

# ALL ABOUT



**SULA**  
VINEYARDS

**SECTOR - ALCOHOLIC BEVERAGES**

**Issue Opens - DECEMBER 12 - DECEMBER 14**

**Price Band**

**₹340 to ₹357**

**Face Value**

**₹2**

**Lot Size**

**42 SHARES**

**Issue Size**

**₹960.35 CR**

**Issue Type**

**BOOK BUILT**

**Research@ganeshstock.com**

# Important Events

**Issue Size**

**₹960.35 CR**

**Fresh Issue**

**26,900,530 shares, ₹960.35 Cr**

**Offer for Sale**

**26,900,530 shares, ₹960.35 Cr**

**Basis of Allotment**

**Dec 19, 2022**

**Initiation of Refunds**

**Dec 20, 2022**

**Credit of Shares to Demat**

**Dec 21, 2022**

**SULA IPO Listing Date**

**Dec 22, 2022**

## Promoters

- **RAJEEV SAMANT (CEO & MANAGING DIRECTOR)**
- **CHETAN RAMESHCHANDRA DESA (CHAIRMAN AND NON-EXECUTIVE INDEPENDENT DIRECTOR)**
- **ALOK VAJPEY (NON-EXECUTIVE INDEPENDENT DIRECTOR)**
- **ALOK NAGORY (INDEPENDENT DIRECTOR)**

**Promoters collectively hold 28.82% of the Equity Share .**

# ABOUT COMPANY

They have steadily expanded their market share (Based on financials), going from 33% in the 100% grape wine category in fiscal year 2009 to 52% in FY 20. Furthermore, they dominate the market in each of the four price ranges — "Elite" (INR 950+), "Premium" (INR 700-950), "Economy" (INR 400-700), and "Popular" (INR 400). Compared to their overall market share of 52.6% in the Indian wine business in Fiscal 2021, they had a larger share of almost 60% by value in the "Elite" and "Premium" categories.

The "wine tourism business" includes owning and operating wine tourism facilities such as tasting rooms and wine motels.

Their activities can be divided into two categories:

manufactures wine, imports wine and spirits, distributes wines and spirits, and sells services.

They sell alcohol under many famous names. Popular brands such as "RASA", "Dindori", "The source", "Satori", "Madera" and "Dia" are also available, with the company's main brand "Sula" acting as "Sula" ". Wine catalog from producers in India. Currently, they produce 56 different brands of alcohol in the Indian states of Maharashtra and Karnataka at four owned and two leased production sites.

In addition, as of January 28, 2022, they have a large social following with around 103,000 followers on Instagram, 123,000 likes on Facebook and 14,000 followers on Twitter, making them the one of the top ten wineries in the world.

# **PRODUCT PORTFOLIO**

They currently produce and market a total of 34 labels in the 'Elite' and 'Premium' categories, providing the largest offering in the Indian wine market in these segments. Their market share in the "Elite" and "Premium" categories was 60% of the value in FY2020, this share has remained stable at almost 60% of the value in FY21. they have rolled out. a total of seven brands under our brand, Sula.

## **OBJECTS OF THE OFFER**

**THE NET PROCEEDS FROM THE ISSUE WILL BE UTILISED TOWARDS:**

- **TO CARRY OUT THE OFFER FOR SALE OF UP TO 26,900,530 EQUITY SHARES**
- **ACHIEVE THE BENEFITS OF LISTING THE EQUITY SHARES ON THE STOCK EXCHANGES**

# TRACK RECORD OF FINANCIAL PERFORMANCE

| Period Ended | Total Assets | Total Revenue | Profit After Tax | Net Worth | Total Borrowing |
|--------------|--------------|---------------|------------------|-----------|-----------------|
| 31-Mar-20    | 831.04       | 523.21        | -15.94           | 299.95    | 368.24          |
| 31-Mar-21    | 751.6        | 421.53        | 3.01             | 304.74    | 301.26          |
| 30-Sep-21    | 717.55       | 160.46        | 4.53             | 344.32    | 262.45          |
| 31-Mar-22    | 758.56       | 456.7         | 52.14            | 395.26    | 228.93          |
| 30-Sep-22    | 770.95       | 225.76        | 30.51            | 449.18    | 214.64          |

