

Date: 14/08/2023

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.
NSE Symbol: SULA
ISIN: INE142Q01026

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

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
ended June 30, 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 Thursday, August 10, 2023 with regard to the Un-Audited Standalone and Consolidated financial results for the quarter ended June 30, 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

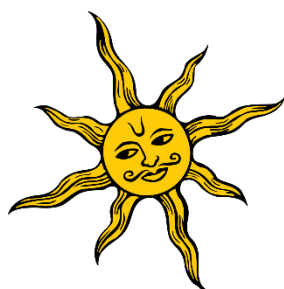


Sula Vineyards Limited

(formerly known as Sula Vineyards Private Limited)

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SULA
VINEYARDS

“Sula Vineyards Limited
Q1 FY '24 Earnings Conference Call”
August 10, 2023

**MANAGEMENT: MR. RAJEEV SAMANT – FOUNDER, MANAGING
DIRECTOR AND CHIEF EXECUTIVE OFFICER – SULA
VINEYARDS LIMITED
MR. CHAITANYA RATHI – CHIEF OPERATING OFFICER
– SULA VINEYARDS LIMITED
MR. KARAN VASANI – CHIEF WINEMAKER AND
SENIOR VICE PRESIDENT – SULA VINEYARDS LIMITED**



Moderator:

Ladies and gentlemen, good day and welcome to Sula Vineyards Limited Q1 FY '24 Earnings Call. As a reminder, all participant lines will be in 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 touchtone phone. Please note that this conference is being recorded.

We have with us today Mr. Rajeev Samant, Founder, MD and CEO, Mr. Chaitanya Rathi, COO and Mr. Karan Vasani, Chief Winemaker and SVP. I now hand the conference over to Mr. Rajeev Samant. Thank you and over to you.

Rajeev Samant:

Thank you very much and good afternoon to all of you from Mumbai. I am delighted to announce that FY '24 has begun on a high note with the company achieving record Q1 revenue and profits. This achievement is a testament to our team's dedication and strategic execution. We are really excited to build upon this success and continue delivering value to our stakeholders throughout this year.

Our revenue has grown by 22% in comparison to the previous year and has reached a total of INR118 crores for the quarter. Very notably, our Own Brands have taken the lead and as you all know, this is the aim of the company. We are now very much an Own Brand led company. The Own Brands have taken the lead, driving this growth with an increase of 30%.

Our EBITDA margin is about the same as last Q1. It's at about 27%, just an increase of 27 basis points from the already strong margins achieved in Q1 last year. And additionally, our PAT margin has risen to 11.7%. That's a growth of 32 basis points compared to last year. So this financial performance in setting all these records on all fronts in Q1 underscores our commitment to sustained growth and operational excellence.

Our premiumization strategy, as you know, that's another pillar of our overall strategy. Own brands, premiumization. The strategy is bearing fruit as our Elite and Premium wines together surged more than 35% in value and over 30% in volumes. So this is something that we are particularly very pleased about. We continue to focus on our premium brands and you should know that in the last couple of years, almost all of our brand launches have been in these segments.

Our wine tourism that of course is our third pillar. The revenue grew around 12%. And this is just the start of the year. We expect to continue to see robust growth as we now have three new villas that have just opened and an additional 16 rooms at our Beyond Resort. So a total of 27 rooms added in this quarter, taking our grand total of rooms in just in our Nashik belt around our campus to more than 100 rooms for the first time. This bodes very well for us for the future. These resorts continue to see robust occupancy and high average room rates.

We continue to be one of the most visited vineyards in the world and the place where most Indian consumers, and I would say that arguably more wine drinkers, first wine drinkers than any other place in the world, taste their first glass of wine.



I'm also very pleased to announce the appointment of Mr. Abhishek Kapoor as our new CFO. He brings over two decades of expertise in financial planning and accounting from various FMCG media and auto companies in the past, like PepsiCo and Goodrich Consumer. He joins us from a successful CFO stint at Wagh Bakri Tea, and he will be coming on board before month end.

