradeep Jain:** Okay. So I will comment on the first one, you know which is on the dividend part, right? We have already released, made an amended policy about 3 months ago. When we declared the January interim dividend, we had restated our dividend payout ratio. And then earlier, I think it was 50% to 70%. We have already moved it from, you know? To the range of 60% to 85%. And that is pretty much, you know? Synchronous with the payout ratios as we have increased over the last 3 years, right?

Second one is something, you know, right now, we are just focused on closing the transaction. Once we close the transaction, then we will worry about you know, what will happen with the

proceeds. So I would recommend and that will be something that will be a subject matter for USL Board's review and decision. So let us kind of pause that for a while.

**Krishnan Sambamoorthy:** Understood. Thanks, Pradeep.

**Pradeep Jain:** Thank you.

**Moderator:** Thank you. Our next question is from the line of Latika Chopra with JPMorgan. Please go ahead.

**Pradeep Jain:** Hi, Latika.

**Latika Chopra:** Hi, everyone. Hi. You know most of my questions have been answered. Just a few clarifications. You know one was on advertising spend.

**Pradeep Jain:** Latika, you are not very clear.

**Praveen Someshwar:** Latika, we cannot understand what you are saying.

**Latika Chopra:** Is it better?

**Praveen Someshwar:** Slightly better, yes. Just speak a little louder, please. Yeah.

**Latika Chopra:** Okay. Yeah. So my first question was on advertising spends. This year, you landed at 10.4%. So are we maintaining the band of 9% to 10%? Is that a fair range for you to operate at?

**Pradeep Jain:** Latika, I think I clarified that. Maybe not on the last call, right? I mean, we do see our A&P spend more in the 10.5% range, right? And we will probably sustain at those levels.

**Latika Chopra:** Understood. The second was if you could give us some flavor on how the on-trade and off-trade salience for your business looks like? How are these trending? And any specific initiatives you want to talk about? And separately, I was also very curious to know the feedback on this 200 ml launch that you've done for Johnnie Walker Blonde.

**Pradeep Jain:** Johnnie Walker Blonde, okay...

**Praveen Someshwar:** So, look, Latika, on on-trade, off-trade, most of the salience, I think the important thing to look at on-trade is that's where our brands are built, okay? Once you understand that, then you realize the impact it has on consumers and how it builds occasions and how it builds frequency over a period of time. So, I don't look at it in terms of salience of business. I look at it in terms of how we invest there and be there, and the best of us need to be there so that it endures our consumers to drive penetration and frequency. That's how I would look at it in a big way. The second question she asked?

**Management:** Johnnie Walker Blonde 200

**Praveen Someshwar:** Johnnie Walker 200, look, pocket pack is 180 ml has done magic, okay? What it does -- why do we do a 180 ml or a 200 ml? Very, very importantly, it softens the pocket spend and allows for people to premiumize constantly and therefore sample our product. That's what it's done. And

it's doing very, very well, not only for Blonde, but we are starting to look at our -- across our portfolio, the 20 cl play. And what it does, therefore, is a 200 ml play, that's what it does, therefore, is constantly samples our products in -- for consumers to, therefore, over a period of time become loyalists.

**Pradeep Jain:** It's the core penetration SKU, Latika, right? In a country like India, it's a higher salience across categories, right? So, we're just trying to play to that, in fact.

**Latika Chopra:** Understood. Thank you so much.

**Praveen Someshwar:** Thank you. Latika.

**Moderator:** Thank you. Our next question is from the line of Aditya Gupta with Tara Capital Partners. Please go ahead.

**Aditya Gupta** Hii, good evening First question on the thinking pattern and behavior of Gen Z. Obviously, there's a lot of talk about them drinking less, drinking better but drinking less. A, is there any way to track that in India? How are you guys monitoring that situation? And I mean, how are you looking at the whole thing in India?

**Praveen Someshwar:** Look, that's more -- as I've spoken about this consistently in outside of this forum also. Look, Gen Zs, first, I don't think are drinking less significantly, but they are drinking better very, very differently. And therefore, we are starting to see -- penetration used to be driven around our primary scotches, even for our India 3 consumers, that is looking very different today. They start consuming single malts. They start consuming whites at the premium space. They're looking at repertoire drinking, very, very aggressively.

What we noticed also is that in the past, there was consistency of drinkage. What we are starting to notice today is there's a lot more bingeing. So, they tend to drink the same amount but they tend to drink in a fewer occasions at times. So, there are different things which are playing out. It's playing out differently between scotch and whites. Cocktails are on a roll as we speak with Gen Zs. But overall, I don't see significantly lower drinkage, but I see significantly premium consumption.

**Aditya Gupta:** Okay. And very near term, is there any challenge to bottle availability also? Or is it only cost inflation headwind?

**Praveen Someshwar:** As of now, given our -- given that we also are looking at PET, and PET is a significant part of our overall portfolio now in terms of volumes. We are not seeing any significant concerns on bottle availability. Yes, in the short term, if you don't -- if we are not plan full enough, we've had stock outages. But nothing serious. Nothing really of concern.

