



PAHLÉ INDIA FOUNDATION
PUTTING INDIA FIRST TO MAKE INDIA FIRST

ECONOMIC AND SOCIAL IMPACT ASSESSMENT OF DIAGEO INDIA



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ACKNOWLEDGEMENTS

This report on the **Economic and Social Impact Assessment of Diageo India** is the result of fieldwork, research, and analysis conducted by the team at Pahlé India Foundation. It has been both an enriching and operationally complex undertaking made possible through the support and collaboration of many individuals and institutions.

We extend our heartfelt thanks to the team at Diageo India for their generous cooperation throughout this study. Our visits to the manufacturing plants gave us invaluable insights into the end-to-end production processes including malting, casking, bottling, and packaging. These visits were critical in helping us understand the real-time operational dynamics and value chain of the beverage manufacturing sector in India.

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LIST OF ABBREVIATIONS

AlcoBev	Alcoholic beverages
AWS	Alliance for Water Stewardship
BRSR	Business Responsibility and Sustainability Reporting
BSE	Bombay Stock Exchange
CAGR	Compound Annual Growth Rate
CO ₂	Carbon Dioxide
CO ₂ e	Carbon Dioxide Equivalent
CSR	Corporate Social Responsibility
CST	Central Sales Tax
ENA	Extra Neutral Alcohol
FY	Financial Year
GDP	Gross Domestic Product
GST	Goods and Services Tax
GHG	Greenhouse Gas
IMFL	Indian-made Foreign Liquor
INR	Indian Rupee
IO	Input-Output
I-RECs	International Renewable Energy Certificate
KL	Kiloliter
LPA	Lakhs per Annum
m ³	Cubic Meters
MT	Metric Ton
MW	Megawatt
NSE	National Stock Exchange
OECD	Organization for Economic Co-operation and Development
PET	Polyethylene Terephthalate
PwD	Person with Disability
TJ	Terajoules
USL	United Spirits Limited
VAT	Value Added Tax
WASH	Access to Water, Sanitation, and Hygiene



1. INTRODUCTION

DIAGEO INDIA HAS ESTABLISHED ITSELF AS THE COUNTRY'S LEADING ALCOHOL BEVERAGE COMPANY

It was incorporated in India as United Spirits Limited (USL) and is a publicly traded company listed on both the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The company holds an impressive portfolio of premium brands that cater to various economic segments in the country. The production takes place in various manufacturing units across India's states and union territories. According to the latest Annual Report of Diageo India, it has 36 manufacturing facilities in these regions.

TABLE 1: PREMIUM BRANDS OWNED BY DIAGEO INDIA UNDER DIFFERENT CATEGORIES OF ALCOHOL

Alcohol	Brand
Whisky	McDowell's, Royal Challenge, Signature
Scotch Whisky	Johnnie Walker, Godawan, Epitome Reserve, The Singleton, Black & White, Antiquity Blue, Lagavulin, Cardhu, J&B
Rum	Captain Morgan
Tequila	Don Julio
Vodka	Smirnoff, Ciroc, Ketel One
Gin	Gordon's, Tanqueray
Liqueur	Baileys

Source: Diageo India's Catalogue

Among these listed brands, several are produced exclusively in India. The Indian brands cater to the local tastes and preferences. This includes brands such as McDowell's Royal Challenge, Antiquity Blue, and Signature. Diageo India has also taken the initiative of the indigenous development of premium whisky brand. Godawan is Diageo India's artisanal Single Malt Whisky, crafted and dedicated wholeheartedly to this Rajasthani ethos – of beauty in scarcity, and sustainability.

Diageo India, through efforts like these, has contributed to the Make in India strategy and has aligned its goals with those of the Viksit Bharat Mission pursued by the Government of India.

Through the extensive portfolio of spirit beverages, Diageo India has acquired a significant percentage of India's total alcohol beverage market. As per the latest estimates, the size of the alcoholic beverages (AlcoBev) and Indian-made Foreign Liquor (IMFL) industry stood at INR 2,68,140 crores and INR 1,66,460 crores. Diageo India's share in the AlcoBev and IMFL industry stands at 9.47% and 15.25% respectively (Diageo India's internal data). The table above shows that Diageo India primarily focuses on the spirits market, not fermented beverages like beer and wine. Therefore, Diageo India's share in India's total alcoholic beverage market will primarily reflect its position and performance in the spirits market.

Diageo India is optimistic about its future prospects in the Indian market, owing to the decent economic growth India is experiencing and the expansion of the middle-class segment. Diageo India has focused on premiumisation as a strategy for future growth, targeting the growing aspirations of the middle-class segment. As such, the company is expected to impact society positively through its operations. The company will not only boost the manufacturing sector but also generate opportunities for employment in the manufacturing sector.

The AlcoBev manufacturing sector is a key driver of India's economy. It directly boosts industrial output through nationwide manufacturing and bottling operations, generates employment across production, logistics, and sales, and also contributes significantly to government revenues via excise and other taxes. Its investments in local sourcing and infrastructure also stimulate allied industries like agriculture, packaging, and transport. The sector indirectly strengthens rural incomes, supports livelihoods across hospitality, tourism, and retail, and advances social welfare through initiatives in skill development, women's empowerment, and responsible drinking.



2. ECONOMIC IMPACT

We have effectively applied Leontief's input-output (IO) technique to capture the indirect economic impact of Diageo India's manufacturing activity in India, using the Organization for Economic Co-operation and Development (OECD) input-output table.

IMPACT ANALYSIS USING IO TABLES

Direct Impact: An increase in demand for Industry A's output, directly impacts the industry. For example, if demand rises by INR 10 crores, Industry A's total output will similarly increase by INR 10 crores.

Indirect Impact: As Industry A ramps up its production, it requires more inputs from its suppliers. This increase in demand trickles down the supply chain. For instance:

- Industry A might need more steel, increasing the output of the steel industry.
- The steel industry then needs more iron ore, increasing the output of the mining industry.

The indirect impact is the sum of these additional outputs required from the supplying industries.

During the assessment period, Diageo India navigated multiple external shocks, including the COVID-19 pandemic and supply chain disruptions. FY21 marked a significant low point for volumes and revenue. However, the company's profitability, measured by net profit and profit before tax, not only recovered but outperformed previous years, reflecting a deliberate shift in corporate strategy, as shown in the figures below.

Premiumization - Diageo India's strategic pivot towards Premiumization has been central to its performance in recent years. By focusing on higher-margin, premium products, the company successfully enhanced profitability even as overall sales volumes declined. This shift was supported by operational streamlining, tighter cost management, and workforce restructuring, with a consistent reduction in regular employees and increased use of contractual hiring.



FIGURE 1: PROFIT INDICATORS OVER THE LAST FIVE YEARS (IN INR CRORES)

■ Profit before tax
 ■ Profit

Source: Diageo India's Annual Reports

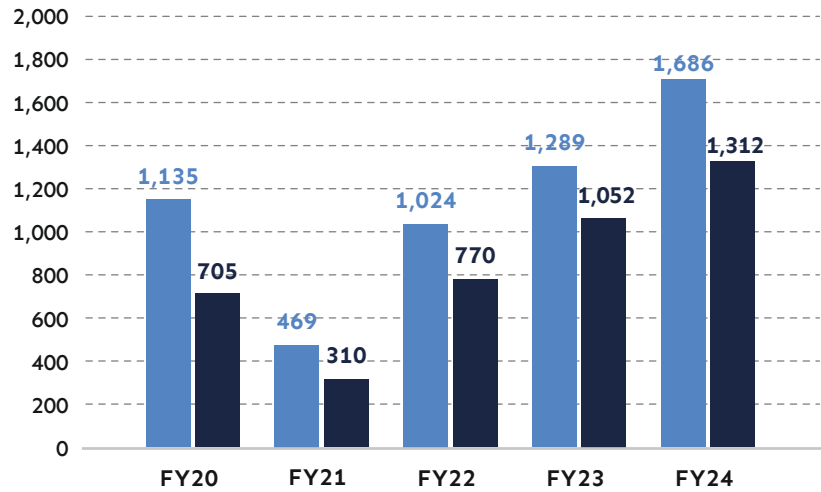
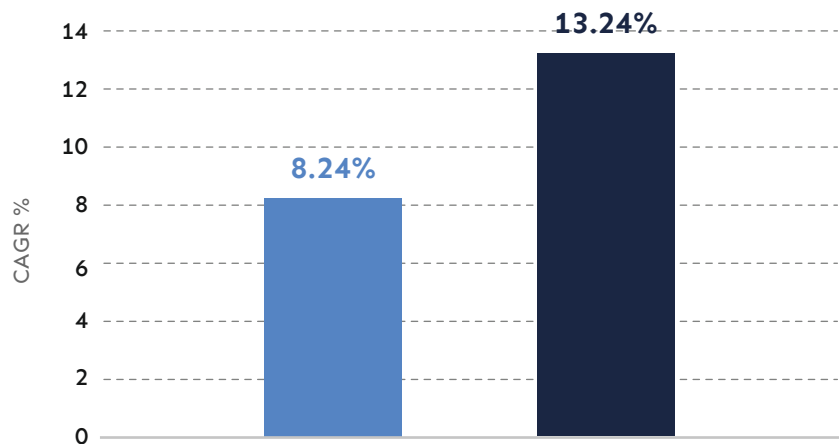


FIGURE 2: CAGR OF PROFIT INDICATORS OVER THE LAST FIVE YEARS (%)

■ Profit before tax
 ■ Profit

Source: Diageo India's Annual Reports

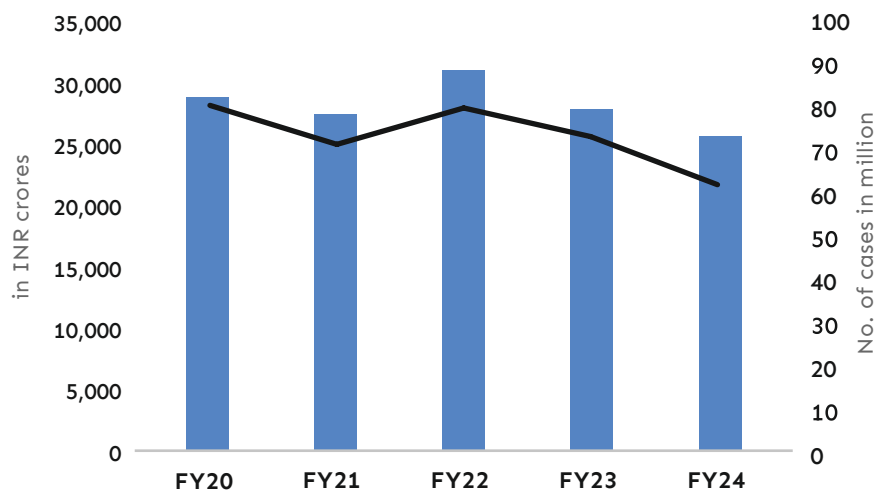


Despite a decline in revenue from operations and sales volume over the past five years, the company's profit growth stands out as unique. Figure 3 illustrates this trend in revenue from operations and sales volume.

