



# The Spirit of Success

Corporate presentation



# Presentation Overview

- AABL – an overview
- Our performance
- Industry overview
- Product segments
- Brand/ Customer portfolio
- Infrastructure
- Management
- Strengths
- Committed corporate citizenship
- Financials
- Expansion plans
- Investment rationale



# AABL – An Overview

Culture of leadership	One of the leading distillers in India with almost two decades of distilling experience.
Relevant capacity	Incorporated in 1990. Over two decades of stewardship. A capacity of over <b>42 million litres per annum</b> . Being expanded to <b>65 million litres per annum</b> .
Diverse product range	Captures entire value chain. Extra Neutral Alcohol (ENA) Potable Alcohol, Grain Spirit (Extra Fine Grade, triple distilled), Rectified Spirit and IMFL. Manufacturing and bottling for international brands.
Reputation of adding value to manufacturing associations	Customers include, Diageo, Mason Summers and Diageo Radico. Brands include <b>Smirnoff</b> Vodka, <b>Haig</b> Scotch Whisky, <b>Glen Drummond</b> Single Malt Scotch Whisky, <b>Christian Brothers</b> Rum among others
Corporate Culture	Professionally managed. Well diversified Board of Directors. Equity shares listed on the Bombay Stock Exchange. Over 7000 shareholders.
Value creation discipline	Continuous margin expansion
Sustainable operations	Active involvement in community initiatives. Exemplary pollution control and environmental protection practices.



## AABL Performance

- Turnover growth of **13.09%** CAGR over 5 years (2003-04 to 2007-08).
- EBIDTA growth of **25.83%** CAGR over 5 years (2003-04 to 2007-08).
- PAT growth of **47.50%** CAGR over 5 years (2003-04 to 2007-08).
- **592 basis points** increase in EBIDTA margin over 5 years (from 8.39% in 2003-04 to 14.31% in 2007-08).
- **345 basis points** increase in PAT margin over 5 years (from 1.24% in 2003-04 to 4.69% in 2007-08).

*Reaching new highs Y-o-Y*



# The Indian Alcohol Industry – A Macro View

## High Growth Potential – Causes and Contributors

- Social acceptance of alcoholic beverages.
- Gradual easing of the level of regulation.
- Expanding product portfolios.
- High growth momentum for alcoholic beverages.
- Market expansion through entry of global players.

## Opportunities galore

- India is the 3<sup>rd</sup> largest market for alcoholic beverages in the world.
- Industry grew at 15% in FY07.
- CAGR 15% growth expected in Regular liquor segment over 2007-2010.
- New product launches take Domestic alcohol players to global markets.

*When potential meets opportunity, success is the result.*



## Factors Powering the Demand Boom

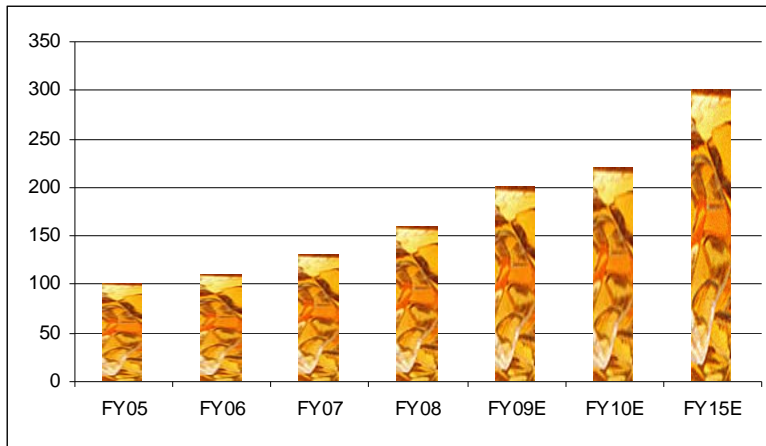
- Increase in disposable income.
- Large untapped market for low priced brands.
- High potential for regular segment products.
- Market expansion due to entry of new Indian and international brands.
- Ready availability of a wide range of products.
- Change in taxation structure and opening up of new distribution channels.
- Increase in proportion of youth and middle aged population from 48% in 2001 to 54% in 2011.

