



INVESTOR PRESENTATION | September 2020



Operational Snapshot



3 Decades of rich industry domain experience



Largest Single Location integrated manufacturing Facility



ENA manufacturing capacity is of 45 MLPA



32 Bottling Lines



12.5 Mn cases capacity



6 proprietary brands

Financial Snapshot



Industry Best Return Ratios



Net Debt Free



3 year Revenue CAGR : 22%



3 year Net Profit CAGR: 43%



CARE reaffirmed its A-/A2 credit rating for borrowings

Strategic Snapshot



Long standing strategic relationship with Diageo - USL



Diversified Product Portfolio



Expanding proprietary brand reach from 4 to 6 states

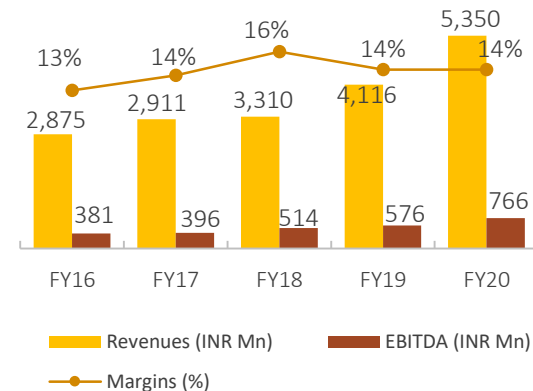
Company Overview



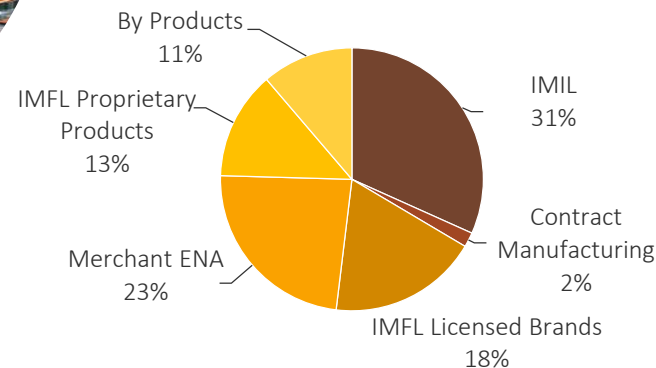
- Associated Alcohols and Breweries Ltd. (AABL) was founded by the late Shri Bhagwati Prasad Kedia in 1989.
- It is run today under the stewardship of his two sons, Mr. Anand Kedia and Mr. Prasann Kedia.
- AABL is one of the largest distillers in India with a state-of-the-art integrated alcoholic beverages manufacturing facility located in Central India near Indore, Madhya Pradesh.
- The company manufactures premium Extra Neutral Alcohol (ENA)/triple distilled/rectified spirit, IMIL and IMFL.
- AABL has diversified business segments, from manufacturing and supply of ENA to contract manufacturing for Diageo-USL, to manufacturing and marketing of licensed brands, as well as IMIL and 6 IMFL brands.



