

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,

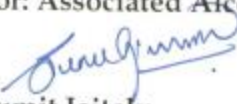
Pursuant to Regulation 30 of the SEBI (LODR) Regulations, 2015, please find enclosed herewith the investor presentation of the company for the quarter and year ended 31st March, 2020

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 Jaitley
Company Secretary & Compliance Officer



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: 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.



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

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

32

Bottling lines

12.5

(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)

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)

Licensed 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 ▼

EBIDTA

54.59

Rs cr, 2017-18 ▼

Net worth

120.77

Rs cr, 2017-18 ▼

Debt-equity ratio

0.09

2017-18 ▼

Gross block

102.58

Rs cr, 2017-18 ▼

Revenues

535

Rs cr, 2019-20 ▲

EBIDTA

79.90

Rs cr, 2019-20 ▲

Net worth

195.27

Rs cr, 2019-20 ▲

Debt-equity ratio

0.04

2019-20 ▲

Gross block

120.73

Rs cr, 2019-20 ▲

Interest cover

27.71 2017-18 ▼

ENA capacity

3.14 Cr litres, 2017-18 ▼

ENA output

2.94 Cr litres, 2017-18 ▼

Interest cover

38.38 2019-20 ▲

ENA capacity

4.50 Cr litres, 2019-20 ▲

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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Disclaimer

In this presentation we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.