- EBITDA MARGIN HAS IMPROVED YEAR-ON-YEAR FROM 9.68% IN FISCAL 2020 TO 15.44% IN FISCAL 2021 AND 25.57% IN FISCAL 2022.
- PAT MARGINS 11.49% , 0.72% , -3.06% FOR THE FY 22 , FY21 & FY19.
- EPS WAS 6.53 , 0.38 , -2.01 FY 22 , FY21 AND FY19 AND RONW WAS 11.5% , 0.85% , & -4.6% FOR THE FY 22, FY21 AND FY20.
- ROCE WAS 20.86%, 10.67%, 4.09% FY 22 , FY21 AND FY19.

# STRENGTHS

- Established market leader in Indian wine industry with leading brand Sula.
- The largest wine producer in India with the most diverse and innovative products supported by efficient production mechanism.
- Extensive distribution network and extensive sales network.
- The leader and pioneer of the wine tourism industry in India. Secure the supply of raw materials with long-term contracts exclusively for Sula.
- High barrier to entry.
- Adopt early and focus on sustainability.
- Experienced Board of Directors and competent senior management.

# RISKS

- Subject to licensing and excise regimes with changing laws, rules and regulations and legal uncertainty, including adverse application of corporate and tax laws
- • Reduce or eliminate high import duties on international wines imported into India
- • The impact of unfavorable climatic conditions on the quality of grapes, the main raw material for making wine
- • The retail price of products cannot be adjusted due to state regulations;
- • Changing consumer tastes and preferences and the likelihood that they will not like wine in the future
- • Any interruption in the supply of materials.

# Valuation and Outlook

THE PRICE RANGE OF THE ISSUE, IN TERMS OF VALUATION, IS INR 340-357 PER SHARE. THE P/E RATIO IS AROUND 54.67X BASED ON A PRICE RANGE ABOVE INR 357 AND THE INDUSTRY AVERAGE IS 83.11X TIMES THAT OF LISTED PEERS.

THE SULA VINEYARDS LIMITED ACCORDING TO DRHP OF SOME COMPANY IS LISTED WHOSE PE MULTIPLE IS SHOWN IN THIS TABLE.

| S.NO. | COMPANY                  | PE RATIO |
|-------|--------------------------|----------|
| 1.    | UNITIED SPIRITS LIMITED  | 61       |
| 2.    | RADICO KHAITAN LIMITED   | 62.2     |
| 3.    | UNITED BREWERIES LIMITED | 84.8     |

SULA VINEYARDS IS TARGETING VALUATIONS UP TO 29.13 BILLION RUPEES (\$353 MILLION) IN ITS INITIAL PUBLIC OFFERING IN INDIA, DUE TO INCREASED CONSUMPTION SINCE THE PANDEMIC IN ONE COUNTRY. PREFERRED BEER, WHISKEY AND SPIRITS.

THIS IS LOWER THAN THE MARKET VALUE OF RADICO KHAITAN LTD OF RS 147.52 BILLION AND THE MARKET VALUE OF UNITED SPIRITS LTD OF RS 682.18 BILLION. THE COMPANY RECORDED A CAGR OF 13.7% FROM 2011 TO 2017 AS ONE OF THE FASTEST GROWING ALCOHOLIC BEVERAGE COMPANIES.

THE COMPANY OFFERS A SLIGHTLY ON HIGHER VALUATION BASED ON ITS MOST RECENT ANNUAL RESULTS.

AN INVESTOR CAN ONLY APPLY FOR **A LONG TIME**.