

Organization Profile of Sula Vineyards Pvt. Ltd.

Subject: - CEO's Application for the "Fastest Growing Indian Company Excellence Award" at IEDRA

Background on Sula Vineyards

Sula Vineyards is India's leading premium wine producer, and commands a majority market share across the country. Established in 1999 and proud of its Indian heritage, Sula has played a vital role in reviving and strengthening the Indian wine industry and increasing consumption in a country primarily known for its colonially influenced preference for whiskey and brandy. Compared to other old-world wine producing countries across Europe, for example, that continue to enjoy significant support from their national governments in promoting the wine industry, Sula has built their wine business and allied activities single-handedly, while simultaneously benefiting rural livelihoods and the local economy. Sula's estate is located in the idyllic settings of Nashik in northern Maharashtra, approximately three hours away from Mumbai. Apart from revolutionizing the wine industry in India, Sula's major contribution was placing Nashik Valley, as a premium wine producing region, on the world wine map as a major oenophile destination – India's very own Napa Valley, if you will.

Currently, Sula owns and operates its winery at Gangapur in Nashik, in the midst of some of its estate vineyards. At this location stands The Tasting Room, India's first at a winery, with a 35-ft bar and a view beyond compare. The 4,500 -sq.ft. Tasting Room boasts a blue-mosaic balcony bar with a panoramic view of the rolling vineyards surrounded by hills and the picturesque Gangapur lake in the distance. Regular winery tours and limited edition wine tastings take place on the hour, run by trained staff and the winemaking team. A short walk away stands two iconic food restaurants; **Soma** – known for its famed Indian food like kebabs and biryanis. **Little Italy** – A light vegetarian Italian cuisine with food that pairs beautifully with Sula's wines. Heading out of the restaurants you will see the Amphitheatre that has been the site of numerous special events and celebrations over the years, ranging from weddings to poetry and literature festivals as well as the site of India's first and only world gourmet music festival at a vineyard, SulaFest.

India's premier wine and harvest festival, SulaFest began in 2007 and attracts leading Indian and international artists from across genres including rock, folk, blues, electronic and reggae music. The event dishes out a heady mix of great music, wine, cocktails, food, fashion and shopping amidst the scenic environs of Sula Vineyards. Apart from wines from the vineyards of Sula, fest-goers can also enjoy a wide selection of libations from around the world by Sula's import arm Sula Selections as well as specialized food and merchandise offerings from far and wide.

Last but not the least, Sula has newly launched its Heritage Resort "**The Source**" that is situated minutes away from the tasting room itself at Sula Vineyards; Easily accessible and a luxurious stay for a perfect weekend getaway. Sula also boasts of a luxury resort that is ten minutes from its vineyards – "**Beyond**" which consists of the "**Skyvilla**" a luxurious 3 bedroom villa – great for private gatherings overlooking the Gangapur Lake and 7 deluxe rooms around an infinity pool ; state-of-the-art spa

facilities, world-class business conference arrangements as well as all-day dining options to make this a peaceful getaway from the bustle of city life.

All of these contribute to making Sula the leading provider of wine tourism in India.

Achievements in the Last Year...

In the most recent financial year, we received almost 230,000 unique visitors to our vineyards and winery in Nashik – almost a 10% growth over the previous year.

Tasting Room – In 2015, we expanded our current Tasting Room by almost double in order to cope with the increasing footfall at our winery. This has resulted in smoother operations and a more pleasant experience for those visiting with less wait time, and more time to relax with a bottle of wine gazing out at our vineyards!

SulaFest – The ninth edition of SulaFest saw an increase in footfall as well as revenues yet again, with an almost 80% increase in external sponsorship this year thanks to the strong brand building done by the team. SulaFest now consistently ranks in the list of the top 5 must-do music festivals in India thanks to its consistent popularity and great lineup!

Social Media growth – As part of our targeted strategy, we chose Instagram as the primary platform for visitor interaction at the vineyards. In 2015, our Instagram numbers were in the low 100s. Due to our directed strategy and a focus on user-generated content, we have been able to increase our Instagram interactions by almost 600%. This has led to an increase in brand loyalty, consumer engagement and increased footfall at our vineyards. As of 2016, Sula is the leading winery in India with such high numbers of social media engagement.

Wedding Destination - Due to the growing popularity of our 1.5 acre amphitheatre as a destination wedding location and for other corporate events, we expanded the space by an additional 2500 sq.ft in order to accommodate requests from larger groups for grander events. This location has consistently featured in the top 5 destination wedding locations just outside the Mumbai area, a testament to the growing popularity of a complete vineyard experience with more people choosing to “celebrate with Sula”!

Taste and Buy – This was our most successful initiative this past year. As part of a tour of the vineyards, all visitors have the opportunity to taste and purchase a selection of our finest wines through a Taste and Buy program. From an initial run once a month, to biweekly, the Taste and Buy program now runs every weekend thanks to the surge in demand and popularity and has been single-handedly responsible for a 15% increase in wine sales from our winery, as consumers tend to purchase the wines they have most recently tasted. Approximately 40% of these came from our elite wine category, leading to higher revenues.

Sula makes a mark in the Indian Wine Industry...