**Aditya Gupta:** Thank you for answering the questions. Have a good weekend.

**Praveen Someshwar:** Thank you.

**Moderator:** Thank you. Our next question is from the line of Mehul Desai with JM Financial. Please go ahead.

- Mehul Desai:** Yeah. Hi, sir. Most of my questions were answered. Just on the staff cost. I mean, the last 3 to 4 years, your staff cost has not seen a material increase. I mean FY25 it was 11%, FY26 it was 3% increase. How should one look at your staff cost going into FY27-28? That's the first question. And second book-keeping question, was there any dividend income from RCB in FY '26?
- Pradeep Jain:** Okay. So, let me take the second one, which I remember offhand -- easily, right? Yes, I think in Q3, there was roughly INR100 crore, our dividend income from RCB to USL. So that was there. Look, on the first one, I mean, I said this earlier also, we do keep driving an ongoing continuous or effectiveness productivity intervention on an ongoing basis. That's part of our overall value chain productivity.
- So that's the only reason that some of the typical increase is not translating into the inflation numbers the way you are seeing it. But yes, that's the only reason. And if you look at our staff costs, it's pretty much been range bound over the last 3, 4 years in that INR150 crores to INR160 crores per quarter kind of range. My only request is, as I've always maintained, don't look at a quarter number, right? Always look at our staff cost on our rolling 4 quarter basis. That will give you a reasonably good sense of the numbers.
- Mehul Desai:** Got it. That's helpful. And lastly, just 2 clarifications. One, is the Karnataka policy actually gone into implementation? Or is it still being awaited for replies or consideration from all these stakeholders? And second is, when you say this 1.25% and 1.5% kind of gross margin impact, are you implementing from the 4Q gross margins or from the full year FY26 margins?
- Pradeep Jain:** Okay. So, the second one is clearly sequential basis from the fourth quarter. Now, obviously, there are many other business changes that keep happening. But by and large, I have given you a sequential impact from Jan-March to April-June quarter, right? And to your first question, Karnataka policy is pretty much kind of implemented and rolled out about 2 weeks ago. So, it's operational in the market.
- Mehul Desai:** Got it. That's all from my side. Thank you.
- Pradeep Jain:** Thank you.
- Moderator:** Thank you. Our next question is from the line of Abhijeet Kundu with Antique Stockbroking. Please go ahead.
- Abhijeet Kundu:** Hi, sir. Thanks for the opportunity. The feedback that we got from markets about McDowell's muted growth was essentially, there were too many variants within McDowell's in that segment, in the entry segment. So, was this right? My first question was that. Was there a problem with - too many variants being there.
- Pradeep Jain:** I don't think we've understood the question, no. McDowell's is...
- Praveen Someshwar:** I don't think it has too many variants. It's largely similar. There are a couple of states where we have one different variant. But it is one core McDowell's in every state. So, I don't think there are too many variants.

- Pradeep Jain:** But nothing it varies with the industry. By and large, it's the same number of variants. But any concern, there, I'm not getting the concern. That is not an issue at all.
- Abhijeet Kundu:** Because what we were told was that from the consumer side, say, there is just McDowell's number 1, a single product. Whereas there is McDowell's number 1. So likewise...
- Pradeep Jain:** We haven't picked up anything like this. I believe we haven't picked up anything that's...
- Praveen Someshwar:** Nothing at all.
- Pradeep Jain:** Nothing like this from the consumer, right? So no, there's something else.
- Abhijeet Kundu:** Understood. And on Antiquity, we didn't speak much about Antiquity and it was getting very close to the 1 million cases mark. So, we spoke about Signature, and Signature has been doing really well. So where do you see Antiquity in the overall scheme of things?
- Praveen Someshwar:** Look, it's a portfolio of brands we play, both in Upper Prestige and in BII, very, very clearly. Antiquity is core part of the portfolio and we will continue to drive growth. However, the lead brand is what we spoke about. And therefore, when I spoke about Signature or Black & White or the BII, it was just to say these are the lead brands that we are doing. But yes, absolutely, it's important, and we will continue to invest and drive growth across our portfolio.
- Pradeep Jain:** I mean just to add to what Praveen has said, Signature is the national brand. So therefore, we've spoken of that. Antiquity is a geography-specific brand, and it continues to do very well in those geographies.
- Abhijeet Kundu:** Understood. And the MML impact, has it receded in the recent times? I mean, and is settling down the number of volumes? How do you see it?
- Praveen Someshwar:** I haven't seen receded. I'm starting to see it average out and start settle down. And that's why I said sequentially, there's not going to be no further impact. We've seen the worst of it.
- Abhijeet Kundu:** Understood. And this 1.2% impact on gross margin situation, are you in a position right now to absorb that through higher productivity?
- Pradeep Jain:** I mean we'll have to see that. Productivity is an ongoing treadmill, right? We will have to see how our initiatives will keep coming and keep getting executed, right? Right now, I don't want to comment on that, right? But obviously, our effort would be to try and neutralize, right? But it's very difficult to kind of jack that up in the shorter term.
- Abhijeet Kundu:** Understood. Thanks.
- Moderator:** Thank you. Ladies and gentlemen, we will now take one last question in the interest of time, which will be from the line of Ashutosh Jain of Barclays.
- Ashutosh Jain:** Hello, Praveen, Pradeep and Shweta. Thanks for taking my question. So one question was already answered so I'll just keep one from me. Could you just give some additional color on what will happen to scotch pricing after the UK-India FTA deal is implemented? Your global

CFO, Nik, suggested like high single-digit consumer price decrease. So, is there any update to that or any modification you would answer? And how will it differ across your salience of BII and BIO portfolios? Thank you.

**Pradeep Jain:** Very much the same, exactly. BIO, roughly, we are looking at a high single-digit reduction. Our desire will be to pass that on completely to the consumer. BII will be in the range of 4% to 5%. So exactly the same ranges. No change at all.

**Ashutosh Jain:** Okay, thank you so much.

**Moderator:** Thank you. I would now like to hand the conference over to...

**Praveen Someshwar:** Thank you, everyone. Thanks for joining the call. I appreciate your time.

**Shweta Arora:** Yes. Thanks, everyone, for joining the call. If there are any questions, please reach out to me directly. Thank you. Have a good evening.

**Moderator:** Thank you. On behalf of United Spirits Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.