

Sula Vineyards Limited

Nifty: 20133

CMP: INR 479

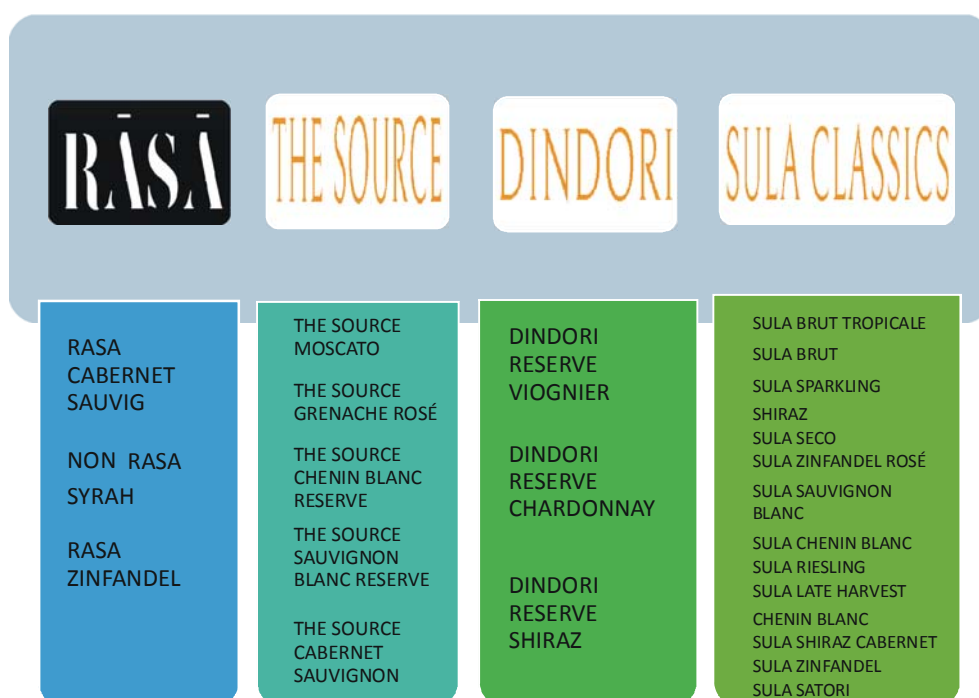
Target Price: INR 589

WHERE ADVISORY MEETS EXCELLENCE

Breweries & Distilleries

Founded in 1999 by Rajeev Samant, Sula Vineyards stands tall as a prominent leader, commanding over 50% of the Indian wine market. Sula has been a trailblazer, shaping the country's wine landscape. The company operates in two primary segments: wine production and distribution ("Wine Business") and the sale of experiences through wine tourism venues, such as vineyard resorts and tasting rooms ("Wine Tourism Business"). Renowned for revolutionizing winemaking practices in India and gaining international recognition, Sula produces top-notch wines and offers captivating experiences like guided vineyard tours, cellar explorations, and educational events. This has not only transformed wine perceptions in a culture steeped in tradition but also propelled wine tourism growth in India. Beyond its viticultural endeavors, Sula's warm hospitality has solidified its position as a cherished haven for wine enthusiasts and tourists alike.

Sula distributes wines under a bouquet of popular brands - SULA (flagship brand), RASA, DINDORI, THE SOURCE, DIA. Presenting Sula Vineyard's varied collection of unique wine under the brands:

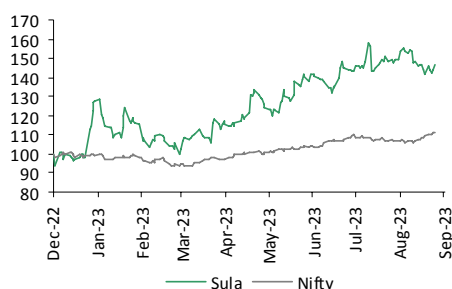


In addition to the previously mentioned list, Sula offers a selection of wines in cans, featuring two distinct products:

1. Dia Red Wine Sparkler
2. Dia White Wine Sparkler

Shareholding (%)	Sep-23
Promoters	27.27
Mutual Funds	8.97
Other Domestic Institutions	1.26
FII	6.78
Retail and Others	55.72