Financial Highlights



Segmental Revenue Breakup



Board of Directors & Key Management Personnel



P R O M O T E R S



Mr. Anand Kumar Kedia
Founder & Promoter



Mr. Prasann Kumar Kedia
Promoter

Mr Anshuman Kedia
Senior Executive & Promoter Group

Mr Vedant Kedia
Senior Executive & Promoter Group

B O D

Mr. Manish Kumar Tibrewal
Non-Independent Director

Dr. Apurva P Joshi
Independent Director

Mr. Tushar Bhandari
Whole Time Director

Mr Nitin Tibrewal
Independent Director

Ms Homai Ardeshir Daruwalla
Independent Director

Mr Debashis Das
Non-Independent Director

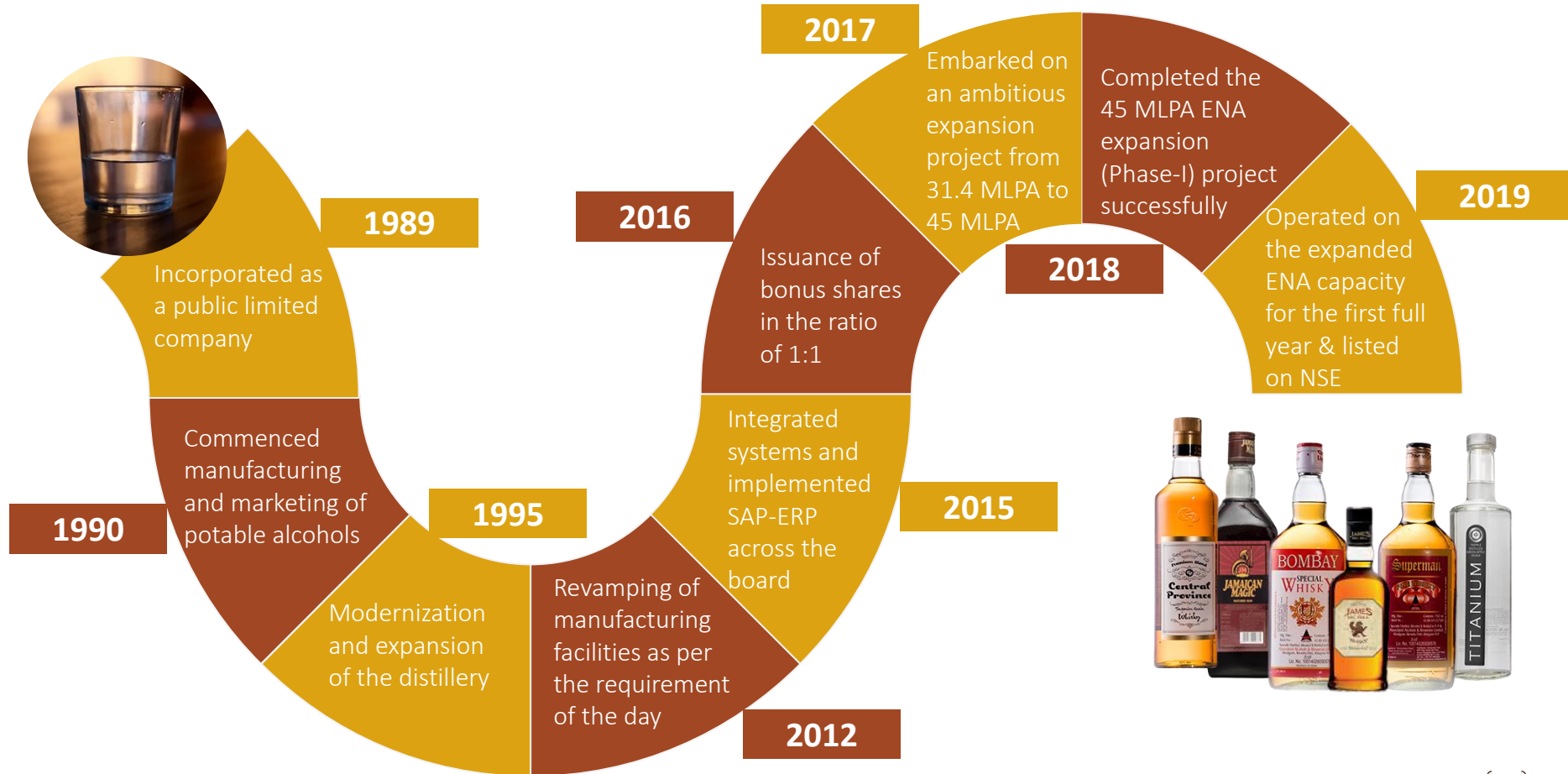
K M P

Mr Ajay Gautam
Group Vice President

Mr. Rahul Tiwari
Head of Finance Team

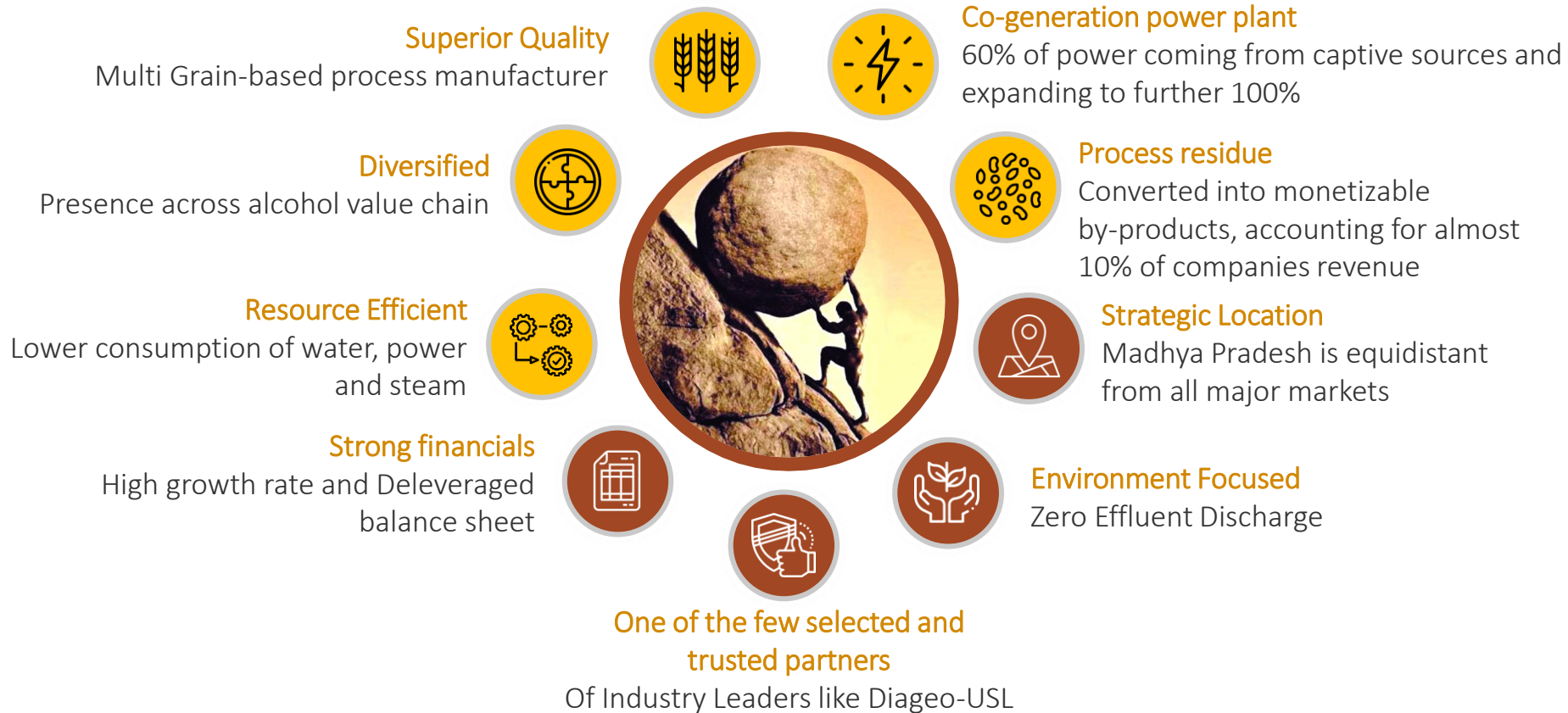
Mr. Sanjay Tibrewal
Chief Financial Officer

Mr. Sumit Jaitely
Company Secretary





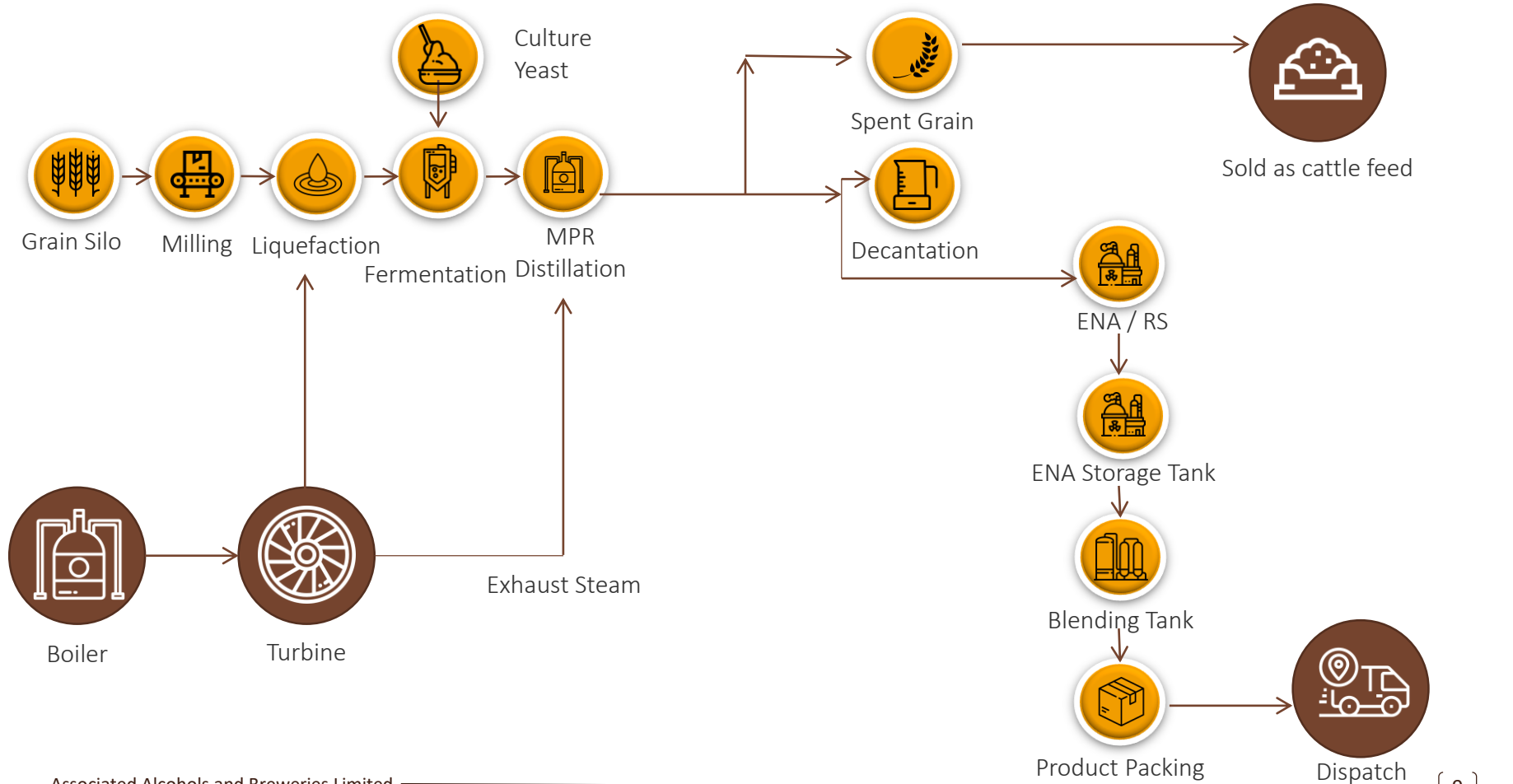
Award for BEST IMFL WHISKY (Prestige) James McGill