As with its sale of wines and the extent of its reach across India, Sula has been a pioneer in wine tourism and in the wine hospitality space in India for over a decade now. The first to start a Tasting Room at a vineyard, the first vineyard restaurant and spa and now host of the country’s premier music and gourmet food festival at a vineyard, Sula understands the role that wine tourism plays in introducing a nascent and novice Indian wine consumer to the world of wines and competing in a market dominated by hard spirits and a tradition of male drinkers. Addressing the most critical part of wine awareness and education, Sula has designed an integrated business model around wine, apart

from its sales, in order to *build* the wine market while simultaneously capturing a majority share in the same. Aside from being a standalone revenue stream, Sula's Hospitality business and resort properties play a crucial role in building awareness, in a country such as India with harsh restrictions on alcohol advertising. Sula's key advantage among its competitors lies in its ability to constantly innovate to meet changing needs. The constant experimentation, from food offerings and tasting experiences, to testing and selling new wines exclusively at the winery, make Sula stand out from other similar businesses for creating an experience that can't be found anywhere else. In order to successfully run and maintain high standards of quality and operations, Sula's tourism ventures are a separate business entity, run apart from the company's sales efforts and thereby focusing all efforts into creating the best experience for a visitor at the vineyards.

Sula stands apart from many of its competitors for one more crucial reason – a commitment to growth and sustainability of local communities, who ultimately stand to benefit the most from increased tourism to the region. While Sula has always been committed to being at the forefront of sustainable wine production with minimal environmental impact, its tourism and hospitality activities also incorporate the same philosophy, by employing for almost 100% of its tourism ventures as well as using locally produced produce in its restaurants and kitchens. This focus on socio-economic development and sustainability is what Sula believes will ultimately benefit both the company and the local communities in the long run.

Results and Figures that demonstrate our Initiatives...

Revenue from all of our Hospitality outlets currently stands at INR 29 Crore (approx. USD 4.4 million), an increase of almost 20% over the previous year. Of this, wine sales alone stood at INR 11 Crore (approx. USD 1.6 million).

In FY 16, we began with 140 Taste and Buy consumer tastings in the month of April, and increased rapidly to almost 4,000 tasting sessions in December – our busiest month – and ended the year with a total of 18,500 unique paid tastings, which directly also impacted wine sales from our winery.

Revenues from Sula's Hospitality business have grown 29 times since its inception in 2008 with the launch of the Tasting Room, restaurant and amphitheater, and currently accounts for almost 10% of the company revenue.

As an experience, a visit to Sula Vineyards consistently ranks in the list of:

- top 5 experiences for a visitor to Nasik
- top 5 in the list of "must-visit" wineries in India
- top 10 in the list of best resorts / best alternative resort experiences / most romantic resorts in India

These results, while not officially awarded, are the cumulative experience of thousands of visitors to our properties, as verified on travel review platforms such as TripAdvisor and others.

The Future of Sula...

A recent study predicts wine consumption in India to reach 37 million liters by 2018, double the consumption of 18 million liters in 2014. In view of this and the regulatory challenges from the government's ban on direct marketing of alcohol, surrogate advertising in the form of alternative

properties and experiences around wine become more important. Sula firmly believes that the best form of marketing is to place a glass of our wines in front of the consumer and allow it to speak for itself. There is no better complement to this than wine tourism and drawing more people to our estates. We propose to develop and promote the below mentioned offerings, in addition to with our existing ventures.

Eco Sula – a personalized volunteer experience extended to all ages to experience firsthand the harvest and production of wine, as well as a farm-to-table experience, by working in our vineyards and organic garden. Through this offering, we hope to reach a wider audience, that does not necessarily drink wine or are not of legal age yet, to experience the other aspects related to winemaking and understand the relationship with the land.

Wine Circuit – With Maharashtra responsible for 75% of India's wine production, Sula's presence as the first winery in the region spawned the surge of almost 50 other wineries nearby. While not all have lasted due to various challenges, Nashik now boasts of a few world-class wineries and vineyards in the region, making it an optimal location for designing an official Wine Trail together with the Tourism Department of the local government. An additional benefit, aside from increased publicity and footfall, would be the emergence of strong local tourist economy that would benefit the local communities as well as attract international tourists who have experienced world class wine trails, at a more affordable rate by clubbing it together with Indian cultural experiences.

Limited Edition wines only for sale at our Tasting Room – With the popularity of our first Limited Edition Brut designed to celebrate Diwali, the festival of lights, we propose to create 2-3 limited edition wines with unique packaging that will be for sale only at the Tasting Room. By limiting supply, we will increase the exclusivity of this brand and provide an additional offering that can only be found by visiting our vineyards. Our last limited edition wine was received to great acclaim in the markets where it was launched, and we expect a similar response to this initiative as well.

Additional resort offerings – In 2016, we will be relinquishing our current vineyard resort due to the completion of lease agreements. In its place, we will design a 16-room boutique heritage resort at the location of our old winery, to be fully owned by Sula. We are also in the process of exploring additional land acquisition in the nearby area for future expansion.

Take it to the people – While we have enjoyed the positive response from visitors to our winery, we ultimately strive to take the Sula Experience across India for those who may not be able to visit us. We will conduct extensive wine tastings and wine-related events specifically in Tier 2 cities – a step below our major metro cities with an untapped demographic that has the potential to be converted to loyal wine drinkers with minimal investment. This ties in with our integrated sales strategy as well as targeting new markets in 2016.