Relative Price Performance



Key Data	
NSE Symbol	SULA
Bloomberg Code	SULA:IN
Reuters Code	SULA.NS
Shares Outstanding (In Cr)	8.44
Face Value	2
Mcap (In cr)	4092.134
52 week H/L	535 / 305
Beta	1.11
Share Price	484.85

(Rs in Million)	2022	2023	2024E	2025E
Net Revenue	4,244	5,162	5,825	6,590
PAT	521	840	935	1,081
PAT Margin (%)	12.28%	16.27%	16.05%	16.40%
EPS	6.80	10.00	11.08	12.81

Board of Directors / Management Team

Name	Designation
Mr. Rajeev Samant	Executive Director
Mr. Karan Vasani	Chief Operating Officer
Mr. Abhishek Kapoor	Chief Financial Officer

Investment Rationale:

Favorable demographics, growing income levels and rapid urbanization:

In the context of India's vast consumer economy driven by a population of approximately 1.38 billion people, promising growth prospects are evident. Notably, the dynamic millennial segment, comprising 32% of the population and displaying significant alcohol consumption trends, presents opportunities. Despite the pandemic's global impact on the alcohol industry, which is intricately linked with service-oriented sectors like dining, hospitality, and transportation, the sector has impressively rebounded, forging a new path for advancement. Furthermore, India's burgeoning service sector, a major driver of economic growth, often features wine in its offerings due to its professional appeal. This alignment with consumer preferences contributes positively to wine consumption. In conclusion, India's favorable demographics, economic trends, and the resilience of the alcohol industry have opened avenues for growth, especially in wine consumption, with the service sector playing a pivotal role in this dynamic landscape. Sula Vineyards, strategically positioned, stands to benefit from these developments.

Shift in the section of the society and higher purchasing power:

India is a large and rapidly growing consumer economy, with a population of approximately 1.38 billion people. In recent years, there has been a notable shift in the social structure of the population, as more people move into the middle and upper-middle class segments of society. This shift has resulted in higher purchasing power among consumers, which has led to an improved standard of living. As a result of this improvement in living standards, larger consumer base have started affording to spend on premium and luxury products and alcohol consumption (including wine) has become increasingly normalized, with more people incorporating it into their social lives, celebrations, relaxation, and meal experiences.

Addictive nature of the Alcohol:

Alcohol consumption has the potential to induce pleasurable sensations by triggering the release of endorphins in the brain, which are natural opioids that activate the brain's reward centers. These regions are associated with positive emotions and motivation, contributing to the enjoyable aspects of drinking. However, it's crucial to recognize that excessive alcohol consumption can lead to addiction and various health and societal issues.

In contrast, wine, despite being an alcoholic beverage, offers unique health benefits when consumed in moderation, such as

promoting heart health and reducing the risk of heart-related ailments. This favorable aspect encourages wine consumption and demand.

In today's environment, which promotes a healthy lifestyle, wine has emerged as a preferred choice for alcohol consumption, especially among the youth. Sula Vineyards, recognizing this, has an opportunity to harness the pleasurable effects of its wine products, combined with their health benefits. Simultaneously, it can play a pivotal role in promoting responsible drinking practices, ensuring that its customers can enjoy its offerings safely and responsibly.

Under-penetrated market:

India's wine industry, currently contributing less than 1% to overall alcohol consumption, offers substantial growth potential compared to the global average of nearly 13%, particularly in developed countries like Europe where wine consumption can reach close to 30%. The industry's underpenetration in India stems from cultural factors, limited awareness, distribution complexities, price sensitivity, and relatively modest domestic production.

To unlock this growth potential, strategies include promoting wine education, advocating for tax reductions, supporting local production, and fostering wine tourism. Key opportunities lie in Tier-1 cities, which contribute around 70% of wine sales and have higher alcohol beverage consumption penetration. Additionally, Tier-2 and Tier-3 cities show growing demand for wine, making it more accessible to common Indian households. India's expanding consumer base, adding around 10-12 million people yearly, along with a projected working population of approximately 1 billion by 2030, paints a promising long-term outlook. Market leaders like Sula, with their pioneering wine tourism, are well-positioned to benefit from this evolving market.