FIGURE 3: SALES INDICATOR OVER THE LAST FIVE YEARS

■ Revenue from operations
 — Sales Volume

Source: Diageo India's Annual Reports

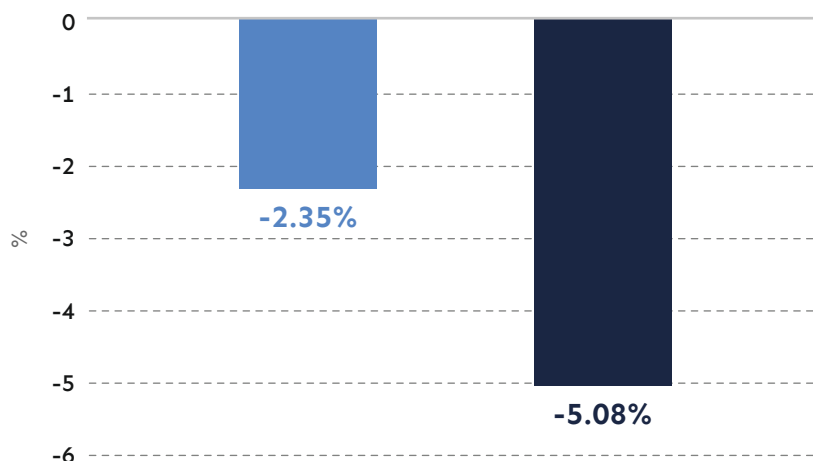


Over these last five years, revenue from operations and sales volume has had a negative CAGR, as shown in the figure below.

FIGURE 4: CAGR OF SALES INDICATORS OVER THE LAST FIVE YEARS (%)

■ Revenue from operations
 ■ Sales Volume

Source: Diageo India's Annual Reports



“ Despite a decline in sales and overall sales volume, Diageo India has successfully enhanced its profitability, reflecting effective operational efficiency. A key strategic shift during this period was the company’s focus on premiumization. The simultaneous decline in volume and increase in profit suggest a focus on higher-margin products, operational streamlining, and better cost management. This is also supported by changes in the company’s workforce. The number of regular employees decreased consistently across the five years, with a corresponding increase in contractual hiring.”

FIGURE 5: NUMBER OF REGULAR EMPLOYEES (FY 2020-24)

Source: Diageo India's Annual Reports

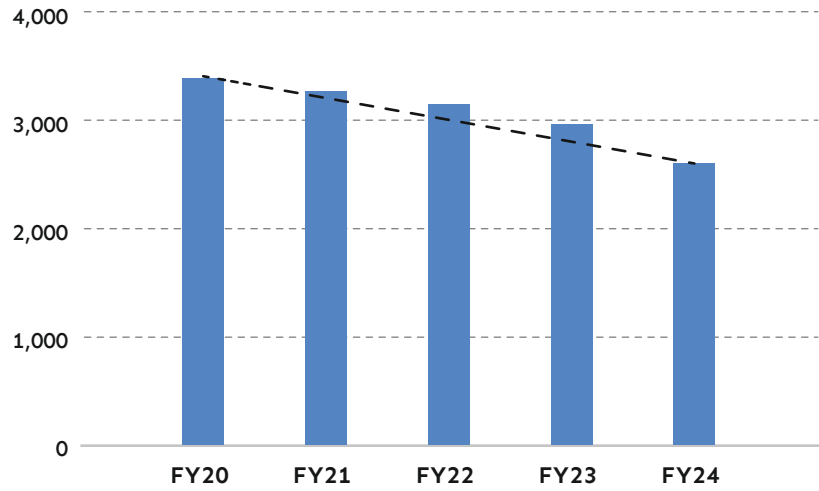


FIGURE 6: NUMBER OF CONTRACT EMPLOYEES (FY 2020-24)

Source: Diageo India's Annual Reports

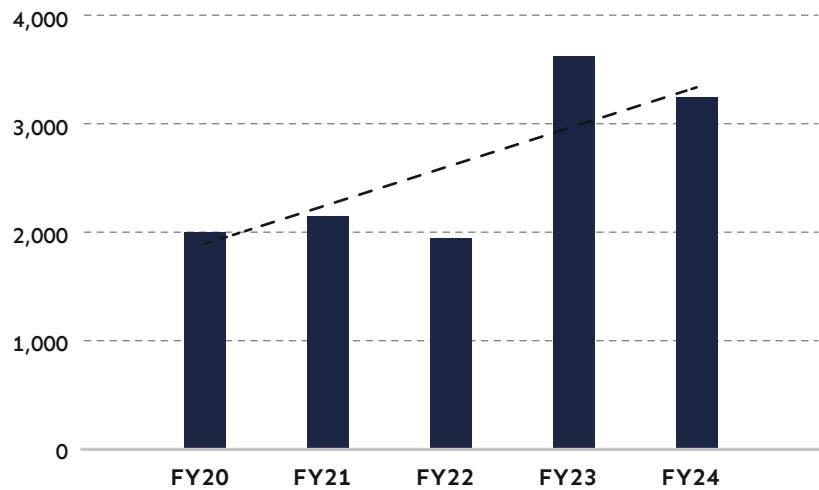
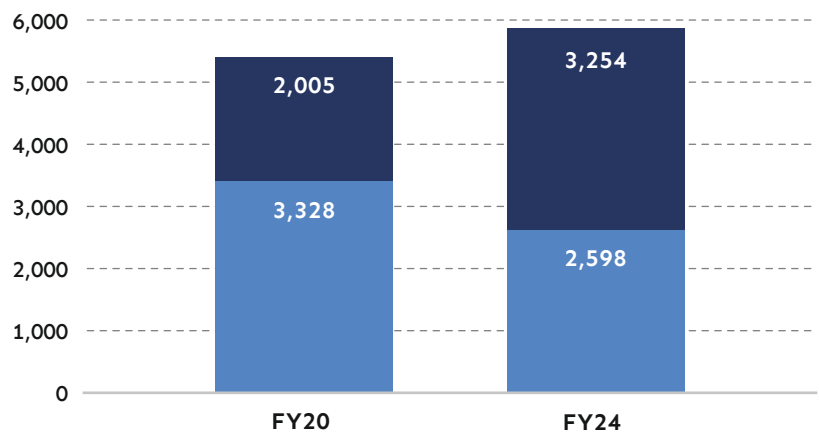


FIGURE 7: CHANGE IN TOTAL EMPLOYMENT

■ Permanent employee/ worker
■ Contractual employee/ worker

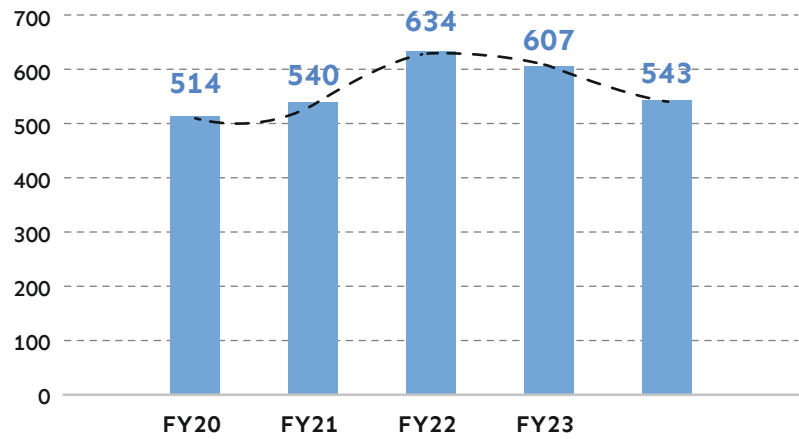
Source: Diageo India's Annual Reports



As a result of structural changes in terms of employment, the total employee benefit expenses declined. However, the per capita benefit remained largely unchanged, indicating sustained investment in human capital despite the rationalisation of the workforce. Employee benefits here refer to the amount of money Diageo India spent on paying wages and salaries to its factory workers and executive employees, along with its contributions towards social benefit schemes available to the employees and workers.

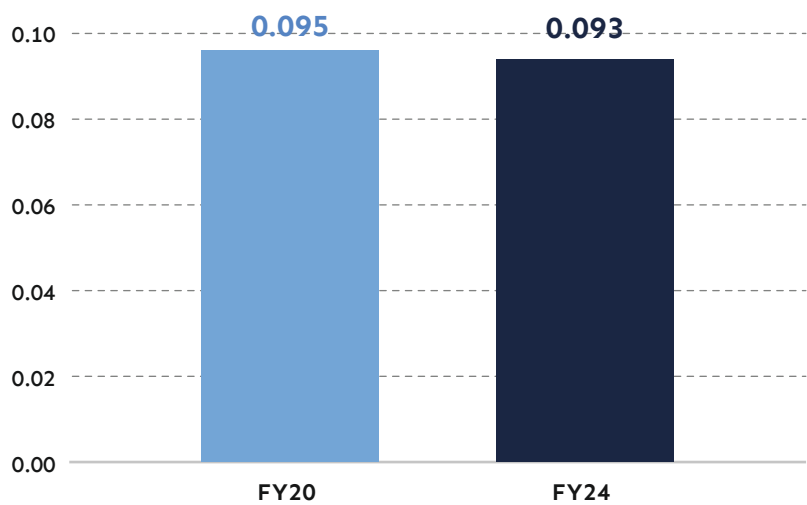
**FIGURE 8:
EMPLOYEE
BENEFITS OVER
THE LAST FIVE YEARS
(IN INR CRORES)**

Source: Diageo India's Annual Reports



**FIGURE 9: EXPENSE
PER EMPLOYEE (IN
INR CRORES)**

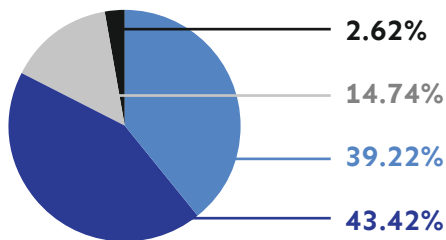
Source: Estimated Using Data Reported in Diageo India's Annual Reports



2.1. STATISTICS ON EMPLOYEES

An important trend has been the company’s increasing focus on inclusive employment. Diageo India has made tangible progress in bringing women into its blue-collar workforce, particularly in factory roles, where female participation reached approximately 20% by FY24. This marks a significant cultural shift in an industry that has traditionally been dominated by men.

