



# SOM Distilleries & Breweries Limited

(BSE: 507514, NSE: SDBL)

Corporate Presentation

[www.somindia.in](http://www.somindia.in)

March 2017



# Safe Harbor

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*This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to SOM Distilleries & Breweries’ future business developments and economic performance.*

*While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.*

*These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.*

*SOM Distilleries & Breweries undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.*





# Index

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- 1. Business Overview \_\_\_\_\_ 4
- 2. Industry Overview \_\_\_\_\_ 15
- 3. Brand Profile \_\_\_\_\_ 18
- 4. Financial Performance \_\_\_\_\_ 22
- 5. Corporate Social Responsibility \_\_\_\_\_ 27
- 6. Key Takeaways \_\_\_\_\_ 30



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## Business Overview





# Company Highlights

## Market Position and Awards

- Received the Monde Selection Gold award for Milestone 100 whisky and Silver awards for White Fox vodka and Hunter beer
- Hunter, Milestone 100, White Fox, Woodpecker and Blackfort are the major brands. Other popular brands include Legend, Genius, Sunny and Powercool
- In Madhya Pradesh (MP), holds 36% market share for beer and 19% market share in IMFL

## Industry Dynamics

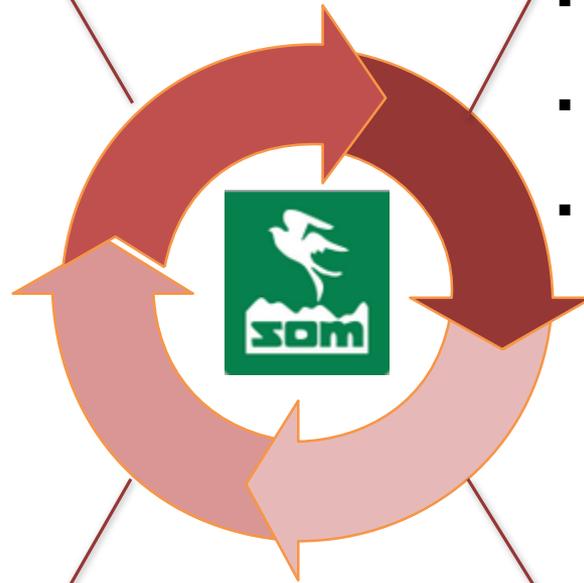
- The Beer market in India was worth Rs. 424 bn in 2015 and is projected to increase at a CAGR of 8.9% over the next five years
- The IMFL market is expected to increase at a CAGR of 5.8% over the next 5 years to reach Rs. 2,667 bn in CY2020

## Operations

- Installed capacity of 59,200 KL of beer and 5,400 KL of IMFL
- Key areas of operation include MP, Chhattisgarh and North India
- Strong marketing and distribution network in Arunachal Pradesh, Chandigarh, Chhattisgarh, Delhi, Gujarat, HP, Haryana, Jharkhand, Orissa, Pondicherry, Tamil Nadu, Uttarakhand and West Bengal with 60+ distributors across India

## Financial Performance

- EBITDA margins of consistently over 15% over the last five years
- Conservative leverage profile with Net Debt/Equity ratio of 0.51x as on 30<sup>th</sup> Sep 2016
- Featured in Forbes Asia's 'Best Under A Billion list' sales in an initial set of 15,000 Companies



