

December 11, 2022

Sula: Synonym for wine in India...

About the Company: Sula Vineyards is India's largest wine producer and seller (52% market share in FY22). The company produces 56 different labels of wine at four owned and two leased production facilities in Maharashtra and Karnataka. Sula has the largest distribution network among wine companies in India (~13000 retail touchpoints in India).

- On-trade, off-trade, D2C contributed 73%, 23%, 4%, respectively, in FY22 net revenues
- Own brands, third party brands, wine tourism, others contributed 84%, 8%, 8%, 1%, respectively, in FY22 net revenues

Key triggers/Highlights:

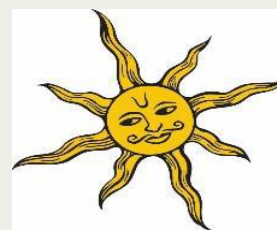
- Wine, as a category in India, is expected to grow at 20% CAGR in value (less than 1% of alcobev sector) vs. 12% for the overall alcobev sector. Sula commands 52% share in the 100% grape wine segment (which itself is ~85% of the overall wine segment)
- Own brands focus from FY20 onwards is accounting for 84% in H1FY23, helping achieve better profitability
- Premiumisation of brands: Overall P&A brands contributed 71% to revenues from own brands in H1FY23. The company has launched seven labels in the P&A category in the last five years
- Secure raw material supply: Sula has access to ~2521 acres of vineyards, significantly higher than the second largest wine company in the Indian market at close to 460 acres
- High barriers to entry

What should investors do? Post pandemic, Sula has shown strong growth on the profitability front from FY22 onwards, which the management expects to stay range bound (due to higher premiumisation and own brands sales). The stock is a pure play on the wine sector, which currently sits on a low base (less than 1% of alcobev industry) but is expected to surpass industry growth due to higher acceptability, affordability, perceived health benefits, etc. We assign a rating of **SUBSCRIBE with a long term horizon** to the IPO as the industry is currently in a nascent stage and demand centres remain concentrated mainly in a few metros.

- We assign **SUBSCRIBE with a long term horizon** rating to the IPO

Key risk & concerns

- Alcobev is a state subject and, hence, prone to changes in tax regime
- Higher competition due to FTAs with UK, Australia
- Climate impact on key raw material: Grapes



Particulars

Issue Details

Issue Opens	12th Dec
Issue Closes	14th Dec
Issue Size (₹ cr)	₹960
Fresh Issue (₹ cr)	Nil
Offer for Sale (₹ cr)	₹960
Price Band (₹)	₹340-357
QIB (%)	50
Retail (%)	35
NIB (%)	15
Min, Lot Size (no of shares)	42

Shareholding Pattern (%)

in %	Pre-Issue	Post-Issue
Promoter	28.4%	27.3%
Others	71.6%	72.7%

Objects of issue

Objects of the Issue

- The company will not receive any proceeds of the OFS by selling shareholders
- Each of the selling shareholders will be entitled to respective proportion of the proceeds of the OFS

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Exhibit 1: Key Financial Summary

₹ crore	FY20	FY21	FY22	H1FY23	2-Years CAGR (%)
Net revenues	485.2	385.9	424.4	212.3	-6.5
EBITDA	48.9	61.0	113.3	62.6	52.2
EBITDA margin (%)	10.1	15.8	26.7	29.5	
PAT	-15.9	3.0	52.1	30.5	NA
P/E (x)	NA	997.3	57.7	NA	
RoCE (%)	2.2	6.0	14.2	NA	
RoE (%)	-5.3	0.3	13.2	NA	

Source: RHP, ICICI Direct Research * 9MFY22 excludes Spot-on numbers (acquired in Aug, 21)

Company Background

Sula has been a consistent market leader in the Indian wine industry. It is also a market leader across all four price segments, i.e. 'Elite' (₹ 950+), 'Premium' (₹ 700-950), 'Economy' (₹ 400-700) and 'Popular' (<₹ 400), with a higher share of ~61% by value in the 'Elite' and 'Premium' categories in FY22. The business can be broadly classified into two categories (i) the wine business (production and sale of wines) and (ii) the sale of services from ownership and operation of wine tourism venues, including vineyard resorts and tasting rooms.

Sula distributes wines under a bouquet of popular brands. In addition to the flagship brand "Sula," other popular brands include "Rasa," "Dindori," "The source," "Satori," "Madera" & "Dia". Its flagship brand "Sula" being the "category creator" of wine in India. Currently, the company produces 56 different labels of wine at four owned and two leased production facilities in Maharashtra and Karnataka. It serviced ~8000 hotels, restaurants and caterers, which makes it the leader in terms of footprint among wine players in India and experienced a significant rise in off-trade sales in the last three years (72% of overall secondary sales in FY22). Sula has tie-ups with distributors in Maharashtra, Haryana, Delhi, Goa and Punjab and has managed to build the largest distribution network among wine companies in India, with close to 13000 retail touchpoints in FY21.