So that's it from my side and over to all of you.

Moderator: We have a first question from the line of Vatsal Dujari from CLSA.

Vatsal Dujari: Hi, sir. Thanks for the opportunity. I had three questions. Firstly, could you help us understand that out of this 22% revenue growth for the quarter, what would be the growth in volumes and what would be the realization growth? And also, how are you thinking about volume growth going ahead for the next couple of years?

Rajeev Samant: So, in terms of volume, the growth has been around 15%. And I'd like to bifurcate that further because there's a clear difference in the volume growth of the Elite and Premium versus the Economy and Popular. So, the Elite and Premium have grown 30%. As you might be aware, Premium wines is our single largest category, whereas popular and economy has grown just 2.4%. So, as you can tell, we are more and more focused on the Elite and Premium. And that's really where the lion's share of the growth has come from.

Vatsal Dujari: Secondly, so if we see on a gross profit level, despite, as you said, Elite and Premium wines have grown much faster, but growth and gross profit has kind of been lower than overall revenue growth. So, is there any particular reason for this?

Rajeev Samant: Yes, the clue to this is in our other income. So, basically in Maharashtra, you might be aware that Maharashtra sees also has other income, which is a, I guess it's taken in their own brands, but there's a significant VAT refund piece that comes in there. And Maharashtra has not grown at the same speed as some of our other markets.

Maharashtra is with the VAT refund, it is our most profitable market. And so, therefore, you do see the impact of this. This is actually not such a bad thing, because it is important at this point that we do start to see faster growth in some of the other markets. So, it becomes a much more broad-based business, rather than the historic dependence on, the oversized dependence on our two biggest markets of Maharashtra and Karnataka. So this is probably the place where you know, you're seeing the impact of that.

Moderator: We'll take our next question from the line of Percy Panthaki from IIFL. Please go ahead.

Percy Panthaki: Congrats on a good set of numbers. My first question is similar to what was just asked, but I want basically for the Own Brands that 30% growth that you have done. Could you break it up in volume, price and mix?

Rajeev Samant: So I, as I just said, in terms of volume, we're looking at about 15% overall.

Percy Panthaki: So include the imported brands, Rajeev, or this is only the own brands?



- Rajeev Samant:** This is only own brands, 15%.
- Percy Panthaki:** Okay, 15% volume and mix and price individually would be how much?
- Rajeev Samant:** Mix and price. Look, I just said in the previous answer that the Elite and Premium has grown 30%. And Economy and Popular is just about 2.5%. So that's really so you can see that the it's moving much more towards the Elite and Premium. So you're talking 15% in terms of the volume and which leading to a 30% in terms of value. So you can see that there's a 15% bump from your realization growth.
- Percy Panthaki:** Suffice to say that the actual pricing will be like in low single digits?
- Rajeev Samant:** Yes, absolutely. So typically, we our pure price, you know that we have a number of price control states where we are lucky to get to see even a 2% average price increase over the years. And then you have Maharashtra and Karnataka, which of course are free price for us. And there typically we're talking 3% to 5%.
- Percy Panthaki:** Secondly, I just wanted to know this VAT refund from Maharashtra. What is the amount due as of now? And what is the last time you actually got? What is the last time you actually got a refund on this and what quantum?
- Rajeev Samant:** So, the amount now has gone above INR100 crores, just over INR120 crores and then we have received within this quarter around INR4 crores is the amount.
- Moderator:** We have our next question from the line of Pallavi Halder an Individual Investor.
- Pallavi Halder:** Hi Rajeev and team. Congratulations for the phenomenal numbers. I would like to understand, what has been the impact of the monsoon on Sula this year?
- Rajeev Samant:** Yes, thanks for your kind words. It's looking pretty good. So, it might be in Nasik that it comes in at normal or a little bit below normal. But for wine grapes, that is not a concern at all. Even if we are slightly below normal, it's a little bit different from traditional agriculture that it doesn't depend as much on being rain fed.
- So, we are looking quite strong and we do expect at this point, all indications are that it should be a good harvest coming up for the fourth year in a row in terms of quality and quantity. So, looking good on that fingers crossed, of course, you can have unseasonable -- unseasonal rain events, even during the winter. But in general looking good.
- Moderator:** We'll take our next question from the line of Himesh from Purnartha Investment.
- Himesh:** So, first question is on the excise duty order that we received over the weekend and the order has been set aside. We just wanted to understand the situation in a better way from your end. And what makes you confident, given that we haven't made any provision in the past and currently also we are not making any provisions?
- Rajeev Samant:** Yes, we have always maintained that this notice that we receive back then, I think it's been now, I don't know, four years, some five years since we originally received the demand notice, that

