



SULA VINEYARDS LIMITED

Issue highlights

- ❑ **Sula Vineyards Limited (“Sula”)** was incorporated on February 26, 2003. Sula is India’s largest wine producer and seller as of March 31, 2022. They have been a consistent market leader in the Indian wine industry in terms of sales volume and value (on the basis of the total revenue from operations) since Fiscal 2009 crossing 50% market share by value in the domestic 100% grapes wine market in Fiscal 2012.
- ❑ Sula is the market leader across all 4 price segments, being ‘Elite’ (₹ 950+), ‘Premium’ (₹ 700-950), ‘Economy’ (₹ 400-700) and ‘Popular’ (<₹ 400), with a higher share of approximately 61% by value in the ‘Elite’ and ‘Premium’ categories in Fiscal 2022, as compared to their overall market share of 52% in the Indian wine industry.
- ❑ Sula is also recognized as the market leader across wine variants, including red, white and sparkling wines. Sula Shiraz Cabernet is India’s largest selling wine by value in Fiscal 2021. The gross billings of Sula Shiraz Cabernet in Fiscal 2022 amounted to ₹91.83 crore.
- ❑ Company’s business can be broadly classified under 2 categories (i) the production of wine, the import of wines and spirits, and the distribution of wines and spirits (the “**Wine Business**”); and (ii) the sale of services from ownership and operation of wine tourism venues, including vineyard resorts and tasting rooms (the “**Wine Tourism Business**”).
- ❑ Sula distributes wines under a bouquet of popular brands. In addition to the flagship brand “Sula,” popular brands include “**RASA**”, “**Dindori**”, “**The source**,” “**Satori**”, “**Madera**” & “**Dia**” with its flagship brand “Sula” being the “category creator” of wine in India. Currently, Sula produces 56 different labels of wine at 4 owned and 2 leased production facilities located in the Indian states of Maharashtra and Karnataka.
- ❑ Furthermore, they are among the Top-10 most followed vineyards in the world, with a large following on social media of approximately 118,000 followers on Instagram, approximately 123,000 likes on Facebook and approximately 14,000 followers on Twitter as on September 30, 2022.
- ❑ Their wines are classified under 4 broad categories, namely the ‘Elite’ category with 21 labels, followed by the ‘Premium’ category with 13 labels, and the ‘Economy’ category with 13 labels, and the ‘Popular’ category offering 9 labels. Their wines have been segment leaders under each of these 4 categories in the last 6 years from Fiscal 2017 to Fiscal 2022. They also regularly introduce new products, with 7 labels launched in the last 5 Fiscals.

Brief Financial Details*

(₹ In Cr)

	As at Sep’ 30,		As at Mar’ 31,		
	2022(06)	2021(06)	2022(12)	2021(12)	2020(12)
Equity Share Capital	16.32	15.38	15.72	15.08	15.04
Reserves	432.87	328.95	379.54	289.66	284.90
Net worth as stated	449.19	344.32	395.26	304.74	299.95
Revenue from Operations	224.07	159.15	453.92	417.96	521.63
Revenue Growth (%)	40.79%	-	8.60%	(19.87)%	-
EBITDAE as stated	64.31	30.06	116.07	64.51	50.49
EBITDAE Margin (%)	28.70%	18.88%	25.57%	15.44%	9.68%
Profit Before Tax	41.26	5.63	69.54	3.19	(17.40)
Net Profit for the period	30.51	4.53	52.14	3.01	(15.94)
Net Profit (%) as stated	13.61%	2.85%	11.49%	0.72%	(3.06)%
EPS – Basic & Diluted (₹)	3.76^	0.60^	6.79	0.40	(2.09)
RONW (%)	6.79%	1.32%	13.19%	0.98%	(5.23)%
NAV (₹)	55.05	44.78	50.29	40.42	39.88

Source: RHP *Restated Consolidated, ^Not annualised

Issue Details

Offer for sale of 26,900,530 Equity shares

Issue size: ₹ 915 - 960 Cr

No. of shares: 26,900,530 Shares

Face value: ₹ 2/-

Price band: ₹ 340 - 357

Bid Lot: 42 Shares and in multiple thereof

Post Issue Implied Market Cap =

₹ 2,863 – 3,006 Cr

BRLMs: Kotak Mahindra Capital, CLSA India, IIFL Securities

Registrar: KFin Technologies Ltd.

Issue opens on: Monday, 12th Dec’2022

Issue closes on: Wednesday, 14th Dec’2022

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	19-12-2022
Refunds/Unblocking ASBA Fund	20-12-2022
Credit of equity shares to DP A/c	21-12-2022
Trading commences	22-12-2022

Issue break-up

	No. of Shares	₹ In Cr		% of Issue
		@Lower	@upper	
QIB	13,450,266	457.31	480.17	50%
NIB	4,035,079	137.19	144.05	15%
-NIB 1	1,345,026	45.73	48.02	-
-NIB 2	2,690,053	91.46	96.03	-
RET	9,415,185	320.12	336.12	35%
Total	26,900,530	914.62	960.35	100%

Listing: BSE & NSE

Shareholding (No. of Shares)

	Pre-Offer and Post-Offer Equity Shares
No of shares	84,198,748

Shareholding (%)

	Pre-Issue	Post-Issue
Promoters	27.15%	26.04%
Promoters Group	1.29%	1.29%
Public – Investor Selling S/h	28.16%	2.07%
Public – Other Selling S/h	10.71%	5.97%
Public –Other	32.69%	64.64%
Total	100.00%	100.00%

BACKGROUND

Company and Directors

The company was incorporated as “Nashik Vintners Limited” on February 26, 2003. The company was promoted by Rajeev Samant. Currently, the promoter holds 22,858,619 Equity Shares, comprising 27.15% of the pre-Offer issued, subscribed and paid-up Equity Share capital of the company

Brief Biographies of Directors

Chetan Rameshchandra Desai is the Chairman and Non-Executive Independent Director of the company. He has previously worked with Haribhakti and Co., LLP, Chartered Accountants for over 39 years.

Rajeev Samant is the Promoter, Managing Director, Chief Executive Officer of the company. He is the founder of the company. He has previously worked with Oracle Corporation.

Alok Vajpeyi is the Non-Executive Independent Director of the company. He has previously worked with Swiss Bank Corporation, Dawnay Day AV Financial Services Pvt Ltd, Daiwa Capital Markets India Pvt Ltd, Avendus Capital Public Markets Alternate Strategies LLP and the British High Commission, New Delhi.

Sangeeta Pendurkar is the Non-Executive Independent Director of the company of the company. She is currently serving as the chief executive officer of Pantaloons, a division of Aditya Birla Fashion & Retail Ltd. She has previously worked with Kellogg India Pvt Ltd, the Hongkong and Shanghai Banking Corporation, Coca-Cola India Inc., Hindustan Lever Ltd and Hindustan CIBA-CEIGY Ltd (amalgamated into Novartis India Ltd).

Arjun Anand is the Non-Executive Nominee Director of the company, nominated by Verlinvest Asia Pte. Ltd. He has previously worked with A.T. Kearney Australia Pty Ltd.

Roberto Italia is the Non-Executive Nominee Director of the company, nominated by Verlinvest Asia Pte. Ltd. He is currently serving as the chief executive officer and managing director of Verlinvest S.A. He has experience in the private equity industry.