As part of the wine tourism business, the company owns and operates two vineyard resorts adjacent to its winery in Nashik, Maharashtra, under "The Source at Sula" and "Beyond by Sula" brand names, with room capacities of 57 and 10 rooms, with an ARR of ₹ 10195 in H1FY23. Approximately 3.7 lakh people visited vineyards in FY20. The company also launched the first wine-themed music festival in India, "SulaFest", at its Nashik facility in 2008, which has been widely recognised as the largest wine music festival in India and one of the largest wine music festivals in Asia, based on attendance.

Sula has also been awarded a number of industry awards, including five silvers and four bronzes at the 'Decanter World Wine Awards, 22', and three silvers and eight bronzes at the 'Decanter World Wine Awards 20'. Sula also received four golds and six silvers at the 'India Wine Awards 2019', with its "The Source Grenache Rosé" receiving the 'Best in Show' wine award. Furthermore, "Sula Sparkling Brut Tropicale" recently won a gold medal at the 'International Wine Challenge 22' while its "Rasa Cabernet Sauvignon" won a silver at 'The Global Cabernet Sauvignon Masters 22'.

Net revenues, EBITDA have grown at a CAGR of (7)%, 52% between FY20 and FY22 to ₹ 424 crore, ₹ 113 crore respectively.

Exhibit 2: Gross revenue breakup

	FY20	FY21	FY22	H1FY23
Wine business revenues (₹ crore)	493.1	398.4	416.6	203.3
Own brands (₹ crore)	331.6	287.3	380.9	191.5
% of Wine business revenues	67%	72%	91%	94%
Wine Tourism (₹ crore)	28.2	18.1	34.6	19.8
Others (₹ crore)	0.4	1.4	2.7	1.0
Revenue from operations (₹ crore)	521.6	418.0	453.9	224.1
% of growth	NA	-20%	9%	NA
Revenue contribution				
Wine Business	94.5%	95.3%	91.8%	90.7%
Own brands	63.6%	68.7%	83.9%	85.5%
Wine Tourism	5.4%	4.3%	7.6%	8.8%
Others	0.1%	0.3%	0.6%	0.4%

Source: RHP, ICICI Direct Research

Exhibit 3: Own brands revenue breakup

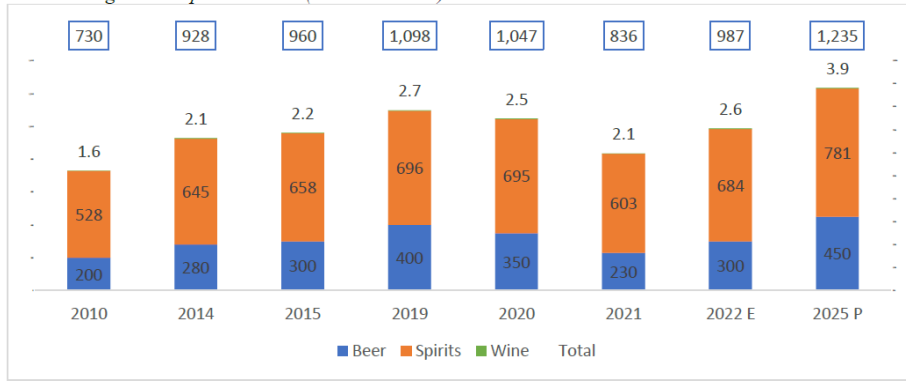
	FY20	FY21	FY22	H1FY23
Elite and Premium vol (lakh cases)	3.9	3.3	4.4	2.1
growth (%)	NA	-16%	34%	NA
% of total volumes	46%	46%	49%	48%
Economy and Popular vol (lakh cases)	4.6	3.9	4.6	2.3
growth (%)	NA	-16%	18%	NA
% of total volumes	54%	54%	51%	52%
Total Vol	8.5	7.2	9.0	4.4
Elite and Premium revenues (₹ crore)	224.9	197.0	268.8	135.1
growth (%)	NA	-12%	36%	NA
realisation (₹/case)	570.9	596.0	607.0	630.8
% of total revenues	68%	69%	71%	71%
Economy and Popular revenues (₹ crore)	106.8	90.3	112.1	56.5
growth (%)	NA	-15%	24%	NA
realisation (₹/case)	232.4	233.4	245.2	247.9
% of total revenues	68%	69%	71%	71%
Total revenues	331.6	287.3	380.9	191.6
realisation (₹/case)	388.6	400.6	423.2	433.4