this was not tenable because as per the wine policy in Maharashtra, I'll give you some background.

As per the wine policy in Maharashtra, which was passed by the cabinet 20 years ago, if you produce wine in Maharashtra from grapes grown in Maharashtra and sell it in Maharashtra, there's no excise duty. Now that's come as INR10 a litre. Then an officer in the government, without taking it back to the cabinet, made a noting that if you blended the wine from another winery, but from any other winery, you would pay excise duty.

We maintain that the point of that was if you blended wine from another state or out of state or out of the country, then excise duty was payable. But we have very much stuck to our ground and the entire wine industry has, that blending wine within Maharashtra wineries, as long as it came from Maharashtra grown grapes, should not be attracting any excise duty.

So, this is the basis of this whole case. We believe we are very much in the right. We have a very strong case. We have now the opportunity with the court granting the stay, we will go back to the authorities. And even within the government, there have been differences in interpretation.

But we do believe that there's a good chance that the government will see the reason here and we will come to a successful and positive conclusion in this case, which will be nowhere and nothing near the INR100 crores plus demand notice that has been given. So I hope that makes it very clear.

Himesh: So, I mean, the production that was done during that period and the blending that we did, the entire production was done within the Maharashtra and that is what helps us to not pay the excise amount?

Rajeev Samant: That's right. And you know there are certain discrepancies in that notice also. In fact, some of that wine was exported to other states. So, there the excise duty was paid in those other states. So, there were errors even in the basis of the calculation. So, a lot of issues with this thing.

We have a very strong case, but we would not like to necessarily go to, court against our own government and against the excise department. So, we hope that now it can come to a good, successful conclusion shortly the judge has directed the government to hear the matter within the next four months. And we are preparing for that.

Moderator: We have our next question from the line of Rahul Ranade from Goldman Sachs Asset Management.

Rahul Ranade: Congrats for the good set of numbers. Just, Rajeev, just wanted to understand in terms of our strong volume growth performance in the quarter, would retails also be mimicking the volume growth, the primaries that you have done broadly or would there be some element of some channel filling, etcetera, in this quarter?

Rajeev Samant: I didn't, you're saying would retail sales be limiting?

Rahul Ranade: No, no meaning would they be of a similar quantum is what I was trying to?