- The company has state of the art manufacturing facilities with:
 - ENA manufacturing capacity of 45 MLPA
 - 32 Bottling lines
 - 12.5 Mn cases capacity
 - 60% co-generation power plant
- The company uses various grains like Rice, Maize, Millets, and Sorghum for the manufacturing of ENA.
- AABL's manufacturing location at Central India near Indore is strategic from the raw material procurement security side due to the proximity to the agrarian farmlands of Madhya Pradesh and its contiguous States; as well as from a supply side as it is equidistance from large consumer markets like Maharashtra, Delhi, Kerala, Karnataka, and Chhattisgarh.
- The company is a preferred supplier as it is known for its Quality ENA and has a deep understanding of grains, crop cycles, environment integrity, integration into customer business plans, and secure transportation, which relieves the brands from the cumbersome task of manufacturing
- AABL also possesses extensive land of approximately 125 acres at the current location giving enough headroom for future expansion.

Integrated Manufacturing Process



Manufacturing

Grain Silo



Boiler



Bottling



Fermentation Section



Decantation Section



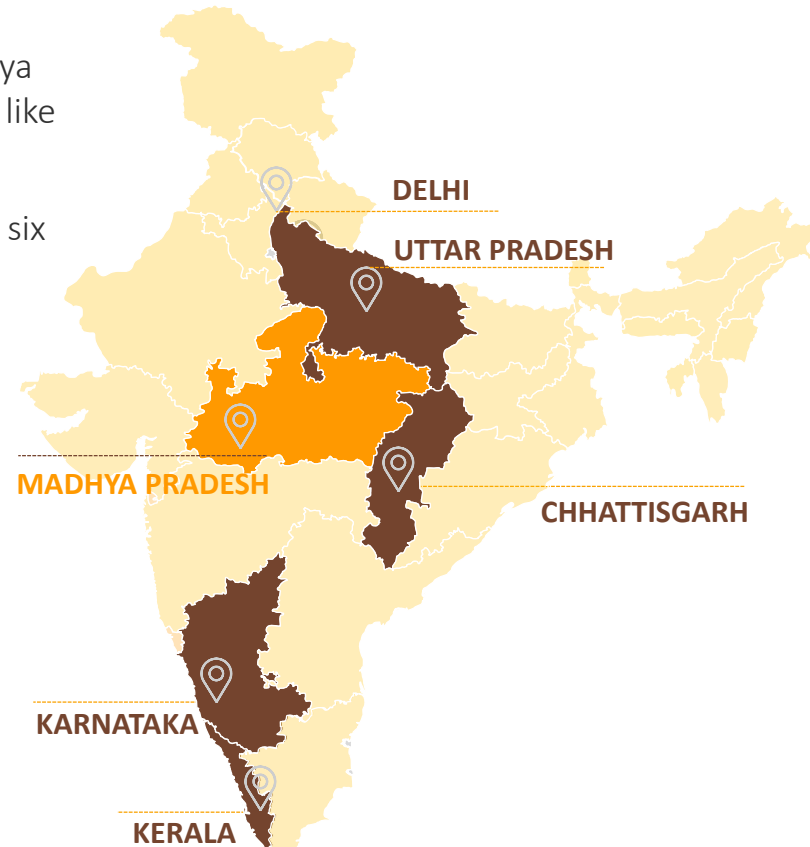
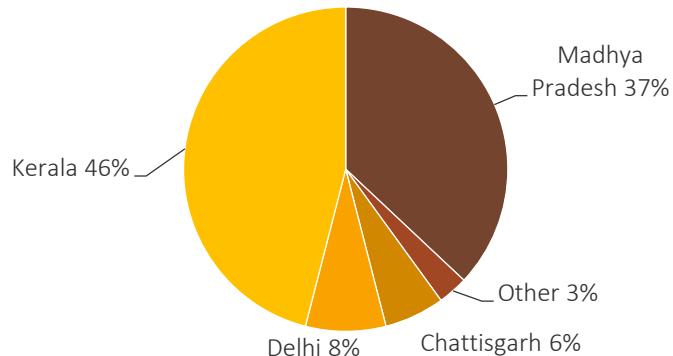