Source: RHP, ICICI Direct Research, ex-Spot-on

Alcohol industry

Exhibit 4: Alcohol consumption in India

Alco-beverage consumption in India (in million cases) and CAGR



Source: RHP, ICICI Direct Research

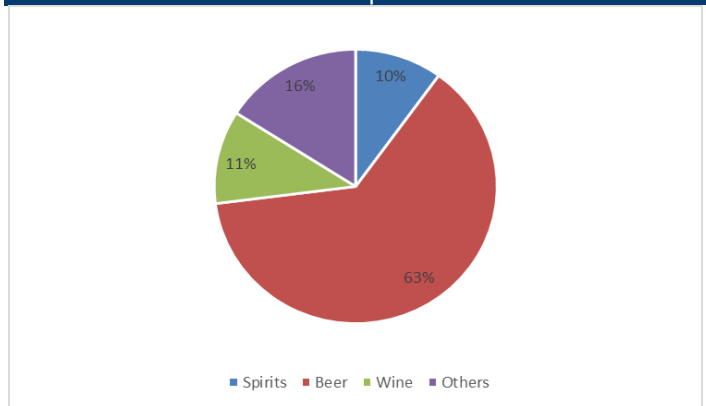
Exhibit 5: Key players in Indian market

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 Vineyards	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

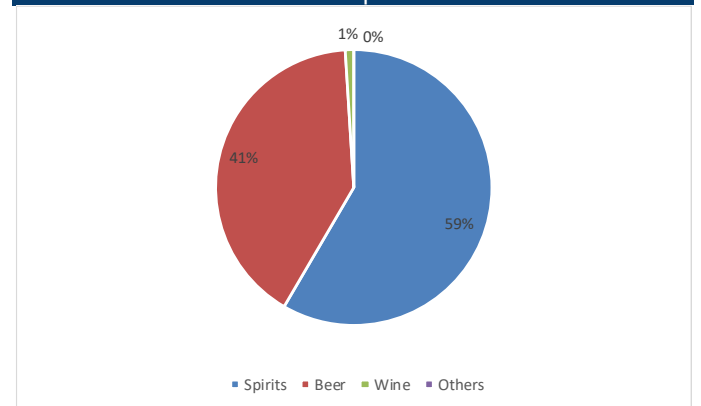
Source: RHP, ICICI Direct Research

Exhibit 6: World alcohol consumption based on concentration



Source: RHP, ICICI Direct Research

Exhibit 7: India alcohol consumption based on concentration



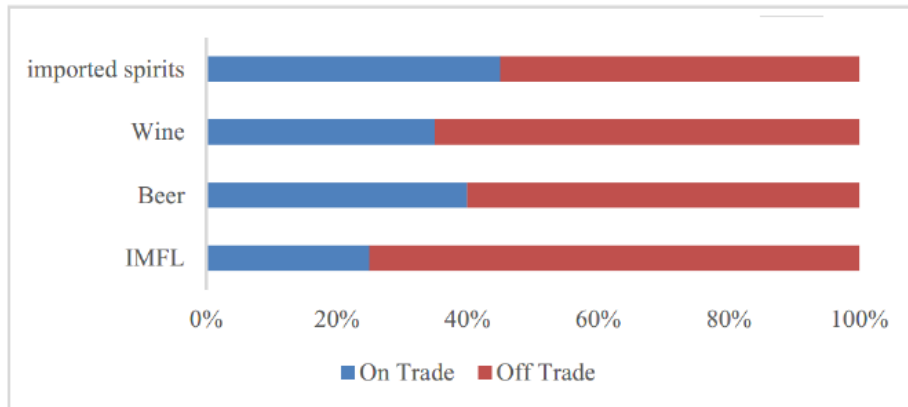
Source: RHP, ICICI Direct Research

Industry Overview

Alcohol consumption is divided across three major categories of alcoholic beverages with varying trends across countries. The consumption of different alcoholic beverages has matured in developed economies but is still going through a transition in developing countries. Spirits, as a category, are more popular in developing countries whereas contribution of beer and wine is higher in developed countries. Beer is the largest category in terms of actual volume consumed. Wine consumption is almost equivalent to spirits' consumption in actual litre of sales. As per WHO, contribution of wine in the consumption of alcoholic beverages has progressively risen from 8.6% in CY05 to 11.7% in CY16 and was estimated to reach 13.5% in CY21.