- Rajeev Samant:** Yes. I would say so. Yes quite close probably 13% to 15%, something like that.
- Rahul Ranade:** So, is the festive related stocking, that actually happens more in Q2 and this time, festivals also a little delayed. So, we would see some impact in terms of some channel up stocking in Q2. That would be a fair understanding?
- Rajeev Samant:** Yes. So, we always see a few lags here and there between dispatches and depletions. You'll always see a little bit of maybe mismatch when it comes to by the month. It's a good time to note that, of course, for us, Q3 is by far our most important quarter. Q1 is typically our slowest quarter in terms of sales and every year, of course, there's a little bit of festival here or there. Some state might have elections.
- Last year, you had elections in Karnataka, which was in Q1 last year, or was that in Q3 or Q4? So you're always going to get these kinds of impacts. But the nice thing to note is that it's been now four quarters of pretty solid double digit volume growth and we are looking forward to that continuing.
- Moderator:** We'll take our next question from the line of Drisha Poddar from Carnelian Capital.
- Drisha Poddar:** I just wanted to understand continuing from the previous question regarding the VAT refund from the Maharashtra government, which has the due amount is 130 and amount [inaudible]. So we keep hearing that this might not get renewed or is there any clarity on this? And by when do we expect this INR130 crores to come in?
- Rajeev Samant:** We are very hopeful that it will get renewed. In fact, let me say that loud and clear. We feel that the chance of it not being renewed is very small. Maharashtra has seen some political change at the top over the last couple of months and a number of proposals have been sitting with the Maharashtra cabinet, which require specifically finance ministers approval and sign off.
- You might be aware that we now have a new finance minister in Maharashtra just over the last one month and things continue to be fairly hectic, but we are quite quietly hopeful that this should go through soon. This should be presented at the cabinet, at any one of these upcoming cabinet meetings now.
- Now that the legislative session is also drawing to a close shortly and we are really hoping that it should get passed. But having said that, these things cannot exactly predict when.
- Moderator:** We have our next question from the line of Nirav Rajiv from Aditya Birla Sunlife Insurance.
- Nirav Rajiv:** I just had a question on the growth rate like so if you go back to the IPO times, the wine, overall wine industry, the growth rate was expected like in a projection wise it just going to be around 20 percentage volume growth around 14 percentage to 15 percentage and price and mix of around 5 percentage to 6 percentage.
- Now we have obviously come to a 30 percentage growth to 15 percentage volume this quarter. Now do you see this the kind of realization growth are sustaining good forward or is the quarter

also on lapping on low base I mean just wanted to understand how much of this growth is sustainable for your core for your own brands?

Rajeev Samant:

If you are talking about the delta between the volume and the value that is from 15% going to 21%, 29%, yes that is little bit on the higher side in this quarter. Again I think, because it's the normally the traditionally the slowest quarter you can see a little bit more of variation. We don't expect actually quite frankly a 14% delta between volume and value going forward. Maybe this is a bit of an exceptional case. I think it is going to revert to its mean of somewhere more like in the 6% to 10% range. That would be my expectation. This 14% delta is definitely been a big one. It is not going to continue like this.

Nirav Rajiv:

I just want to understand how much of the margins, like 27% margins is what you have clocked this quarter and going forward next couple of quarters, we are lapping on a high base of 30%-plus. So, for an annual basis, what would be the kind of a range you would be comfortable like a 27%-28% range?

Rajeev Samant:

You know, I have said even at the beginning of the year that we already reached a very high point at the end of FY'23 close to 30% EBITDA margin which is obviously totally unprecedented. I said that our priority now needs to be to sell more wine out there, to penetrate into more markets and to give more in the market. I had said at that time that I expect margins to be moderate by couple of 100 basis points, maybe down to more like 27% this year. I think that somewhere between 27% and where we landed up last year was 29% or 30% somewhere in that.

Definitely there will be no, I mean not definitely, but most probably, there will not be any further upward movement in that margin. That is probably the high point we reached. I would love to see greater volume growth out there and more penetration into secondary markets rather than trying to now get more EBITDA. So, more growth for the future.

Moderator:

We have our next question from the line of Amrish Kacker, an individual investor.

Amrish Kacker:

I had a very broad question on regulation leading on from your annual report comments. There was, I guess, something on Maharashtra supermarket sales as well as LEUP, wine treatment being separate from other Alchoabar regions. Is there anything broadly you could tell us on where the direction is going on regulation in this specific area?

Rajeev Samant:

So, this Maharashtra notification that came out, this would be now almost two years ago or something like that. Unfortunately, I must report that there has not been a lot of action after that. It became a little bit of a political football at that time and it's not seen that much traction.