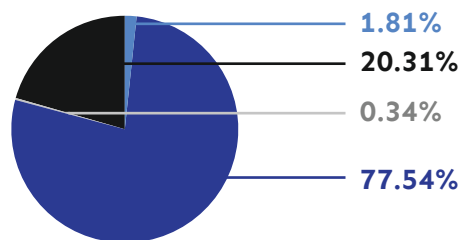
FIGURE 10: GENDER BIFURCATION OF PERMANENT EMPLOYEES/WORKERS



- Male permanent employees
- Male permanent workers
- Female permanent employees
- Female permanent workers

Source: Diageo India’s Annual Reports and Internal Data

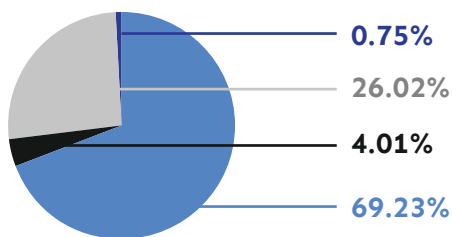
FIGURE 11: GENDER BIFURCATION OF CONTRACT EMPLOYEES/WORKERS



- Male contract employees
- Male contract workers
- Female contract employees
- Female contract workers

Source: Diageo India’s Annual Reports and Internal Data

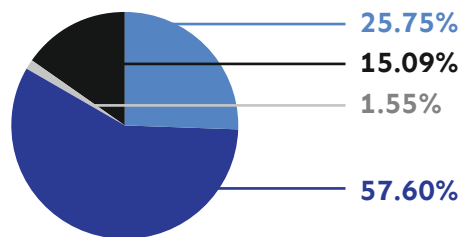
FIGURE 12: GENDER BIFURCATION OF WHITE-COLLAR EMPLOYEES



- Male permanent employees
- Male contract employees
- Female permanent employees
- Female contract employees

Source: Diageo India’s Annual Reports and Internal Data

FIGURE 13: GENDER BIFURCATION OF BLUE-COLLAR WORKERS



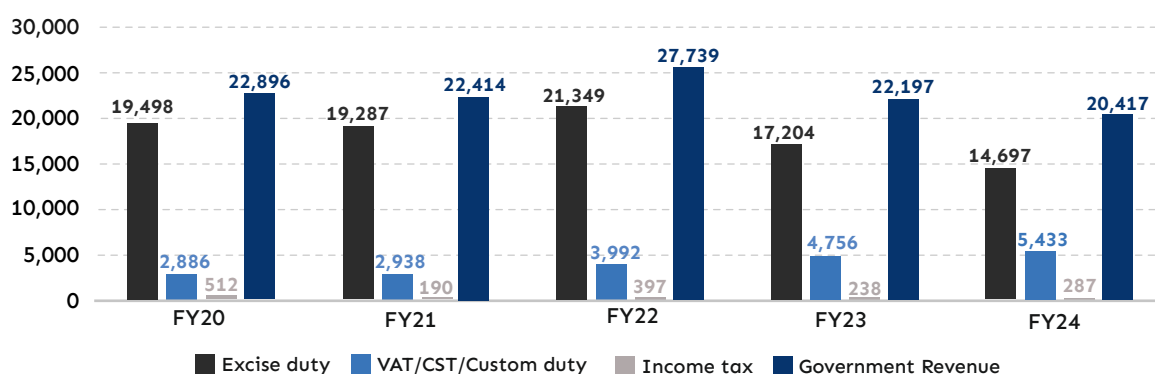
- Male permanent workers
- Male contract workers
- Female permanent workers
- Female contract workers

Source: Diageo India’s Annual Reports and Internal Data

2.2 FINANCIALS OF DIAGEO INDIA

Diageo India’s operations have significantly benefited the government by contributing substantially to public revenue through excise duties and direct taxes. While the total government revenue from the company decreased, primarily due to lower excise collections, the overall impact remains substantial. Given the variation in excise duty rates across states and Diageo India’s nationwide production presence, this decline largely reflects variations in state-level tax policies rather than a decrease in the company’s overall contribution.

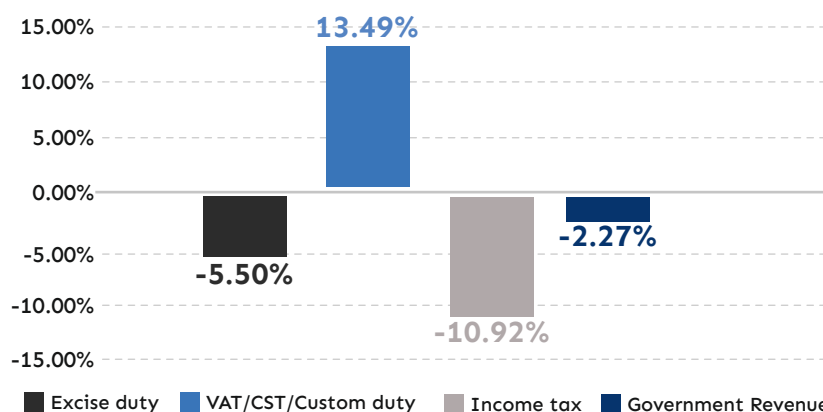
FIGURE 14: GOVERNMENT REVENUE THROUGH DIAGEO INDIA IN THE LAST FIVE YEARS (IN INR CRORES)



Source: Diageo India’s Annual Reports and Internal Data

This figure shows that the government has raised substantial revenues through taxation from Diageo India. However, these revenues have declined substantially and are now below the level observed in FY20, resulting in a negative CAGR. The decline in the excise duty is a key factor contributing to the negative CAGR of total government revenues. The figure below shows the CAGR of total revenue generated and its components over the last five years.

FIGURE 15: CAGR OF TAX REVENUE INDICATORS (in %)

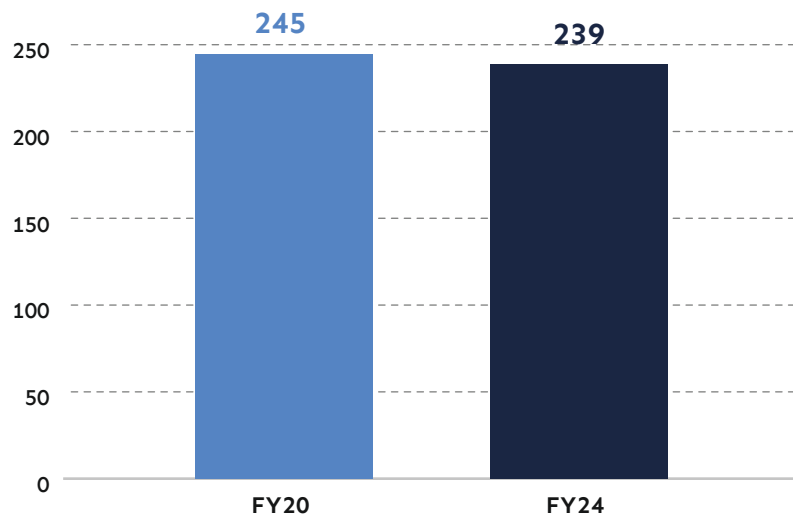


Source: Estimated Using Data Reported in Diageo India’s Annual Reports

Figure 15 shows that the CAGR of the excise duty component and total tax expense was negative over the last five years. Since the total tax expense component is only 1.41% of government revenue, the substantial decline in government revenues can be attributed to a decline in the excise duty component. The excise duty component declined due to Diageo India's adoption of the premiumization strategy.

Diageo India's premiumization strategy involves the production of higher-quality products that cater to the aspirational class of society, comprising middle-income and high-income individuals. Premiumization strategy reduces the need for the number of plants the company is required to operate. As a result of this strategy, production declined over the last five years, leading to a decline in government revenue through excise. In this case, the excise expense per million cases produced serves as a more accurate measure of government benefit. Excise expense per million cases produced in FY20 and FY24 shows minimal difference, as shown in the figure below.

FIGURE 16: EXCISE PER MILLION CASES SOLD (IN INR CRORES)



Source: Estimated Using Data Reported in Diageo India's Annual Reports

Excise paid per million cases produced stood at INR 245 crores and INR 239 crores in FY20 and FY24, respectively.

2.3 DIAGEO INDIA'S PLANT LEVEL ASSESSMENT

To gain a deeper understanding of Diageo India's economic footprint, a closer look at its manufacturing operations across the country is needed. Diageo India operates manufacturing facilities ranging from highly integrated Type I plants that handle everything from distillation to bottling, to Type IV plants dedicated solely to bottling. Unsurprisingly, the nature of these plants shaped their economic role. Based on the productive processes undertaken, the table below shows the classification of manufacturing plants.

TABLE 2: TYPES OF PLANTS AND THEIR NUMBERS

Class of Plant	Processes Undertaken	Number of Plants
Type I	ENA Distillation, Malting, and Bottling	1
Type II	Malting, and Bottling	4
Type III	Malting	1
Type IV	Bottling	30

Source - PIF's Calculations Based on Diageo India's Internal Data.

Type IV plants, for instance, contributed nearly 73% of total production in FY24, a testament to the central role of bottling in the company's supply chain. These same plants accounted for close to 59% of the total excise duty collected, reinforcing the idea that location and tax regimes heavily influence fiscal contributions.

TABLE 3: CONTRIBUTION TOWARDS TOTAL PRODUCTION BY EACH PLANT TYPE

Class of Plant	Contribution Towards Total Production
Type I	2.48%
Type II	24.76%
Type III	0.00%
Type IV	72.77%

Source - PIF's Calculations Based on Diageo India's Internal Data.

TABLE 4: CONTRIBUTION TOWARDS EXCISE DUTY COLLECTION BY EACH PLANT TYPE

Class of Plant	Contribution Towards Excise Duty Collected
Type I	4.29%
Type II	37.14%
Type III	0.00%
Type IV	58.57%

Source - PIF's Calculations Based on Diageo India's Internal Data.

Type II plants, which undertake both malting and bottling, followed closely behind in both production and tax contributions. Notably, the correlation between production and sales remained strong across the board, with Diageo India managing to sell nearly everything it produced. Some discrepancies did exist between production and sales, but these were shaped by fluctuating market conditions and strategic distribution choices.

Beyond production and taxation, these plant types also differ in their linkages to other sectors. For instance, Type IV plants dominated packaging material procurement (65%) and transport expenditure (64%), owing to their exclusive focus on bottling. On the other hand, Type II plants had a more balanced procurement pattern, reflecting their hybrid role in malting and bottling. The table below shows the share of each type of plant in total spending incurred by Diageo India on inputs and services categorised into different industries/sectors.

TABLE 5: SHARE OF EACH PLANT TYPE IN TOTAL PROCUREMENT EXPENDITURE FOR VARIOUS SECTORS

Sector	Plant Type			
	Type I	Type II	Type III	Type IV
Raw Materials	13.25%	29.12%	0.77%	56.86%
Packaging Materials	2.98%	31.29%	0.00%	65.74%
Logistics and Transport	7.35%	25.50%	1.10%	66.05%
Machinery	9.27%	50.76%	16.44%	23.53%
Business Services	12.01%	50.23%	5.90%	31.86%
Repair Services and Utilities	4.67%	8.55%	0.71%	86.07%
Staffing Services	4.65%	25.87%	2.77%	66.71%
Branding and Advertisement	0.00%	0.00%	0.00%	100.00%
Tourism, Hospitality, and Hotels	0.00%	11.93%	4.18%	83.89%
Others	0.24%	5.34%	0.28%	94.13%

Source - PIF's Calculations Based on Diageo India's Internal Data.

2.4. INDIRECT ECONOMIC IMPACT: LEONTIEF INPUT-OUTPUT MODEL

As any given industry ramps up its production, it requires more inputs from its suppliers. This increase in demand trickles down the supply chain. For instance:

- Industry A might need more steel, increasing the output of the steel industry.
- The steel industry then needs more iron ore, increasing the output of the mining industry.

The indirect impact is the sum of these additional outputs required from the supplying industries.

Understanding Diageo India's broader impact involves examining how its operations influence various sectors and contribute to economic growth. It is in these linkages that Diageo India's indirect economic footprint truly expands. Agro-based industries, supplying everything from grains to spices, generated value of nearly INR 3,956 crores through their linkages with Diageo India's operations, supporting the creation of nearly 3,00,000 jobs. Similarly, industries such as glass, paper, and plastic contributed over INR 4,336 crores in value, leading to approximately 58,000 employment opportunities. The table below shows the value addition to all the linked sectors and employment opportunities created in them due to Diageo India's operations.

TABLE 6: DIAGEO INDIA'S INDIRECT ECONOMIC IMPACT IN TERMS OF VALUE GENERATED AND EMPLOYMENT

Sector	Value Generated (in crores)	Employment Opportunities
Agro and Allied Industries	3,956	2,90,888
Glass, Plastic, and Paper	4,336	58,044
Transport and Logistics	1,258	47,477
Machinery	214	2,861
Business Services	979	11,227
Repair Services and Utilities	7,164	49,715
Staffing Services	2,288	65,929
Branding and Advertisement	1,783	51,382
Tourism, Hospitality, and Hotels	141	10,916
Others	1,525	55,433

Source: PIF Calculations Using OECD's Leontief Coefficient and Diageo India's Internal Data

As table 6 shows, Diageo India's indirect impact on the economy stood at INR 23,643 crores, which created 6,43,870 job opportunities in various sectors affected by Diageo India's operations.