Key Managerial Personnel

Karan Vasani is the Chief Wine Maker and Senior Vice President – Vineyard and Winery Operations of the company. He has been working with the company since October 1, 2013, in various capacities. He was awarded the WSET Level 2 Intermediate Certificate and Level 3 Advance Certificate in Wines and Spirits by the Wines and Spirit Education Trust Ltd. He has previously worked with CRISIL Limited and Cuvaision Estate Wines in various capacities.

Chaitanya Rathi is the Chief Operating Officer of the company. He has been working with the company since April 1, 2019 as the chief operating officer. He has previously worked with Everstone Capital Advisors Pvt Ltd and Mswipe Technologies Pvt Ltd in various capacities.

Bittu Varghese is the Chief Financial Officer of the company. He has been working with the company since April 25, 2019. He has previously worked with Marico Industries Ltd, S.C. Johnson Products Pvt Ltd (earlier known as Karamchand Appliances Pvt Ltd), Hindustan Coca-Cola Beverages Pvt Ltd and Pernod Ricard India Pvt Ltd.

Neeraj Sharma is the Senior Vice President – Sales of the company. He has been working with the company since April 15, 2019 in various capacities. He has previously worked with Jagatjit Industries Ltd, William Grant and Sons India Pvt Ltd, Diageo India Pvt Ltd and the Times of India Group in various capacities.

Monit Dhavale is the Senior Vice President – Hospitality Business of the company. He has been working with the company since April 27, 2009, in various capacities.

Ruchi Sathe is the Company Secretary and Compliance Officer of the company. She has been working with the company since April 12, 2021. She has previously worked with A.TREDS Ltd, S.H. Kelkar and Co Ltd, BSE Ltd and Arch Pharmed Labs Ltd in various capacities.

OFFER DETAILS

Name of Selling Shareholder	No. of Shares	Average Cost of Acquisition per Equity Share (₹)
	Upto 26,900,530 Equity Shares	
The Promoter Selling Shareholder:		
Rajeev Samant	Upto 937,203 Equity Shares	41.38

The Investor Selling Shareholder:		
Cofintra S A	Upto 7,191,835 Equity Shares	58.64
Haystack Investments Ltd	Upto 200,000 Equity Shares	96.46
Saama Capital III Ltd	Upto 687,389 Equity Shares	170.00
SWIP Holdings Ltd	Upto 121,076 Equity Shares	175.42
Verlinvest S A	Upto 7,191,835 Equity Shares	58.64
Verlinvest France S A	Upto 6,579,565 Equity Shares	101.74
The Other Selling Shareholders:		
Dinesh G Vazirani	Upto 50,000 Equity Shares	1.43
J A Moos	Upto 2,250 Equity Shares	10.76
Karishma Singh	Upto 479,063 Equity Shares	Nil
Major A V Phatak-Retd	Upto 8,625 Equity Shares	6.98
Narain Girdhar Chanrai	Upto 1,007,314 Equity Shares	170.00
Ruta M Samant	Upto 2,014,758 Equity Shares	Nil
Sanjay Naraindas Kirpalani	Upto 429,617 Equity Shares	170.00

SHAREHOLDING PATTERN

Shareholders	Pre-offer		No. of Shares offered	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter and Promoters Group					
<i>Promoter</i>	22,858,619	27.15%	937,203	21,921,416	26.04%
<i>Promoters Group</i>	1,087,245	1.29%		1,087,245	1.29%
Total for Promoter and Promoter Group	23,945,864	28.44%	937,203	23,008,661	27.33%
<i>Public – Investor Selling Shareholders</i>	23,712,564	28.16%	21,971,700	1,740,864	2.07%
<i>Public – Other Selling Shareholders</i>	9,018,630	10.71%	3,991,627	5,027,003	5.97%
<i>Public - Other</i>	27,521,690	32.69%		54,422,220	64.64%
Total for Public Shareholder	60,252,884	71.56%	25,963,327	61,190,087	72.67%
Total Equity Share Capital	84,198,748	100.00%	26,900,530	84,198,748	100.00%

BUSINESS OVERVIEW

Sula Vineyards Ltd (“Sula”) is India’s largest wine producer and seller as of March 31, 2022. They have been a consistent market leader in the Indian wine industry in terms of sales volume and value (on the basis of the total revenue from operations) since Fiscal 2009 crossing 50% market share by value in the domestic 100% grapes wine market in Fiscal 2012. They have consistently gained market share (on the basis of their total revenue from operations) from 33% in Fiscal 2009 in 100% grapes wine category to 52% in value in Fiscal 2022. Furthermore, they are the market leader across all 4 price segments, being ‘Elite’ (₹ 950+), ‘Premium’ (₹ 700-950), ‘Economy’ (₹ 400-700) and ‘Popular’ (<₹ 400), with a higher share of approximately 61% by value in the ‘Elite’ and ‘Premium’ categories in Fiscal 2022, as compared to their overall market share of 52% in the Indian wine industry.

Furthermore, they are also recognized as the market leader across wine variants, including red, white and sparkling wines. Sula Shiraz Cabernet is India’s largest selling wine by value in Fiscal 2021. The gross billings of Sula Shiraz Cabernet amounted to ₹91.83 crore, ₹47.56 crore and ₹31.97 crore in Fiscal 2022 and for the 6 months period ended September 30, 2021 and September 30, 2022, respectively. Their business can be broadly classified under 2 categories (i) the production of wine, the import of wines and spirits, and the distribution of wines and spirits (the “Wine Business”); and (ii) the sale of services from ownership and operation of wine tourism venues, including vineyard resorts and tasting rooms (the “Wine Tourism Business”). However, since the Wine Tourism Business is incidental and complements the overall Wine Business, the Company's chief operating decision makers (which includes the CEO, CFO, COO and members of the board) monitor and review the operating result of the Group as a single operating segment of manufacture, purchase and sale of alcoholic wines and spirits.

Sula distributes wines under a bouquet of popular brands. In addition to the flagship brand “Sula,” popular brands include “RASA,” “Dindori,” “The source,” “Satori,” “Madera” & “Dia” with its flagship brand “Sula” being the “category creator” of wine in India. Currently, Sula produces 56 different labels of wine at 4 owned and 2 leased production facilities located in the Indian states of Maharashtra and Karnataka.

Furthermore, they are among the Top-10 most followed vineyards in the world, with a large following on social media of approximately 118,000 followers on Instagram, approximately 123,000 likes on Facebook and approximately 14,000 followers on Twitter as on September 30, 2022.

As India's largest wine producer, Sula aims to harness their market leadership position for future growth opportunities in the Indian wine market with their wide range of offerings for consumers across various price points. Their consumer proposition focuses on offering their consumers extensive varieties of wine at varying price points, with 56 labels to choose from a portfolio of 13 distinct brands as of September 30, 2022.

Furthermore, their wines are available at various price points between ₹235 to ₹1,850 per 750 ml bottle in Maharashtra, making them accessible for consumers with different budgets —appealing to mass markets as well as having a premium product strategy. Their wines are classified under 4 broad categories, namely the **'Elite' category with 21 labels**, followed by the **'Premium' category with 13 labels**, and the **'Economy' category with 13 labels**, and the **'Popular' category offering 9 labels**. Their wines have been segment leaders under each of these 4 categories in the last 6 years from Fiscal 2017 to Fiscal 2022. They also regularly introduce new products, with 7 labels launched in the last 5 Fiscals.