New options for online ordering and home delivery:

During the pandemic, several state governments in India allowed for home delivery of alcohol as a means to generate revenue during social and movement restrictions. This move not only sustained the industry but also aimed to enhance the consumer shopping experience. Today, this trend has evolved into a new option, particularly valuable to women who may feel uncomfortable visiting local liquor stores. Liquor can now be conveniently delivered to homes by both retailers and through services offered by food aggregators and common technology platforms. This shift towards home delivery is expected to have long-term benefits, potentially boosting revenue for the industry in the future.

As consumer preferences shift towards convenience and the desire to sample wines before committing to full-sized bottles, winemakers are adapting. They are producing wine in various formats, including cans, boxes, and smaller bottles. Sula Vineyards recognized this trend and introduced a range of Wine in Can products, including:

1. Dia Red Wine Sparkler
2. Dia White Wine Sparkler

This diversification of wine packaging caters to changing consumer demands and provides more options for enjoying wine.

Food Pairing:

The wine market in India has experienced significant growth, partly attributed to the rising popularity of Western cuisines, with a particular emphasis on Italian and French culinary traditions. This culinary influence has had a profound impact on the wine industry in the country.

- **Italian Influence:** Italian cuisine, known for its rich flavors and diverse dishes, pairs exceptionally well with wine. As Indian consumers become more familiar with Italian food, they are exploring and appreciating different wine varieties.
- **French Influence:** French cuisine, celebrated for its sophistication and regional specialties, also promotes wine culture in India. French dishes often come with carefully chosen wines, encouraging Indian wine enthusiasts to explore a wide range of French options.

The fusion of Western cuisines and wine culture in India has created a mutually beneficial relationship. Restaurants offering Italian and French dishes typically feature extensive wine lists, encouraging patrons to explore diverse wines. This has led to enhancing the overall dining experience and increasing wine consumption in the country. This trend is expected to continue as more people embrace Western cuisines and wine culture.

High barriers to entry:

The Indian wine market is set to remain concentrated, primarily due to inherent product complexities and existing trade barriers in the alcohol sector. New entrants face formidable obstacles, including:

- High capital requirements for vineyards and distribution.
- Complex regulations and compliance costs.
- Need for specialized viticulture and winemaking expertise.
- Intense competition, brand loyalty, and market saturation.
- Geographical limitations and vulnerability to environmental factors.

In essence, entering the wine industry demands a potent blend of financial strength, industry acumen, and a forward-looking strategy to surmount these hurdles and secure a lasting position in the market.

Favorable Geographic location:

Certainly, wine production relies heavily on the cultivation of grapes, and India offers several favorable climatic regions, each with its unique terroirs and grape varieties. The best geographic locations for wine cultivation in India are primarily concentrated in the following key regions:

1. **Nashik, Maharashtra:** Nashik stands out as the unquestioned wine capital of India. Renowned for its exceptional grape-growing conditions, including elevation, climate, and soil quality, this region is perfectly suited for grape cultivation.
2. **Karnataka:** Karnataka, specifically encompassing areas like Nandi Hills, Bangalore Rural, and Hampi-Hospet, holds significant importance in the Indian wine production landscape. The state's diverse climates make it ideal for cultivating various grape varieties.

These two states not only dominate grape production but also represent a substantial portion of the wine market, accounting for over 55% of overall wine demand in the country. Companies like Sula have strategically capitalized on their presence in both Maharashtra and Karnataka, establishing robust distribution networks and reaping substantial benefits from these favorable regions.

Sula's future strategy includes targeting less-penetrated major cities such as Hyderabad, Chennai, Kolkata, and Delhi, alongside Tier-1 and Tier-2 cities. Furthermore, they intend to extend their market reach into tourist-centric areas like Kerala, Rajasthan, and Goa, thereby strengthening their market presence.

Leading market player with approximately more than 50% market share:

Sula Vineyards has firmly established itself as a prominent wine producer in India, boasting a robust presence across key markets. This extensive network grants the company a notable competitive edge within the wine industry. With a market share exceeding 50%, Sula Vineyards continues to demonstrate its dominant position in this sector.

