ASSOCIATED
KEDIA GROUP
Dreams Determination Dexterity

Associated
Alcohols & Breweries Ltd.

Registered / Corporate Office :
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Indore - 452 008, (M.P.) India
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CIN : L15520MP1989PLC049380

13th July, 2020

To,

The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, G Block,
Bandra Kurla Complex,
Mumbai – 400051
NSE Symbol: ASALCBR

The Department of Corporate Services
BSE Limited
PJ Tower, Dalal Street,
Mumbai - 400001
Scrip Code: 507526

SUB.: INVESTOR PRESENTATION ON AUDITED FINANCIAL RESULTS QUARTER AND YEAR ENDED MARCH 2020

Dear Sir / Madam,

Pursuant to Regulation 30 of the SEBI (LODR) Regulations, 2015, please find enclosed herewith the investor presentation of the company for the quarter and year ended 31st March, 2020

The aforesaid presentation is also available on the website of the company www.associatedalcohols.com

This is for your information and record.

Thanking you.

Yours faithfully,
For: Associated Alcohols & Breweries Ltd.

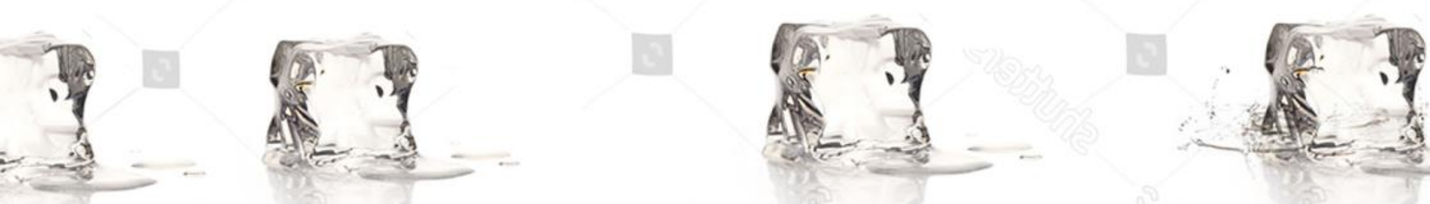
Sumit Jaitely
Company Secretary & Compliance Officer

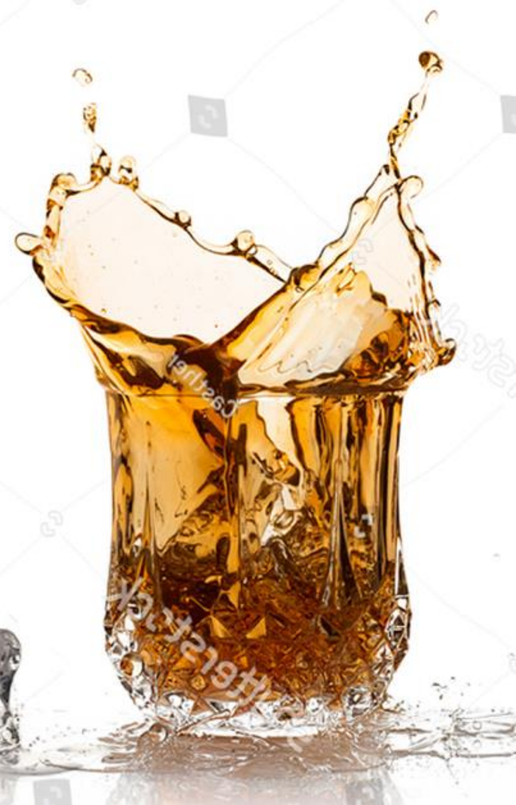
ASSOCIATED ALCOHOLS BREWERIES LTD. INDORE

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

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

2 **Part two.**
How we have built a robust integrated alco-bev company

3 **Part three.**
Where we go from here

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

Background: **F**ounded 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.