Having said that, one thing that has, if I'm not mistaken, been approved is home delivery has been notified. So that was a little bit of a gray area and that now is has been greenlit. So that is a big one. As far as we are concerned, you would be aware that for something like three years, there was no home delivery allowed in Maharashtra. So to our mind, home delivery was a big one. We will continue as an industry, to work on opening up modern trade, at least for wine. The notification and its current thing, the kind of size that they stipulated, I think we calculated there were only 13 supermarkets in entire Maharashtra that met that size thing. So let's see.

There's different lobbies also at work here. You do have the liquor retail lobby who obviously, if modern trade is also allowed to sell, their profits are going to take a hit. So let's see how it plays out. But home delivery, this is very good news.

Moderator: We have our next question from the line of Pooja Gala, an individual investor.

Pooja Gala: Rajeev, my question before that, I want to tell you that I have been to your vineyard and it's such a beautiful property. And I'm always looking forward for my next visit there. So thank you. It's really a great property to be there.

Rajeev Samant: Oh, wow. Yes. Thank you so much. Yes. Everybody who's on this call, we would love to welcome you up to the vineyards. We have a really stunning place to show all of you. I'm sure most of you on this call have already visited. Those who haven't, monsoon is a beautiful time to Nashik. Now we have two airports in our catchment area. You can say, Nashik as well as Shirdi. Daily flights from Delhi, Bangalore, Hyderabad, Ahmedabad. You know, so it's a great place. More rooms. I know we always, every time I'm on a call, people say we can't get rooms in your villa, this and that. So now we have three beautiful new villas. So our promise is that every time you come back, you will find something again, new and delightful.

Pooja Gala: I'm looking forward for my next trip. Thank you. So my question here is, what is your outlook for the wine tourism business this year? And also what's your expansion plan?

Rajeev Samant: So a good question. You know, I had already noted that we have added a number of rooms, something like 30 rooms from last year to now. And we've gone above 100 rooms. So, all these people who come and stay in our rooms, it's not just about the money we make from the room. It's about the fact that almost all these people then will have an evening in the tasting room. They eat in one of our restaurants, they do the tasting and tour, etcetera. And they leave as sort of our wine brand ambassadors for life. So that's definitely going to give a big boost to our non-wine revenues, as well as wine revenues at tourism. So we see strong double digit growth ahead.

And you know, I said in the earnings release that I'm particularly happy with how many tastings the team has managed to do. One of their key result areas is to that whoever visits the campus should go for a tour and tasting. And that's a huge, there's a 37% growth in the total tastings that we have conducted across the country. This is across the country, we've crossed 46,000 individual tastings versus last year, 34,000. So this is huge. This is something that's really important. You know, you have to do the grow this business by the building blocks, put a little wine, two or three, three or four wines in front of people who've never tasted wine before and just tell them the basics. And it really opens their minds to wine and opens their wallets to wine.

Moderator: We have our next question from the line of Shailja from Bastion Research.

Shailja: My question is what are our on ground actions to simulate consumption? I think one of the reasons could be wine tasting and consumers would like our wine. What are the other actions that we're doing on ground that are simulating the growth and be able to maintain half the market share? Thank you.



Rajeev Samant:

So tastings obviously continues to be very, very important to us. We have recently rolled out our Wine-By-The-Glass program for institutions, for on trade accounts, which has proved to be very popular. So, in that we give a higher margin to the restaurant as long as they serve it by-the-glass. So, that's the kind of thing that allows more people to sample our wines without having to go in for the entire bottle. We found that any time on trade account has a Wine By-The-Glass program, as simple as having just one white, one rosé, one red, that boosts wine sales typically by. it can double wine sales in an outlet. So that's something that we've become very aggressive on and we are gaining a lot of new institutional accounts.