Situated in Nashik, Maharashtra, Sula Vineyards has been a driving force in propelling the Indian wine industry forward. Their reputation is built on a diverse wine portfolio encompassing reds, whites, and sparkling varieties. Furthermore, their proactive efforts have significantly contributed to the widespread adoption of wine consumption throughout the country.

The brand "Sula" holds significant recognition, and in addition, the company possesses a portfolio of other strong individual brands with distinct identities, including "Rasa," "The Source," "Dindori," "Dia," and more.

Key wine players in Indian Market:



India's largest wine producer with a reliable supply of raw materials.

Sula Vineyards has consistently maintained its position as a market leader, primarily due to its substantial vineyard holdings, which encompass approximately 2,521 acres. In contrast, the second-largest wine company in India, Grover Zampa, operates on a much smaller scale with around 460 acres, while Fratelli Wines manages 240 acres. Sula's commitment to quality wine production is underscored by its significant investment in manufacturing and processing infrastructure, which includes multiple well-equipped wineries in Maharashtra and Karnataka, each with its bottling unit. These facilities incorporate advanced technology and adhere to rigorous quality control systems to ensure the highest production standards. Sula boasts four wineries in Maharashtra and two in Karnataka, with plans for further expansion in Domaine Dindori to increase tank capacity.

To secure a consistent supply of wine grapes to these wineries, Sula has entered into substantial long-term supply agreements extending up to 12 years, covering approximately 2,290 acres of vineyards. This strategic move ensures that over 90% of the company's annual wine grape supply is guaranteed through these contracts. Additionally, Sula aims to strengthen its supply chain by forging new long-term agreements with external farmers.

Sula's commitment to quality and sustainability is evident in its proactive engagement with contract farmers. The company actively guides and educates these farmers in implementing best practices to enhance productivity, thus increasing their incomes. Sula's dedicated outreach team plays a vital role in training farmers in

the latest viticulture techniques and closely monitoring vineyard activities to ensure the production of top-tier grapes.

Moreover, Sula's scale of production contributes significantly to providing stable incomes to contracted farmers. This is particularly noteworthy as wine grapes typically command higher prices compared to table grapes, aligning with Sula's commitment to advancing the wine industry in India.

Largest wine supplier and distributor:

Sula Vineyards Limited has established a robust distribution platform in 26 States and 6 Union Territories consisting of:

- Distributors: Over 50 distributors.
- Corporations: 11 corporations.
- Licensed Resellers: 14 licensed resellers.
- Company Depots: 7 company depots.
- Defense Units: 3 defense units.

As of August 31, 2023, they have more than 24,000 points of sale, which includes:

- Over 13,500 retail touchpoints.
- Over 9,000 hotels, restaurants, and caterers.

Additionally, they maintain a dedicated sales force of 141 permanent employees.

Sula has effectively built and managed this extensive distribution network, forging strong relationships with partners across their territories. They also have a thriving direct-to-consumer channel through their wine tourism facilities in Nashik (Maharashtra) and Bengaluru (Karnataka).

What's particularly noteworthy is their exceptional inventory management. Despite producing between 5 to 10 times more wine than some of their competitors, Sula achieves an average inventory turnover time of only 465 days. This demonstrates that their distribution channels are highly efficient in swiftly bringing their products to the market, in stark contrast to Fratelli (with an inventory turnover time of 595 days) and Grover (with a longer turnover time of 878 days). This efficiency highlights Sula's robust market position and its capacity to meet consumer demand with remarkable effectiveness.

Continuous focus on growth and premiumisation of Sula's own brands:

The pandemic drove a significant rise in premiumization as consumers sought "affordable luxury" experiences at home, leading to increased spending on higher-quality products across all alcohol categories. Home mixology trends on social media platforms added

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to this, with young consumers showing continued interest in cocktails. This premiumization trend is also evident in the sparkling wine category, where high-end bubbles are gaining popularity.

Sula Vineyards currently holds the top position in all four wine market price segments: 'Elite' (Rs 950+), 'Premium' (Rs 700-950), 'Economy' (Rs 400-700), and 'Popular' (below Rs 400). Sula is committed to strengthening its own brand portfolio, emphasizing its dedication to the Indian wine market.