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)

Big numbers

4.5	32	12.5
(cr litres) ENA manufacturing capacity as on 31st March 2020	Bottling lines	(mn) cases capacity as on 31st March 2020

PART ONE

OUR PERFORMANCE FOR 2019-20

The big picture of our 2019-20 performance

535 Rs cr, Revenues, **2019-20**	79.89 Crores EBIDTA, **2019-20**	15 EBIDTA margin %, **2019-20**	49.33 Rs cr, PAT, **2019-20**
411.5 Rs cr, Revenues, **2018-19**	61.84 Crores EBIDTA, **2018-19**	15 EBIDTA margin %, **2018-19**	30.26 Rs cr, PAT, **2018-19**
30% Growth in Revenues	30% Growth in EBITDA	Constant EBIDTA margins in spite exploring new markets	63% Growth in PAT

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

Revenues	EBIDTA	EBIDTA margin %	PAT
135.80 Rs cr, Revenues, **Q4 2019-20**	18.15 EBIDTA, **Q4 2019-20**	13.37 EBIDTA margin %, **Q4 2019-20**	10.74 Rs cr, PAT, **Q4 2019-20**
121.80 Rs cr, Revenues, **Q4 2018-19**	13.59 EBIDTA, **Q4 2018-19**	11.15 EBIDTA margin %, **Q4 2018-19**	5.72 Rs cr, PAT, **Q4 2018-19**
11.5% Growth in Revenues	33.55% Growth in EBITDA	222 BPS growth in EBITDA	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

Weakness in demand India's alco-bev sector

Fluctuating /uneven grain prices

Market stabilisation in Delhi and Kerala

General inability to pass cost increases to customers

Extended monsoons in Central India

How we overcame those challenges of 2019-20

Technical and continuous review of plant operations

Direct mandi procurement

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

Increased sales

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

4.5
Crores (full year of added capacity) in 2019-20

Increased production

3.38
ENA output (cr litres), 2018-19

4.29
ENA output (cr litres), 2019-20

Industry moving towards an inflection opportunity

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

Intending to focus on premiumisation

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

Outlook

Expected favourable monsoon

Better Realisation

Favourable momentum in raw material (grain) cost

PART TWO

HOW WE HAVE BUILT A ROBUST ALCO-BEV COMPANY

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

Ranked among top 5 listed alco-beverage companies in India

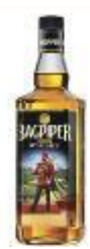
Name	Market cap (as of 30 June 2020)
AABL	~ 460 Crores

Working with strong brands

Major clients

- Diageo/ United Spirits Limited
- Government-regulated retail contractors/ agencies (both IMFL and IMIL)

Lincesed brands/ franchised brands

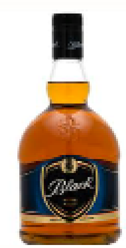


Bagpiper Deluxe Whisky

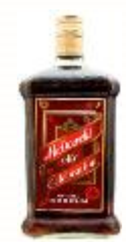
Directors Special Whisky

Flavoured White Mischief

Director's Special Gold Whisky



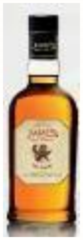
DSP Black Special Whisky



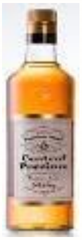
McDowell's No. 1 XXX Rum.

Own proprietary brands

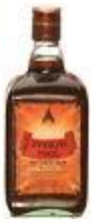
Proprietary products



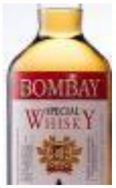
James McGill Whisky



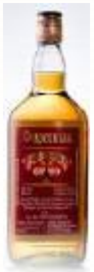
Central Province Whisky



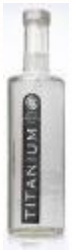
Jamaican Magic Rum



Bombay Special Series

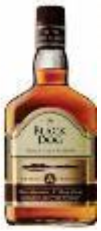


Super Man Series

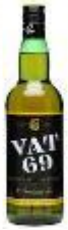


Titanium Triple Distilled Vodka with Orange and Green Apple flavor

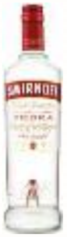
Contracted manufacturing brands



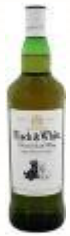
Black Dog Scotch Whisky



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 by-products

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	**Capital-** hungry 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

Revenues
535
Rs cr, 2019-20

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
0.09
2017-18

Debt-equity ratio
0.04
2019-20

Gross block
102.58
Rs cr, 2017-18

Gross block
120.73
Rs cr, 2019-20

Interest cover
27.71 2017-18

Interest cover
38.38 2019-20

ENA capacity
3.14 Cr litres, 2017-18

ENA capacity
4.50 Cr litres, 2019-20

ENA output
2.94 Cr litres, 2017-18

ENA output
4.29 Cr litres, 2019-20

Take-home:
Where AABL stands today

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

Franchise Business Model **delivered** as expected

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

PART THREE

WHERE WE GO FROM HERE

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 socio-demography; 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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