***India poised to emerge as one of the largest liquor consumption hubs in the world.***



# IMFL – Consumption Growth Indicators

Consumption potential of IMFL in India (in mn cases)



Source: SSKI Research

## Benefits from policy changes

Policy Change	Benefits
Opening up of Punjab, Rajasthan, Haryana and Orissa	Volume Growth
Gujarat permits sale of Alcohol in SEZs	New Market Opportunity

***Demand-led growth is sustainable and stable***



## AABL's Position in the Market

- Manufacturer of **best quality** of Extra Neutral Alcohol.
- **Distilling and bottling for Diageo**, the largest liquor company of the world, and others such as **Mason Summers** and **Diageo Radico**.
- Manufacturer and bottler of global brands like **Smirnoff Vodka**, **Christian Brothers** Brandy, **HAIG** Scotch Whisky, **Masterstroke** and **Glen Drummond** Single Malt Scotch Whisky.
- **Leading seller of country liquor in Madhya Pradesh.**
- **Diverse product portfolio** comprising - potable alcohol across country liquor and ENA; supplies IMFL apart from bottling and manufacturing of international brands.
- Owns IMFL brands like Royal House, James McGill, James Bond, Bombay Special (in whisky segment) and Jamaican Magic (rum segment) for targeted customer segments.

*AABL – Has the high ground!*



# Presence in Product Segments

Product category	Brands
Country Liquor (CL)	<b>Leader in Madhya Pradesh.</b> Sells CL in 10 districts through the Government. Sales of approx 2.5 mn cases annually.
ENA	<b>Sells to national and international liquor majors</b> in the free market. Sole suppliers of triple distilled fine grade grain spirit to Diageo for Smirnoff Vodka in India.
IMFL – Licensed brands	<b>Manufacturing and bottling for world’s largest spirits company, Diageo,</b> and other renowned companies like Mason Summers and Diageo Radico.
IMFL – own brands	<b>Manufactures its own local IMFL brands across entire range of whisky, rum, gin and vodka</b> to cater to regular customer segment.

***AABL – Presence at every value point***



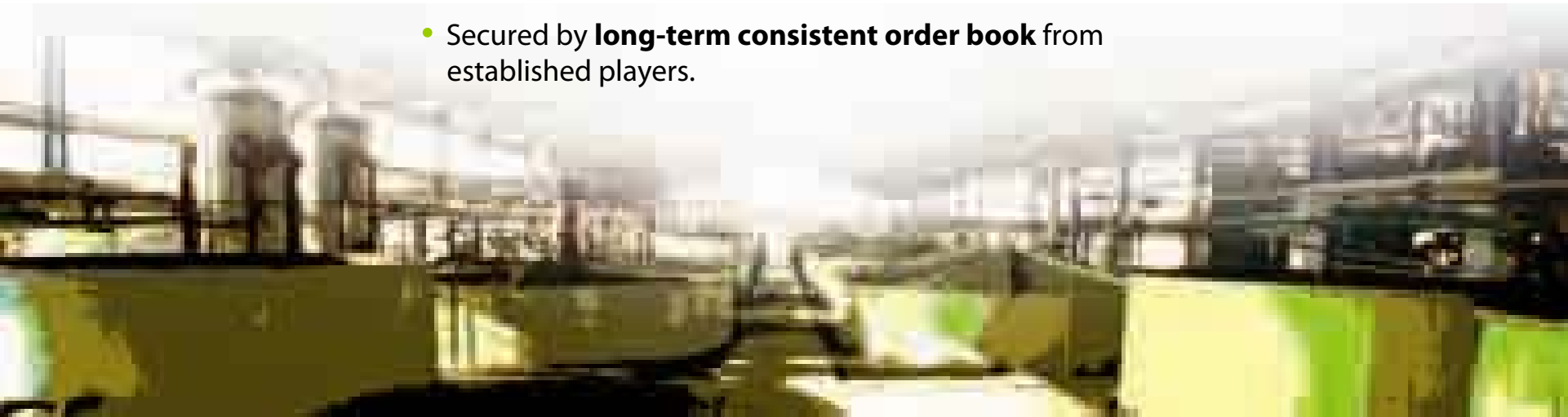
# Brand and Customer Portfolio



*Great brands, great customers, great business!*

## An Insight into AABL's Brand Associations

- **Smirnoff Vodka**, one of the largest selling vodkas of the world, is manufactured from **triple distilled** grain-based ENA distilled by AABL.
- AABL also bottles **HAIG** Scotch Whisky.
- **Diageo**, the largest liquor major, sources its **vodka requirement** from AABL.
- AABL, the only liquor company in India bottling **Glen Drummond** single malt scotch whisky for **Mason & Summers**, a leading liquor company.
- **Brands help fetch higher realisations** and improve operating metrics.
- Secured by **long-term consistent order book** from established players.