Sula serviced close to 8,000 hotels, restaurants and caterers, which makes them the leader in terms of footprint among wine players in India and experienced a significant rise in their Off-trade sales in the last 3 years with their Off-trade sales contributing 72.25% of their secondary sales during Fiscal 2022, compared to 61.33% in Fiscal 2020. During the 6 months period ended September 30, 2022 and September 30, 2021, the contribution from the Off-trade sales was 70.75% and 72.95% of the secondary sales, respectively. Sula has tie-ups with distributors in Maharashtra, Haryana, Delhi, Goa and Punjab. To that end, they have managed to build the largest distribution network among wine companies in India, with close to 13,000 retail touchpoints across the country in 2021.

Wine market in India will remain concentrated with high barriers to entry due to the nature of the product in addition to the trade barriers prevalent in the alcoholic beverage market. They had entered into long-term supply arrangements (of up to 12 years) with grape growers for approximately 2,290 acres as of September 30, 2022.

With more than 2MW of installed solar PV capacity, they generated more than 3 million kWh from solar energy at their owned and leased facilities in Fiscal 2022. Furthermore, they have rainwater harvesting reservoirs at all their facilities, with a combined storage capacity of 36.83 million litres, and they have also reduced their water usage per case produced by more than 11% in the last 3 fiscals. They have also been certified as a "Great Place to Work" by Great Place to Work Institute, India in 2021.

Sula has also been awarded a number of industry awards, including 5 Silvers and 4 Bronze at the 'Decanter World Wine Awards, 2022', and 3 silvers and 8 bronze at the 'Decanter World Wine Awards 2020'. They also received 4 golds and 6 silvers at the 'India Wine Awards 2019', with their "The Source Grenache Rosé" receiving the 'Best in Show' wine award. Furthermore, their wine, Sula Sparkling Brut Tropicale recently won a gold medal at the 'International Wine Challenge 2022' and the Rasa Cabernet Sauvignon won a silver at 'The Global Cabernet Sauvignon Masters 2022'.

Sula is one of the fastest growing alcoholic beverage companies in India as of March 31, 2021, with a CAGR of 13.3% between Fiscals 2011 and 2022. They have emerged stronger in the aftermath of the COVID-19 pandemic, gaining additional market share and accelerating their profitability.

In Fiscal 2022, the revenue from operations was ₹453.92 crore with a net sales margin¹ of 69.83%, and profit after tax of ₹52.14 crore in the same period. For the 6 months period ended September 30, 2022 and September 30, 2021, the revenue from operations was ₹224.07 crore and ₹159.15 crore, with a net sales margin¹ of 74.32% and 70.39%, and profit/(loss) after tax of ₹30.56 crore and ₹4.53 crore in the same periods, respectively. The consolidated EBITDAE increased from ₹64.51 crore in Fiscal 2021 to ₹116.07 crore in Fiscal 2022 and was ₹64.31 crore during the 6 months ended September 30, 2022 as compared to ₹30.06 crore during the 6 months ended September 30, 2021. The EBITDAE margin has improved year-on-year from 9.68% in Fiscal 2020 to 15.44% in Fiscal 2021, 25.57% in Fiscal 2022 and 28.70% for the 6 months ended September 30, 2022 as compared to 18.88% for the 6 months ended September 30, 2021.

In the first half of calendar year 2020, COVID-19 spread to a majority of countries across the world, including India. The COVID-19 pandemic has had, and may continue to have, significant repercussions across local, national and global economies and financial markets. Notwithstanding COVID-19, they faced limited disruptions in their production operations and despatches. While their sales to on-premise consumption venues, such as hotels, bars, restaurants and caterers ("**On-trade**"), were impacted by the COVID-19 pandemic, their retail sales for off-premise

consumption via supermarkets and licenced wine shops (“Off-trade”) grew significantly due to higher consumption in India. Their dedicated efforts to improve operational efficiencies resulted in a 27.76% increase in their consolidated EBITDAE from ₹50.49 crore in Fiscal 2020 to ₹64.51 crore in Fiscal 2021.

WINE TOURISM BUSINESS

Snapshots of the Wine Tourism facilities



The “Beyond by Sula” facility in Nashik



“The Source at Sula” facility in Nashik



The wine tasting room at the facility in Nashik

Sula also has a strong direct to consumer (“D2C”) selling channel primarily through their **Wine Tourism** Business facilities in Nashik and Bengaluru, with the highest number of D2C sales in the Indian wine industry in Fiscal 2021. Their D2C sales were ₹24.20 crore during the Financial Year ended March 31, 2022. Their D2C sales were ₹15.75 crore, ₹7.28 crore and ₹24.20 crore during the 6 months period ended September 30, 2022 and September 30, 2021, and the Financial Year ended March 31, 2022, respectively. Their products are available over various e-commerce platforms, which is helping them further increase their D2C footprint.

Sula is the pioneers of wine tourism in India with many firsts to their credit, such as the first wine tasting room in India, the first vineyard resort, the first wine music festival and the first winery tours at their facility in Nashik. As part of their Wine Tourism Business, they own and operate 2 vineyard resorts located at and adjacent to their winery in Nashik, Maharashtra, under “**The Source at Sula**” and “**Beyond by Sula**” brand names, having room capacities of 57 and 10 rooms as of September 30, 2022, respectively. They launched the 1st wine tasting room in India in Fiscal 2005 at their winery in Nashik, Maharashtra followed by a wine tasting room at their “Domaine Sula” facility in Karnataka in Fiscal 2017. Company’s Wine Tourism Business has been successful with their resorts, recording an approximate revenue per room of ₹9,044, ₹10,367, ₹10,225 and ₹10,195 and an occupancy rate of 43.66%, 70.97%, 55.69%, and 77.37% for the Financial Years ended March 31, 2021, 2022, and the 6 months period ended September 30, 2021 and September 30, 2022, respectively.

Sula is the most visited vineyard in India, with approximately 368,000 people visiting their vineyards in Fiscal 2020. They launched the 1st wine-themed music festival in India, “SulaFest”, at their Nashik facility in 2008. “SulaFest” has been widely recognized as the largest wine music festival in India and one of the largest wine music festivals in Asia, based on attendance.

The average occupancy level at the “The Source at Sula” and “Beyond by Sula” facilities:

	6 months ended Sep’30,		Financial Year Ended March 31,		
	2022	2021	2022	2021	2020
Average Occupancy at Resorts (%)	77.37%	55.69%	70.97%	43.66%	66.48%
The Source at Sula					
Occupancy %	76.15%	51.94%	68.85%	41.15%	63.79%
Beyond by Sula					
Occupancy %	84.21%	74.81%	82.30%	56.41%	75.55%

Key Operating Parameters of the Wine Tourism Business

	6 months ended Sep’30,		Financial Year Ended March 31,		
	2022	2021	2022	2021	2020
Average Rooms Occupancy (%)	77.37%	55.69%	70.97%	43.66%	66.48%
Average Room Revenue (ARR) (in ₹)	10,195	10,225	10,367	9,044	8,759
Room Revenue					
(A) Room Revenue (₹ in Cr)	9.53	6.36	17.01	8.79	9.33

