

Date: 16th February 2024

To,
National Stock Exchange of India Limited (“NSE”),
The Listing Department
“Exchange Plaza”, 5th Floor,
Plot No. C/1, G Block, Bandra-Kurla Complex
Bandra (East), Mumbai – 400 051.

To,
BSE Limited (“BSE”),
Corporate Relationship Department,
2nd Floor, New Trading Ring,
P.J. Towers, Dalal Street,
Mumbai – 400 001.

NSE Symbol: SULA
ISIN: INE142Q01026

BSE Scrip Code: 543711
ISIN: INE142Q01026

Sub: Transcript of the Conference Call for analyst/institutional investors for discussing Un-Audited Standalone and Consolidated financial results for the quarter and nine months ended 31st December 2023.

Dear Sir/Madam,

Pursuant to Regulation 30(6) of the SEBI Listing Regulations, please find enclosed the transcript of the Analyst / Investor Conference Call held on Wednesday, 14th February 2024 regarding the Un-Audited Standalone and Consolidated financial results for the quarter and nine months ended 31st December 2023.

The said transcript has been uploaded on the Company’s website at the following link:
<https://sulavineyards.com/investor-relations.php>.

Kindly take the same on record.

Thanking you,
For Sula Vineyards Limited

Ruchi Sathe
Company Secretary and Compliance Officer
Membership No.: A33566



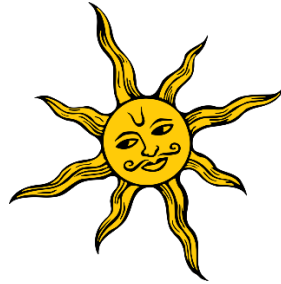
Sula Vineyards Limited

(formerly known as Sula Vineyards Private Limited)

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SULA
VINEYARDS

“Sula Vineyards Limited
Q3 FY24 Earnings Conference Call”
February 14, 2024

**MANAGEMENT: MR. RAJEEV SAMANT – CHIEF EXECUTIVE OFFICER –
SULA VINEYARDS LIMITED
MR. KARAN VASANI – CHIEF OPERATING OFFICER –
SULA VINEYARDS LIMITED
MR. ABHISHEK KAPOOR – CHIEF FINANCIAL OFFICER
– SULA VINEYARDS LIMITED**

MODERATOR: MS. RUNJHUN JAIN – ERNST & YOUNG



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Moderator:

Ladies and gentlemen, good day and welcome to the Sula Vineyards Limited Q3 FY24 and 9-months FY24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Ms. Runjhun Jain from Ernst & Young. Thank you and over to you, ma'am.

Runjhun Jain:

Thank you so much, Zico. Good afternoon, friends, and we welcome you to the Q3 and 9M FY24 earnings call of Sula Vineyards Limited. To take us through the results and to answer your questions, we have with us the top management from Sula, represented by Mr. Rajeev Samant, CEO, Karan Vaswani, Chief Operating Officer, and Abhishek Kapoor, the Chief Financial Officer. We'll start with a brief overview of the quarter gone by Rajeev, which will give you a broad highlight of the business trends and what he's observing in the market. This will be then followed by Abhishek with the financials. We'll then open the floor to Q&A after this.

Numerous factors could cause actual results to differ from those in the forward-looking statement. New factors emerge from time to time and it's not possible for management to predict all such factors, as is the extent to which any combination of factors may impact Sula's business or cause results to differ materially from those contained in any forward-looking statement. Sula also undertakes no obligation to update any forward-looking statement to reflect developments that occur after a statement is made.

With that said, I'll now hand over to Mr. Rajeev over to you.

Rajeev Samant:

Thanks, Runjhun. Good afternoon to all of you. I welcome you all to our Q3 and 9-month FY24 Earnings Conference Call.

Thanks for taking the time to join us this afternoon. This is our seventh consecutive quarter of record quarterly revenue and profits, resulting in an all-time high in terms of revenue, EBITDA, and PAT in this Q3 for any quarter. In Q3, revenues grew by around 4% YOY and 6.5% net of excise revenue, reaching a total of INR217 crores.