## AABL – Manufacturing Infrastructure

- **Sophisticated manufacturing facility** at Indore, Madhya Pradesh, with production capacity of almost 90,000 bulk litres a day.
- Rare **operational flexibility** to manufacture alcohol through grain and molasses route thus providing an insulation against raw material price/supply volatility.
- 10 bottling lines in two different sections, equipped to produce around 1,00,000 cases per month, **fully quality controlled.**
- **Improved efficiency** with new equipment and Co-generation.
- **Creating revenues** from process wastes – ex: CO<sub>2</sub>

*Reducing, reusing and recycling to improve efficiency.*



## Profile of Promoters

### Anand Kedia

Chairman of the Group; a self-motivated entrepreneur; has wide experience about latest technology and markets; has wide network in global alcohol industry.

### Prasann Kedia

Vice Chairman of the Group; is an MBA; Responsible for building brand image.

## Profile of Directors

### Santosh Kumar Kedia

Whole Time Director; is with the Group since inception; responsible for managing operational activities.

### H.K. Bhandari

Whole Time Director; oversees manufacturing operations and responsible for quality control.

### Ashish Gadia

Whole Time Director; has multi-functional work experience and associated with the company from a long time.

### Manish Kumar Tibrewal

Director on the company board.

### Manish Kumar Kedia

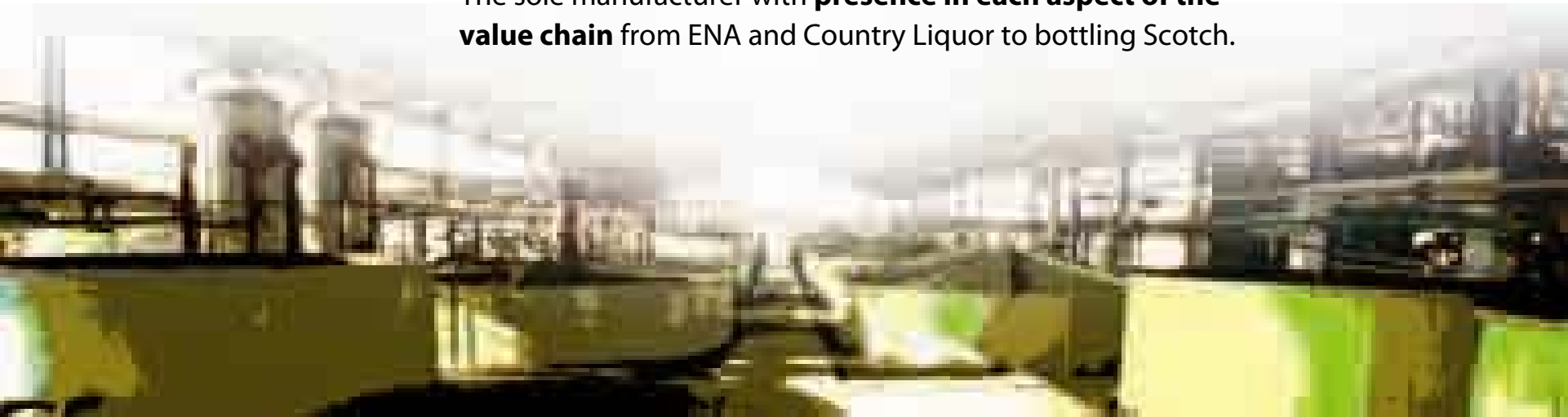
MS in Computer Science from USA , California state university; Director of the company.

### Surendra Kumar Khetawat

Director on the company's Board; has decade-long experience in multi-functional areas.

## AABL Strengths

- **Long-standing industry experience** coupled with **state-of-the-art manufacturing facilities.**
- **Close proximity to dual sources of raw materials**
  - Maharashtra (largest source of molasses) and the grain producing belt of Amravati and Akola.
- **Manufacturing flexibility** due to dual-route of alcohol production capability – both from molasses and grains.
- **Wide array of products** maintaining **highest quality standards** and **servicing all segments.**
- **Manufacturing for globally famous brands** reflects the customer perception.
- **Excellent product quality** and utmost customer focus.
- The sole manufacturer with **presence in each aspect of the value chain** from ENA and Country Liquor to bottling Scotch.