Sula takes pride in offering an extensive selection of 'Elite' and 'Premium' wines, catering to discerning Indian wine consumers. The company aims to solidify its market leadership by leveraging its robust distribution network to introduce innovative products in these high-end categories, diversifying its portfolio and increasing market share. Sula's primary goal is to drive volume growth in the 'Elite' and 'Premium' segments.

To achieve this goal, Sula plans to implement innovative initiatives that tap into the growing demand for premium wines in India. Their vision is to seize opportunities in the Indian premium wine market fully. Additionally, Sula intends to expand into untapped markets by introducing wines from their 'Elite' and 'Premium' ranges, further promoting the premiumization trend.

Brand	Labels
Elite (>Rs.950)	
Sula	Brut, Brut Tropicale, Sparkling Shiraz, Riesling, Late Harvest Chenin Blanc
Dindori	Viognier, Chardonnay, Shiras
RASA	Syrah, Cabernet Sauvignon, Zinfandel
The Source	Cabernet Sauvignon, Grenache Rose, Sauvignon Blanc, Moscato, Chenin Blanc Reserve
York	Arros, York Late Harvest Chenin Blanc, H Block Chardonnay, Sparkling Rose, Sparkling Cuvee
Premium (Rs. 700-950)	
Sula	Shiras Cabernet, Zinfandel Red, Chenin Blanc, Sauvignon Blanc, Zinfandel Rose, Seco, Seco Rose
Satori	Satori
York	York Shiraz, York Cabernet Meriot, York Chenin Blanc, York Sauvignon Blanc, York Rose
Economy (Rs. 400-700)	
York	All Rounder Red, All Rounder White
Dia	Dia Red, Dia White

Kadu	Cabernet Shiraz, Chenin Blanc, Shiraz Rose
Port Gold/1000	Port Gold
Madera	Madera Red, Madera White, Madera Rose
Mosaic	Mosaic Red, Mosaic White
Popular (<Rs. 400)	
York	Manthan Red, Manthan White, G9 Port, G9 Premium Port, White Port
Heritage	Heritage Red
Port Gold/1000	Port 1000
Samara	Samara Red, Samara White

Leader & pioneer in wine tourism, resorts, Hospitality:

Sula Vineyards places great emphasis on its Wine Tourism Business, which synergizes with its wine production and significantly contributes to its growth. Over the years, it has expanded its Wine Tourism Business by increasing the number of rooms from 33 in March 2018 to approximately 67, with plans for further expansion in the coming years. Notably, Sula's Wine Tourism Business boasts the highest Direct-to-Consumer (D2C) sales and profitability in the Indian wine industry. The company is committed to further expanding this segment, capitalizing on its brand, expertise, and exceptional visitor experiences.

Sula Vineyards has long been dedicated to offering unique and memorable experiences to wine enthusiasts. It strives to maintain its pioneering status in wine tourism in India, welcoming over 340,000 visitors to its Nashik estate in FY2023. The company's journey in wine tourism began with the launch of India's first wine tasting room in FY2005 at its Nashik facility, followed by another tasting room at its Domaine Sula facility in Karnataka in FY2017. These wine tourism experiences provide valuable insights into Indian winemaking and offer the opportunity to taste wines at their source. Wine tastings are instrumental in nurturing a wine culture, raising consumer awareness, and providing training for staff in hotels, restaurants, and cafes that serve Sula's wines. In FY2023, Sula conducted approximately 170,000 wine tasting sessions, marking an 80% year-on-year increase. This business continues to attract wine lovers and enthusiasts from across India, fostering brand loyalty for Sula.

In 2008, Sula Vineyards further expanded its wine tourism offerings by launching India's first vineyard resort and introducing the wine-themed music festival "SulaFest" at its Nashik facility. The SulaFest has become so popular that it has drawn Bollywood celebrities to its festivities. The boutique resorts located in Nashik, known as "The Source at Sula" and "Beyond Sula," have room capacities of 67 and 10, respectively.

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Together, these segments achieved an average occupancy of 66% and 71% in FY20 and FY22, respectively, resulting in increased average room revenue from Rs. 8,700 to Rs. 10,400. This contributed to a 35% CAGR in total room revenue between these years, and the segment's share in wine tourism revenue grew from 20% to 29%. In addition, the total wine tourism revenue expanded at an approximately 17% CAGR from Rs. 280 million to Rs. 450 million between FY20 and FY23. To further bolster its wine tourism business, Sula Vineyards added 27 rooms in Q1FY24, bringing the total number of keys to over 100. Moreover, Sula has leveraged the York Winery to cater to younger and price-sensitive customers.