# SOM at a glance



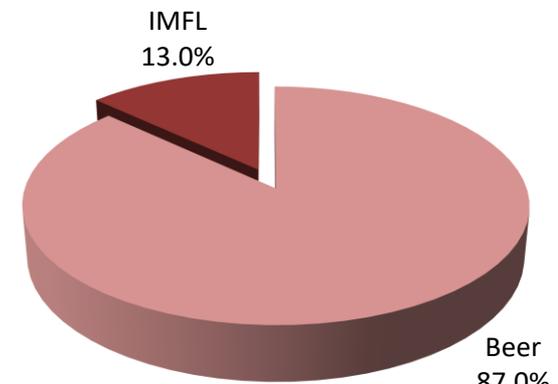
## Company Snapshot

- **SOM Distilleries & Breweries Limited (SDBL)** was established in 1993 and is the flagship company of the SOM Group of Companies
- The Group is based in Bhopal and is one of the leading alcoholic beverages manufacturers in India. SDBL is primarily engaged in production of beer and blending and bottling of IMFL
- It has a strong sales and distribution network spread over 13 states in India - Arunachal Pradesh, Chandigarh, Chhattisgarh, Delhi, Gujarat, HP, Haryana, Jharkhand, Orissa, Pondicherry, Uttarakhand and West Bengal with 60+ distributors across India
- SDBL exports its products to Africa, Latin America, Asia and Middle East regions which are in a growth phase
- The Company has an installed capacity of 59,200 KL of Beer and 5,400 KL of IMFL
- Hunter and Woodpecker brands are supplied as draught beer to all major hotels in Madhya Pradesh and Chhattisgarh

## Category Wise Quantity Sold (In lakhs)

Category	FY2014	FY2015	FY2016
Beer	43.3	44.7	50.1
IMFL	6.2	6.8	7.6

## Sales Split By Quantity





# Recent Launches and Corporate Developments

## Launch of White Fox Ready-to-Drink Cranberry Flavour



- Launched White Fox RTD Drink in new Cranberry flavour – Cosmo Cranberry
- This is the third flavor launched by the company after the widespread acceptance of two earlier flavors – Lemon and Orange

## Hunter Pint Beer – SOM's flagship brand of Strong beer



- Launched Hunter Pint Bottle, which has smooth curves with better grip and refreshed look
- Comes in a shrink wrap label
- First in the beer segment to come with a curved shape and shrink wrap
- Launched in Madhya Pradesh, Chhattisgarh, Delhi and Pondicherry

## Brewery In Karnataka and Bottling arrangement with Jagatjit Industries and Oakland Bottlers

- The Company is in the midst of setting up a brewery in the state of Karnataka and obtaining the necessary permits and approvals
- The Company has entered into contract bottling arrangements for the manufacture of the Company's brands with Jagatjit Industries Limited and Oakland Bottlers Private Limited. This would help enhance the Company's supplies to the Canteen Store Departments as well as to some of the key markets in North India





# Awards and Recognitions

## Key Achievements

Spiritz 2014:



Received the Best Product debut award for Milestone 100 whisky

Monde Selection Quality Awards:



Received the Gold award for Milestone 100 whisky and Silver awards for White Fox vodka and Hunter beer

Awarded Fastest Growing Company by:



Recognized as one of the fastest growing companies by INDSPIRIT 2014

Awarded 30 Most Innovative CEOs of 2014:



Awarded by Inc. Innovative 100 Awards

Selected in:



Featured in the "Forbes Top 200 best under billion sales" in the whole of Asia Pacific

Ranked 86<sup>th</sup> by:



Ranked 86<sup>th</sup> in the list of 500 fastest growing mid-sized companies in India, compiled by Inc. India 500

Included in:



SOM has recently been included in the S&P BSE 500 index

Awarded Certificate of excellence for Smart Innovation



Awarded by Inc. Innovative 100 Awards





# Product Portfolio

## Key Brands Marketed



### Beer

- Hunter Super Strong Premium Beer
- Power Cool Super Strong Beer
- Black Fort Super Strong Beer
- Legend Premium Lager Beer
- Woodpecker Lager Beer



### Rum

- Black Fort XXX Rum
- Gypsy Rum
- Sunny Rum



### Brandy

- Doctors Brandy



### Vodka

- Blue Chip Vodka
- White Fox Vodka
- White Fox Refresh (RTD)