Strategic location of the manufacturing facilities in Madhya Pradesh as it is equidistant from large consumer markets like Maharashtra, Delhi, Kerala, Karnataka, and Chhattisgarh.



AABL's proprietary brands are being sold currently across six states viz. **Karnataka, Kerala, Delhi, Chhattisgarh, Madhya Pradesh, Uttar Pradesh** and the company plans to further enhance their distribution reach to other states in the coming years

State-wise Revenue Breakup of Proprietary Brands



Kerala: Asset-Light Model

(spirit supply from MP + outsourced bottling plant in Kerala)

ASSOCIATED

BUSINESS OVERVIEW



AABL has transformed from a small distillery of manufacturing country liquor to a diversified alcoholic beverages business with a portfolio covering both manufacturing services as well as direct to consumer business:

Manufacturing Business (36% of Revenue)



Merchant
ENA
23%



Contract
Manufacturing
2%



By Products
11%

Consumer Business (64% of Revenue)



IMIL
31%

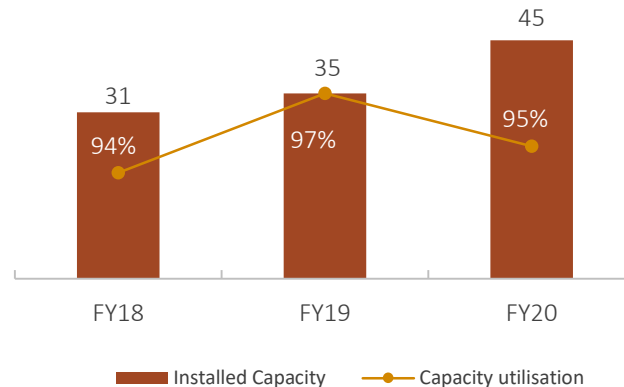


IMFL
(Proprietary Brands)
13%

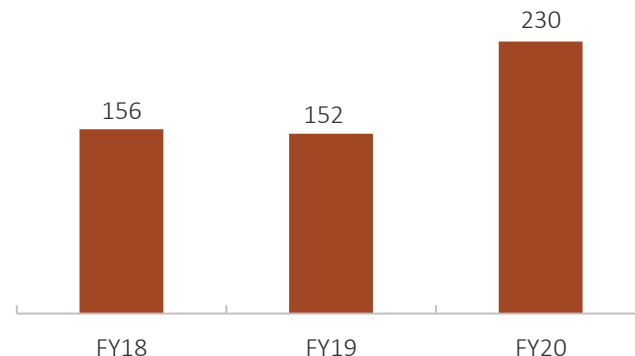


Licensed
Brands
18%

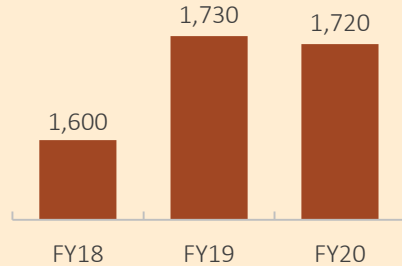
Capacity (MLPA) & Utilizations (%)