Importantly, the resort segment in the wine tourism business requires minimal capital investment. Local partners in Nashik construct the resorts and lease the property to Sula for 10-15 years. Notably, the lease agreement does not involve any revenue or profit-sharing arrangement with the lessor, making this arrangement highly advantageous for the company.

Leading the Way in Sustainability and Climate Change Readiness:

Sula Vineyards Limited stands out as one of the most sustainable wine businesses globally. With over 2 megawatts of installed solar photovoltaic (PV) capacity, it covers more than 60% of its annual energy requirements in Fiscal 2022. Additionally, SVL has implemented effective systems for recycling and reusing winery wastewater, solidifying its position as one of the most environmentally responsible wine companies in India.

Sustainability is a core pillar of Sula's success, demonstrated by past achievements such as reducing water and energy consumption per case produced. The company remains dedicated to reaching further milestones in the future. SVL's primary focus is on building resilience against climate change and global warming while continuing to produce India's finest wines using sustainable methods. To this end, the entire vineyard acreage is equipped with drip irrigation, rainwater harvesting, wastewater recycling, and sustainable farming practices, showcasing SVL's unwavering commitment to sustainable viticulture.

Government Policies and Their Impact on Sula Vineyards:

Certain Indian states, including Maharashtra, Karnataka, and Uttar Pradesh, have enacted policies to support wine production by offering excise duty concessions. Sula Vineyards benefits from Maharashtra's Wine Incentive Promotion Scheme (WIPS), which refunds 80% of the value-added tax (VAT) on wine made from grapes grown in Maharashtra and sold within the state. In FY2023, this subsidy constituted about 28% of Sula's EBITDA.

However, concerns arise regarding the potential non-renewal of WIPS, with reports suggesting a phased reduction in incentives, starting with a decrease to 50-60% from the current 80% VAT refund. Sula plans to counter the impact by adjusting prices and making marginal reductions in trade margins. The company remains optimistic about a positive resolution regarding the policy's status.

Superior Revenue Generation Compared to Competitors:

In comparison to leading spirits and beer companies, Sula enjoys a significantly lower excise duty expense, accounting for only about 7% of its gross revenue. This leaves an impressive 93% of sales retained by the company. It's essential to recognize that most of these advantages are inherent to the industry's structure rather than specific to the company itself.

However, Sula, as a competitive leader in an industry with strong barriers to entry, is well-positioned for robust growth and a promising outlook. With its strong market position and favorable industry dynamics, Sula has the potential to maintain its competitive edge and continue thriving in the market.

Challenges and Risks for Sula Vineyards:

- **Withdrawal of Government Incentives:** The removal of subsidies, incentives, or tax concessions can affect profitability.
- **Increase in Excise Duty:** Any rise in excise duty can put pressure on the company's financials.
- **Changing Government Regulations:** Shifting regulations in the alcoholic beverage category may impact operations.
- **Import Duty Reduction:** Reduction in import duties on wines could affect the competitive landscape.
- **Climate Risk:** Environmental factors pose a risk to vineyard operations.
- **Strong Seasonality:** The business is susceptible to seasonal fluctuations.
- **Government Approval for Price Increases:** Failure to secure approvals for price hikes can affect revenue.
- **Supply-Chain Disruptions:** Disruptions in the supply chain may impact production and distribution.
- **Concentration Risk:** Risks associated with sourcing, customers, and geographic concentration.
- **Integration Challenges:** Challenges in integrating acquisitions can impact overall performance.

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- **Quality Risk:** Ensuring consistent product quality is essential for brand reputation.
- **Beer and Spirits Preference:** Beer and spirits may continue to be preferred over wine in India in the long run.
- **Legal Disputes and Contingent Liabilities:** One of the most substantial legal disputes involving the company amounts to Rs. 1,158 million with the Maharashtra Government. In 2018, the Nashik Collector B. Radhakrishnan asserted that the company was among the major offenders for misinterpreting grape policies and not paying excise duty on wines sold within the country. This dispute revolves around wineries that purchased and blended wine from outside Maharashtra. While wineries had earlier received concessions on excise duty for wines made from grapes grown in Maharashtra until 2021, importing wine from other states or countries incurred excise duty.