### Gin

- 21st Century Gin
- Blue Chip Extra Dry Gin



### Whisky

- Legend Premium Whisky
- 21st Century Pure Malted Whisky
- GS Genius Whisky
- Gypsy Whisky
- Sunny Malted Whisky
- Milestone 100 premium Whisky
- Super Master Whisky



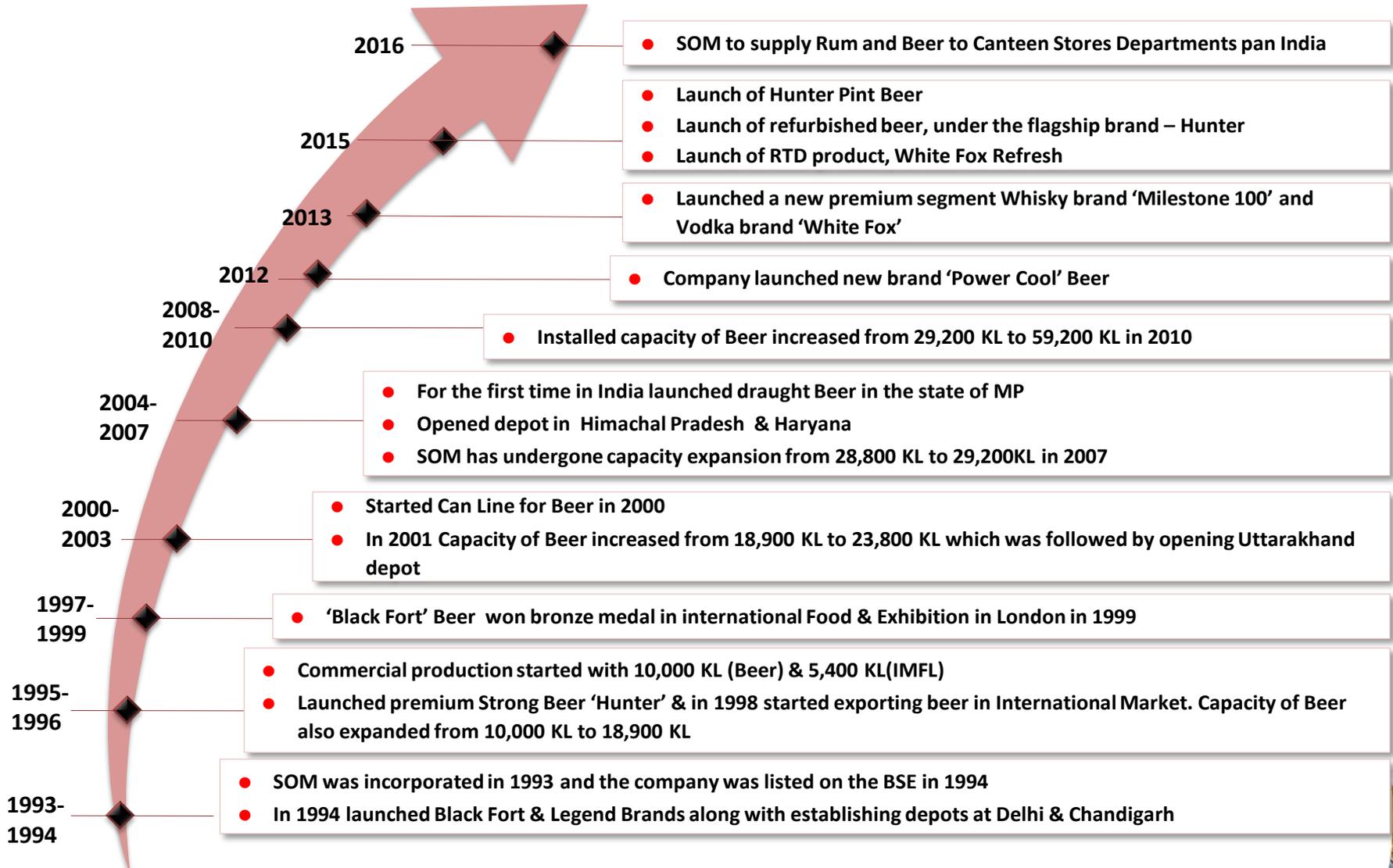
Represents major brands



# Evolution of SOM



## History



# Manufacturing Facilities



Continued Investment in State of the Art Manufacturing Facilities



Beer Storage Tank



Bottling Hall



Beer Filling Machine



Beer Filter Machine





# Management & Board

## Experienced Management and Operating Team

Management	Description
JK Arora Managing Director , SOM Group	<ul style="list-style-type: none"> <li>• Visionary and the torchbearer of the SOM Group</li> <li>• His leadership qualities extend into planning and strategizing the future growth of the Group</li> <li>• He is also the driving force behind sales, marketing and financial operations of the SOM Group</li> </ul>
AK Arora DMD, SOM Group	<ul style="list-style-type: none"> <li>• An exceptional technocrat and executioner with complete charge over commercials /purchase processes</li> <li>• Holds a BE and an MBA degree</li> </ul>
Deepak Arora CEO, SOM Group	<ul style="list-style-type: none"> <li>• Responsible for managing and streamlining operations, planning and launching new products</li> <li>• Leading initiatives in exploring new business opportunities by organic and inorganic growth</li> <li>• Previously worked with Vodafone and SDBL</li> </ul>
Surjeet Lal Director, SOM Distilleries & Breweries	<ul style="list-style-type: none"> <li>• A seasoned professional associated with the Company since its inception</li> <li>• Prior to SOM, he was associated with Lilasons Breweries and has successfully launched their premium brand “Khajuraho”</li> <li>• He is a graduate in Science, Food and Fermentation Technologist</li> </ul>