Exhibit 8: Key segments in India: on-trade and off-trade revenue break-up

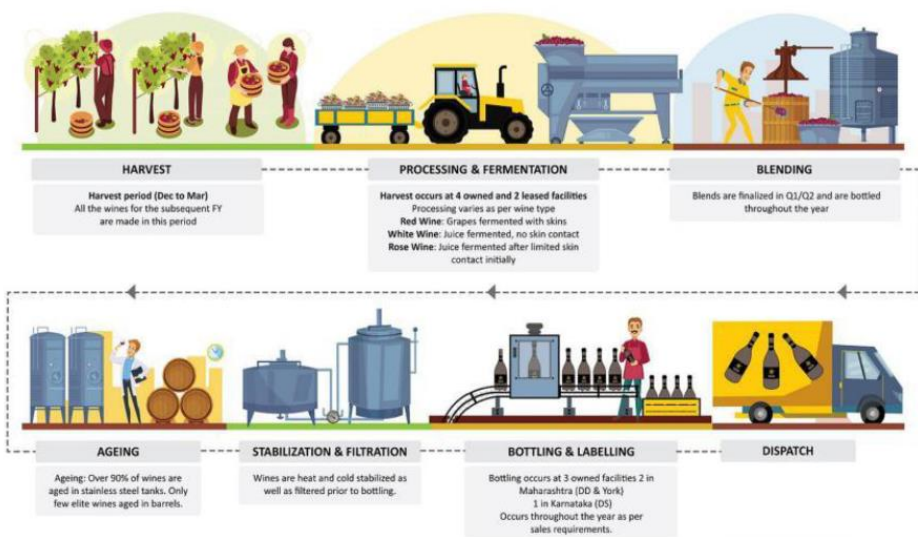
Segment wise trend: On-Trade vs Off-Trade sales (FY 2020)



Source: RHP, ICICI Direct Research

India is predominantly a spirits market with more than 90% of alcohol consumed in the form of spirits. The per capita consumption of spirits in India is one of the highest among top economies of the world. A comparison with world averages shows that the share of low alcoholic beverages in overall consumption of alcohol is more than 50%. In case of developed countries, it is more than 75% of overall alcohol consumption. In China's case, the share of low alcoholic beverages is more than 30%. India, with its share of low alcoholic beverages at close to 8%, is at a very low base and a prolonged period of correction in favour of wine and beer categories is bound to take place.

Exhibit 9: Winemaking process



Source: RHP, ICICI Direct Research

Wine consumption in India has potential to grow multiple times

The contribution of wine to overall alcohol consumption in India is less than 1% against the world average of close to 13%. Consumption of wine is higher in developed countries, which is as high as close to 30% in Europe. India, with per capita income of close to US\$2100 in calendar year 2019, has crossed the per capita income threshold as benchmarked for growth of wine consumption in China, which augurs well for growth in wine consumption in India. The current per capita consumption of wine in India at close to 25 millilitre (ml) is the lowest among top economies in the world but is one of the fastest growing countries in the world. A very low base underpinned by economic growth, positive demographic dividend and increasing acceptance of low alcohol content alcoholic beverages (alcobev) is set to drive the Indian wine market to a prolonged period of strong growth. The Indian wine market has the potential to grow in multiples leveraging growth opportunities.

The Indian alcohol industry size is estimated at more than one billion cases per annum in FY20 while its percentage of drinking population is projected to be close to ~33% in FY21 and 39% in CY25. Recorded per capita consumption of pure alcohol has been rangebound around 3 litre from CY15. A volume-based analysis shows that the alcobev market in India is equally divided between country liquor, Indian-made foreign liquor (IMFL) and beer with a small contribution from wines and imported spirits. Beer and wine are poised to drive both volume and value growth for the alcobev market. The industry is projected to cross 1200 million cases in volume by 2025.

Exhibit 10: Wine segment-wise expected growth rates in 100% grape wine

CAGR	2014-19	2022-25
Popular	16.1%	19.5%
Economy	18.7%	18.0%
Premium	23.9%	24.2%
Elite	28.8%	33.5%

Source: RHP, ICICI Direct Research

Growth in wine expected to grow ahead of spirits

Indian alcobev is projected to grow at a CAGR of 8% in volume for the period between FY22 and FY25 against the projected world market growth of 1.5% in volume for the same period as per IWSR. The Indian market is projected to grow at 12% per annum in value terms in FY22-25. The Indian market is dominated by IMFL, which contribute close to 67% in value to the overall market in FY22. The Indian wines industry grew at a much quicker pace at 18.3% by value in FY14-19 vs. the IMFL market that grew at 12.3%. The wine category in India is estimated at 2.6 million cases in FY22 and is projected to grow to 3.9 million cases by FY25 with a CAGR of more than 14% in volume.