	6 months ended Sep'30,		Financial Year Ended March 31,		
	2022	2021	2022	2021	2020
Room Revenue to Total Income (%)	4.22%	3.96%	3.72%	2.09%	1.73%
Food & Beverage, Merchandise, other Ancillary Services and Wine & Liquor					
(B) Sale of Food & Beverage, merchandise and all other ancillary services (₹ in Cr)	10.27	5.73	17.61	9.35	18.84
(C) Sale of Wine and Liquor (₹ in Cr)	15.75	7.28	24.20	13.97	18.94
Total Income (A + B + C) (₹ in Cr)	35.55	19.37	58.82	32.11	47.11

THE KEY FINANCIAL AND OPERATIONAL PERFORMANCE INDICATORS

Details of Wine Business and Wine Tourism Business

(₹ in Crore, except as otherwise specified)

	6 months ended Sep'30,		Year Ended March 31,		
	2022	2021	2022	2021	2020
Wine Brands	203.29	145.44	416.63	398.42	493.10
Own Brands	191.55	131.70	380.89	287.30	331.62
- Elite	25.14%	23.62%	24.05%	19.87%	18.48%
- Premium	45.39%	46.06%	46.52%	48.71%	49.33%
- Economy	12.62%	14.78%	13.62%	15.79%	15.06%
- Popular	16.86%	15.55%	15.81%	15.63%	17.12%
Third Party Brands and distribution business	11.74	13.73	35.74	111.12	161.48
Wine Tourism Business	19.80	12.09	34.62	18.14	28.17
Others	0.98	1.63	2.67	1.40	0.37
Revenue from operations	224.07	159.15	453.92	417.96	521.63
Year on year revenue growth (%)	40.79%	-	8.60%	(19.88)%	-
Revenue contribution (%)					
Wine Business - Own Brands	85.49%	82.75%	83.91%	68.74%	63.57%
Wine Business - Imports	5.24%	8.63%	7.87%	26.59%	30.96%
Wine Tourism Business	8.84%	7.60%	7.63%	4.34%	5.40%
Others	0.44%	1.02%	0.59%	0.33%	0.07%

Gross Margin

(₹ in Crore, except as otherwise specified)

	6 months ended Sep'30,		Year Ended March 31,		
	2022	2021	2022	2021	2020
Gross Margin	157.78	103.62	296.36	223.84	249.15
Gross Margin (%)	70.41%	65.11%	65.29%	53.32%	47.76%
EBITDAE	64.31	30.06	116.07	64.51	50.49
EBITDAE Margin (%)	28.70%	18.88%	25.57%	15.44%	9.68%
Net Asset Turnover	-	-	1.15	1.37	1.73
Cash Conversion Cycle (Days)	-	-	347	317	237
Days Sales Outstanding (days)	-	-	98	125	115
Days Inventory Outstanding (days)	-	-	449	358	252
Days Payable Outstanding (days)	-	-	200	166	130
ROCE – reported (%)	-	-	20.86%	10.67%	4.09%
Net Working Capital Days (days)	-	-	65	48	26
Debt to Equity Ratio (times)	0.48	0.76	0.58	0.99	1.23
Debt to EBITDAE Ratio (times)	-	-	1.97	4.67	7.29
Net profit/ (loss) for the year (PAT)	30.51	4.53	52.14	3.01	(15.94)
PAT Margin (%)	13.61%	2.85%	11.49%	0.72%	(3.06)%

Gross Volumes

(In Million Litres)

	6 months ended Sep'30,		Year Ended March 31,		
	2022	2021	2022	2021	2020
Own Brands Gross Volume	3.98	2.82	8.04	6.46	7.68
Third Party Brands and distribution business Gross Volume	0.11	0.17	0.38	0.33	0.50
Gross Volume	4.09	2.99	8.42	6.78	8.18

Volume of sales and revenue of operations of the Own Brands

Particulars	6 months ended Sep'30,		Year Ended March 31,		
	2022	2021	2022	2021	2020
Elite and Premium					
Number of cases	214,153	153,579	442,833	330,562	393,878
Volume contribution (%)	48.46%	48.98%	49.56%	46.09%	46.16%
Revenue of operations (₹ in Cr)	135.09	91.76	268.80	197.036	224.87
Revenue contribution (%)	70.53%	69.67%	70.57%	68.58%	67.81%
Economy and Popular categories					
Number of cases	227,794	160,004	450,712	386,692	459,402
Volume contribution (%)	51.54%	51.02%	50.44%	53.91%	53.84%
Revenue of operations (₹ in Cr)	56.46	39.94	112.10	90.27	106.75
Revenue contribution (%)	29.47%	30.33%	29.43%	31.42%	32.19%

Other KPIs related to our Wine Tourism Business

Particulars	6 months ended Sep'30,		Year Ended March 31,		
	2022	2021	2022	2021	2020
Average Room Revenue (ARR) (in ₹)	10,195	10,225	10,367	9,044	8,759
Average Rooms Occupancy (%)	77.37%	55.69%	70.97%	43.66%	66.48%

COMPANY'S PRODUCTS


Sula produces 2 types of wine:

- Still wine:** Wine that is neither sparkling nor fortified. Still wine constituted 85.38% of their total production as of September 30, 2022 with 15 labels under the Elite category, 22 labels each under the Premium and Economy categories and 9 labels under the Popular category; and
- Sparkling wine:** Wine that contains bubbles from dissolved carbon dioxide. Sparkling wine constituted 14.62% of their total production as of September 30, 2022 with 6 labels under the Elite category and 2 labels each under Premium and Economy categories.

Within the still and sparkling wines that Sula produces, they produce red, white and rosé versions of each.

The brands and labels across categories as of September 30, 2022:

Category	Brands	Labels
Elite (₹950+)	Sula	Brut, Brut Tropicale, Sparkling Shiraz, Riesling, Late Harvest Chenin Blanc
	Dindori	Viognier, Chardonnay, Shiraz

Category	Brands	Labels
	RASA	Syrah, Cabernet Sauvignon, Zinfandel
	The Source	Cabernet Sauvignon, Grenache Rosé, Sauvignon Blanc, Moscato, Chenin Blanc Reserve
	York	Arros, York Late Harvest Chenin Blanc, H Block Chardonnay, Sparkling Rosé, Sparkling Cuvée
Premium (₹700-950)	Sula	Shiraz Cabernet, Zinfandel Red, Chenin Blanc, Sauvignon Blanc, Zinfandel Rosé, Seco, Seco Rosé
	Satori	Satori
	York	York Shiraz, York Cabernet Merlot, York Chenin Blanc, York Sauvignon Blanc, York Rosé
Economy (₹400-700)	York	All Rounder Red, All Rounder White
	Dia	Dia Red, Dia White
	Kadu	Cabernet Shiraz, Chenin Blanc, Shiraz Rosé
	Port Gold/1000	Port Gold
	Madera	Madera Red, Madera White, Madera Rosé
	Mosaic	Mosaic Red, Mosaic White
Popular (<₹400)	York	Manthan Red, Manthan White, G9 Port, G9 Premium Port, White Port
	Heritage	Heritage Red
	Port Gold/1000	Port 1000
	Samara	Samara Red, Samara White

MANUFACTURING UNITS

Company's business is supported by their manufacturing and processing infrastructure comprising 4 wineries in Maharashtra and 2 in Karnataka, with bottling units located at Domaine Dindori, Domaine Sula and York facilities.