Raju Vaziraney President, SOM Group	<ul style="list-style-type: none"> <li>• Has been a stalwart in the alcoholic beverages space and is an accomplished professional</li> <li>• Previous stints include as the COO of Radico Khaitan and Diageo. Last assignment was as Executive Director with Jagatjit. He has also headed and lead the sales function on a pan India basis in his previous assignments</li> </ul>
Nakul Sethi Director, Finance & Strategy	<ul style="list-style-type: none"> <li>• Responsible for finance, accounts and strategic initiatives of the SOM Group</li> <li>• Has over 15 years of experience in India, Middle East and Asia Pacific and associated with reputed firms like Alfardan Group, Yes Bank, Kotak Bank and Knights Insolvency</li> </ul>
Ramesh Wanchoo Group Chief Financial Officer	<ul style="list-style-type: none"> <li>• Responsible for financial discipline and resource mobilization for the SOM Group</li> <li>• With 30 years of experience, he has also worked with J&amp;K Bank and Gwalior Polypipes</li> <li>• He holds CAIIB and MBA (Finance)</li> </ul>
BK Goel, Vice President, Commercial	<ul style="list-style-type: none"> <li>• Has over 35 years of experience in IMFL and distillation operations</li> <li>• Prior work experiences include Radico Khaitan, Simbhaoli Sugars, Daurala Sugar Works</li> <li>• He is a B.Sc and Alcohol Technologist</li> </ul>





# Management & Board

## Board Of Directors

JK Arora  
M.D.  
• Non independent  
• Executive

Surjeet Lal  
Director  
• Non independent  
• Non Executive

D N Singh  
Director  
• Independent  
• Non Executive

Shailendra Singh Sengar  
Director  
• Independent  
• Non Executive

Nishi Arora  
Additional Director  
• Independent  
• Non Executive

## Audit Committee

Name	Status	Independent
Shri D N Singh	Chairman	✓
Shri Surjeet Lal	Director	×
Shri Shailendra Singh Sengar	Director	✓