The Indian wine market by value reached ~₹ 1900 crore in FY20. The industry is expected to go above pre-pandemic levels by the end of FY22 and increase to ₹ 3785 crore in FY25 with a CAGR of 20% from FY22, surpassing the growth rate of the overall alcobev industry (CAGR of 12% from FY20-25). The wine industry is leveraging positive factors, including premiumisation of the alcobev industry, wider acceptance of wine as a social drink and the growing perception of wine as a healthy alternative to spirits.

Investment Rationale

High barriers to entry

The wine sector is expected to 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, due to a) investment of capital and time for the development of vineyards and an investment in relationships with farmers to ensure supply as well as expertise in the making of wine, b) although wine storage and ageing happens throughout the year, grape harvesting happens only in December to April and, thus, requires higher year-end inventory, c) the value chain process is long and wine may require a few years before it is ready to be bottled, d) high import duties, freight and logistics costs for imported wines, e) suitable climatic conditions, f) planting a vineyard in India, on an average, requires a minimum commitment of 12 years by the grower and g) limited pool of skilled winemakers in India.

Exhibit 11: Sula installed capacity

	Installed capacity			Six months ended September 30, 2022
	Fiscal			
	2020	2021	2022	
	<i>(in Lakh Litres)</i>			
York Winery (ASPL).....	0	0	4.84	4.84
Total Maharashtra (A)	121.53	121.85	127.39	127.39
Karnataka				
Domaine Sula (DS).....	11.21	11.36	11.39	11.39
Leased Winery 2.....	6.75	6.62	6.62	6.62
Total Karnataka (B)	17.96	17.98	18.01	18.01
Total (A+B)	139.49	139.83	145.40	145.40

Source: RHP, ICICI Direct Research

Market leader with established brand name

Since its incorporation in 2003, Sula has built a strong network across key markets, which gives it a competitive advantage over other wine players. It commanded a 52% wine market share (value) in FY22. The "Sula" brand is recognised as the market leader across wine variants, including red, white and sparkling wines. In addition to "Sula", the company also owns the "Rasa", "The Source", "Dindori", "York", "Satori", "Mosiatic", "Madera", "Samara" and "Dia" brand names, among others, which are strong individual brands with distinct identities. It is among the top 10 most followed vineyards in the world, having a large following on social media of ~1.2 lakh followers on Instagram, ~1.2 lakh likes on Facebook and ~0.14 lakh followers on Twitter. The company also launched the first wine-themed music festival in India, "SulaFest", at its Nashik facility in 2008. It has been widely recognised as the largest wine music festival in India and one of the largest wine music festivals in Asia, based on attendance.

Exhibit 12: Market leader across segments in India

Key Players: Wine labels across Price Segments (price in INR)

Brands	Elite	Premium	Economy	Popular	Total	Illustrative Brands
	(INR 950+)	(INR 700 – INR 950)	(INR 400 – INR 700)	(<INR 400)		
Sula Vineyards.....	21	13	13	9	56	RASA, The Source, Dindori, Sula Classics, Sula International Brands
Fratelli Wines.....	8	11	4	3	26	J'NOON, JCB, MS, NOI, TILT
Grover Zampa.....	12	13	8	2	35	Insignia, Vendanges Tardives, Chêne, Auriga, Vijay Amritraj, Soirée, La Réserve, Art Collection, One Tree Hill, Santé
Pernod Ricard.....	8	0	0	0	8	Jacob's Creek