I would like to shed light on lower growth this quarter, by highlighting two key factors. First one, higher S&D spends, especially in Maharashtra, number one market, which has gained us market share, but has resulted in the net revenue looking



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lower than the gross revenue and gross billings for the first time. That has been a key factor in having a slightly subdued top-line growth in this quarter. Our largest market, Maharashtra, gross billings were up 15%, but net revenue, however, increased by only 9% on account of almost a 25% increase in our S&D.

So we have been pushing more S&D into the market. We do believe, however, that we have peaked in terms of S&D spend in Q3, and after this, I do believe S&D will either stabilize or in fact even go downwards. In distribution markets like Maharashtra, S&D expenses are directly removed from the top line to get to the net revenues.

It's been a similar scenario in the rest of the country, and overall S&D expenses are up over 20% in Q3. We've been very aggressive in the market in this quarter, and I'm pleased to say that we have grown market share in all the major markets where we get market share information with this strategy. We've taken back market share from some of our competitors in this time.

Despite this large increase in S&D, we are pleased to be reporting an all-time high EBITDA margin of 33.7%, and our PAT margin has risen to close to 20% i.e. 19.8%. That's a growth of 98 basis points compared to YOY Q3. Another market which has impacted our top-line growth is Goa, the most important tourist market in the country, and traditionally a very important market for us in Q3. However, Goa in this Q3 has faced a lot of licensing issues, resulting in a very soft October and November, in fact, degrowth in October and November. There has been a lag from the government side in granting retail licenses as well as beach shack licenses. However, these issues have been resolved, and there was a swift rebound in December.

December was strong, and Q4 is looking very strong, so we do anticipate Goa to get back to good growth in Q4. The good news looking forward is that Q4 is definitely looking stronger than Q3 in terms of revenue growth, and we fully anticipate at this point, midway into Q4 returning to double-digit growth for our own brands, as has been the trend in the previous 7 or 8 quarters before Q3. Our focused efforts on the higher-end segment, that is our elite and premium, have succeeded in increasing their share of our sales to 77% in value terms in Q3, and that's up from 74% a year ago, so our premiumization story is still very much intact, and we do believe that that's going to continue to play out for some time to come.

Elite and premium has grown by 7%, while popular and economy de-grew by 6%. We have repeatedly said that this is not a very exciting segment for us, the lower-



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priced segment. There's a lot of competition and very heavy discounting and low profitability, so we are very firmly focused on wines costing above INR 700, and that's where we are gaining the market share.

In other good news, our world-renowned wine tourism business has done very well in this quarter, with growth of over 16%. Within this, I am especially happy to note a 30% jump in tastings, which is a very important factor and metric for us. Tastings is what is going to build this business, get more and more people into drinking wine, into awareness, and into being comfortable with which wine they like and which they order, so I think that's a pretty impressive result by our tastings team.

We did close to 75,000 tastings at our various facilities in this quarter, and that is a pretty impressive number, and that's something that's going to pay rich dividends going forward. I want to note here that no other consumer company in India has anything like this beautiful property of ours, especially in Nasik and also outside Karnataka, and that really sets us apart in giving us such a great springboard continuously for future growth. So, wine tourism has been continuously setting records, especially on the extended holiday weekends.

On December 24th, we achieved milestones, welcoming over 5,000 visitors in a single day. That was a record, and it was record-breaking on all fronts, new highs in revenue, visitor numbers, tastings, and then again, on Republic Day, on the long weekend, once again, we had our highest single-day revenue and tastings, breaking the record set on December 24th.

So, Q4 has begun on a very positive note, a very strong January, bookings, occupancies, etc. and we are looking forward to strong double-digit growth in Q4 for our wine tourism business.

As we have now completed our one-year milestone since listing, I just want to point out that we are very pleased to have delivered over a 70% return to those shareholders who invested in the IPO, and I do hope that, in fact, this is just the beginning.