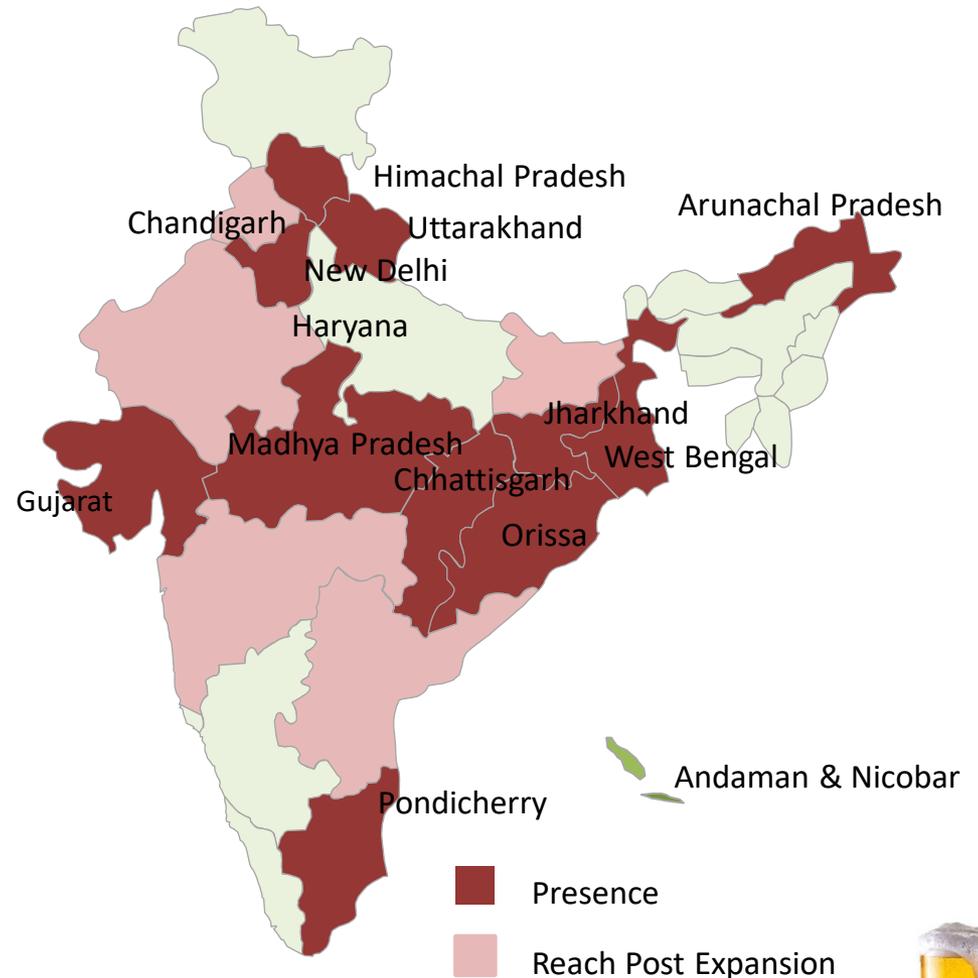


# Strategic Outlook



- To become one of India's top 3 breweries in next 5 years
- Identifying key regions/avenues for expansion either through organic or inorganic growth models.
  - The Karnataka Brewery, when set up, will give an enhanced reach
  - Recent approval of four brands by Canteen Stores Departments (CSD) to provide pan India reach to SOM
- To launch 'Milestone 100' whisky and 'White Fox' vodka in other parts of India in the coming months
- Exports expected to increase further due to favorable demand from African countries, Europe, South America and South East Asia
- Continuous innovation and premiumization to tap every price point, strengthen position through brand extension, innovative packaging and reaching consumers through new channels
- All these efforts shall lead to drive growth and profitability

