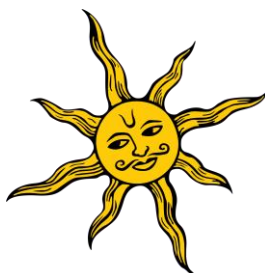




IPO INSIGHTS



Sula Vineyards Ltd

Issue Dates - Opens: 12-12-2022 | Closes: 14-12-2022

IPO Note	<div><div>1. India’s Largest Wine Producer and Seller</div><div>2. Operates in Segment with High Entry Barriers</div><div>3. Major Businesses: Wine Business and Wine Tourism Business</div><div>4. Management clarifies sudden boost in margins as shift of high margin products and premium brands, still sustainability of such margins is a concern</div><div>5. Fully-Priced</div><div>6. Lower Promoter Holding</div><div>7. Offer for Sale Only</div></div>
Rating	★ ★ (AVERAGE)

IPO SNAPSHOT	
Issue Size	₹ 960.35 Crores
Issue Type	Offer for sale
Offer for Sale	₹ 960.35 Crores
Face Value Per Share	₹ 2
Price Band Per Share	₹ 340 - ₹ 357
Minimum Lot Size	42 shares
Listing On	BSE, NSE
Pre-Issue Promoter Shareholding	28.44%
Post-Issue Promoter Shareholding	27.33%
Registrar to the Issue	Kfin Technologies Ltd

IPO SNAPSHOT – Sula Vineyards Ltd																																			
About the Company	<ul style="list-style-type: none">▪ Incorporated on February 26, 2003 as Nashik Vintners Ltd▪ India’s Largest Wine Producer and Seller as of March 31, 2022.▪ A consistent market leader in Indian Wine Industry in terms of Sales, Volume and Value (on the basis of total Volume and value (on the basis of total revenue from operations) since Fiscal 2009 crossing 50% market share by value in the domestic 100% grape wine market in Fiscal 2012▪ Market Leader across all four price segments: Elite (₹ 950+) Premium (₹ 700 to ₹ 950) Economy (₹ 400 to ₹ 700) 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▪ Recognized as 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, Gross billings of Sula Shiraz Cabernet in Fiscal 2022 amounted to ₹ 91.83 crores▪ 2 Categories of Business:<ul style="list-style-type: none">1. Production of Wines, import of Wines and spirits and the distribution of wines and Spirits – The Wine Business2. Sale of Services from Ownership and Operation of Wine Tourism Venues including Vineyard Resorts and tasting rooms - The Wine Tourism Business▪ Bouquet of Popular Brands - Sula, Dindori, The Source, Satori, Madera & Dia▪ Sula is the category creator of Wine in India▪ Produces 56 different labels of wine at 4owned and 2 leased production facilities located in Indian states of Maharashtra and Karnataka▪ 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.▪ Regularly introduce new products, with 7 labels launched in the last 5 Fiscals▪ Serviced close to 8,000 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 3 years▪ Tie-ups with distributors in Maharashtra, Haryana, Delhi, Goa and Punjab																																		
	<ul style="list-style-type: none">▪ Established market leader in the Indian Wine Industry with the leading brand ‘Sula’▪ Largest Wine Producer in India with the widest and innovative product offering supported by efficient product mechanism▪ Largest Wine Distribution Network and Sales Presence▪ Secured Supply of Raw-Material with Long-Term Contracts exclusive to Sula▪ Leader and Pioneer of the wine tourism business in India▪ Early Adoption and focus on sustainability▪ Experienced Board, Qualified Senior Management Team																																		
	<table><tr><th>Particulars</th><th>31-3-2020</th><th>31-3-2021</th><th>31-3-2022</th><th>Y-o-Y</th></tr><tr><td>Revenue from Operations</td><td>521.63</td><td>417.96</td><td>453.92</td><td>8.60%</td></tr><tr><td>EBITDA as stated</td><td>48.9</td><td>61.00</td><td>113.3</td><td>85.8%</td></tr><tr><td>EBITDA Margin</td><td>9.4%</td><td>14.6%</td><td>25.0%</td><td></td></tr><tr><td>Profit After Tax as stated</td><td>(15.7)</td><td>3.01</td><td>52.14</td><td>1632.22%</td></tr><tr><td>Profit After Tax Margin</td><td>(3.06)%</td><td>0.72%</td><td>11.49%</td><td></td></tr></table> <p>Debt to Equity Ratio = 0.58</p>					Particulars	31-3-2020	31-3-2021	31-3-2022	Y-o-Y	Revenue from Operations	521.63	417.96	453.92	8.60%	EBITDA as stated	48.9	61.00	113.3	85.8%	EBITDA Margin	9.4%	14.6%	25.0%		Profit After Tax as stated	(15.7)	3.01	52.14	1632.22%	Profit After Tax Margin	(3.06)%	0.72%	11.49%	
						Particulars	31-3-2020	31-3-2021	31-3-2022	Y-o-Y																									
						Revenue from Operations	521.63	417.96	453.92	8.60%																									
						EBITDA as stated	48.9	61.00	113.3	85.8%																									
						EBITDA Margin	9.4%	14.6%	25.0%																										
	Profit After Tax as stated	(15.7)	3.01	52.14	1632.22%																														
	Profit After Tax Margin	(3.06)%	0.72%	11.49%																															
	Valuation																																		
<ul style="list-style-type: none">▪ Based on Annualized Q1FY22 Earnings, Asking P/E = 38.48 at upper price band																																			
Peers	Peers		TTM P/E		Note: According to the company, the above peers are not comparable on apple-to-apple basis																														
	United Breweries Ltd		119.83																																
	Radico Khaitan Ltd		53.36																																
	United Spirits Ltd		76.14																																
Promoters																																			
<ul style="list-style-type: none">▪ Rajeev Samant																																			

DISCLAIMER
<p>The information provided by or in this newsletter is generally from the press reports, electronic media, research websites and other media. It also includes information from interviews conducted, analysis, views expressed by our research team. Investors shouldnot rely solely on the information contained in this publication and must make their own investment decision based on their specific objectives and financial positions and using such independent advisor as they believe necessary. The material and the information provided herein are not and should not be construed as an advice to buy or sell any of the securities named in this newsletter. SIHL may or may not hold positions in any of the securities named in this newsletter as a part of its business. Past performance is not necessarily an indication of future performance. SIHL does not assure for accuracy and correctness of information of reports in this newsletter.</p>