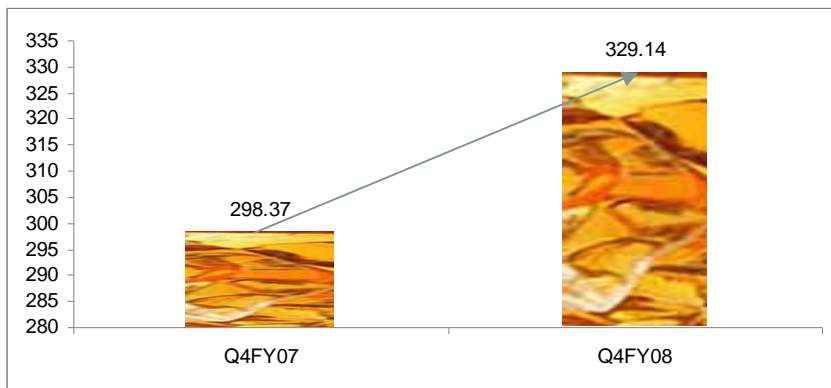
## AABL – Good Corporate Citizenship and Green Ethos

- **Developed green belt and a bird-friendly ecology** in and around its plants.
- **Produces and promotes use of organic manure**  
– **SAMRIDDI** – and popularizes organic farming in the nearby vicinity through free distribution to farmers.
- **Conducts agricultural fares** and brings agriculturalists to impart knowledge of latest organic farming.
- **Promotes education** in the nearby village area by providing need based financial support.
- **Arranges medical camps** for nearby tourist attractions and pilgrimage spots.
- **Supply of water** to local villages **at zero cost**.

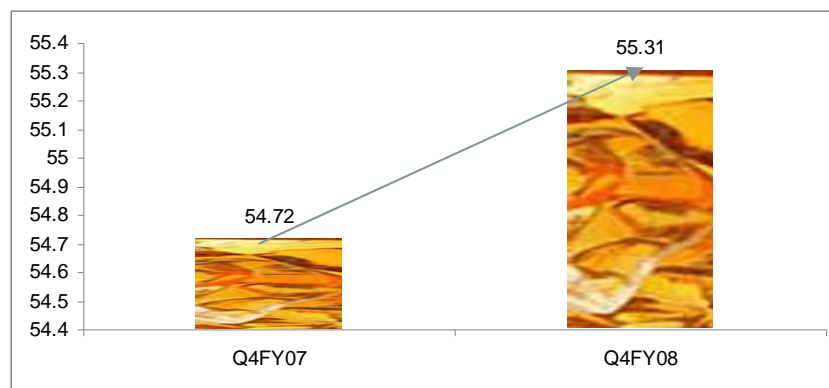


# AABL Quarterly Results Comparison

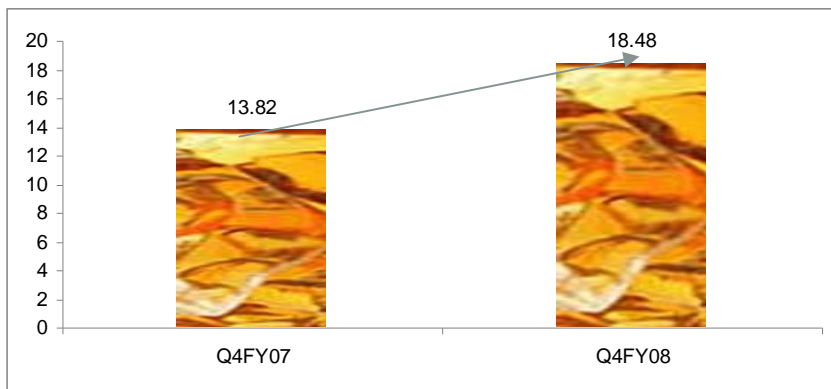
## TURNOVER (Rs. mn)