## Domestic Expansion Plan



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## Industry Overview



**Stay  
Naughty**



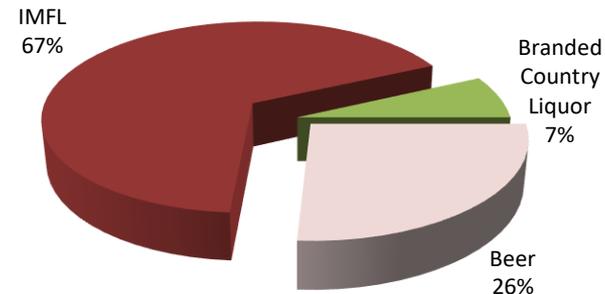
# Indian Spirits Industry



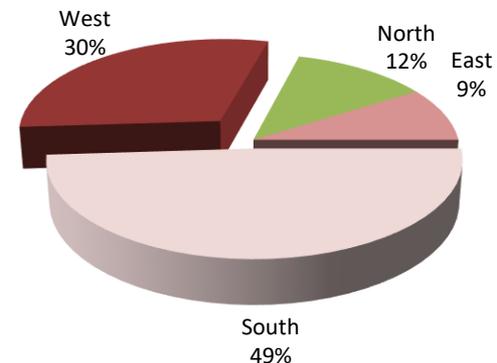
## Indian Industry At a Glance

- India is the third largest alcoholic beverage market in the world in terms of volume
- Factors such as rising personal disposable income, changing lifestyle, increasing social acceptance has been stimulating the growth of alcoholic beverages industry
- In India, alcohol consumption has been highest among men, with male population in the age group of 25–59 being the largest consumers. India is in the midst of a demographic shift wherein the population (including both male & female) in this working age group of 25–59 is becoming the largest segment. This would increase the traditional consumer base
- High entry barriers due to stringent regulations and investments required to set up distribution network have prevented the entry of smaller players

### Market share of liquor in India (value terms)



### Regional distribution of IMFL and Beer



Source: Euromonitor, Dun & Bradstreet



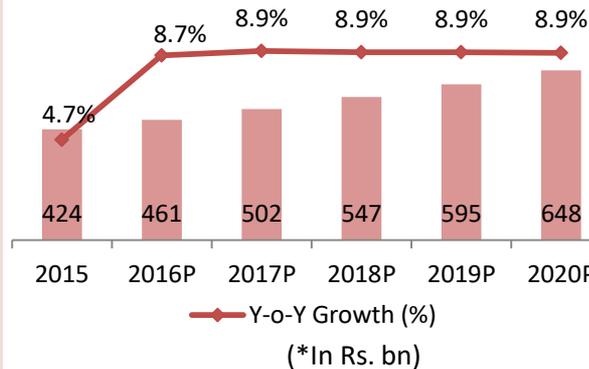


# Indian Spirits Industry

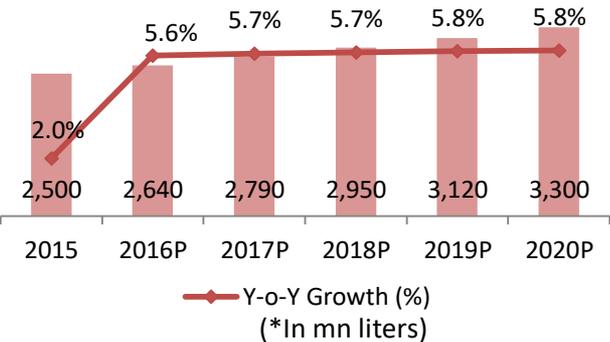
## Beer Industry At a Glance

- Beer market is segmented into strong beer and mild beer on the basis of their alcohol content wherein Strong beer, which has alcohol content more than 5%, dominates the Indian market
- India has one of the lowest per capita beer consumption rates in the world
- The Beer market in India was worth Rs. 424 bn in 2015 and is projected to increase at a CAGR of 8.9% over the next five years

Beer Market in India (Value)