Diageo India's indirect impact can further be bifurcated on the lines of contributions from plant and non-plant activities. Since plant activities require a much different composition of inputs compared to non-plant activities, the indirect contribution resulting from plant activities will be dependent on the composition of the input mix. It is no surprise that most of the indirect impact resulting from plant activities gets generated through its linkages to sectors that provide raw materials, packaging materials, and transportation and logistics. The table below shows the value generated towards each sector by each plant category.

TABLE 7: VALUE GENERATED UNDER DIFFERENT SECTORS BY DIFFERENT PLANT TYPE (IN INR CRORES)

Sector	Plant Type			
	Type I	Type II	Type III	Type IV
Raw Materials	425.77	935.85	24.67	1,827.47
Packaging Materials	124.47	1,307.55	0.00	2,747.36
Logistics and Transport	43.55	151.00	6.52	391.08
Machinery	14.48	79.29	25.69	36.75
Business Services	10.86	45.44	5.34	28.82
Repair Services and Utilities	51.90	94.96	7.93	956.14
Staffing Services	10.23	56.92	6.09	146.76
Branding and Advertisement	0.00	0.00	0.00	0.19
Tourism, Hospitality, and Hotels	0.00	1.05	0.37	7.40
Others	0.01	0.40	0.02	7.08

Source - PIF's Calculations Based on Diageo India's Internal Data.

The above table clearly shows how plants primarily contribute to GDP through their strong linkages with sectors corresponding to raw materials, packaging materials, repair and utilities, logistics and transportation, and machinery. Plant-level activities make up approximately 40% of the total indirect contribution. This corroborates the fact that Diageo India's plant-level procurement spending also makes up about 40% of the total procurement spending. The rest of the 60% of the indirect contribution is appropriated to non-plant activities. For example, executive offices are engaged in marketing, branding, management consultancies, etc. which also contributes to Diageo India's total expenses and in creating indirect economic impact.

To sum up, Diageo India's impact on the economy will be the total of its direct and indirect contributions. Diageo India's direct contribution stood at INR 25,389 crores, and its indirect contribution stood at INR 23,643 crores. Of the total INR 23,643 crores worth of indirect impact, INR 9,579 crores comes from plant-level activity and the rest from non-plant activities. Overall, Diageo India's impact on the economy through indirect effects is approximately the same as its impact through direct effects.

Ratio of Indirect to Direct GDP	0.93
Ratio of Indirect to Direct Employment	110.30

Diageo India's indirect GDP size is almost similar to its direct GDP; meanwhile, for employment, the ratio is 110.

Diageo India's Total contribution in India's GDP (including both direct & indirect effect) is INR 49,032 crores.

Diageo India's Total contribution in employment (including both direct & indirect effect) is nearly 6,49,000



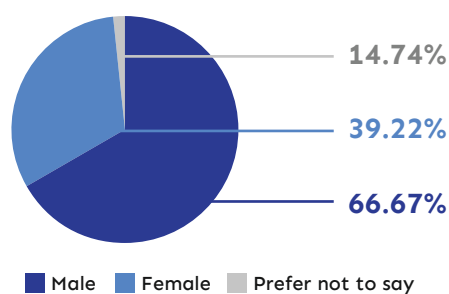
3. SOCIAL IMPACT OF DIAGEO INDIA'S EMPLOYEES

To understand the social impact of Diageo India, Pahlé India Foundation conducted a survey study to assess the perceptions and working conditions of employees within a major organisation. The employee base of this company comprises two distinct groups: factory workers, who are directly involved in production activities, and non-factory executive employees, who primarily handle administrative, managerial, and support functions. To ensure that the survey accurately captured the unique contexts and working conditions of each group, the researchers designed and administered two separate surveys, one tailored specifically for factory workers and the other for executive employees. A carefully selected sample size was determined for each category to ensure meaningful and representative findings. Factory workers' sample size was 110 and the executive employees' sample size was 63.

3.1. EXECUTIVES' STORY

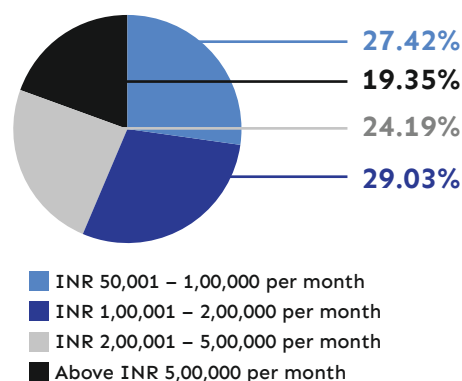
Within the walls of Diageo India's facilities, a diverse group of executives come together, each bringing their unique stories and aspirations. Survey results showed that men and women both get equal opportunities to work, with women constituting a considerable 31.7% of the workforce, reflecting the company's dedication to fostering an inclusive environment. The remuneration is structured thoughtfully, acknowledging the varied qualifications and experiences of the employees. Compared to Alco Bev average salary in 2024, Diageo India pays roughly 40% more (Ambition Box Data, 2024). Our survey suggests that 87% of executive respondents, who are not at senior level, earn on an average INR 1,50,000 per month (INR 18 LPA) while the industry average ranges between INR 11 LPA to INR 14 LPA.

FIGURE 17: GENDER PROFILE OF DIAGEO INDIA'S EXECUTIVE EMPLOYEES



Source: Results of Survey Conducted by PIF

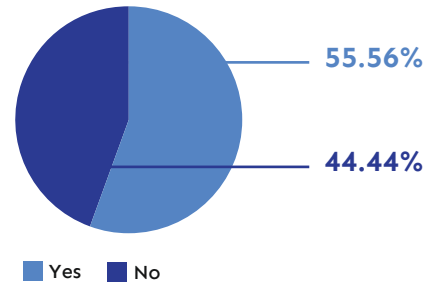
FIGURE 18: INCOME PROFILE OF DIAGEO INDIA'S EXECUTIVE EMPLOYEES



Source: Results of Survey Conducted by PIF

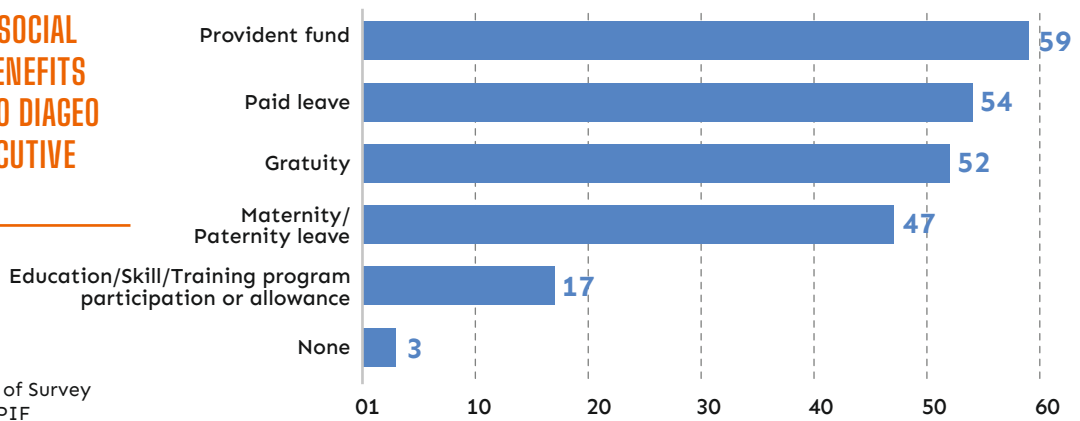
Beyond fair wages, Diageo India is committed to employee growth. Skill development programs are not mere formalities but are integral to the employee experience, with a majority having benefited from these initiatives. Social security isn't overlooked; nearly all employees are covered by the Provident Fund, complemented by paid leave, gratuity, and parental leave, crafting a safety net that underscores the company's commitment to holistic well-being. This nurturing environment fosters employee satisfaction, as reflected by the mere 3% of employees expressing dissatisfaction with their work-life balance. Safety drills are a regular affair, with over 80% participation, ensuring both preparedness and peace of mind.

FIGURE 19: PERCENTAGE OF DIAGEO INDIA'S EXECUTIVE EMPLOYEES WHO HAVE UNDERGONE SKILL DEVELOPMENT



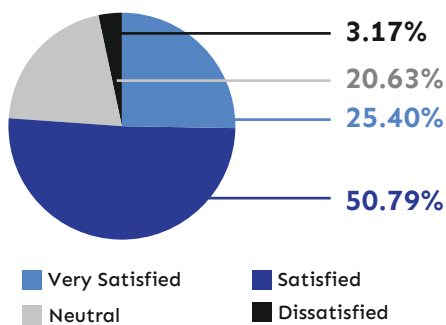
Source: Results of Survey Conducted by PIF

FIGURE 20: SOCIAL SECURITY BENEFITS AVAILABLE TO DIAGEO INDIA'S EXECUTIVE EMPLOYEES



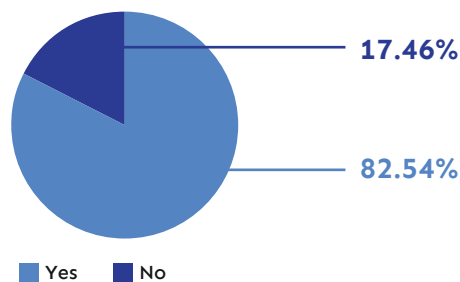
Source: Results of Survey Conducted by PIF

FIGURE 21: WORK-LIFE BALANCE INDICATOR FOR DIAGEO INDIA'S EXECUTIVE EMPLOYEES



Source: Results of Survey Conducted by PIF

FIGURE 22: EMERGENCY PREPAREDNESS INDICATOR FOR DIAGEO INDIA'S EXECUTIVE EMPLOYEES

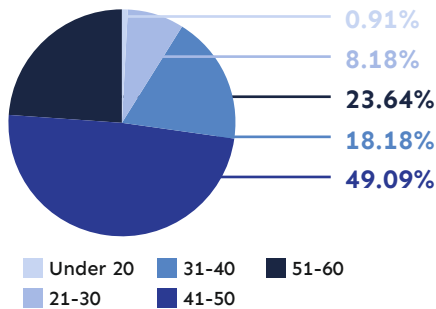


Source: Results of Survey Conducted by PIF

3.2. FACTORY WORKERS' STORY

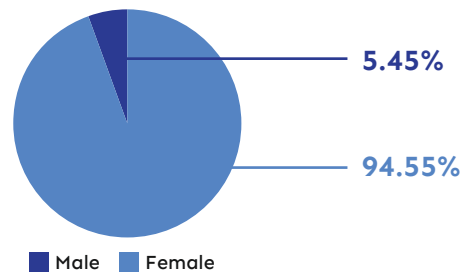
The factory floors tell a story of seasoned expertise and vitality. A significant 49.1% of factory workers are over 41 years old, bringing years of experience to the table, while the younger cohort infuses vitality into the operations. The gender composition leans heavily male at 95%, mirroring industry norms, yet Diageo India remains proactive in encouraging women's participation. For example, through concerted efforts, at the Alwar plant, women make up 16% of the total factory workforce. The workforce is predominantly married, and educational backgrounds are diverse, ranging from secondary education to vocational training and graduate degrees. Notably, 84.5% have dedicated more than a decade to the company, a testament to the nurturing work environment. Their earnings predominantly fall between INR 25,000 to INR 50,000 monthly, reflecting competitive compensation for shopfloor roles. The standard workday is an 8-hour shift, adhered to by over 90%, ensuring a balanced professional life. Skill development programs currently benefit 42% of factory workers, underscoring opportunities for further expansion. Social security provisions are robust, with health insurance, provident fund contributions, gratuity, and paid leave. However, there is room to expand benefits by introducing allowances for skill development, parental leave, and severance pay.