One thing that I am very proud of in this is our efforts in sustainability, climate mitigation, climate readiness. We are very much leaders in this. In fact, part of a worldwide top 10 list, I'll come to that. We recognize climate change as a significant risk, and we are very proactive in implementing measures to mitigate its impact. We take pride in being among the first 10 wineries globally and the first winery in Asia



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to have earned the prestigious International Wineries for Climate Action gold status, alongside legendary wine companies such as Familia Torres of Spain and Jackson Family Wines of the US.

These are global giants, and it gives us great pride to be alongside these companies. Currently, we have now over 3 megawatts of our own onsite solar power capacity, enabling us to meet 60% of our energy needs through our own renewable sources, and we set ourselves a target, and we already have plans in place to achieve over 70% in the near future. I would say before the end of FY25, we should be at over 70%.

A word on the harvest that is now underway, the 2024 harvest. I'm very pleased to say that it's looking excellent in terms of quality and quantity. This is going to be our fourth excellent harvest in a row, and that's easy to say. What you don't see is the hard work that goes on from our teams, our horticulture teams, behind the scenes in making this happen, in mitigating the impact of climate change, global warming. So, they are continuously doing so much work to ensure that even if there are some unseasonal events, Sula is relatively unaffected. You would note that in various other parts of the wine world over the last few years, pretty much every region in the wine world has been impacted in some way or the other in at least one of the years.

Until now, of course, fingers firmly crossed, this is now four great harvests in a row, and we are ready with the supply that we're going to need of quality wine grapes to produce more than enough quality wine to meet the increasing demand for the next year and beyond that. As a market leader, we are many firsts to our credit. Now, for the first time, we are pleased to announce that we are launching three of our iconic Sula Vineyards brands in 250 ml cans for the first time.

These are our Sula Chenin Blanc, that is India's number one selling white wine, our Rosé Zin, which is India's number one selling rosé, and our Red Zin, that's short for Zinfandel, cans. We have already launched these in Maharashtra. You will be seeing more noise on this, and we will be launching it in other states down the road.

Canned wine is becoming a wildly popular format the world over, due to sheer convenience, and we do believe that our Sula brands in cans are going to make their presence felt in the Indian market and greatly expand accessibility to new audiences and new consumers. In conclusion, while this quarter was a bit muted in terms of top-line growth, we are positive that in the upcoming quarters we're going to return to our double-digit growth trend.



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And I will close out on that note. And over to you, Abhishek Kapoor, our CFO.

Abhishek Kapoor:

Thanks, Rajeev. A very good afternoon to everyone. As Rajeev has given a detailed narrative of our business performance, including key initiatives taken during the quarter, let me take you through the key highlights of our financial performance for the quarter.

Our revenue from operations grew at 4%, headed off with excise at 6.5% growth for the quarter. Elite and premium portfolio grew at 7.3%, taking the elite and premium value contribution to 77%, which is 250 basis points up versus Q3 last year. Overall, volume growth for the quarter has been 4.6%. Our wine tourism business grew at a strong 16% in Q3, taking the nine-month growth to 18%.

This double-digit growth is now for the fourth quarter in a row. The record-breaking number of visitors and revenues are a testimony to the significant consumer attraction which our wine tourism facilities are drawing. As a result of a favourable mix change in revenues, our gross margin has expanded by 490 basis points to reach 67%.

We continue to invest in our markets focused on driving a healthy portfolio mix. We registered an EBITDA growth of 13%, with an EBITDA margin of 33.7%, up 260 basis points over Q3 last year. Our profit after tax for 9MFY'24, stands at INR79.8 crores, up 14.3% YoY, and our EPS for nine months stands at INR9.45 per share, up 11%. Company's Board has declared an interim dividend of INR 4 per share.

We continue to remain strong on our net debt position, with debt to EBITDA at 1.3x. As Rajeev said, we remain positive for coming quarters to bounce back to our normal double digit growth trajectory.

With this, I request Runjhun to take over.