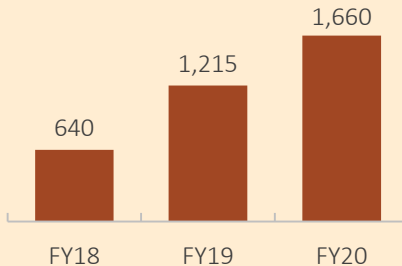
Total ENA Sales Volume (MLPA)



IMIL Revenue Growth
(INR Mn)



IMFL Revenue Growth
(INR Mn)



- Apart from manufacturing and marketing IMIL brands for three decades, AABL has diversified over the years to create 6 of its own proprietary IMFL brands.
- The company's IMFL brands are being sold today in states like Madhya Pradesh, Delhi, Chhattisgarh, Kerala and Karnataka.
- The company plans to steadily increase its geographical presence to more states by investing in market building, achieve critical mass and scale through progressive resource deployment.
- The company's clear strategy and focus is to strengthen the proprietary brands contribution to drive profitability over the coming years.
- All brands are available in all SKU sizes of 750ml, 375ml and 180ml.



James McGill
Whisky



Central
Province Whisky



Jamaican
Magic Rum



Bombay Special
Series



Superman
Series

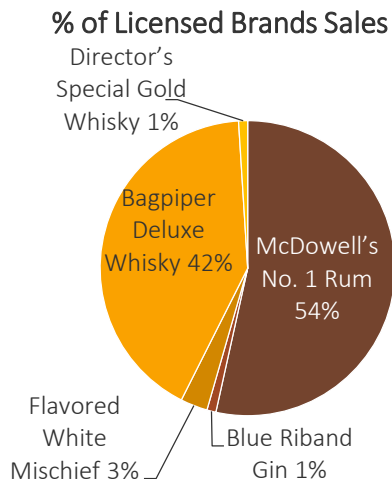


Titanium Triple
Distilled Vodka



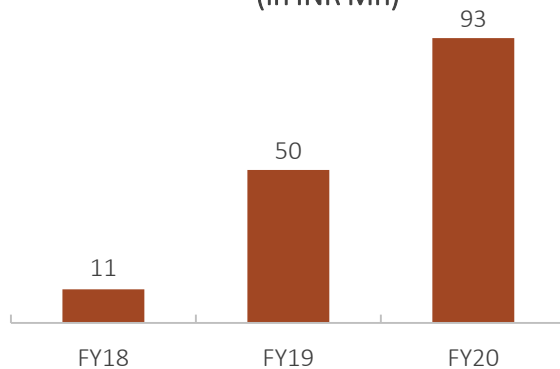
Apple & Orange
Titanium Triple
Distilled Vodka

- AABL has had a long standing and constantly growing relationship with Diageo for over two decades due to AABL's integrated manufacturing process and unmatched superior quality ENA.
- From supplying ENA to contract manufacturing to job working, AABL is Diageo's premier and most reliable business partner. Both companies have constantly worked together to build and grow the business relationship so as to be mutually beneficial.
- In 2017, AABL enhanced this relationship by entering into an exclusive franchise agreement with Diageo-USL to distill, blend, bottle and market some of its key brands in the state of Madhya Pradesh.
- AABL has been accredited as being the best franchise performers from Diageo, and hence both companies are exploring options to enhance the franchisee to other states as well.



- Contract Manufacturing helps AABL diversify the business risk by mitigating excessive dependence on any one business segment
- The company is known for its superior quality extra fine triple distilled grain spirit which enjoys a high demand from various IMFL brands.
- AABL is a key supplier of Extra Neutral Alcohol (ENA) for various leading companies like Diageo, Pernod Ricard, ABD among others.
- The company is also the preferred bottler for industry leaders and many prestigious brands.
- By the virtue of being among the largest strategically located ENA manufacturers in the country, the Company assures its customers on quality and timeliness of supply to any location in the country.

Contract Manufacturing Revenue Growth
(in INR Mn)





- Expansion plans to cater to the growing needs of the existing domestic and international customers, as well as enhance the company's presence in all segments of the alcohol consumption value chain by increasing focus on value added high margin products.
- Expansion of capacity from 45 MLPA to 90 MLPA along with co-generation power plant making AABL the largest single location distillery in India, with a total capex outlay of INR 1,200 Mn.
- Funding of Expansion primarily through internal accruals, helping the balance sheet stay deleveraged.
- Strategy to utilize additional ENA production into value added products.
- Increase presence of proprietary brands in other major markets of the country.
- Creation of spirit malt manufacturing and storage capacity.
- The company has a low gestation period, ability to achieve 100% utilization level in 6 months post expansion with ample demand scenario.