FIGURE 23: AGE DISTRIBUTION OF DIAGEO INDIA'S FACTORY WORKERS



Source: Results of Survey Conducted by PIF

FIGURE 24: GENDER PROFILE OF DIAGEO INDIA'S FACTORY WORKERS



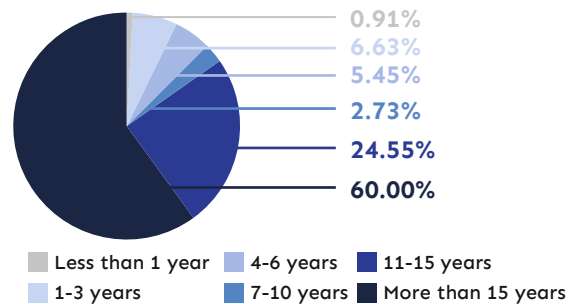
Source: Results of Survey Conducted by PIF

FIGURE 25: EDUCATIONAL PROFILE OF DIAGEO INDIA'S FACTORY WORKERS



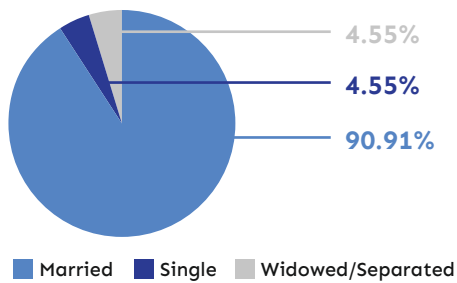
Source: Results of Survey Conducted by PIF

FIGURE 26: EMPLOYMENT TENURE OF DIAGEO INDIA'S FACTORY WORKERS



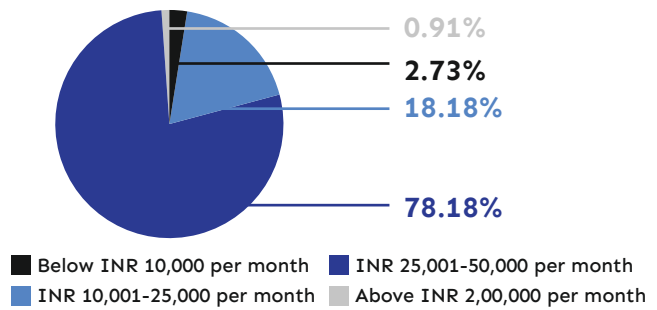
Source: Results of Survey Conducted by PIF

FIGURE 27: MARITAL PROFILE OF DIAGEO INDIA'S FACTORY WORKERS



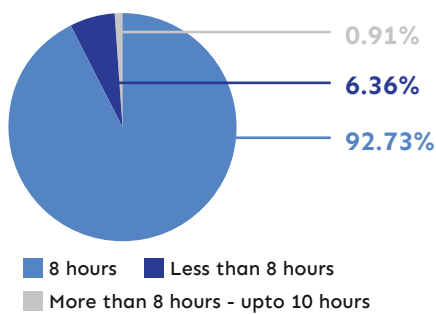
Source: Results of Survey Conducted by PIF

FIGURE 28: INCOME PROFILE OF DIAGEO INDIA'S FACTORY WORKERS



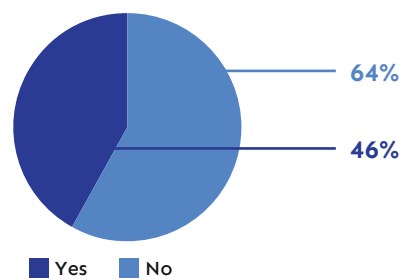
Source: Results of Survey Conducted by PIF

FIGURE 29: STANDARD WORKING HOURS OF DIAGEO INDIA'S FACTORY WORKERS



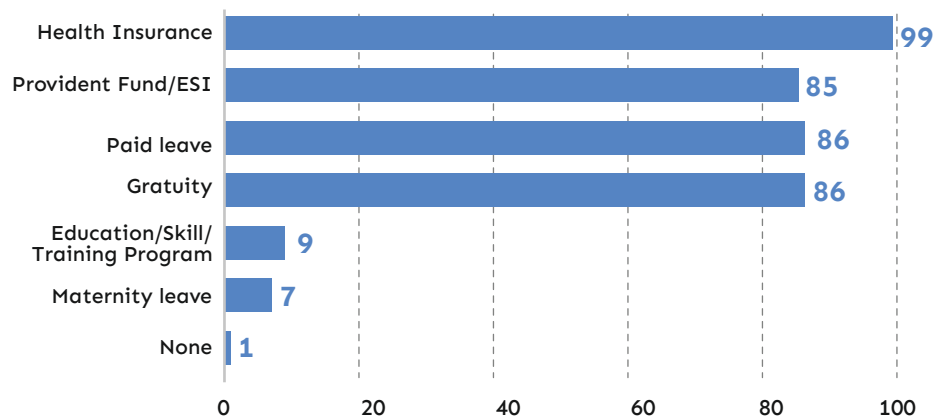
Source: Results of Survey Conducted by PIF

FIGURE 30: PERCENTAGE OF DIAGEO INDIA'S FACTORY WORKERS WHO HAVE UNDERTAKEN SKILL DEVELOPMENT TRAINING



Source: Results of Survey Conducted by PIF

FIGURE 31: SOCIAL SECURITY BENEFITS AVAILABLE TO DIAGEO INDIA'S FACTORY WORKERS



Source: Results of Survey Conducted by PIF



4. CSR ACTIVITIES

Diageo India actively engages in Corporate Social Responsibility (CSR) initiatives across various states in India, reflecting its commitment to inclusive and sustainable development. These CSR activities span a diverse range of sectors, tailored to meet the specific needs and priorities of different regions, ranging from water conservation, sanitation, afforestation, community development, and supporting micro-entrepreneurship. In alignment with statutory guidelines, the company's annual CSR expenditure is approximately 2% of its profits. The table below shows Diageo India's CSR expenditure in various states for FY24 and FY25.

TABLE 8: DIAGEO INDIA'S CSR EXPENDITURE ACROSS STATES FOR FY24 AND FY25

State	FY24	FY25	Cumulative for FY24 & FY25
Maharashtra	5.90	4.69	10.59
Rajasthan	6.56	4.54	11.10
Uttar Pradesh	2.92	3.39	6.31
Punjab	0.83	1.42	2.24
Odisha	0.41	0.93	1.34
Meghalaya	0.00	0.76	0.76
Telangana	0.38	0.29	0.67
Haryana	0.28	0.90	1.17
Goa	0.25	0.45	0.70
Uttarakhand	0.58	0.76	1.34
Delhi	0.67	1.85	2.53
Jharkhand	0.09	0.10	0.19
Chhattisgarh	0.00	0.04	0.04
Assam	0.21	0.23	0.43
Karnataka	0.17	1.23	1.40
West Bengal	0.07	0.27	0.34
Himachal Pradesh	0.00	0.01	0.01
Andhra Pradesh	0.00	0.00	0.00
Madhya Pradesh	0.02	0.00	0.02
Puducherry	0.01	0.00	0.01
Total	19.34	21.86	48.20

Source : Diageo India's Internal Data

Diageo India's corporate social responsibility initiatives paint a picture of a corporation deeply invested in the fabric of society. Efforts to promote responsible alcohol consumption have reached millions, with campaigns educating about the perils of underage drinking and drunk driving. Inclusion and diversity are not just buzzwords but are brought to life through projects like Saksham, providing long-term employment to People with Disabilities, and Learning for Life, equipping individuals with business and hospitality skills. Access to Water, Sanitation, and Hygiene (WASH) has been improved through the construction of 264 sanitation facilities, providing over 13,000 litres per hectare of clean drinking water capacity in villages across multiple states. Environmental stewardship is evident in their transition to a low-carbon footprint, achieving an 84% reduction in greenhouse gas (GHG) emissions and attaining zero coal status in distillery operations by embracing renewable energy. Sustainable packaging initiatives have led to over 99% of packaging material being widely recyclable, and more than 50% made from recycled content. Biodiversity preservation efforts include the Great Indian Bustard Project in Rajasthan and mangrove plantations in Odisha, enhancing carbon sequestration and ecological balance. Regenerative agriculture initiatives in North India span 60 villages, involving 6,000 farmers, aiming to reduce carbon footprints and improve soil health through sustainable practices.

At the Alwar plant, through the construction of the check dams along the Ruparel River, Diageo India has taken significant steps to replenish water resources and improve agricultural sustainability. These dams have restored approximately 40,000 cubic meters of water, ensuring a steady supply for irrigation and enhancing groundwater levels by 100-125 feet. The impact on agricultural practices has been substantial, enabling farmers to expand cultivation areas, particularly for high-yield crops such as onions, where land usage increased about 30% per farmer. The check dams have benefited both farmers and the wider community by securing water availability and improving agricultural output. Similarly, the Diageo India plant in Nashik has adopted the Miyawaki afforestation technique to plant trees around its facilities, creating dense green cover that enhances biodiversity and helps restore the water table. This initiative also supports local nursery vendors, who supply saplings and benefit from consistent business opportunities. By integrating responsible water management, reforestation, and employment generation, Diageo India is not only strengthening its supply chain but also enhancing environmental sustainability and improving the quality of life for its vendors and surrounding communities.

Plant visits reveal tangible outcomes of these initiatives. The Alwar Distillery has earned the Alliance for Water Stewardship (AWS) certification, the first in Asia to achieve this recognition. Its water conservation efforts have led to threefold increase in cultivable land and tenfold rise in farmer incomes. The plant also operates entirely on renewable energy and has engaged suppliers in low-carbon transitions. At the Nashik plant, inclusivity and sustainability are prioritised. Fourteen PwDs are employed here, and the facility leads in sustainable packaging practices, recycling 40% of Polyethylene Terephthalate (PET) and 22% of glass used in operations. The plant has also eliminated mono cartons, significantly reducing packaging waste.

Other than the initiatives taken at the plant level, Diageo India has actively pursued the goal of improving people's lives through training and skilling initiatives. The Diageo Bar Academy, since its inception in 2011, has become a crucible for talent, training over 1,15,000 professionals globally, including 8,500 (annual average) in India. This initiative not only elevates the hospitality sector but also champions gender inclusivity, with women comprising at least 50% of the 2,060 individuals trained under the National Skill Development Council-certified program. The economic ripple effect is profound, with participants potentially doubling their income compared to agricultural roles, translating to additional earnings of INR 2,00,00,000 for these individuals. Looking ahead, Diageo India aims to train 12,000 individuals by 2030, potentially generating an additional INR 10,00,00,000 in income, a conservative estimate that underscores their commitment to societal advancement. Inclusivity extends to individuals with disabilities, with 110 trained so far, leading to an extra income of INR 11,00,000, and plans to train 300 more in FY26.