Runjhun Jain:

Thank you, Mr. Abhishek. Zico, we can open the call for Q&A.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Aditya Soman from CLSA. Please go ahead.

Aditya Soman:

Hi good afternoon. So, two questions. Firstly, can you explain why we needed to spend the higher S&D spends in Maharashtra in the quarter and how much this increased sequentially if I were to compare it with 3Q? And second question, just an update on the status of the WIPS subsidy and the potential implications of that on the business going forward as and when that is renewed.



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Rajeev Samant:

Yes, on your first question, we did have to up our spend a bit to match up to some of our competitor spends. Having said that, what we noticed immediately when we did that, was we did take market share and now really the spends have reached a level where we can only see them really coming down after this.

Also, there was one change that the market wanted from us, which was that in a lot of our schemes we were giving a cash discount and the rest of the companies have been giving the discounting in kind. That is, if you buy, say, 100 bottles and you get 40 bottles free rather than saying you get 40% cash discount.

We had been resisting that for some time, but unfortunately, given the market conditions, we have had to go back to that. So, there is a little bit of a transition period. Q3 has borne the brunt of that. But moving forward, that will be the norm on that.

In terms of the WIPS, I think everybody here has probably noted the CMO tweet. Unfortunately, we don't have much more visibility right now. What I would like to say is at least that tweet has removed people's doubts about whether this scheme would be revived or renewed. So definitely we can say that, yes, it's been revived.

We have been waiting for a Maharashtra Cabinet meeting to take place. It has been inordinately delayed. In fact, today there is a Cabinet meeting taking place. The last Cabinet meeting was 40 days ago. Normally, the minutes would have been approved in the next Cabinet meeting of the fine print of the scheme revival.

So, we are extremely confident that either in this Cabinet meeting or maybe in the next, but hopefully in this one itself, the minutes should be forthcoming, and we should know the fine print. However, noting that even the CMO has tweeted, we do believe that, yes, the scheme is about to be revived imminently, and we are also very positive that the revival will include the full payment of past dues as well. So fingers crossed on that. Very optimistic on that. That is what we have to report.

Aditya Soman:

I understand, very clear. And just on the first point that you made about discounts in kind, what would be the implications of that? And in a sense, why were we resisting that earlier?

Rajeev Samant:

We were unsure about the whole matter of the VAT on the free issues, given the WIPS thing was still hanging fire. Once we have reached a conclusion that it looks like the VAT refund is going to continue, then that gave us some more visibility as to what it meant to give these S&D in kind. It is a little complicated. That's about what I



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can tell you right now. But the way we have it planned out, it will not have the kind of implications in forward-going quarters as it did have in Q3.

Aditya Soman: I understand, very clear. Thanks for that.

Moderator: Thank you. The next question is from the line of Vinamra Hirawat from JM Financial. Please go ahead.

Vinamra Hirawat: Hi, Rajeev. Great to hear that we are looking at a fourth excellent harvest. My question is, as states other than Maharashtra like Telangana are growing faster, what is the impact on the pricing power we have at these states? Because they don't have free pricing for alcohol like Maharashtra does. Are we still committed to increase prices, at least of Elite and Premium by around 3% to 5% a year?

Rajeev Samant: Obviously, in states where the pricing is restricted, that is not so easy for us. We would love to, but it fits and starts. So a state like Telangana won't give you any price increase for three, four years, and then it will give you a 10% price increase after four or five years.

Unfortunately, we do not have the power there. I would say that when you talk about 3% to 5%, really what we are talking about is that in the free pricing states of Maharashtra and Karnataka, it's 4% to 5%. But given that those are 60% of our revenue, the other states we expect lower average increases of more like maybe 2% a year, which is basically like a 10% increase every four years. That's the way it plays out. And so that's the way it works.

So generally, we get lower pricing growth in the controlled pricing states than in the free pricing states. We do have certain other levers in terms of blends and the wines then that we push, which are the higher profit wines in those states, but we do not have a great leverage in terms of pricing in a state like Telangana or Haryana, for instance.