During this quarter, I'm very pleased to say that we have signed a national sole pouring rights deal with the Olive Group. We also last quarter we signed with the main lounge operator in all the airports, international as well as domestic. Today, if you fly out of Mumbai T2 and you go to the Adani lounge there, you will find our wines being poured there as well By-the-glass. So we continue to move forward with also big contracts with some of the bigger groups and this is how we're going to continue our dominance, one of the ways.

I would like to point out one more point here that the business now is getting bigger-and-bigger. The volumes of wine being sold in the country are getting bigger. Sula is really the only one today who can take advantage now of the growth because it requires bigger-and-bigger wineries and we have the wherewithal. So as the volumes expand, we are very confident that we will continue to at least maintain our market share because for some of the others, they don't have as deep pockets as us. It's not so easy for them to put in the capex to capture the growth, especially the real small players.

Moderator:

We'll take our next question from the line of Bhumi Shah from KC Securities.

Bhumi Shah:

Congratulations on the good set of numbers. My question is from the marketing standpoint. What are some of the new initiatives we have taken in order to increase the wine awareness and consumption, especially if you can focus on the Tier 1 and Tier 2 cities?

Rajeev Samant:

We are making our wines much more available in forums that we didn't take part in so much in the past. So I'll tell you, obviously the tasting. So, where we do, in Bombay, we have this event called Little Flea. Earlier, it was a much smaller thing. This last time we had a huge bar and we did something like 20,000 tastings there on the few days of that event. We've also been the main wine partner of the India Art Fair in Delhi, etcetera.

So wherever we have these kinds of events, we continue to make our wines available and we have a plan there that we sample. Of course, in some places it's free, but in some places it's at a very low cost. So at a nominal cost, you can sort of get a glass and sample. And that's one of the things that's been very successful for us as well.

The next target, as far as I would be concerned, would be music festivals. Typically, we've not had a lot of wine at music festivals. It's been more beer and spirits. But I do see tremendous opportunity for wine. I do hope at some point that maybe IPL or the World Cup that's coming up in a couple of months allows beer and wine in the stadium. That's something we remain hopeful on. That would really be a game changer.

Bhumi Shah: And another question is about our capex plans for 2024. If you could share some of the plans?

Rajeev Samant: Our capex plans, I think we're going to put in about INR55 crores to INR60 crores of capex this year. Last year was about INR85 crores. So the two years together at about INR145 crores will be the biggest two years in terms of capex. Most of this is going into expanding our production capacity. As you're aware, last year we built out a new six million liter cellar at our DD. That's our biggest facility in Dindori in Nasik District. And then we added two million liters of tanks in there. This year we'll add a few more tanks in there.

And a lot of sustainability capex. We just go on putting up more and more solar panels, which just keeps bringing down our expenses per case and subsequently our manufacturing expenses per case. And that's a virtuous cycle that as we bring down our brand costs, we take that saving and pump it back into the market to grow volumes further.

Bhumi Shah: Are there any plans on adding new rooms for the tourism or the hotel business?

Rajeev Samant: I must point out that now our wine tourism capex is quite asset light. So these 30 rooms that I mentioned more or less that were added in the last quarter, in fact, Sula did not put in the capex for those rooms. So we have partners in Nasik, local partners, who build for us. And then we run the resorts. Typically we sign 10 to 15 year contracts to run them and they're done to our specs. But no, we will not be incurring significant wine tourism capex.

We are expanding a little bit our iconic tasting room, but that's a small project. Apart from that, there's not a lot on the horizon. The numbers just keep going up. And especially at Domain Sula, I think I mentioned in the last release that numbers in Q1 arrivals were up more than 50% visitor numbers at our – this is our facility right outside Bangalore. That's without putting in any capex. That's with putting a couple of hoardings on the Bangalore-Mysore highway.

Moderator: We have our next question from the line of Himesh from Purnartha Investment.

Himesh: So, two questions over here. I mean, we have been seeing that there's a lot of promotions within India to promote the wine industry. But just wanted your thoughts on in case of – do you see any reduction in the import duty on the wines that are being imported into India?