4.1. CSR ACTIVITIES SUMMARY

TABLE 9: LIST OF CSR ACTIVITIES

Types of CSR Activities	Types of Benefits through CSR Activities	Main Results
<ul style="list-style-type: none"> • WASH • Plantation • Water Conservation • Diageo Bar Academy 	<ul style="list-style-type: none"> • Increase in arable land for agriculture • Productivity increase in agriculture • Access to toilet • Community access of fruits/agro produce • Increase in water tables • Access to relatively cleaner air • Women empowerment • Improved quality of life 	<ul style="list-style-type: none"> • Estimated direct beneficiaries ~ ranges between 35,580 to 38,225 individuals. • Estimated indirect beneficiaries is 1,90,000 individuals (estimated using multiplicative approach) • Approximately INR 5,800 to INR 6,335 average per person direct benefit. <p>Indirect monetary benefits of CSR activities will be much more widespread categorised across various benefits including access to clean air resulting in better health, access to increased agro produce etc.</p>

Source : Based on Primary interaction with CSR Beneficiaries and Diageo India Internal Data



Photo by Benjamin Jopen on Unsplash

5. ENVIRONMENTAL IMPACT

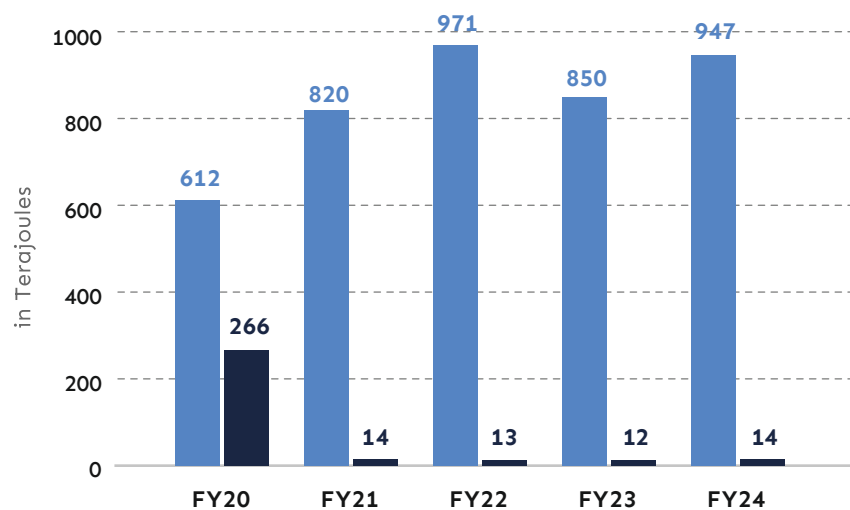
Over the last several years, Diageo India has quietly but decisively embarked on a journey of environmental transformation. The transformation begins with a simple recognition – that the future of business must be green, and that climate responsibility can no longer be treated as a separate or siloed function. From energy choices to water use, from greenhouse gas emissions to how its products are packaged, Diageo India has started to reimagine how it operates, not just as a producer of beverages, but as a responsible steward of the environment ¹.

A close look at Diageo India's energy consumption patterns reveals a clear and determined shift away from non-renewables. In the years preceding FY21, energy sourced from fossil fuels was a significant component of the company's operations. But beginning in FY21, Diageo India flipped the script. Non-renewable energy consumption dropped sharply and stabilized at around 12 TJ, a low level that has been maintained ever since.

FIGURE 32: ENERGY SOURCE USED AT DIAGEO INDIA (IN TJ)

■ Renewable energy consumed
■ Non-renewable energy consumed

Source: Diageo India's Annual Reports



This reduction in non-renewable energy consumption did not come at the expense of operational productivity. On the contrary, total energy consumption increased during this period, indicating sustained or growing production levels. This growth was supported by a significant shift towards renewable energy sources. Diageo

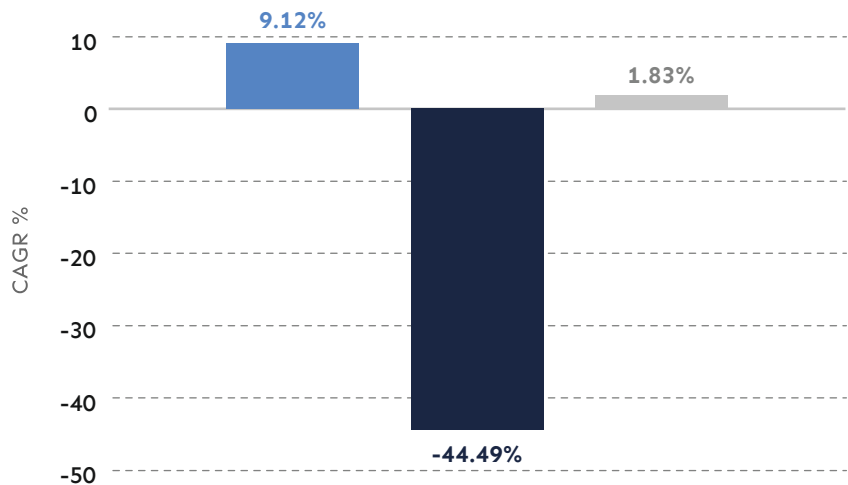
¹ As per ESG Reports, all indicators related to environment and sustainability excludes third-party manufacturing facilities due to non-availability of data. However, this does not indicate that Diageo India is not taking initiatives to improve environment in those manufacturing units.

India effectively met its expanding energy requirements through in-house solar energy installations and the strategic procurement of International Renewable Energy Certificates (I-RECs). The data reflects a clear trajectory: the company is systematically reducing its dependence on carbon-intensive energy sources and transitioning towards a more sustainable, renewable-powered operational model.

FIGURE 33: CAGR OF ENERGY USAGE BY SOURCE (IN %)

- Renewable
- Non-renewable
- Total

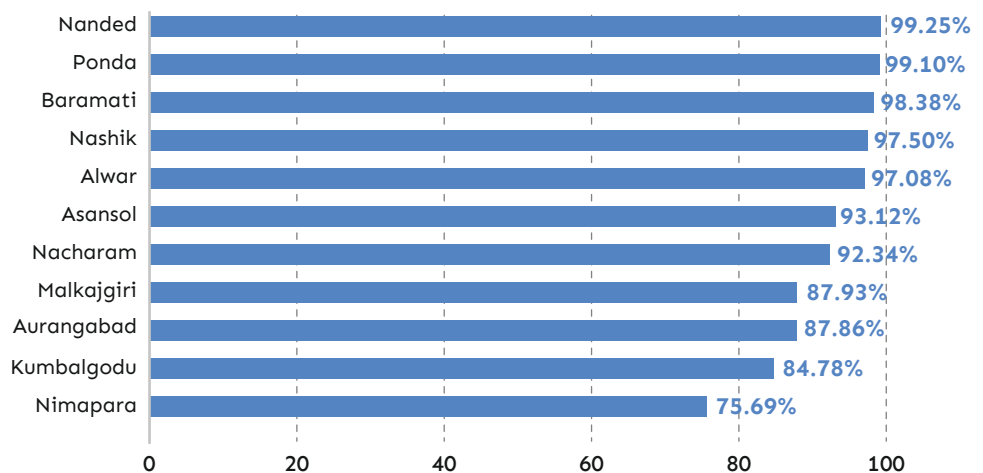
Source: Estimated Using Rata Reported in Diageo India's Annual Reports



At the plant level, this vision took even deeper root. Several of Diageo India's prominent manufacturing units are already sourcing more than 95% of their energy needs from renewable sources. Others are rapidly catching up.

FIGURE 34: RENEWABLE TO TOTAL ENERGY RATIO AT SELECTED PLANTS IN FY24 (IN %)

Source: Estimated Using Data Provided by Diageo India



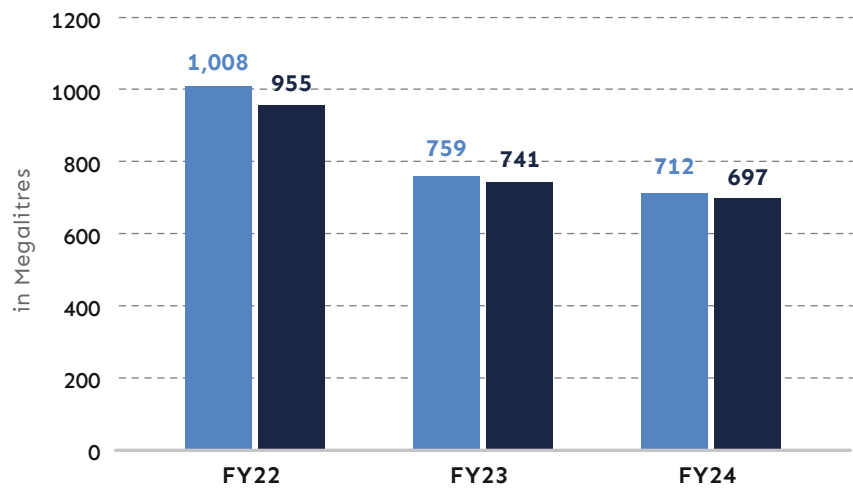
However, this transformation is not without its limitations. A significant portion of Diageo India’s production is outsourced to 25 third-party manufacturing units, facilities over which Diageo India has limited operational or investment control. As a result, the green energy transition, while impressive in its facilities, still faces structural constraints in fully permeating the broader supply chain.

Water, a critical input in the beverage industry, has not escaped Diageo India’s sustainability lens. Across its facilities, water conservation has been a major focus. The company has invested in water use efficiency techniques and upgraded its production processes to reduce unnecessary consumption.

**FIGURE 35:
WATER USAGE AT
DIAGEO INDIA**

■ Water withdrawal
■ Water consumption

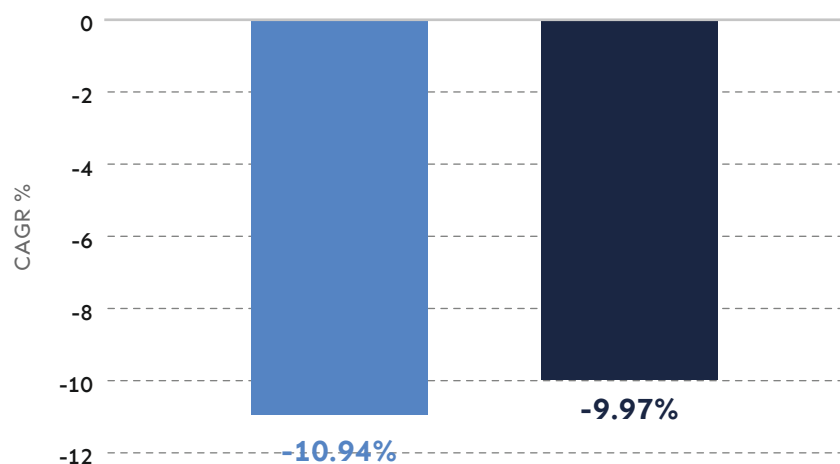
Source: Diageo India’s ESG Reports



**FIGURE 36: CAGR
OF WATER USAGE
INDICATOR (IN %)**

■ Water withdrawal
■ Water consumption

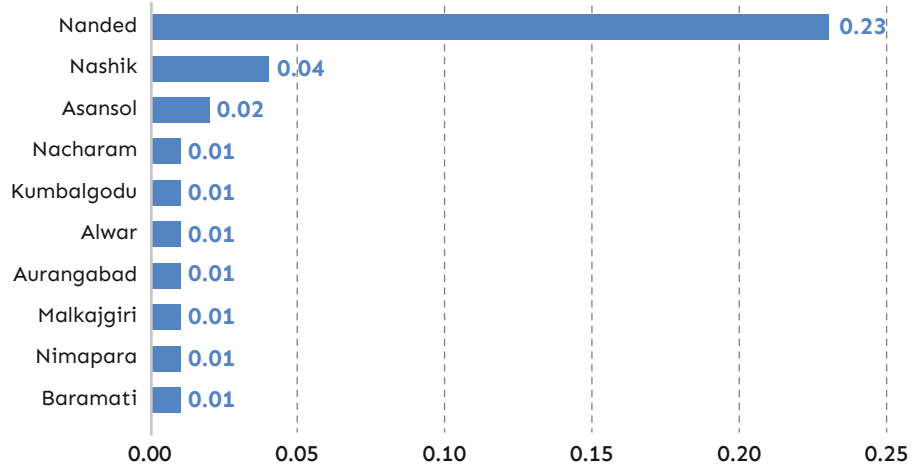
Source: Estimated Using Data Reported in Diageo India’s ESG Reports



A detailed analysis of water consumption at the plant level examines how individual manufacturing facilities contribute to Diageo India’s overall water footprint.

