AABL 2.0

ASSOCIATED ALCOHOLS AND BREWERIES LIMITED

A PRESENTATION OF OUR 2019-20 PERFORMANCE AND HOW WE INTEND TO GRADUATE TO THE NEXT LEVEL



This presentation is segregated into three parts for easy reading

Part one.
Review of AABL's performance in 2019-20

Part two.

How we have built a robust integrated alco-bev company

Part three. Where we go from here



Background: Founded by Late Shri Bhagwati Prasad Kedia in 1989. Among the flagship companies of the Associated Kedia Group involved in the manufacture and bottling of liquor. The company took over the distillery operations of the promoter group and extended to the manufacture of premium liquor products.

Promoters: Promoters comprise Mr. Anand Kumar Kedia and Mr. Prasann Kumar Kedia

Associated Alcohols.
One of the most exciting alco-beverage companies in India.



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Market presence

One of the largest distilleries in India. Geographic presence in 4 states – Madhya Pradesh, National Capital Region, Chhattisgarh and Kerala.

Facilities

State-of-the-art
manufacturing facility
located in Khodigram
(Barwaha district,
Khargone, Madhya
Pradesh).
Registered/Corporate office
in Indore.

Credit rating

CARE reaffirmed the A-/A2 rating on the company for bank borrowings.

Products

Premium extra neutral alcohol/grain spirit



Indian Made Indian liquor (IMIL)



Indian Made Foreign liquor (IMFL)



Rectified spirit



Contract
manufacturing
partner (Diageo –
USL)



4.5

(cr litres) ENA manufacturing capacity as on 31st March 2020

32
Rottling

Bottling lines

12.5

(mn) cases capacity as on 31st March 2020



The big picture of our 2019-20 performance

535
Rs cr, Revenues,
2019-20



411.5 Rs cr, Revenues, 2018-19



30% Growth in Revenues 79.89
Crores EBIDTA,
2019-20

61.84 Crores EBIDTA, 2018-19



30%
Growth in
EBITDA

15 EBIDTA margin %, 2019-20



15 EBIDTA margin %, 2018-19



Constant
EBIDTA margins
in spite exploring
new markets

49.33 Rs cr, PAT, **2019-20**



30.26 Rs cr, PAT, **2018-19**



63%
Growth in PAT

The big picture of our Q4 2019-20 performance (Q-o-Q comparison)

135.80 Rs cr, Revenues, Q4 2019-20

121.80 Rs cr, Revenues, Q4 2018-19



11.5%
Growth in Revenues

18.15 EBIDTA, Q4 2019-20

13.59 EBIDTA, Q4 2018-19



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33.55%
Growth in
EBITDA

13.37 EBIDTA margin %, Q4 2019-20



11.15 EBIDTA margin %, Q4 2018-19



222
BPS growth in EBITDA

10.74 Rs cr, PAT, Q4 2019-20



5.72 Rs cr, PAT, Q4 2018-19



88% Growth in PAT



Financial performance of the last 3 years

(Rs. in Lakhs except EBITDA margin, EPS and BV)

	2019-20	2018-19	2017-18
Income From Operations	53500	41158	33099
Total Expenses	47456	36847	29464
EBIDTA	7990	6184	5459
EBIDTA margin (%)	15	15	16.5
Depreciation	1410	1229	1132
Finance cost	208	223	384
PBT	6372	4732	3942
Tax	1438	1705	1423
PAT	4934	3026	2519
EPS (Rs per share)	27.29	16.74	13.93
Book value (Rs per share)	108	82.5	66.8

The challenges we faced in 2019-20

First year of full capacity availability after expansion











How we overcame those challenges of 2019-20



Technical and continuous review of plant operations

Direct mandi procurement

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Kerala entry asset-light (spirit supply from central location+ outsourced bottling plant)



52% increase in ENA sales volumes

26% Growth in franchised sales

21.5 %
Growth in own brand sales

Operated at higher capacity

3.5 Crores (4 months of added capacity) in 2018-19



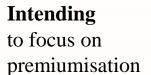
Increased production

3.38
ENA output
(cr litres),
2018-19



Industry moving towards an inflection opportunity

No. 1 Player seeking to exit manufacture of mass market segments



Seeking five pan-India manufacturing partners

AABL one of the selected, trusted with proven quality and competence partners

Inflection
opportunity to
consume raw
material and
value-addition









Expected favourable monsoon

Better Realisation

Favourable momentum in raw material (grain) cost



Introduction

Fully integrated

Raw material (grain) to end product (liquor) to marketing

Wide alcohol play

Full range of products, Environment Friendly Operations at plant

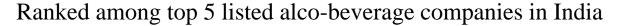
Responsible

Zero-discharge distillery

Flexibility

Can use multiple grains; de-risked resourcing





Name	Market cap (as of 30 June 2020)
AABL	~ 460 Crores

Working with strong brands





Diageo/ United Spirits Limited Governmentregulated retail contractors/ agencies (both IMFL and IMIL)

Lincesed brands/ franchised brands



Bagpiper Deluxe Whisky



Directors Special Whisky



Flavoured White Mischief



Director's
Special Gold
Whisky



DSP Black Special Whisky



McDowell's No. 1 XXX Rum.