INDUSTRY OVERVIEW



- India is the third-largest and fastest growing liquor market in the world.
- The **India alcohol market** was valued at INR 2,807,236.7 bn in 2018, and is expected to reach INR 5,482,851.3 bn by the end of 2027 exhibiting a **CAGR of 7.8%** for the forecast period (2019-2027).
- **The ENA Market in India**
 - According to IMARC Group's report, the Extra Neutral alcohol (ENA) market in India reached a volume of 2.96 bn litres in 2019.
 - In India, almost 90% of ENA is used for potable alcohol, which accounts for an annual production capacity of nearly 2.7 bn litres.
- **The IMFL Market In India**
 - IMFL volumes are expected to reach INR 339 mn cases in CY 2022.
 - Its consumption in India is expected to post a CAGR of 8.4% in value terms and 4.7% in volume terms in 2017-21.
- **Market Opportunities**
 - Rising demand for premium and high prices alcohol due to increasing purchasing power.
 - The rising trend of accepting alcohol drinking.
 - Increasing the number of pubs and bar around the globe.
 - Increasing launches of flavored alcohol by market players.
 - Online liquor sales have increased during COVID.

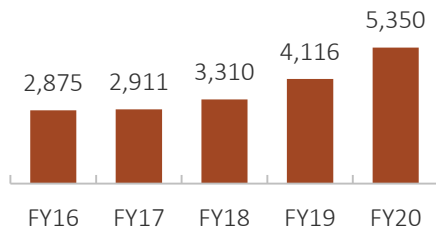


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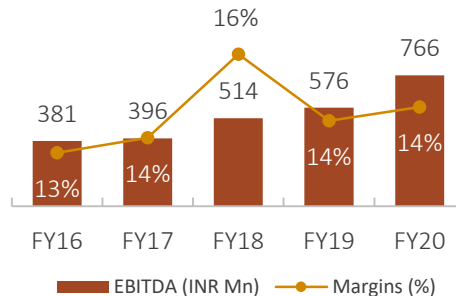
FINANCIAL OVERVIEW



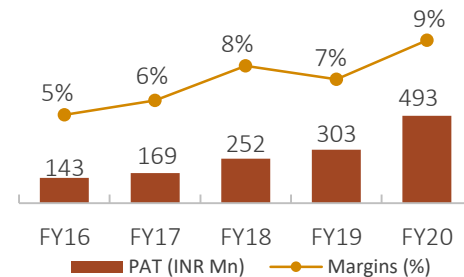
Revenue From Operations
(INR Mn)



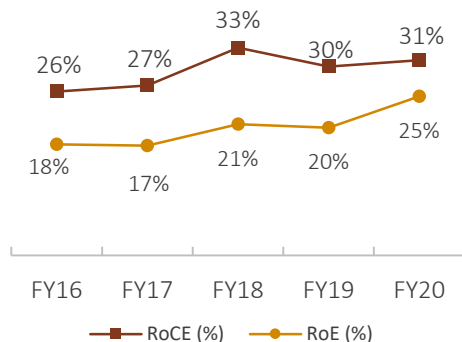
EBITDA (In INR Mn) &
EBITDA Margins (%)



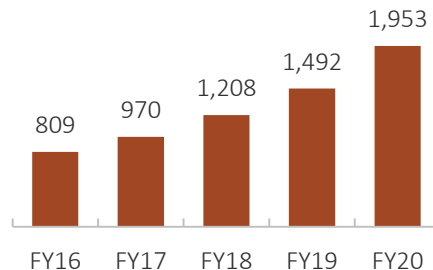
Net Profit (In INR Mn) &
PAT Margins (%)



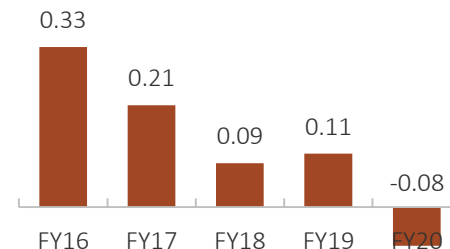
RoCE (%) and RoE (%)



Net Worth (INR Mn)



Net Debt to Equity
(x times)