Facility	Details
Owned Facilities	
Domaine Dindori Winery	Company's Domaine Dindori facility is their largest winemaking and production facility with a tank capacity of 66.21 lakh litres as of September 30, 2022. All their wines (excluding York) are bottled and supplied from Domaine Dindori to all markets, with the exception of Karnataka region which is supplied with wine bottled from Domaine Sula. They possess quality certifications from British Retail Consortium Global Standards ("BRC") (AA grade) and the Food Safety and Standards Authority of India ("FSSAI"). They intend on further expanding the tank capacity at this facility in the future.
Nashik Winery	Established in 2000, the Nashik facility is their 2 nd largest winemaking facility with a tank capacity of 46.40 lakh litres as of September 30, 2022. Their Nashik facility comprises a vineyard, a wine tasting room, a boutique vineyard resort, 2 restaurants and an amphitheatre. They possess quality certifications from BRC (A Grade) and FSSAI. They commenced their Wine Tourism Business at their Nashik facility, and currently own and operate 2 vineyard resorts located at and adjacent to their winery, under "The Source at Sula" and "Beyond by Sula" brand names, having room capacities of 57 and 10 rooms as of September 30, 2022, respectively. The first wine tasting room in India was also launched at this facility in Fiscal 2005.
Domaine Sula Winery	Company's Domaine Sula facility is their 3 rd largest winemaking facility with a tank capacity of 11.39 lakh litres as of September 30, 2022. Located in between Bengaluru and Mysore in Karnataka, this facility comprises a vineyard, a wine tasting room, a restaurant, and a production facility where they make their wines for the Karnataka market. They possess a quality certification from ISO 9001:2015
York Winery	Acquired in Fiscal 2022 from York Winery Pvt Ltd under their fully owned subsidiary, Artisan Sprits Pvt Ltd, the York facility comprises a wine tasting room, a restaurant and a winemaking and production facility with a tank capacity of 4.84 lakh litres as of September 30, 2022. This facility is strategically located around 2km from their Nashik winery providing them operational synergies and the potential to grow further. Sula intends on expanding their Wine Tourism Business at this facility targeting a younger and price sensitive audience. They possess a quality certification from FSSAI.
Leased Facilities	
Leased Winery 1	Leased in 2020, Company's Leased Winery 1 is a winemaking facility with a tank capacity of 9.94 lakh litres as of September 30, 2022, located around 6km from their Domaine Dindori facility. They possess quality certification from FSSAI.
Leased Winery 2	Leased in 2019, their Leased Winery 2 is a winemaking facility with a tank capacity of 6.62 lakh litres as of September 30, 2022, located approximately 750 km from their Domaine Sula facility. They possess quality certification from FSSAI.

Installed Capacity and capacity utilisation:

(in Lakh Litres)

Location	6 months ended Sep'30		Fiscal					
	2022		2022		2021		2020	
	Installed Capacity	Capacity Utilization	Installed Capacity	Capacity Utilization	Installed Capacity	Capacity Utilization	Installed Capacity	Capacity Utilization
Maharashtra								
Nashik Winery	46.40	22.44	46.40	36.79	45.71	28.95	45.39	27.37
Domaine Dindori	66.21	36.91	66.21	52.61	66.21	49.23	66.21	45.87
Leased Winery 1	9.94	5.74	9.94	8.94	9.94	7.68	9.94	6.92
York Winery (ASPL)	4.84	3.44	4.84	3.96	0	0	0	0
Total Maharashtra	127.39	68.54	127.39	102.29	121.85	85.86	121.53	80.16
Karnataka								
Domaine Sula (DS)	11.39	8.47	11.39	9.22	11.36	8.14	11.21	7.66
Leased Winery 2	6.62	4.83	6.62	3.99	6.62	3.10	6.75	2.93
Total Karnataka	18.01	13.31	18.01	13.21	17.98	11.24	17.96	10.59
Total	145.40	81.84	145.40	115.50	139.83	97.10	139.49	90.76

DISTRIBUTION NETWORK

Company's distribution platform included over 50 distributors, 14 corporations, 14 licensed resellers, 7 company depots, 3 defence units as of September 30, 2022, over 23,000 points of sale (including over 13,500 retail touchpoints and over 9,000 hotels, restaurants and caterers) as of March 31, 2022. As of September 30, 2022 they had a sales force of more than 141 permanent employees. They have over the years successfully built and managed their large distribution network, developing strong relationships with their distribution and retail partners across their territories.

The distribution network across the territories as of September 30, 2022:


HIGH ENTRY BARRIERS BUSINESS

The wine market in India will remain concentrated, with high barriers to entry due to the nature of the product, as well as trade barriers prevalent in the alcoholic beverage market.

Some of the key factors are set out below:

- Wine making involves the investment of capital and time for the development of vineyards, an investment in relationships with farmers to ensure supply, as well as expertise in the making of wine.

- The wine business has a high inventory business model compared to other alcoholic beverages, and one of the unique attributes on the supply side is the annual harvesting season, which increases the demanding nature of the wine making business.
- Unlike other alcoholic beverages, the wine industry has only one raw material production cycle in a year, which is usually from December to March. Wine production starts with the harvesting season in December and continues until April. Wine storage and ageing happens throughout the year. Due to only one harvesting season per year, inventory for the full year is effectively built up in these 4 months, resulting in high year-end inventory. In addition, demand side factors, including high seasonality skewed towards the festive season from October onwards, increases capital expenditure and working capital requirements for wines companies compared to other alcoholic beverage companies.
- The wine value chain process is long, and wine may require a few years before it is ready to be bottled. Once planted, grape seeds require a minimum of two years to mature, and during this period the vines require intense care. Post-harvest, it takes up to 2 years to manufacture wine.
- The economic life cycle of a vineyard in India is typically 15 to 20 years, with a relatively long gestation period (of approximately 2 years) associated with its establishment. The long gestation period from initiation to final product creates an entry barrier for new players.
- Wine grapes require significant work by farmers, who spend many years waiting for the first harvest. The entire process requires a number of steps, including grape site preparation and a long period of grape harvest, followed by wine production, logistics, marketing and distribution. Wineries generally enter into long-term contracts with the farmers, with a typical term of up to 12 years to ensure remuneration for farmers. New players generally find it difficult to achieve such scale and backward integration.
- Each state in India establishes its respective alcohol policy, including with respect to procurement, pricing, distribution and any restrictions on its use. This creates a fragmented approach, with distribution strategies differing from region to region. The changing policy environment in relation to alcoholic beverages in the country makes it difficult for alcoholic beverage companies in India to establish standard operating procedures for sale and distribution.
- Winemaking requires expertise, from identifying the right type of soil and grapes, the quality of grapes, to expertise in manufacturing and marketing the product.
- Branding – both direct and indirect advertising of alcohol is prohibited in India, and it can be advertised only at point of sale. New brands may generally take time to be recognised and earn the trust of the consumers.
- High import duties, freight and logistics costs – imported wines face high import duties as well as freight and logistic barriers that render them much more expensive relative to locally produced wines.
- Climatic conditions – grapes are a temperate crop, and the tropical climatic conditions in India require extensive research and development to produce good quality wines.
- Vineyard plantation – the plantation of vineyards requires a long track record, trust and reputation among farmers, which they have with their proven track record successfully built over the last 2 decades. Planting a vineyard in India, on an average, requires a minimum commitment of 12 years by the grower. It is difficult for new entrants to venture into to the Indian wine industry and secure a consistent and steady supply source for high quality wine grapes; and
- Availability of skilled personnel – with no national training institute for winemaking in the country, the number of skilled winemakers is very limited in India.