Own proprietary brands





James McGill Whisky



Central Province Whisky



Jamaican Magic Rum



Bombay Special Series



Super Man Series



Titanium Triple
Distilled Vodka
with Orange and
Green Apple flavor

Contracted manufacturing brands



Black Dog Scotch Whisky



VAT 69 Scotch Whisky



Smirnoff Vodka



Black & White Scotch Whisky

Associated Alcohols. Power of integration

Product range:
From ENA
manufacture to
bottling to
marketing

Focus: Grain-based manufacturer; superior quality; lower consumption (water, power and steam)

By-products:
Process residue
converted into
monetizable byproducts

Location: Largest single-location ENA capacity in India (economies of scale)



Products: IMIL to IMFL, franchisee arrangement, contract manufacturing and merchant ENA sales

Resource: Swing capacity to various grain types



Energy: 60% power from captive sources



How we have transformed in the last 3 years

Backed Diageo/USL

Franchise Agreement in popular brands in Madhya Pradesh

Improved Operational

Efficiency

Deeper Governance Inducted Specialized Professional; Migrated Smoothly from conventional accounting to Ind-As

Expansion **Discipline**:

4.5 Crores from

3.0 Crores litres Project Completed on Time mainly through internal accruals

Sustainable value-creation focus

ENA capacity expansion 1.5x times with a Rs 25 Cr investment (from Jan'18 to Mar'19 Capitalhungry phase of the business Focus on maximising accruals and RoCE Low dividend payout; high re-investment in the business

Aggressive reinvestment

Kick-start faster virtuous cycle

What we invested in the business

25

Rs cr, 2018-20

Incremental revenues

~200

Rs cr, from 2017-18

Incremental PAT

95%

Outcomes: Where we were and where we are

Revenues

330

Rs cr, 2017-18



EBIDTA

54.59

Rs cr, 2017-18

EBIDTA 79.90 Rs cr, 2019-20

Net worth

120.77

Rs cr, 2017-18

Net worth 195.27 Rs cr, 2019-20 ∧

Debt-equity ratio

2017-18



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2019-20

Gross block

102.58

Rs cr, 2017-18





27.71 2017-

18



Interest cover 38.38 2019-20

ENA capacity

3.14 Cr litres,

ENA capacity

4.50 Cr litres,

2017-18

2019-20



ENA output

2.94 Cr litres,

2017-18



ENA output

 $4.\overline{29}$ Cr litres, 2019-20



Take-home: Where AABL stands today

Standing on higher capacity at **4.5 crores** per annum





Best **Performance** in industry in spite of major revenue from low/mid range products

Clean governance and environment record



Low post-expansion gestation (100% capacity utilization within 6 months)



Pass-through of superior project management to financials



Towards a **debt light** company





The Indian alcohol industry

The third largest in the world

Per capita alcohol consumption at **5.9** ltr per adult per annum

Increased social acceptance of alcohol consumption

Millennials constitute 35% of total Indian population

Increased discretionary spends; increased consumption by women

Seen as an economy driver (Covid-19 response)

State governments dependent on liquor sector taxes

Larger opportunities for companies at the centre of the volume game

India expected to add ~17 mn people to the legal drinking community each year

Changes in sociodemography; young adults alco-beverage consumers; higher life expectancy increased adult consumption

Mass segment gaining ground over premiumisation

What is expected to drive India's alco-bev market

ENA capacity to be critical for success

Key international brands shutting capacities (working on the franchisee model)

Regional players with better prospects and facilities

Small players to find it difficult to survive

Located in the heart of India

Equidistant from markets

Largest single location capacity in India

Multi-year Diagio/USL relationship

AABL preferred and trusted supplier

Large headroom to grow in the relationship

AABL's focus ahead

Double ENA capacity to 9 crores per annum

Setting/ Creation of spirit malt manufacturing and storage capacity

Increase in proprietary brands in other major parts of the country

Conversion of max ENA to value added

The AABL big picture

Scale transforming the company's dynamics



Cusp of structural shift in value-creation



Emergence among the three largest ENA players in India



Blended play (raw material and premium liquor; proprietary and franchised marketing)

Phased and de-risked marketing footprint (MP, NCR, Chattisgarh and Kerala)



Capacity, Contract
Manufacturing,
Central Location and
Competence will be
the driving force
ahead

FOR ANY FURTHER INFORMATION, PLEASE CONTACT

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Disclaimer

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