FIGURE 37: WATER CONSUMED PER MILLION CASES PRODUCED AT SELECTED PLANTS IN FY24 (IN KL)

Source: Estimated Using Data Provided by Diageo India

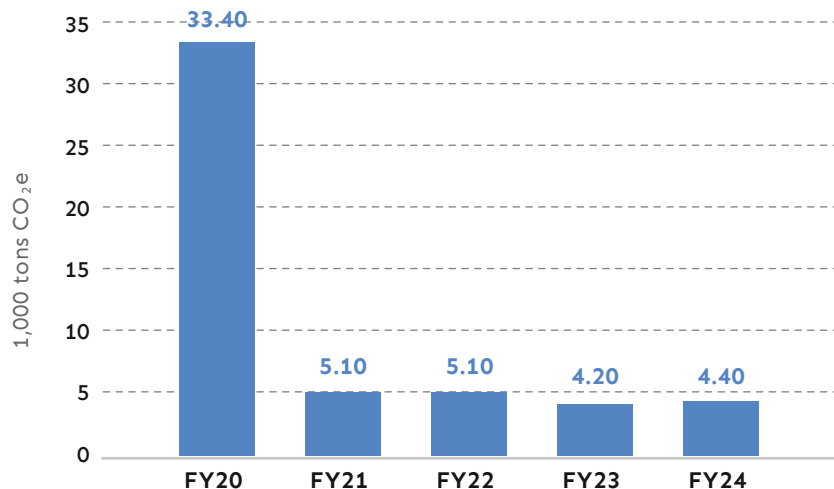


Most plants have been successful in bringing water usage to minimal levels. But two plants, Nanded and Nashik, stand out for their higher water consumption. This isn’t due to inefficiency but rather due to the nature of the operations carried out at these locations. Nanded is home to Diageo India’s only ENA distillation unit, a water-intensive process by default. Nashik, on the other hand, manages malting and high production volumes, again making higher water usage inevitable. Understanding these distinctions helps frame the company’s water strategy as one of balance, aiming for efficiency while recognising operational realities.

Diageo India’s most compelling environmental achievement is its success in reducing GHG emissions, particularly its Scope 1 and Scope 2 emissions.

FIGURE 38: SCOPE 1 EMISSIONS IN THE LAST FIVE YEARS

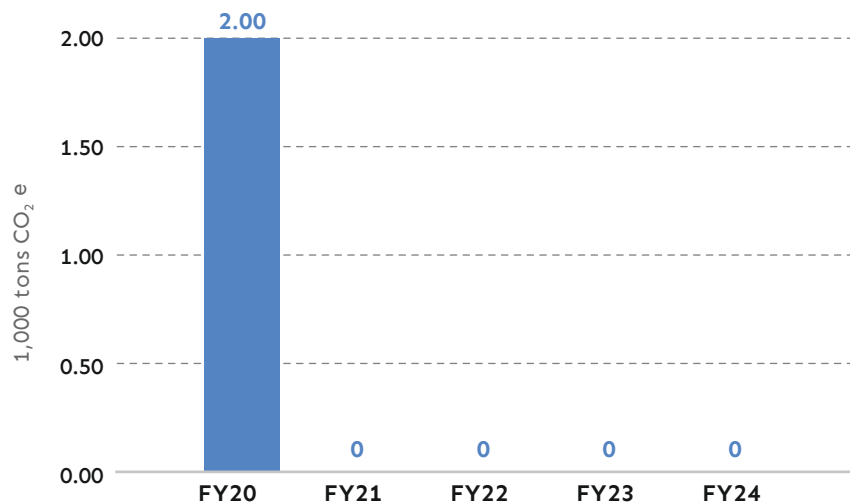
Source: Diageo India’s ESG Reports



Scope 1 emissions, those that result directly from Diageo India's operations, have seen a staggering decline of over 84% between FY20 and FY21. Since then, the company has maintained Scope 1 emissions at a relatively stable level of around 5,000 tonnes of CO₂ equivalent.

Scope 2 emissions, the indirect emissions that come from the consumption of purchased electricity, tell an even more remarkable story. Diageo India brought these down to net zero by FY21 and has maintained that benchmark year after year. While the gross emissions may still exist, Diageo India neutralises its environmental impact through I-RECs, ensuring that the electricity used is effectively matched with renewable generation elsewhere in the world.

FIGURE 39: SCOPE 2 EMISSIONS IN THE LAST FIVE YEARS



Source: Diageo India's ESG Reports

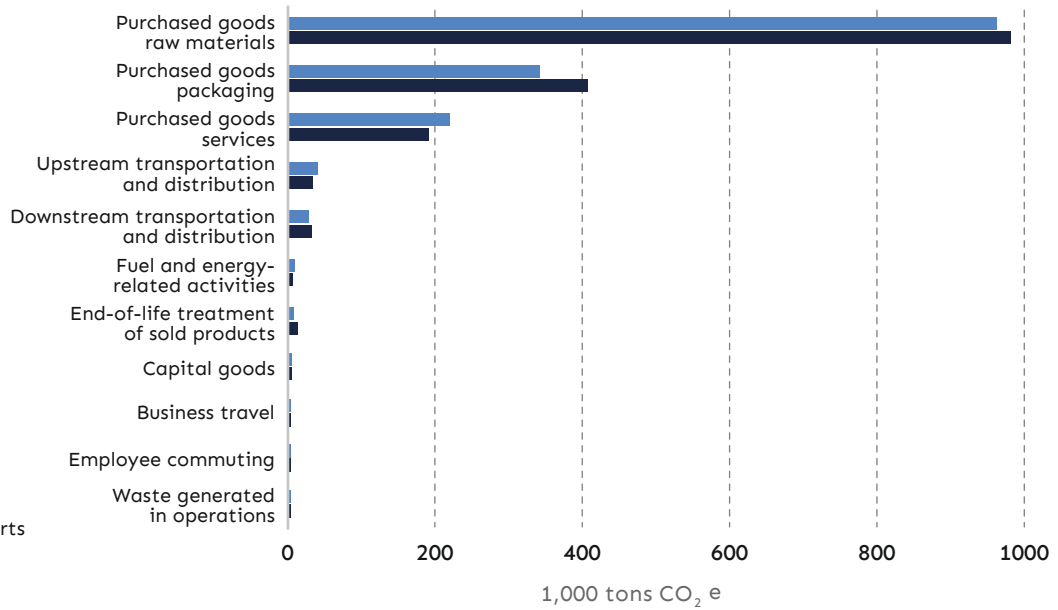
The above figures paint a very positive image, but there is a caveat to this. The numbers reflect only the emissions from Diageo India's prominent plants and offices. Given that a large proportion of Diageo India's production happens at third-party sites, the actual Scope 1 and Scope 2 emissions across the company's value chain are likely to be much higher.

As far as Scope 3 emissions are concerned, any company will have limited control over its emissions, given that it is linked to the related industries' emissions. The figure below does suggest that Diageo India's Scope 3 emissions have risen slightly from FY23 to FY24.

**FIGURE 40:
SCOPE 3
EMISSIONS
BY SOURCE**

FY24
FY23

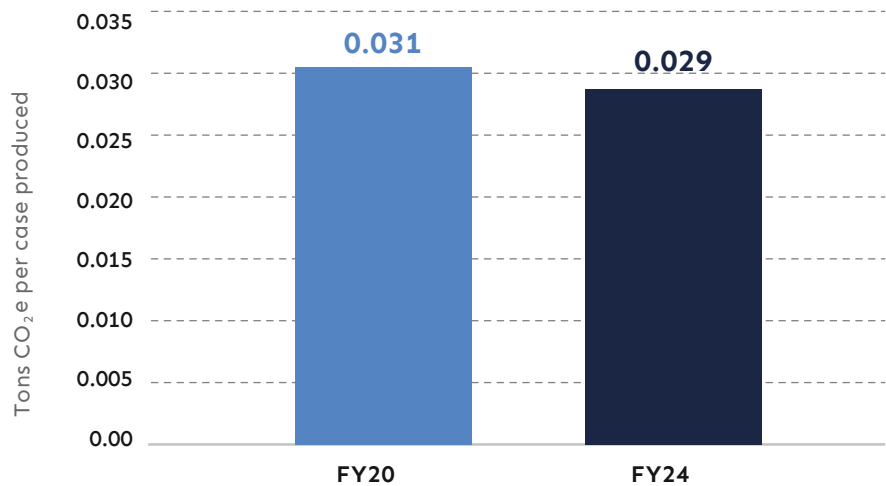
Source: Diageo India's ESG Reports



The above figure suggests that Diageo India may have to take some concrete steps towards reducing its Scope 3 emissions. However, the situation may not be as bad as what the above diagram suggests. There may be a case that the increase in scope 3 emissions is because of an increase in production and not due to lack of effort on Diageo India's part. The figure below shows the Scope 3 emissions adjusted with production levels observed in the last two years.

**FIGURE 41:
RATIO OF SCOPE
3 EMISSION TO
PRODUCTION IN
FY23 AND FY24**

Source: Estimated Using Data Provided by Diageo India

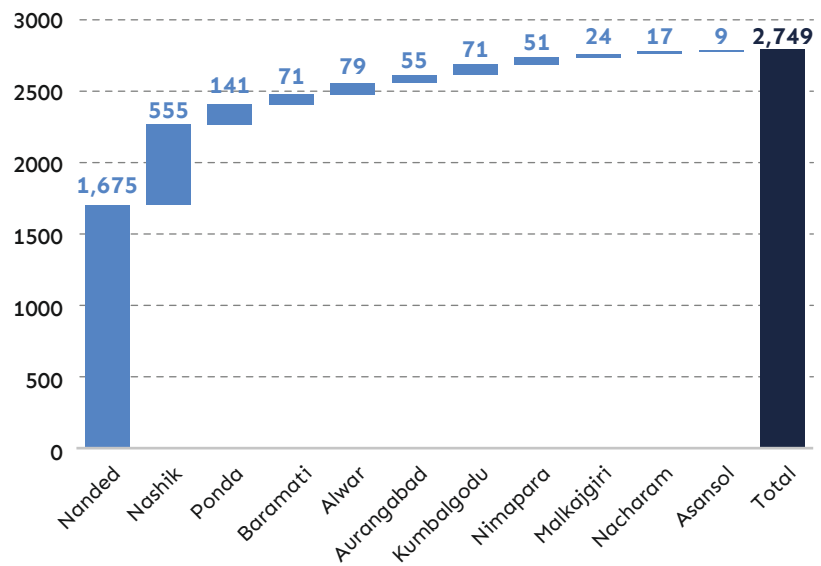


The above figure suggests that Scope 3 emissions, when adjusted for production, have reduced in FY24. This may have been due to Diageo India's efficiency in procuring or managing its supply chains. By making supply chains more efficient and environmentally friendly, Diageo India may be able to reduce its Scope 3 emissions at the aggregate level as well.