Source: RHP, ICICI Direct Research * Data excludes Spot-on

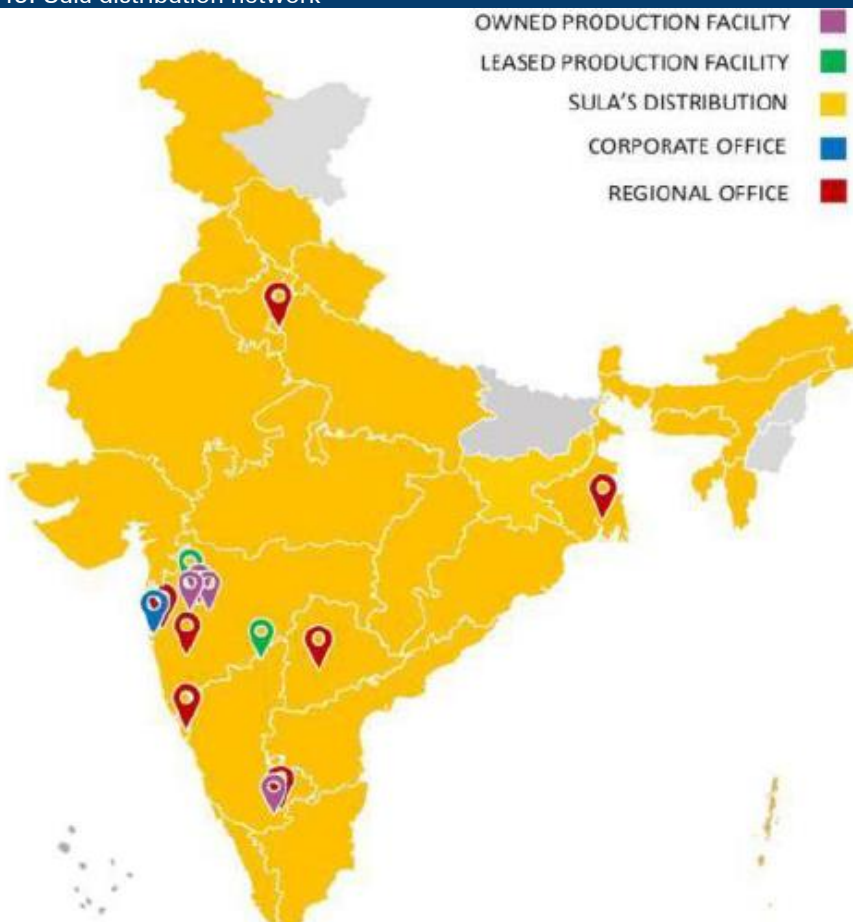
Underpenetrated segment

Sula aims to tap the potential of the under penetrated wine industry in India with an offering of the widest product range in the Indian wine market. The share of wine as a form of alcohol consumption in India in CY21 was less than 1% whereas globally, the contribution of wines to alcohol consumption was close to 13.5%, suggesting significant room for growth. The demand for wines in urban and semi-urban areas of India is on the rise. The company has extensive experience, tailored specific capabilities across product development, marketing, technology, supply chain, fulfilment and consumer service and sought to create a differentiated ecosystem for its consumers. Sula has launched a total of seven labels under own brands The Source, Rasa and Dindori, in the last five 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 FY21. Its product portfolio of 56 domestic wines labels and 21 imported alcoholic beverage labels comprising wines and spirits, serves a large cross-section of customers (by type, income and demography), providing them the widest range of choices at price points between ₹ 250 to ₹ 1895 per 750 ml bottle in Maharashtra for own brands. It has also been the market leader in terms of range of labels across price segments with more than 50 wine labels.

Largest distribution network

Sula has a presence in 25 states and six union territories in India. With access to more than 23000 points of sale (including over 13500 retail touchpoints and over 9000 hotels, restaurants and caterers), Sula products have high visibility and availability across the country. The company also has a strong direct to consumer selling channel at its wine tourism facilities in Nashik (Maharashtra) and Bengaluru (Karnataka) with an average sale of ~2.3 lakh bottles sold each year. Off-trade sales contributed 72% of its secondary sales during FY22.

Exhibit 13: Sula distribution network



Source: RHP, ICICI Direct Research

Secure supply of raw material

Maharashtra and Karnataka, along with being the top producers of wine, together consume 57% of overall wines volumes in India. Sula has access to ~2521 acres of vineyards, which is significantly higher than the second largest wine company in the Indian market at close to 460 acres. Of the total acreage, the company has entered into long-term supply arrangements (of up to 12 years) with contract farmers for ~2290 acres. The long term supply covers more than 90% of its annual supply of wine grapes. The company intends to continue to expand the wine grape supply via long term contracts with third-party farmers. Sula guides these farmers and educates them in identifying best farming practises to increase their productivity and helps in increasing their incomes. It also has a dedicated outreach team that trains farmers in the latest viticulture practices and closely monitors vineyard activities to ensure quality production. Furthermore, with the scale of production, it is able to provide a stable income to the contracted farmers working with them to produce quality wine grapes. In general, farmers have higher price realisation from wine grapes compared to table grapes.

Exhibit 14: Sula commands highest acreage among its competitors

Vineyard Details

Vineyard	Area under cultivation (in acres)	Year of Commencement	Region(s)
Sula Vineyards	2,521 ⁽¹⁾	1998	Nashik, Maharashtra
Fratelli Wines	240	2007	Sholapur, Maharashtra
Grover Vineyards Limited	>410 acres	1988	Nashik, Maharashtra; Nandi Hills, Karnataka

Source: RHP, ICICI Direct Research

Key risks and concerns

Alcobeve a state subject, hence prone to changes in tax regime

In Maharashtra and Karnataka, where all of Sula's wines are produced, it is subject to additional licensing requirements and regulations under the FSS Act. The excise laws in force in these states include investigations of applications for licenses to manufacture and sell alcoholic beverages by the excise department. Any regulatory actions, fines or restrictions on its operations resulting from the enforcement of these existing regulations or any new legislation or regulations could have a material adverse effect on its business, results of operations and financial results.