Vinamra Hirawat: Got it. That was my only question. Thank you.

Moderator: Thank you. Our next question is from the line of Aman Kumar Sonthalia from AK Securities. Please go ahead.

Aman Kumar: What is the current size of this wine market in India?

Rajeev Samant: Current size of the wine market is around 1% of the overall alcobev market is what we are seeing.



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Aman Kumar: How much growth we are anticipating in the next five years as far as wine is concerned, overall industry?

Rajeev Samant: Five years is a very long-time horizon, so I would hesitate to put a number on that. But I would say that we are looking at, India is possibly going to be one of the top three or four wine growth markets in the world over the next five years. That is the way that I would put it.

And I continue to believe that wine is going to outgrow spirits and beer. There will be quarter-to-quarter variation, no doubt, but we are going to talk about a year-to-year kind of thing, a full year to full year kind of thing. That's my anticipation. So I hope that gives color to the answer.

Aman Kumar: Are we planning to set up another vineyard anywhere other than Nasik and Bangalore?

Rajeev Samant: We are continuously looking at that. I don't have any news on that right now, but it might not be in the too far future when we announce a third state. We are always looking at policies in flux, but there are a number of states which are coming out with fruit-wine friendly policies. There are a couple of interesting options which we are considering, but nothing to announce right now.

Aman Kumar: One last question, sir. How much VAT refund we are supposed to get?

Rajeev Samant: The due is around now INR146 crores.

Aman Kumar: Okay, sir. Thank you.

Moderator: Thank you. The next question is from the line of Jay Doshi from Kotak. Please go ahead.

Jay Doshi: I have two questions. The first one is you mentioned about good harvest for four consecutive years. Does it have any financial implications? I believe your contracts are anyway fixed in terms of pricing. But good quality or good harvest would mean you would have slightly better-quality wine. But does it really translate into better realizations or anyway in terms of financial benefit when we think about next year?

Rajeev Samant: The main benefit is that we get to meet whatever is the demand for any brand, we have the supply to meet it. Apart from that, there's no great benefit. But I think as a wine company, we are very conscious that around the world in wine regions, you



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have ups and downs. British Columbia, for instance, announced about a week back that this year they have lost 90% of their crop.

So, the implication is basically that whatever is the sales demand, we will be able to meet that, we will not be caught short, which is a good thing. But not anything else in terms of really, nothing significant in terms of how much it's going to end up costing us in terms of quality, etcetera.

Jay Doshi: Understood. Second question is, you did mention about the change in slightly higher sales and distribution expenses or change in that format impacting revenue growth. When you look at gross margins there's this quarterly seasonality. So, December cannot be compared with September. But then you look at December versus December last year, it still expanded.

My assumption is if your S&D expenses have gone up and it is netted up from revenues for Maharashtra market, then there should have been some impact on gross margins as well, which you are not able to see. So in short, I mean, if you were to think about next year and if this is the new normal of S&D spend, can you call out if at all there will be any impact on your gross margin EBITDA margin, given that this is the largest and the most profitable market for you?

Rajeev Samant: It's difficult to predict that. I would say that Mumbai has been soft in Q3. And so sales were not as expected. And then that does impact when you have a higher S&D. You are hoping that that's going to translate to higher sales of your premium and elite. But the softness in Mumbai has definitely impacted. Pune and rest of Maharashtra are seeing some strong growth.

And Mumbai, South Bombay in particular, has been a stagnant market since the past one or two years. It has by far the highest per capita wine consumption in the country. But we are seeing some stagnancy and in terms of general F&B revenues as well. So that will impact. But as we get back to growth, then you should see a bounce in the net revenue.

The S&D will not hit as meaningfully. That is what we are hoping for. Because most of the S&D growth we are giving on the higher end wines. But in terms of visibility on gross margin, I am sorry, right now, I don't have much visibility.

Jay Doshi: Understood. But was this a one-quarter phenomenon or is this something that's a new normal given that now that you have visibility on VAT refund, would this be a



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continuing thing or was this only a one-quarter related, let's say, additional offer schemes, whatever you rolled out?