Rajeev Samant: So, you know, there's already been an FTA signed with Australia. And in that, there has been a significant reduction in expensive wines and duties on expensive wines. I'm pleased to say that that has had pretty much zero impact on our business. As you know, you know, our sweet spot is generally below INR1,500 for our wines, which is still very profitable business for us. Here, the impact was really on wines that were about INR3,000 where the prices have come down. But, you know, we do believe that our government supports this farmer-friendly industry of ours.

And so, you know, there would not be any impact on wines costing, say, less than INR1,500 rupees. So it would not come directly into competition with us. Having said that, of course, we are ambitious and we keep increasing the prices of our highest end wines. So we might, in fact, enter their domain and take the fight to them at some point.



- Himesh:** The second is, so you mentioned in the wine tourism, the capex is done by the business partners. So could you explain how the revenue sharing is done? Do we take the O&M charges or there's profit sharing over and about that?
- Rajeev Samant:** No profit sharing. It's a pure lease model. So it's a good model for us.
- Moderator:** We have our next question from the line of Alisha Mahawla from Envision Capital.
- Alisha Mahawla:** Sir you mentioned that volume growth for Sula has been 15%. Any color on what the industry would have grown during the same period?
- Rajeev Samant:** I don't have a clear answer for you on that. I must say that it's not so easy to get industry wide data. There are some states where it's so big. So I'm sorry to say I don't have a clear view on that. But in the states that we do get data, that is, we get it in specifically Karnataka, Telangana, and to some extent, Maharashtra. We have gained market share handsomely in the premium and elite segments. But we have probably given up a little market share in the lowest cost segment. That's the popular segment. But that is by design.
- Alisha Mahawla:** This is helpful. And you also mentioned that Q1 is one of the softest quarters for us and it builds up as the year progresses. You also mentioned that we have 15% volume growth. So in the stronger quarters like Q3, can we expect an even stronger volume growth?
- Rajeev Samant:** No, it doesn't exactly work like that. It's just that Q3 is traditionally our highest sales quarter. It's the quarter of festivals and holidays. All your inbound tourists from all over the world typically come to India in Q3 and the beginning of Q4. Whereas Q1 is your sort of your outbound tourism season. So a lot of people these days aspire to go abroad for a holiday once a year, once every couple of years. So that typically happens in our summer.
- So it doesn't mean that, no, because it's our strongest quarter, volume growth will be higher. In fact, it's harder probably to give that kind of volume growth in when you have such big volumes. You have also at some point some amount of production constraints. So I would not say that.
- Alisha Mahawla:** And for the revenue that we did during the quarter, can you just break it into what is the contribution coming from Elite and Premium and how much is coming from Economy and Popular?
- Rajeev Samant:** So about 74% has come from the Elite and Premium and about 26% from Economy and Popular. And just to give you some color on that, last year the corresponding figures were 69% and 31%. So substantially more value coming now from the Elite and Premium.
- Alisha Mahawla:** Despite the shift in mix, we're not seeing it in the gross margins. Is there another way to understand this?
- Rajeev Samant:** So, you know, I touched on this earlier where I said Maharashtra has grown at a slower pace than, or I put it the other way, that other states have grown at a much faster pace. And Maharashtra is our most profitable state. So that is a large part of why we're not seeing that.



- Alisha Mahawla:** And just one last question. After Maharashtra, Karnataka, which would be the third biggest state first, Telangana?
- Rajeev Samant:** Telangana is correct. Hyderabad has been a terrific market for us specifically over the last five years. It's probably been at the fastest gather.
- Moderator:** Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Rajeev Samant for closing comments. Over to you, sir.
- Rajeev Samant:** Yes, thanks everybody for joining us today. You know, I want to also congratulate our team for the terrific work that's happened this quarter. And I want to tell all of you that we will do our best and endeavor to have results of this color even moving forward. Thank you so much.
- 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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