Higher competition due to FTAs with UK, Australia

Currently, the import of alcoholic beverages in India attracts an import duty at the rate of 150% of the value of the wine being imported. Given the high cost of import, the wine market in India has limited international entrants. However, if the government reduces the import duty on wine in India, the company may face increased competition from international labels from its competitors or other distributors, which may have higher appeal to consumers in terms of variety and pricing.

Climate impact on key raw material: grapes

The company has long term supply arrangements (with a contract life of up to 12 years with an option for renewal) with ~500 contract farmers. The rates payable under these contracts are fixed on a per kilogram basis subject to the fulfilment of predetermined parameters. The quality of grapes may also be affected by adverse climatic conditions. The establishment of new vineyards takes more than two years and any disruption caused by adverse climatic conditions could disrupt the supply of grapes, hence adversely and materially affecting the business.

India does not have a wine drinking culture

The Indian wine market is relatively young, with the domestic wine industry taking shape only in the 1990s. The size of the Indian wine market is small compared to the size of other developed and developing economies. In addition, India does not have a strong wine drinking culture unlike European countries where it is paired with meals. The wine drinking culture in India is an occasion-led event where people drink wines at parties, social gatherings and events. While a large part of the affluent class may try wine, wine loyalists are limited, who will have it only occasionally, and opting for either whisky, rum or cocktails for regular consumption.

Business concentrated mainly in Maharashtra

The farming of wine grapes, which is the major raw material for the operations, is concentrated in the west and south-western states of India. Sula's wine processing units are also located in west and southwest India, with its flagship facility located in Nashik, Maharashtra, and the wine processing units located in Nashik and Dindori in Maharashtra, and Bengaluru and Basavakalyan in Karnataka. Any significant social, political, economic or seasonal disruption, or natural calamities or civil disruptions in the states, and the western or south western parts of India, in particular, or changes in the policies of the state or local government of the region or the Government of India, could require the company to incur significant capital expenditure, change its business structure or strategy.

Exhibit 15: Highest gross revenue contributing states to Sula

States	Amount (in ₹ million)	% contribution to consolidated gross billings
Fiscal 2022		
Maharashtra	2,173.72	48.65
Karnataka	649.86	14.54
Haryana	286.17	6.40
Fiscal 2021		

Source: RHP, ICICI Direct Research

Financial Summary

Exhibit 16: Profit and Loss Statement				
(Year-end March)/ (₹ crore)	(₹ crore)			
	FY20	FY21	FY22	H1FY23
Gross revenues	521.6	418.0	453.9	224.1
Growth (%)	NA	-19.9	8.6	NA
Excise	36.4	32.0	29.5	11.8
% of gross revenues	7.0	7.7	6.5	5.3
Net revenues	485.2	385.9	424.4	212.3
Growth (%)	NA	-20.5	10.0	NA
Operating Expenses	227.5	157.5	117.1	48.8
Gross Profit	294.1	260.5	336.8	175.3
Gross Profit Margins (%)	60.6	67.5	79.3	82.6
Employee Expense	65.7	55.5	65.3	37.1
Other Expenditure	143.1	112.0	128.6	63.8
Total Operating Expenditure	436.3	325.0	311.1	149.7
EBITDA	48.9	61.0	113.3	62.6
Growth (%)	-99.4	24.6	85.8	-44.7
Interest	32.9	33.4	22.9	10.5
Depreciation	35.0	25.7	23.6	12.6
Other Income	1.6	3.6	2.8	1.7
PBT before Exceptional Items	-17.4	5.4	69.5	41.3
Less: Exceptional Items	0.0	-2.2	0.0	0.0
PBT after Exceptional Items	-17.4	3.2	69.5	41.3
Total Tax	-1.5	0.2	17.4	10.7
PAT	-15.9	3.0	52.1	30.5
Growth (%)	NA	-118.9	1,629.9	-41.5
EPS (Adjusted)	-1.9	0.1	6.2	3.6