KEY STRENGTHS

- ***Established market leader in the Indian wine industry with the leading brand “Sula”***

The “Sula” brand is recognized as the market leader across wine variants, including red, white and sparkling wines. “Sula” is also recognized as the “category creator” for wines in India. In addition to “Sula”, they own the “RASA”, “The Source”, “Dindori”, “York”, “Satori”, “Mosiatic”, “Madera”, “Samara” and “Dia” brand names, among others, which are strong individual brands with distinct identities. They classify the brands manufactured, bottled and sold by Sula as their “Own Brands” (Currently, their Own Brands include “Sula”, “RASA”, “The Source”, “Dindori”, “York”,

“Satori”, “Mosaic”, “Madera”, “Samara”, “Heritage”, “Port Gold” and “Dia”). They have consistently gained market share (on the basis of their total revenue from operations) from 33% in Fiscal 2009 in 100% grapes wine category to 52% in Fiscal 2022.

They have leveraged their digital and social media presence as an effective tool of communication with their consumers by engaging with social media influencers. They have seen this engagement increase their brand reach to a much wider and newer audience, especially resonating with younger demographics.

- **Largest wine producer in India with the widest and innovative product offering supported by an efficient production mechanism**

Sula has been a consistent market leader in the Indian wine industry in terms of sales volume as well as value (on the basis of total revenue from operations) since Fiscal 2009 crossing 50% market share by value in the domestic 100% grapes wine market in Fiscal 2012. Since the launch of their first wines in the year 2000, they have redefined the production and distribution of wine in India being instrumental in laying the bedrock for the growth of the local wine industry in India. Sula aims to tap the potential of the under penetrated wine industry in India with their offering of the widest product range in the Indian wine market.

The demand for wines in urban and semi-urban areas of India is on the rise, and Sula has with their extensive experience, tailored specific capabilities across product development, marketing, technology, supply chain, fulfilment, and consumer service, sought to create a differentiated ecosystem for their consumers. They launched a total of 7 labels under their brands The Source, RASA and Dindori, in the last 5 Financial Years, which have all been in the ‘Elite’ category and together were able to acquire a market share of 9% in the ‘Elite’ category by the end of Fiscal 2021.

Sula is the **first to introduce varietal wines** in India in 2003, with their Sauvignon Blanc, Chenin Blanc, Zinfandel, Riesling, Red Sparkling, and dessert wine offerings, and were also the **first to adopt the use of refrigerated stainless-steel tanks** for the production of their wines, which revolutionized tropical winemaking. They also **introduced the ‘Charmat’ method for producing sparkling wines**, which enables them to produce their wines faster and more efficiently. Also, they **introduced screwcaps on wine bottles** in 2006. Their product portfolio of 56 domestic wines labels and 21 imported alcoholic beverage labels comprising wines and spirits, serves a large cross-section of customers. They have been the market leader in terms of range of labels across price segments with more than 50 wine labels.

Their **Shiraz Cabernet has been the top selling wine** in the domestic 100% grape wine market since 2016; Sula Shiraz Cabernet, Sula Chenin Blanc, Sula Zinfandel Rosé and Sula Brut are India’s best-selling red, white, rosé and sparkling, respectively, for Fiscal 2021.

Sula introduced red-sparkling wine in India and have also been the pioneer in introducing canned wine in 2020 under their brand ‘Dia’. Canned wine in India has the potential to build a new wine on the go segment.

- **Largest wine distribution network and sales presence**

As of September 30, 2022, Sula has the presence in 25 states and 6 union territories in India. They also entered the overseas markets in 2003, and currently offer their wines in over 20 countries, including Spain, France, Japan, the United Kingdom, and the United States.

Their widespread sales and distribution platform enables their products to reach their consumers ensuring consistent availability. With access to more than 23,000 points of sale (including over 13,500 retail touchpoints and over 9,000 hotels, restaurants, and caterers) as of March 31, 2022, their products have a high visibility and availability across the country. Their products are available through their distributors, at various points of sale such as general trade (which includes traditional retail points, such as licensed alcohol and wine shops through distributors and stockists), hotels, restaurants, cafes, and modern trade channels which includes e-commerce platforms and select supermarkets across India.

They also have a strong direct to consumer selling channel at their wine tourism facilities in Nashik and Bengaluru with an average sale of approximately 225,000 bottles (units of 1500ml, 750ml, 375ml bottles sold or served to consumers at their outlets in these facilities) each year over the last 3 Financial Years. Not only they are the leaders in the On-trade channels, but also recorded the highest Off-trade sales in the last 3 years with their Off-trade sales contributing 72.25% of the secondary sales during Fiscal 2022 as compared to 61.33% in Fiscal 2020. During the 6 months ended September 30, 2022, the contribution from the Off-trade sales was 70.75% of the secondary sales as compared to 72.95% during the 6 months ended September 30, 2021.

- **Secured supply of raw material with long-term contracts exclusive to Sula**

The top wine producing states, Maharashtra and Karnataka, are also the top consuming states, contributing close to 57% of the overall wine market in India. As of June 30, 2022, they had access to close to 2,521 acres of vineyards, which is significantly higher than the 2nd largest wine company in the Indian market at close to 460 acres. Of these 2,521 acres, they have entered into long-term supply arrangements (of up to 12 years) with contract farmers for approximately 2,290 acres. Such long-term supply arrangements cover more than 90% of their annual supply of wine grapes, and they intend to continue expand their wine grape supply via long term contracts with third-party farmers.

They have a dedicated outreach team that trains farmers in the latest viticulture practices and closely monitor vineyard activities to ensure quality production. Given their technical knowhow and support, and market leading reputation, farmers prefer entering into and renewing such long-term contracts with them.

- **Leader and pioneer of the wine tourism business in India**

Sula has been a pioneer of wine tourism in India, which has led to a strong D2C presence. They offer curated experiences, such as wine tasting sessions, winery tours and gourmet dining options at their wineries, enabling the company to build a stronger connect with their consumers and popularise wine tourism in the country. They conducted approximately 90,000, 43,000, 85,000 and 59,000 wine tasting sessions during Fiscals 2020, 2021, 2022 and the 6 months ended September 30, 2022, respectively.

- **Early adoption and focus on sustainability**

Sustainability is a key focus area for the company and is infused in their business decisions, including the packaging of their products. They adopted clean energy through setting up solar panels at their Nashik facility in Fiscal 2014. They have formulated and undertaken a “Green Sula” initiative to make their vineyards eco-friendlier as well as more cost-effective. They have rainwater harvesting reservoirs at all their facilities with a combined storage capacity of 36.83 million litres. They actively recycle and reuse wastewater and have improved efficiency by using drip irrigation at their wineries.

- **Experienced Board, qualified senior management team**

Sula is led by their Promoter and Managing Director, Rajeev Samant, who established the business in 2003 and has extensive experience in the Indian wine industry. He is ably supported by their strong and experienced management team. Their qualified and experienced Board of Directors and senior management team comprises professionals with extensive knowledge, understanding and experience in the alcoholic beverage industry globally. The knowledge and experience of their senior management team provides them with a significant competitive advantage as they seek to grow their businesses.