Rajeev Samant: I think the time has come for us to shave back a bit. So, I think we would see S&D as a percentage of sales in Maharashtra possibly scale back a bit in the quarters to come.

Jay Doshi: Scale up, right? Or scale down?

Rajeev Samant: No, scale down, scale down.

Jay Doshi: Versus this quarter. Understood. Thank you so much.

Rajeev Samant: Yes, this quarter, we see Q3 as being the peak.

Jay Doshi: Understood. Thank you so much, Rajeev, and good luck.

Rajeev Samant: Thank you.

Moderator: Thank you. The next question is from the line of Amruta Deherkar Sane from Wealth Managers India Private Limited. Please go ahead.

Amruta Sane: So, I have some bookkeeping questions. So, in terms of capacity, we have around 16.7 million liters of capacity.

Karan Vasani: Yes, that's correct.

Amruta Sane: So, in FY23, we had like around 10.6 lakh cases, right? So, that could be around 9.5 million liters of wine. So, it actually works out to around 57% utilization. But whereas in the previous quarter's call, you had mentioned that the company is operating at around 85% of utilization. So, how do we actually calculate utilization?

Karan Vasani: Understood. Good question. So, just to add when we are talking about utilization, we are talking about the entire quantum of wine that we sell in the year. And we are always making about 20% to 25% more wine at an aggregate level than the amount of wine we sell in any particular year. This is to ensure that we are protected from any future climate shocks. So, the utilization is actually based on the number of liters in tank, which is always higher than the amount of wine sold.

Amruta Sane: Okay, okay. So, these are two different numbers, right?

Karan Vasani: Yes.



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- Amruta Sane:** Second question is regarding the working capital cycle. So, which is the peak quarter for the inventory, as in, for the company, as in the raw material and the final inventory also?
- Abhishek Kapoor:** The peak for us is after the harvest, that's the buying season, which is there for us. So, typically Q4 end and Q1 is basically the quarters where it is highest and it tapers down in Q2 and Q3.
- Amruta Sane:** Financial year, right? Or calendar year, which you are talking about?
- Abhishek Kapoor:** We are talking about the financial year.
- Amruta Sane:** Q4 and Q1 is the peak quarter. Am I right?
- Abhishek Kapoor:** Yes.
- Moderator:** Our next question is from the line of Riya Oberoi, who is an Investor. Please go ahead.
- Riya Oberoi:** Good afternoon. So, my question is, your hospi growth has been high compared to overall revenue. Are you expecting this trend to continue?
- Rajeev Samant:** For Q4, yes, it's likely that the hospitality growth is significantly in excess of the overall revenue.
- Riya Oberoi:** Thank you.
- Moderator:** Thank you. Our next question is from the line of Amrisha Kacker, who is an Investor. Please go ahead.
- Amrisha Kacker:** I was hoping you could help me understand the volume growth. So, this quarter, we've had a total volume growth of 4.6%, but the Elite and Premium has been less than that at 3.5%, which means our popular and economy has grown more than the Elite and Premium. Is that correct? And why would this be happening? Because last year, it wasn't the case.
- Rajeev Samant:** The Elite and Premium has grown at 3.5%. Your numbers are correct. However, on a value basis, which is really how we are tracking our premiumization, the share of Elite and Premium continues to go up, and this would have something to do with the market mix and how the market mix is changing. Hence, you would see in the



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volumes, while economy and popular has actually grown higher at 6%, but the value contribution overall has come down.

Amrish Kacker: Yes, sure. I was just trying to understand, do we expect economy and popular to grow in volume terms more than Elite and Premium?

Rajeev Samant: No, we do not expect that. I think that, that has been an aberration in Q3, and we fully expect that in Q4, we are going to get back to where we were earlier. We do expect in Q4, Elite and Premium to grow higher in volume, significantly higher than popular and economy. That's just an aberration in this quarter.

Amrish Kacker: Thank you very much.