Financials

Income Statement

Y/E Mar (INR mn)	2022	2023	2024E	2025E
Net revenues	4,244	5,162	5,825	6,590
RM costs	-1,171	-1,331	-1,463	-1,653
Gross profit	3,073	3,831	4,362	4,937
Employee costs	-653	-775	-891	-1,024
A&P spends	-445	-553	-670	-758
Other expenses	-841	-929	-1,054	-1,194
EBITDA	1,133	1,574	1,747	1,961
Depreciation	-236	-259	-336	-366
EBIT	897	1,315	1,411	1,595
Other income	28	35	32	48
Interest expense	-229	-211	-179	-182
PBT	695	1,139	1,263	1,461
Tax	-174	-299	-328	-380
Extraordinary items	-	-	-	-
Reported PAT	521	840	935	1,081

Balance Sheet

Y/E Mar (INR mn)	2022	2023	2024E	2025E
Total equity	3,952	5,320	6,022	6,832
Total borrowings	2,290	1,918	1,868	1,768
Other non-current liabilities	251	240	234	374
Total Non-current liabilities	2,541	2,157	2,102	2,142
Creditors	674	820	878	1,011
Other current liabilities	371	465	460	521
Total Current liabilities	1,045	1,285	1,338	1,532
Total equity and liabilities	7,538	8,763	9,461	10,506
Net fixed assets	3,444	3,970	4,305	4,523
CWIP	10	19	19	19
Right of use assets	93	93	100	105
Cash and cash equivalents	102	164	120	501
Inventories	1,623	1,789	1,915	2,121
Receivables	1,094	1,145	1,277	1,426
Other current assets	793	973	1,055	1,190
Total current assets	3,612	4,071	4,366	5,238
Total assets	7,538	8,763	9,461	10,506

Outlook:

Sula Vineyards stands on the brink of substantial future growth potential, provided it continues to outshine its competitors in the alcoholic beverage industry while securing and expanding its market share in both the domestic and imported wine sectors. However, a noteworthy concern among investors revolves around the potential withdrawal of subsidies provided by the Wine Incentive Promotion Scheme (WIPS) in Maharashtra. In our analysis, a complete rollback of these subsidies could have a short-term impact on earnings. Nevertheless, the likelihood of a phased reduction seems more probable, which would be more manageable for the company.

Notably, Sula enjoys a stronger position compared to its domestic peers, and we anticipate minimal changes in its competitiveness, especially when pitted against imported wines. Furthermore, Sula's leadership in wine tourism adds to its strengths. Considering these factors, we confidently recommend a "BUY" rating for Sula Vineyards, with a target price of Rs. 589/-.

Cash Flow

Y/E Mar (INR mn)	2022	2023	2024E	2025E
Profit before tax	695	1,140	1,263	1,461
Depreciation	236	259	336	366
Finance costs	214	190	179	182
Other misc	38	-3	-32	-48
Operating cash flow before w-cap changes	1,184	1,586	1,747	1,961
Change in net working capital	-143	-441	-335	-359
(Inc)/dec in debtors	164	-76	-131	-150
(Inc)/dec in inventories	-146	-182	-126	-206
Inc/(dec) in trade payables	-207	-347	-134	-136
Others	47	164	57	133
Direct taxes paid	-167	-278	-327	-373
CF from operating activities	874	868	1,085	1,229
Cash flow from investing activities				
Capital expenditure	-550	-691	-625	-525
Interest received	0	-65	-	-
Change in Investments / Misc	91	2	-	-
CF from investing activities	-459	-754	-625	-525
Cash flow from financing activities				
Issue of equity shares	561	959	0	0
Proceeds from borrowings	307	574	-	-
Dividend paid (including DDT)	-613	-434	-50	-100
Interest paid	-202	-175	-179	-182
Payment of lease liabilities	-194	-454	-234	-270
Others	-54	-52	-73	181
CF from financing activities	-195	418	-536	-371
Net change in cash and cash eq.	220	532	-75	333
Free cash flow	415	194	460	704

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