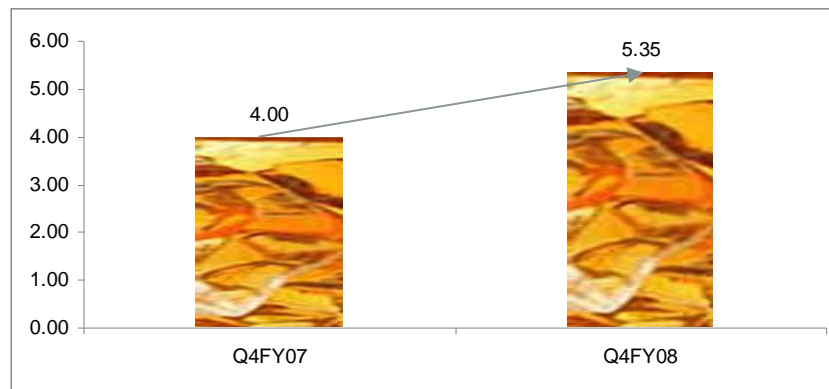
## EBIDTA (Rs. mn)



## PAT (Rs. mn)

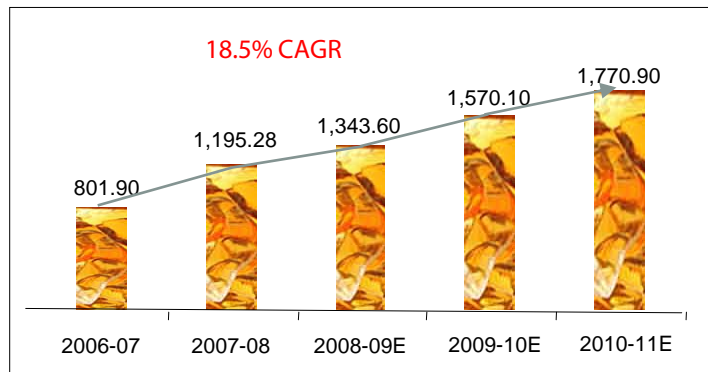


## EPS (Rs.)

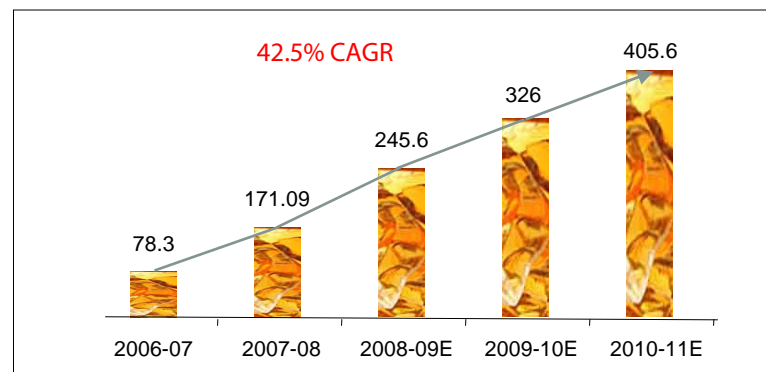


# Reaching High Ground – AABL Financial Performance

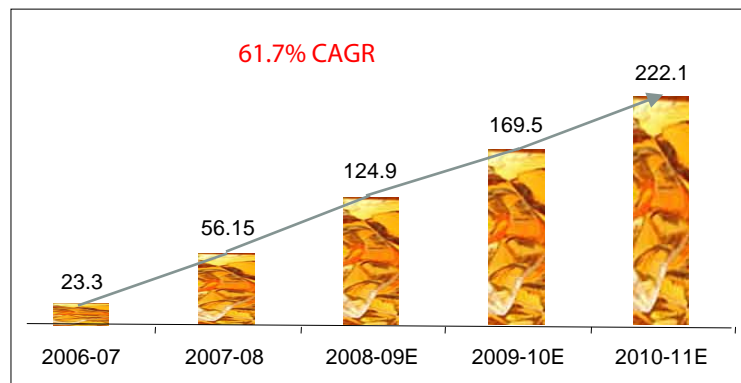
TURNOVER (Rs. mn)