Source: RHP, ICICI Direct Research

Exhibit 17: Cash Flow Statement				
(Year-end March)/ (₹ crore)	(₹ crore)			
	FY20	FY21	FY22	H1FY23
Profit/(Loss) after taxation	-15.9	3.0	52.1	30.5
Add: Depreciation & Amortization	35.0	25.7	23.6	12.6
Add: Interest Paid	32.9	33.4	22.9	10.5
Net Increase in Current Assets	8.6	79.7	-27.9	21.7
Net Increase in Current Liabilities	-6.9	-6.4	-0.4	-29.3
Others	-9.1	-15.8	17.0	-19.6
CF from Operating activities	44.7	119.5	87.4	26.3
(Purchase)/Sale of Fixed Assets	-43.9	-15.6	-45.9	-21.6
Long term Loans & Advances	0.0	0.0	0.0	0.0
Investments	0.0	0.1	-0.8	-0.2
Others	2.3	7.8	41.1	31.2
CF from Investing activities	-41.6	-7.7	-5.6	9.4
(inc)/Dec in Loan	76.1	-67.0	-72.3	-14.3
Dividend & Dividend tax	-10.9	0.0	-19.4	-8.7
Less: Interest Paid	-32.9	-33.4	-22.9	-10.5
Other	1.5	0.0	0.6	0.6
CF from Financing activities	33.8	-100.3	-114.0	-32.9
Net Cash Flow	36.9	11.5	-32.2	2.9
Cash and Cash Equivalent at the	3.4	40.3	51.8	19.6
Cash	40.3	51.8	19.6	22.5

Source: RHP, ICICI Direct Research

Exhibit 18: Balance Sheet				
	(₹ crore)			
(Year-end March)	FY20	FY21	FY22	H1FY23
Equity Capital	15.0	15.1	15.7	16.3
Reserve and Surplus	284.9	289.7	379.5	432.9
Total Shareholders funds	299.9	304.7	395.3	449.2
Minority Interest	2.4	0.0	0.0	0.0
Total Debt	368.2	301.3	228.9	214.6
Deferred Tax Liability	17.6	16.0	16.9	16.2
Long-Term Provisions	8.1	10.0	2.0	3.1
Other Non Current Liabilities	18.7	10.0	6.2	7.8
Source of Funds	715.0	641.9	649.3	691.0
Gross Block - Fixed Assets	435.9	412.9	477.3	487.6
Accumulated Depreciation	84.0	95.2	116.9	129.2
Net Block	352.0	317.7	360.4	358.3
Capital WIP	0.1	0.1	1.0	11.9
Fixed Assets	352.1	317.9	361.4	370.3
Goodwill	2.7	0.0	0.9	0.9
Investments	1.2	1.1	1.9	2.1
Other non-Current Assets	32.1	57.8	23.9	45.9
Inventory	171.3	143.9	162.3	147.3
Debtors	151.7	123.6	109.4	102.5
Loans and Advances	2.4	1.1	1.2	1.5
Other Current Assets	77.3	54.4	78.2	78.0
Cash	40.3	51.8	19.6	22.5
Total Current Assets	443.0	374.9	370.5	351.8
Creditors	82.7	58.3	67.4	38.9
Provisions	1.9	1.3	2.7	3.0
Other Current Liabilities	31.5	50.0	39.1	38.1
Total Current Liabilities	116.1	109.7	109.3	80.0
Net Current Assets	327.0	265.2	261.3	271.8
Application of Funds	715.0	641.9	649.3	691.0

Source: RHP, ICICI Direct Research

Exhibit 19: Key Ratios				
(Year-end March)	FY20	FY21	FY22	H1FY23
Per share data (₹)				
Reported EPS	-1.9	0.1	6.2	3.6
Cash EPS	-3.2	0.1	3.9	2.6
BV per share	35.6	36.2	46.9	53.3
Cash per Share	4.8	6.1	2.3	2.7
Dividend per share	1.3	0.0	2.3	1.0
Operating Ratios (%)				
Gross Profit Margins	53.1	59.2	72.4	77.0
EBITDA margins	10.1	15.8	26.7	29.5
PAT Margins	-3.3	0.2	12.3	14.4
Inventory days	128.9	136.1	139.5	253.2
Debtor days	114.1	116.9	94.1	176.3
Creditor days	62.2	55.2	58.0	66.8
Asset Turnover	1.2	1.0	1.0	NA
Return Ratios (%)				
RoE	-5.3	0.3	13.2	NA
RoCE	2.2	6.0	14.2	NA
RoIC	2.1	6.0	14.3	NA
Valuation Ratios (x)				
P/E	NA	997.3	57.7	NA
EV / EBITDA	68.1	53.4	28.4	NA
EV / Net Sales	6.9	8.4	7.6	NA
Market Cap / Sales	6.2	7.8	7.1	NA
Price to Book Value	10.0	9.9	7.6	NA
Solvency Ratios				
Debt / EBITDA	7.5	4.9	2.0	NA
Debt / Equity	1.2	1.0	0.6	NA
Current Ratio	3.5	2.9	3.2	NA
Quick Ratio	2.0	1.6	1.7	NA

Source: RHP, ICICI Direct Research

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