Moderator: The next question is from the line of Tej Kumar Pandya from BHEL. Please go ahead.

Tej Pandya: My first question is that your revenue, I am told that you import wines also, and that is a part of your business. How much percentage of this business is for the import of these wines? To what extent, would say your total turnover is about 217 for this quarter. How much is it contributes to wines being imported?

Rajeev Samant: It is around 4% is the imported wine. So we are very much now about, own brands. So I see here that, out of 217 or so, just 9 crores or so was imported brands.

Tej Pandya: And are you able to make a profit out of those imported wines?

Rajeev Samant: I must say that our own brand business is much more profitable than the imported brand business, and that is one of the big reasons why our imported brand business has declined. The year ago quarter, we were closer to INR15 crores. This year, we are closer to INR9 crores.

And so, we have been hiving off the most unprofitable part of the business one by one, and now we have come down to a much smaller rump of this business, which is decently profitable, but not anything close to our own brands.

Tej Pandya: So do you export wines also? Is that a profitable business? Are you exporting any of your wines?

Rajeev Samant: Yes, export is something like 2% or 3% of our overall production, of our overall sale of our own brands. 97% is in India. Our export is only 2% or 3%.



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And again, that is not as profitable for us as selling our wines in India. This export is basically of our premium and elite wines. And if you look at the premium and elite wines profitability in India, it's far higher.

However, having said that, it is important for us as a wine company becoming more and more globally recognized that our wines should be available in major markets around the world. And so we do that. But it's a highly competitive market. And so, selling domestically is more profitable.

Tej Pandya: Yes, naturally, because I heard recently, there was an overproduction of French wines, and they had to destroy those wines. Is that correct information?

Rajeev Samant: Yes, that is correct information. There is some oversupply in certain markets, in certain countries. Not really destroy the wine, but they had to distillate it into spirit.

Moderator: Thank you. The next question is from the line of Aman Kumar Sonthalia from AK Securities. Please go ahead.

Amankumar Sonthalia: Sir, recently you have launched this can wine. So how big is the market and how much profitability?

Rajeev Samant: So, the market worldwide is looking very exciting. It is now a multi-billion-dollar market, which has been growing much stronger than wine in bottles in the rest of the world. In India, it is a very tiny market. It's just begun. We are the pioneers of this. There is us and one more company really are doing it. But it's very early days. It's the launch of a whole new category. And we hope that it's going to grow into a decent market in times to come.

But it is something that's the need of the moment. Indian households tend to have smaller fridges. They do not have any or very few have wine chillers, etcetera. So there is not always that much place in the fridge to put big bottles of, 750 ml bottles of wine, etcetera. Then you have the portability and the sustainability angle of it. So given all of those, wine in a can is very exciting for the future. But right now it is a tiny market. We are the ones who plan to grow this market.

Amankumar Sonthalia: Next question is we are looking for the Tier 2 market and cities. So how much success we are getting and how big is this market?

Karan Vasani: Tier 2 markets are now starting to grow quite rapidly. I think so far wine has been confined to the bigger cities. But in the previous earnings call also we were



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mentioning that markets now like Punjab and Uttar Pradesh are starting to grow very rapidly. And we are seeing that trend continue. And these are the markets that will drive the growth in the future.

Amankumar Sonthalia: And, sir, one more question. When will we account for this VAT incentive, in which quarter?

Karan Vasani: So that is already being accounted for each quarter on an ongoing basis.

Amankumar Sonthalia: Okay. And, sir, which is the peak quarter for the company?

Karan Vasani: The third quarter is the highest quarter in terms of revenue on a quarterly basis.

Amar kumar Sonthalia: Okay. And then Q4?

Karan Vasani: Yes.

Amar kumar Sonthalia: Okay, sir. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

Rajeev Samant: Thanks, everyone, for participating today. Thank you for all the questions. We look forward to a nice double-digit bounce back in Q4. And with that in mind, we now call this to an end.

Moderator: Thank you. On behalf of Sula Vineyards Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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February 14, 2024

CIN: L15549MH2003PLC139352