KEY GROWTH STRATEGIES

- **Continuous focus on the Own Brands**

Company’s main strategies is to continue focusing on their Own Brands over Third-Party Brands that they import and distribute. They made a clear shift towards focussing on their Own Brands in Fiscal 2020, which got further accelerated by the COVID-19 pandemic. Sales of their Own Brands accounted for 85.49%, 82.75% and 83.91% of the revenue from operations for the 6 months period ended September 30, 2022 and September 30, 2021, and Fiscal 2022, respectively, as compared to 63.57% in Fiscal 2020, when they had a significant Third Party Brand distribution business, contributing 30.96% of the revenue from operations during the same period.

- **Focus on premiumization of the product portfolio**

Sula intends to continue to leverage their distribution capability to launch new products under these categories to further increase their revenue and market share in the Indian wine market. To this end, they launched “The Source” brand with 4 labels in Fiscal 2018, 2019, 2020 and 2022, and undertook a rebranding of their “RASA” brand in Fiscal 2022. They launched a total of 7 labels under their brands, Sula, The Source, RASA and Dindori, in the last 5 Financial Years, which have all been in the ‘Elite’ category and together were able to acquire a market share of 9% in the ‘Elite’ category by the end of Fiscal 2021.

The company has been successful in **consistently raising the prices of their wines by an annual (fiscal) average of 6% from March 31, 2019 to March 31, 2022**. They also witnessed a consistent growth in the volume of sales in their

“Elite” and “Premium” categories from 393,878 cases sold in Fiscal 2020 to 442,833 cases sold in Fiscal 2022, signifying a greater demand for premium wines in the Indian wine market. They sold 214,153 cases during the 6 months ended September 30, 2022 as compared to 153,579 cases during the 6 months ended September 30, 2021. Additionally, they also import and distribute 20 international labels (18 wine labels, 2 Vodka Labels and 1 brandy label) (collectively the “Third Party Brands”), which are priced in line with their ‘Elite’ category. Their combined sales revenue in the ‘Elite’ and ‘Premium’ segments contributed 70.53%, 69.67%, 70.57%, 68.58% and 67.81% of their revenue from their Own Brands for the 6 months period ended September 30, 2022 and September 30, 2021, and Fiscals 2022, 2021 and 2020, respectively. A key driver of their consumer strategy is catering to different target consumers across various price points and enabling them to upgrade to higher value products.

- **Increasing wine awareness and consumption, and penetrating further into Tier-1 and 2 cities**

The majority of wine consumers are from the top urban centres in India, with Mumbai, Bengaluru, Delhi NCR, Pune, and Hyderabad contributing more than 70% of the overall market. Their strategy is to increase their focus on the under penetrated markets in major Metros like Chennai and Kolkata, the tourist markets of Kerala, Rajasthan and Goa, and other Tier-1 and 2 cities across India. Additionally, with ‘Dia’, they seek to achieve greater market penetration due to increased accessibility of aluminium cans, being single serve offerings at a lower average selling price.

Company’s distribution network enables them to increase the availability and visibility of their brands. They seek to continue to focus on increasing sales volumes in their geographies by expanding their distribution network, optimizing their distribution operations and increasing product supply to the under-penetrated markets. They intend to further expand their distribution platform by engaging additional distributors, consolidating existing distributors and increasing the number of distributors in these under-penetrated markets. These measures will enable them to increase the availability of their products which will in turn increase brand awareness and revenue.

- **Effectively use digital media to increase awareness of wine in India**

Company’s initiatives included a combination of social media lifestyle and wine influencer activities, through which “influencers” with a significant following conduct promotional activities for their Wine Tourism Business through their Company’s or their own social media channels, Their strategy of engaging popular influencers with significant followings on social media platforms such as Instagram helps them leverage their extensive network to amplify their message, taking awareness of wine to a wider audience.

- **Continue to make sustainability and climate change readiness the heart of the long-term strategy**

Sula is one of most sustainable wine businesses in the world with more than 2MW of installed solar PV capacity providing them with over 60% of their annual energy needs in Fiscal 2022. Furthermore, with systems in place ensuring recycling and reuse of winery wastewater, they are one of the sustainable wine companies in India.

They are an applicant member of the IWCA, a part of the ‘Race to Zero’ global campaign, led by the United Nations and its member wineries are committed to achieving net zero emissions by 2050.

Company’s focus is to be resilient to climate change and global warming while being committed to producing India’s finest wines using sustainable methods. Furthermore, their entire vineyard acreage is drip irrigated, and they practice rainwater harvesting, wastewater recycling and sustainable farming practices at their vineyards.

- **Pursue strategic investments and acquisitions to further consolidate the Indian wine industry**

Sula has demonstrated record in acquiring and successfully integrating companies and teams over the last few years, with 2 significant acquisitions in the last 5 years. Through these acquisitions, they seek to consolidate their position further in the Indian wine market, increasing their scale and market share. Their acquisitions of the brands and assets of **Heritage Winery** and **York Winery** in Fiscals 2017 and 2022, respectively, are testament to this. In particular, the acquisition of Heritage was strategic, providing Sula with their first owned manufacturing facility in Karnataka, allowing them to avail the benefit of significantly lower duties on the sale of their wines in Karnataka and offering growth potential to increase their Wine Tourism Business.

- **Continue to expand the Wine Tourism Business**

Company’s Wine Tourism Business goes hand in hand with the Wine Business and is an important factor contributing to its growth. They have increased the number of rooms at their Wine Tourism Business facilities from 33 rooms as of March 31, 2018, to 67 rooms as of September 30, 2022 and plan on adding additional rooms in the

next few years. They intend to continue to expand their Wine Tourism Business, to build on their brand, experience and expertise in this business.

INDUSTRY OVERVIEW

India is one of the fastest growing alcoholic beverage markets in the world, growing from a small base of 1.3 litres per capita of recorded consumption in 2005 to 2.7 litres in 2010. However, the per capita consumption of wine in India is less than 100 ml, with the contribution of wine to overall alcohol consumption being less than 1%, compared to the world average of close to 13%. In addition to the growth in per capita alcohol consumption, positive demographic factors, including the addition of more than ten million people each year to the population of eligible alcohol consumers, makes India one of the most attractive markets for alcoholic beverages.

The Indian wine market crossed 2.5 million cases in Fiscal 2020 and is expected to grow at a CAGR of 14.3% in terms of volume from Fiscal 2021 to Fiscal 2025 with domestic players dominating volumes. The share of wine as a form of alcohol consumption in India in Fiscal 2021 was less than 1%, whereas globally, the contribution of wines to alcohol consumption was close to 13.5% (in terms of 100% pure alcohol in calendar year 2021) during the same period, suggesting significant room for growth.

Key Players in Indian Alco-beverage market

Alcohol	Company	Brands
Spirits	Diageo India	McDowell No. 1, Royal Challenge, Signature, VAT 69, Black Dog, Johnnie Walker
	Pernod Ricard	Imperial Blue, Royal Stag, Blenders Pride, 100 Pipers, Ballentine's, Chivas, Glenlivet
	Radico Khaitan	8 PM, Magic Moments
	Allied Blenders	Officer's Choice Blue, Officer's Choice Black, Sterling Reserve B7, Sterling Reserve B10
Beer	United Breweries	Kingfisher, Kalyani Black label, Sandpiper, Heineken
	Anheuser-Busch InBev NV	Haywards, Fosters, Budweiser, Corona
	Bira 91	Bira Light, Bira Strong, Bira Blonde, Bira White
	Carlsberg	Tuborg, Carlsberg
Wine	Sula	Sula Shiraz cabernet, Sula chenin Blanc, Sula Zinfandel Rose, Madera Red, Dindori Reserve Shiraz, Satori, Samara Red, Rasa Cabernet Sauvignon, The Source Grenache Rose, Dindori Reserve Chardonnay, Sula Sparkling Shiraz
	Grover Zampa	LA Reserve, Vijay Amritraj White, Chene Grand Reserve
	Fratelli	Shiraz, Merlot, Sete

Segment-wise Presence of Key Wine Players in domestic 100% grapes wine market

Wine Segments	Price Range	Count of Labels		
		Sula	Grover Zampa	Fratelli
Elite	₹ 950+	21	12	8
Premium	₹ 700 - 950	13	13	11
Economy	₹ 400 – 700	13	8	4
Popular	< ₹ 400	9	2	3

Note: Data as of December 2021.