Historical Financial Performance



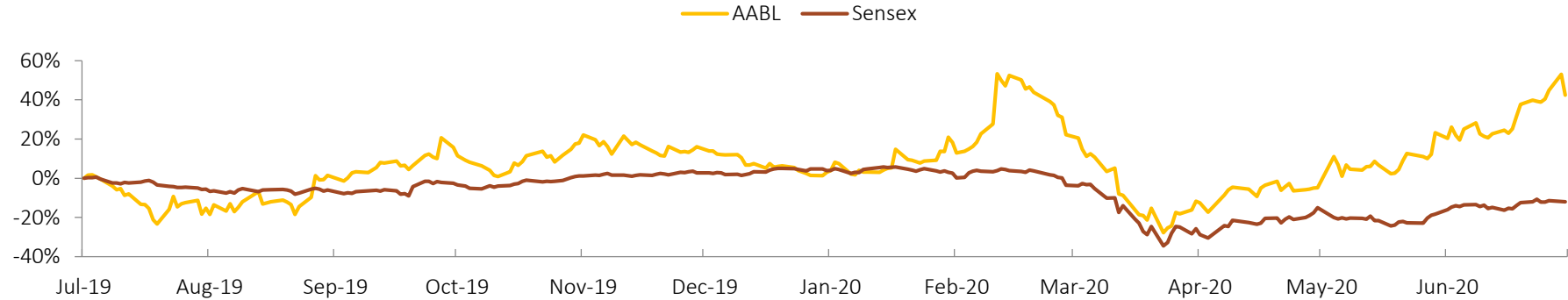
Particulars (INR Mn)	FY18	FY19	FY20	Q1-FY21
Operational Income	3,310	4,116	5,350	604
Total Expenses	2,796	3,540	4,584	516
EBITDA	514	576	766	88
<i>EBITDA Margins (%)</i>	<i>15.53%</i>	<i>13.99%</i>	<i>14.32%</i>	<i>14.57%</i>
Other Income	31	42	33	10
Depreciation	113	123	141	30
Interest	38	22	21	3
PBT	394	473	637	65
Tax	142	170	144	17
Profit After tax	252	303	493	48
<i>PAT Margins (%)</i>	<i>7.61%</i>	<i>7.36%</i>	<i>9.21%</i>	<i>7.95%</i>
Other Comprehensive Income	8	3	(9)	-
Total Comprehensive Income	260	306	484	48
Diluted EPS (INR)	13.93	16.74	27.29	2.64

Balance Sheet



Particulars (INR Mn)	FY19	FY20
ASSETS		
Non-Current Assets		
Property, Plant & Equipment	1,163	1,070
Capital Work in progress	19	112
Intangible Assets	1	1
Rights of Use Assets	-	25
Financial Assets		
(i)Investments	31	22
(ii)Long-term Loans and Advances	10	11
(iii)Other financial Assets	4	4
Non current tax Assets	-	12
Other non-current assets	65	43
Sub Total Non Current Assets	1,293	1,300
Current Assets		
Inventories	559	573
Financial Assets		
(i)Trade Receivables	307	390
(ii)Cash and Bank Balance	55	219
(iii)Loans	163	213
(iv) Others	19	2
Other Current Assets	47	38
Sub Total Current Assets	1,150	1,435
TOTAL ASSETS	2,443	2,735

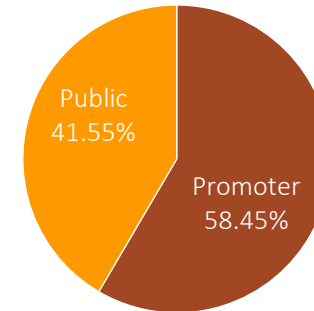
Particulars (INR Mn)	FY19	FY20
EQUITY AND LIABILITIES		
Equity		
Share Capital	181	181
Other Equity	1,311	1,772
Total Equity	1,492	1,953
Non Current Liabilities		
Financial Liabilities		
(i)Borrowings	75	47
(ii)Lease Liabilities	-	16
Provisions	7	11
Deferred Tax Liabilities (net)	87	64
Non – current tax liabilities (Net)	1	2
Sub Total Non Current Liabilities	170	140
Current Liabilities		
(i)Borrowings	147	11
(ii)Lease Liabilities	-	8
(iii)Trade Payables	306	365
(iv)Other Financial Liabilities	151	127
Other current Liabilities	155	131
Provisions	-	-
Current Tax Liabilities	22	-
Sub Total Current Liabilities	781	642
TOTAL EQUITY AND LIABILITIES	2,443	2,735



Price Data (30th June, 2020)

Face Value (INR)	10.0
Market Price (INR)	254.6
52 Week H/L (INR)	298.0/122.0
Market Cap (INR Mn)	4,602.9
Equity Shares Outstanding (Mn)	18.08
1 Year Avg. trading volume ('000)	83.93

Shareholding Pattern as on 30th June 2020



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