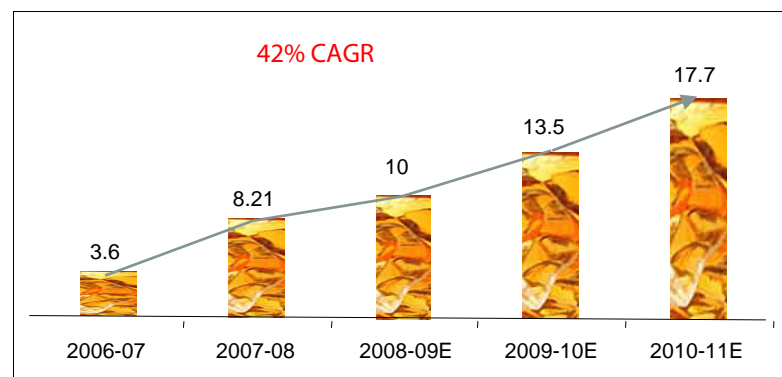
EBIDTA (Rs. mn)



PAT (Rs. mn)

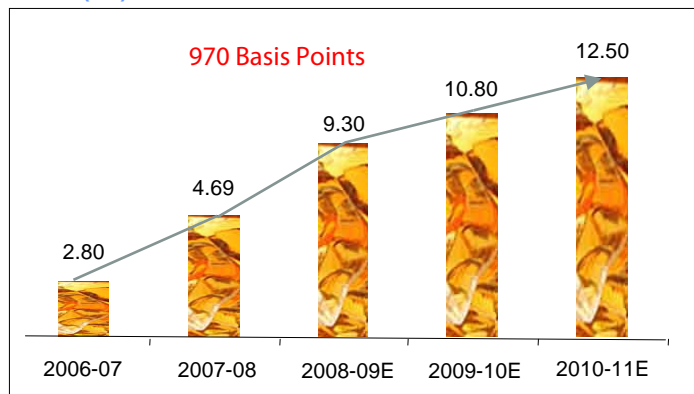


EPS (Rs.)

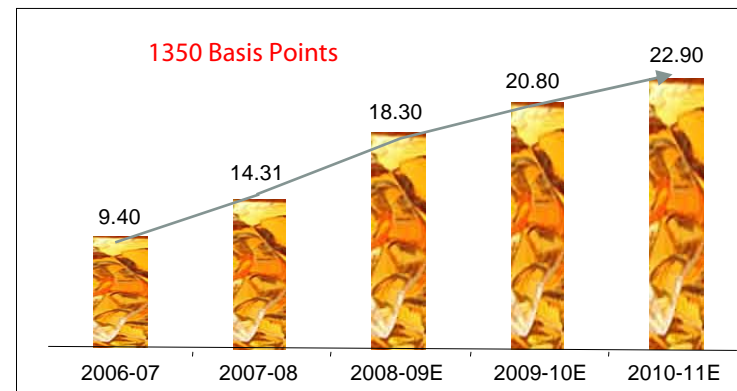


# Reaching High Ground - AABL Financial Performance

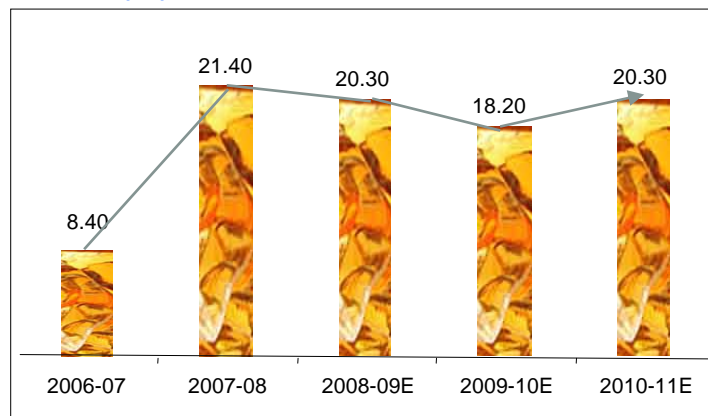
PAT (%)



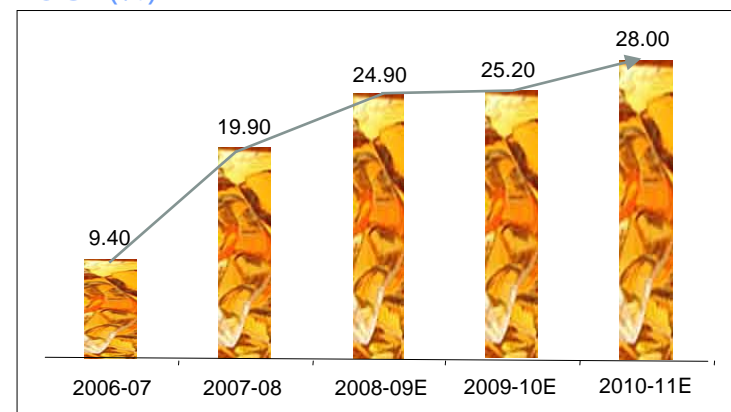
EBIDTA (%)