Category-wise Presence of Key Wine Players in domestic 100% grapes wine market

Wine Segments	Count of Labels		
	Sula	Grover Zampa	Fratelli
Red	22	14	12
White	19	15	9
Sparkling	10	4	3
Rosé	5	2	2

Note: Data as of December 2021

Key Players in Indian Wine Market

Key Players	Own Labels	No. of Labels
Sula Vineyards	Rasa, The Source, Dindori Reserve, Madera, Dia, Sula Classics, Satori	56
Fratelli Wines	J'Noon, JCB, Sette, MS, Fratelli	26
Grover Zampa Pvt Ltd.	Insignia, Vendanges Tardvies, Chene, Soiree, Auriga, Vijay Amritraj	35

Vineyard Details

Vineyard	Area under cultivation (in acres)	Year of Commencement	Region(s)
Sula	2,521	1998	Nashik, Maharashtra

For additional information & risk factors please refer to the Red Herring Prospectus

Vineyard	Area under cultivation (in acres)	Year of Commencement	Region(s)
Fratelli Wines	240	2007	Sholapur, Maharashtra
Grover Vineyards Ltd	> 410 acres	1988	Nashik, Maharashtra; Nandi Hills, Karnataka

Note: Data updated as on June 30, 2022

Wine tourism activities in different vineyards in India

Offering in Wine Tourism	Sula	Fratelli Wines	Grover Zampa Vineyards	Chandon India
Start of Wine Tourism	2008	NA	NA	2016
Footfall in FY 2020	~3,68,000	NA	NA	NA
Tour	✓	✓	✓	✓
Tasting	✓	✓	✓	✓
Grape Stomping	✓	-	✓	-
Dining	✓	✓	✓	✓
Restaurant	✓	✓	✓	-
Bottle Shop	✓	✓	✓	✓
Music Festival	✓	-	✓	-
Hotel/Resort	✓	✓	-	-

Top Indian players land acreage (in acres)

Company	Acreage						
	2022	2021	2020	2019	2015	2010	2006
Sula	~2,521	~2,600	~2,800	~2,650	~2,000	~1,800	~1,500
Fratelli Wines	240	240	240	240	240	240	80
Grover Zampa Vineyards	~460	~460	~460	~460	~410	~410	~410

Top wine players installed capacity FY 2021 (volume in '000 liters)

Company	Installed Capacity
Sula	13,983
Fratelli Wines	1,400
Grover Zampa Vineyards	4,700

Gross Sales Growth (in ₹ Crore) for Private and Public listed Players

Industry	Brands*	Growth 2021-22	Growth 2020-21	CAGR FY 2014-19	CAGR FY 2011-21	CAGR FY 2011-19	CAGR FY 2011-14
<i>Gross Sales Growth (in ₹ Crore)</i>							
Spirits	Diageo	8.3%	(4.9)%	6.6%	7.8%	10.5%	17.3%
	Pernod Ricard	NA	(9.3)%	18.4%	20.8%	27.3%	43.8%
	Radico Khaitan	19.9%	10.1%	21.5%	19.9%	21.5%	21.6%
Beer	United Breweries	10.0%	(30.5)%	14.3%	8.3%	15.1%	16.4%
Wine	Sula	13.3%	(13.7)%	18.5%	13.7%	22.0%	28.1%
	Fratelli Wines	NA	3.4%	40.0%	71.3%	81.9%	181.5%
	Grover Zampa	NA	(27.0)%	19.7%	12.4%	19.6%	19.7%

EBITDA Growth (Value in ₹ Cr)

Industry	Brands*	Growth 2021-22	Growth 2020-21	CAGR FY 2014-19	CAGR FY 2011-21	CAGR FY 2011-19	CAGR FY 2011-14
Spirits	Diageo	4.2%	(34.4)%	NA	0.2%	3.7%	NA
	Pernod Ricard	NA	(247)%	11.2%	NA	NA	NA
	Radico Khaitan	9.3%	10.0%	12.6%	10.5%	11.1%	8.5%
Beer	United Breweries	5.4%	(56.6)%	13.8%	(0.3)%	14.3%	15.2%
Wine	Sula	17.1%	23.9%	17.3%	12.4%	17.7%	19.0%
	Fratelli Wines	NA	NA	NA	NA	NA	NA
	Grover Zampa	NA	NA	NA	NA	NA	NA

* Indicates that the IND AS/IGAP accounting principle has been considered

PAT Margins (Value in %)

Industry	Brands*	PAT Margin			
		FY 2022	FY 2021	FY 2020	FY 2019
Spirits	Diageo	8.2%	3.9%	7.8%	7.3%
	Pernod Ricard	NA	13.3%	17.8%	15.2%

Industry	Brands*	PAT Margin			
		FY 2022	FY 2021	FY 2020	FY 2019
Beer	Radico Khaitan	8.8%	11.2%	9.4%	9.0%
	United Breweries	6.3%	2.7%	6.6%	8.7%
Wine	Sula	12.5%	0.6%	(3.3)%	2.0%
	Fratelli Wines	NA	(4.6)%	(4.8)%	0.3%
	Grover Zampa	NA	(13.9)%	(4.3)%	(23.0)%

* Indicates that the IND AS/IGAP accounting principle has been considered

Return on Equity and Return on Capital Employed

Company	Return on Equity				Return on Capital Employed			
	FY 2022	FY 2021	FY 2020	FY 2019	FY 2022	FY 2021	FY 2020	FY 2019
Sula	11.6%	0.7%	(4.3)%	2.9%	18.3%	9.3%	3.5%	12.6%
Fratelli Wines	NA	(7.4)%	(7.1)%	0.4%	NA	(7.7)%	(7.1)%	1.3%
Grover Zampa Vineyards	NA	(7.8)%	(3.4)%	(29.8)%	NA	(6.9)%	(6.0)%	(2.2)%

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2022)

Name of the Bank	Consolidated/ Standalone	Face Value	Revenue from Operations [^] (₹ Cr)	(EPS (Basic and Diluted))	NAV [^]	P/E*	RoNW (%)
Sula Vineyards Ltd	Consolidated	2	453.92	6.53	55.34	[•]	11.45%
United Spirits Ltd	Consolidated	2	31,061.80	11.68	67.09	76.14	16.63%
Radico Khaitan Ltd	Consolidated	2	12,470.50	19.70	149.46	53.36	13.18%
United Breweries Ltd	Consolidated	1	13,123.92	13.82	148.99	119.83	9.29%

Source: RHP; [^] for the year ended March 31, 2022; *P/E Ratio has been computed based on the closing market price of the equity shares (NSE) on November 25, 2022.

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