PLANT LEVEL SCOPE EMISSIONS

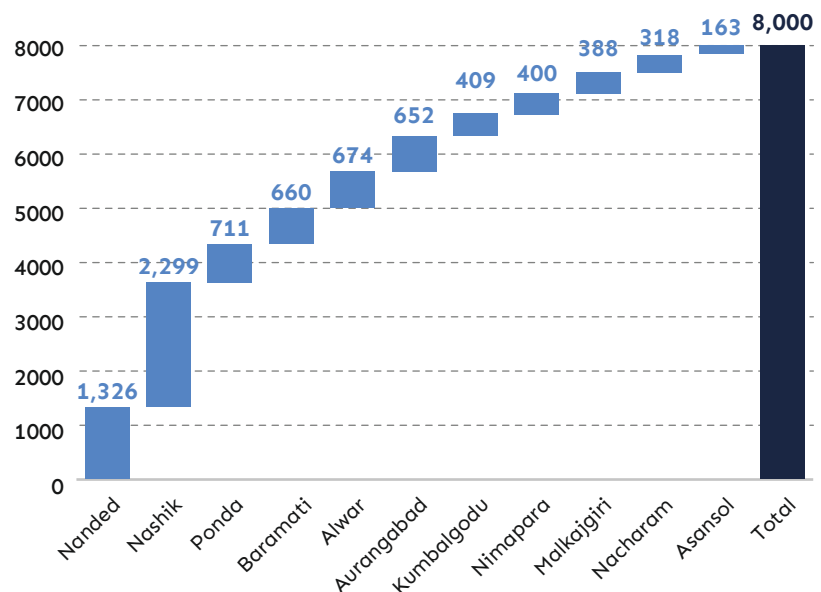
At the plant level, again, the emissions profile varies based on operations. Nanded and Nashik, because of their high-volume and process-intensive functions, are the largest contributors to both Scope 1 and Scope 2 emissions. However, even here, the story is not of passive acceptance but of active mitigation. Through carbon offsets and cleaner practices, the company is steadily chipping away at the environmental cost of doing business.

FIGURE 42: SCOPE 1 EMISSIONS AT SELECTED PLANTS IN FY24 (IN MT)



Source: Data Provided by Diageo India

FIGURE 43: SCOPE 2 EMISSIONS AT SELECTED PLANTS IN FY24 (IN MT)



Source: Data Provided by Diageo India

If there is one thread that runs through Diageo India's environmental journey, it is that of intentional transformation. The company has not arrived at environmental sustainability by chance. Every dip in fossil fuel consumption, every drop of water saved, and every ton of CO₂ avoided has come from conscious, strategic decisions.

Yes, challenges remain. Third-party facilities pose a systemic limitation. Water-intensive processes are still essential to production. Emissions from the value chain cannot be controlled as tightly as those from owned assets. But what stands out is Diageo India's transparency in reporting these realities and its willingness to continue innovating around them.

Disclaimer:

The report makes no attempt to compare Diageo India's operations with any other company that may belong to the same or related industry/sectors. This report makes use of internal data provided by Diageo India and limits itself to providing a picture of Diageo India's contribution to the economy and society at large without making comparisons with any other company.

This report has relied on Diageo India's Annual Reports, Business Responsibility Reports, and ESG Reporting Index Reports. These reports provided valuable insights into the company's operational priorities, sustainability commitments, and performance metrics over time. Additionally, plant-level data was captured to substantiate some key parameters.

No individual serving as a Distinguished Fellow or Board Member at PIF, and concurrently on the Board of Directors at Diageo India, was involved at any stage in the finalization of this research study.



DIAGEO

6. KEY TAKEAWAYS AND RESULTS

STRATEGIC SHIFT, PREMIUMIZATION, AND PROFITABILITY

Despite a decline in revenue and sales volume (both having a negative CAGR over the last five years), Diageo India's net profit and profit before tax improved. This turnaround occurred after a low in FY21 due to COVID-19 and supply chain disruptions. Example: Between FY20 and FY24, both Profit before Tax and Profit increased and their CAGR was found to be 8.24% and 13.24%. There was no negative impact on overall employment due to lower sales revenue and volume. However, the benefit to government did fall due to lower excise collections owing to lower sales volume. Nonetheless, In FY20 and FY24, excise paid per million cases remained almost constant at INR 243.73 crores and INR 240.95 crores.

OVERALL ECONOMIC CONTRIBUTION

Diageo India's Direct economic contribution stood at INR 25,389 crores. At the same time, Diageo India's indirect economic contribution stood at INR 23,643 crores, of which, INR 9,579 crores came from plant-level activities. And the remaining 60% of the indirect impact came from non-plant functions undertaken in office premises. In total, Diageo India's total economic impact was approximately INR 49,032 crores.

WORKFORCE INCLUSIVITY AND STABILITY (SURVEY RESULTS)

Among the executive class of employees, women make up 31.7% of the workforce, highlighting strong gender inclusivity. However, 95% of the factory workforce is comprised of men. Though, focused efforts at the Alwar plant raised female participation to 16%, the survey results further suggested that 84.5% of factory workers have been with Diageo India for over 10 years, indicating strong employee retention and satisfaction. Survey results showed that most executives earn between INR 50,001 - 1,00,000 per month. For the factory workers, a majority earned between INR 25,000 - 50,000 per month. As far as employee benefits are concerned, a large proportion of both executive employees and factory workers had access to benefits such as pension, health insurance, etc.

CSR EXPENDITURE AND ITS POSITIVE IMPACT

Diageo India spent INR 21.86 crores on CSR for FY25. Diageo India consistently spends 2% of its annual profit on CSR activities as per norms.

Some key achievements are:

1. Alwar plant's check dams restored ~40,000 m³ of water, raising groundwater levels by 100–125 feet.
2. The efforts resulted in a 30% increase in onion cultivation land per farmer and tenfold rise in farmer incomes.
3. The Nashik plant employs the Miyawaki plantation technique, which has improved the green area within the factory premises, contributing to CO₂ emission mitigation. Additionally, the plant actively promotes sustainability by recycling 40% of PET and 22% of glass used in production.
4. Diageo Bar Academy initiative has trained over 2,000 individuals with further plans to train an additional 9,000 individuals by FY30. This resulted in an additional income of INR 2 crores, which is expected to rise to INR 10 crores by 2030. The additional income is generated because trained individuals are able to move away from low-paying agricultural jobs to high-paying service sector jobs. The trained individuals have an equal gender ratio. The training is provided to PWDs as well.

MAJOR REDUCTION IN FOSSIL FUEL USE

Since FY21, Diageo India has consistently maintained a low non-renewable energy consumption of approximately 12 TJ. This transition did not compromise on productivity; total energy consumption increased, driven by expanded production powered by renewable sources like solar and I-RECs. More than 95% of energy needs at several key manufacturing units are now met through renewables. Scope 1 emissions declined by 84% between FY20 and FY21, then stabilised at approximately 5,000 tonnes CO₂e. Scope 2 emissions stand at net zero since FY21 due to offset through I-RECS. Scope 3 emissions rose slightly in FY24 compared to FY23. However, production-adjusted Scope 3 emissions actually declined, indicating improved efficiency in supply chain management.

APPENDIX

UNDERSTANDING THE TYPES OF IMPACTS USING INPUT-OUTPUT TABLES

The types of impacts that can be captured using Input-Output (IO) tables are direct, and indirect impacts. These impacts can be illustrated using real input-output data to understand how an increase in the demand for a particular industry's output affects the entire economy. An illustration of matrix calculations is provided in the appendix at the end of the document.

COMPONENTS OF INPUT-OUTPUT TABLE

The typical structure of an IO table includes:

- **Supplying Industry:** industries that supply goods and services
- **Intermediate Uses:** goods and services used by industries to produce other goods and services
- **Final Uses:** goods and services consumed by final users (households, government, etc.)
- **Value Added:** the contribution of labour and capital to the production process
- **Taxes:** taxes associated with the production process
- **Total Output:** total production output of each industry

Here is a simplified example of an IO table structure:

Supplying Industry	Intermediate Uses Industry 1	Final Uses Industry 2	Total Output Industry X
Industry 1	F11	F12	O11
Industry 2	F21	F22	O12
Industry x	Fx1	Fx2	O13
Value Added	V1	V2	O14
Taxes	T1	T2	T3
Total Output	O1	O2	Ox

IMPACT ANALYSIS USING IO TABLES

Direct Impact: When there is an increase in the demand for the output of Industry A, this is the direct impact. For example, if the demand for Industry A's output increases by INR 10 crores, this directly increases Industry A's total output by INR 10 crores.

Indirect Impact: As Industry A ramps up its production, it requires more inputs from its suppliers. This increase in demand cascades down the supply chain. For instance:

- industry A might need more steel, increasing the output of the steel industry
- the steel industry then needs more iron ore, increasing the output of the mining industry

The indirect impact is the sum of these additional outputs required from the supplying industries.

EXAMPLE

Let's consider a simplified IO table with real data for three industries: Agriculture, Manufacturing, and Services.

Supplying Industry	Intermediate Uses Agriculture	Final Uses Manufacturing	Total Output Services
Agriculture	10	30	5
Manufacturing	20	50	10
Services	10	20	40
Value Added	80	50	95
Taxes	10	20	5
Total Output	120	150	155

SCENARIO: INCREASE IN DEMAND FOR MANUFACTURING

Suppose there is an increase of INR 5 crores in the demand for Manufacturing (direct impact):

a) **Direct Impact:** Manufacturing output increases by INR 5 crores, leading to a new total output of INR 20 crores for Manufacturing.

b) **Indirect Impact:** Manufacturing requires more inputs from Agriculture and Services:

Agriculture provides 20% of Manufacturing inputs: $20\% \times 5 = \text{INR } 1 \text{ crore increase.}$

Services provide 13.3% of Manufacturing inputs: $13.3\% \times 5 = \text{INR } 66.5 \text{ lakhs increase.}$

Total indirect impact on Agriculture and Services: $1 + 0.66 = \text{INR } 1.66 \text{ crores.}$

MATRIX CALCULATIONS

Illustration: Explanation of Matrix Calculation

$$X=AX+F,$$

Where X is the $GN \times 1$ vector of gross output, consisting of stacked vectors of gross output for each country. The $N \times 1$ vector X_i denotes gross output of country i in each sector:

The $GN \times GN$ matrix A provides the direct intermediate input-output coefficients, where A_{ij} denotes the $N \times N$ matrix giving direct use of inputs supplied by each sector of country i in each sector of country j .

$$A =$$

Final demand is given by the $GN \times 1$ matrix F , which gives world demand for final goods. The $N \times 1$ vector F_i denotes the value of final goods produced in country i .

=

Where $F_i =$ and $F_{ij} = D_{ij} + E_{ij}$

+


where D_{ii} is the $N \times 1$ vector of final goods and services produced and consumed domestically, and E_{ij} denotes the $N \times 1$ vector of final goods and services produced in i and exported to (and consumed in) country j .

$$X = (I-A)^{-1}F=BF$$

Where B is the $GN \times GN$ "Leontief inverse" matrix. Elements of this matrix express total output, used both directly and indirectly, that is required to produce ₹1 of final goods and services. As with the direct coefficient matrix A , the Leontief inverse matrix B is composed of $N \times N$ submatrices B_{ij} that denote the value of output used in each sector of country i to produce final goods in each sector of country j .



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