RONW (%)

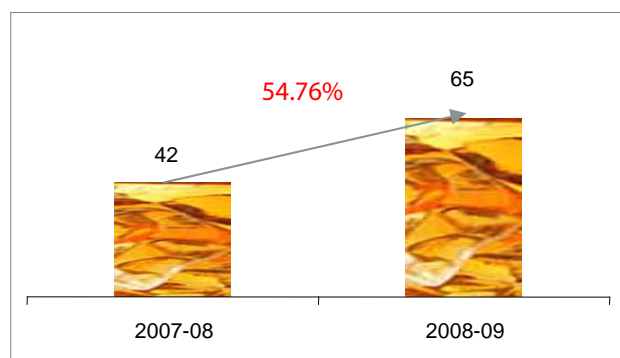


ROCE (%)

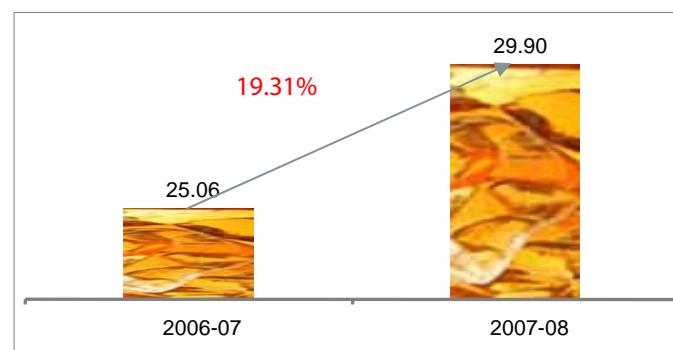


# Reaching high ground - AABL Capacities

CAPACITY (Million litres)



PRODUCTION (Million litres)



# Expansion Plans

- Plans to capture domestic and international demand and serve all alcohol segments.
- To capture industry opportunity through capacity expansion and process optimisation.
- New facilities resulting in de-bottlenecking and improved operational efficiency.
- Plans to market own products in the international arena.
- Total capital expenditure planned – **Rs. 509 million within the calendar year 2008.**

*Expansion in a high demand market is de-risked growth*



# Post-expansion Capacities

- **Multi-pressure ENA plant:** Distillation capacity reaching 65 million litres p. a. Increased capacity utilisation and lowered costs will drive bottomlines.
- **Reverse Osmosis water treatment plant:** Reduce the volume of effluent and generate fresh water by recycling it. Reduce water requirement by 50%. Significant savings in electricity consumption.
- **CO<sub>2</sub> Plant:** Create alternate revenue generation stream by selling CO<sub>2</sub>.
- **Captive Power Plant:** 2 MW capacity. Dual advantage – low pressure steam to act as input to manufacture high quality ENA and substantial reduction of power cost.

*Increased capacity, Improved utilisation, economised costs – The bottom-line is clear*



# AABL – Manufacturing Process

## Existing technology

### Atmospheric Pressure Technology (42 MLPA)



## Proposed technology

### Multi-Pressure ENA Technology (65 MLPA)



# Post-expansion Growth Indicators

- Sales growth expected - CAGR of **16.80%** over the period 2006-07 to 2011-12.
- Net profit growth expected - CAGR of **58.70%** over the period 2006-07 to 2011-12.
- Operating profit margin growth expected - CAGR of **39.50%** over the period 2006-07 to 2011-12.

*The rewards of growth*



# Investment Rationale

- Substantial expansion of facilities to bring in economies of scale.
- Process optimization and improved capacity utilization driving profitability.
- State-of-the-art manufacturing facilities to bring in operational efficiency.
- Excellent brand association with largest liquor companies of the globe reflecting robust corporate image.
- Proactive responses to leverage the favourable industry scenario to unlock value.
- Robust financial outlook making it a lucrative investment destination.
- Improved profitability through alternative revenue generation stream.



THANK YOU



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