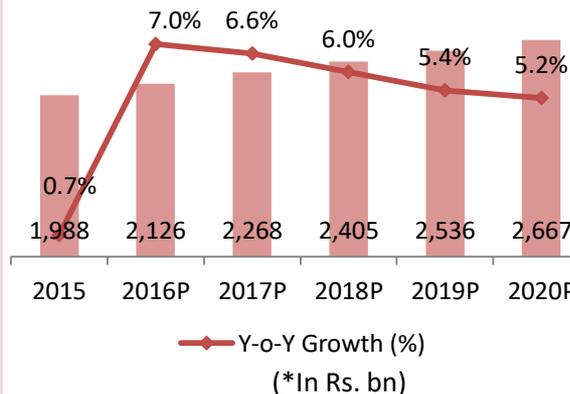
Beer Market in India (Volume)



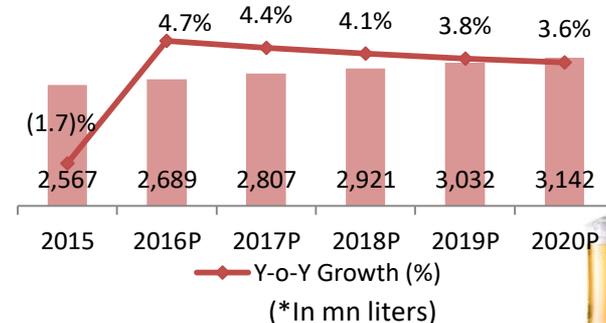
## IMFL Industry At a Glance

- IMFL primarily comprises of two broad segments: brown spirits and white spirits
- Brown spirits includes whisky, brandy and rum continues to be the largest segment comprising 96.4% of market share by volume in India
- The IMFL volumes are expected to increase at a CAGR of 4.0% over the next 5 years to reach 3,142 million litres in CY2020

IMFL Industry Sales (Value): 2015



IMFL Industry Sales (Volume)



Source: Euromonitor



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## Brand Profile



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# Strong Brand Portfolio

## Key Brands

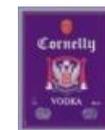
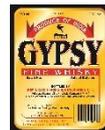
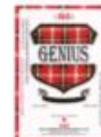
Major Brands



Beer



Spirits



# Strong Brand Portfolio

## Hunter Premium Beer

### About The Product

- Launched in 1995 as premium class
- Alcohol content of 6% to 8% v/v
- New Refurbished Hunter Beer and Pint Bottle launched in FY2016



### Sales

- Sales volume of ~16.8 lakh cases in FY2016
- Available in bottle, pint bottles and cans



### Other Details

- Export coverage to Far East, Middle east, South America and Japan
- 33.8% of contribution towards total revenue
- Revenue: Rs. 74.9 crore

## Black Fort Beer

### About The Product

- Launched in 1994 as larger class
- Alcohol content of 6% to 8% v/v



### Sales

- Sales volume of ~17.5 lakh cases in FY2016
- Available in bottle and cans



### Other Details

- 27.9% of contribution towards total revenue
- Revenue: Rs. 61.7 crore





# Strong Brand Portfolio

## Power Super Strong Beer

### About The Product

- Launched in 2011 as premium class
- Alcohol content of 6% to 8% v/v



### Sales

- Sales volume of ~15.8 lakhs cases during FY2016
- Available in 325 and 650 ml of packaging



### Other Details

- 24.0% of contribution towards total revenue
- Revenue: Rs. 53.2 crore

### Major Brands At A Glance

(Lakh cases sold)	FY2013	FY2014	FY2015	FY2016
Hunter	13.8	13.0	15.0	16.8
Black Fort	23.6	17.2	17.8	17.5
Power	10.8	13.0	11.8	15.8
<b>Total</b>	<b>48.2</b>	<b>43.2</b>	<b>44.6</b>	<b>50.1</b>



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# Financial Performance



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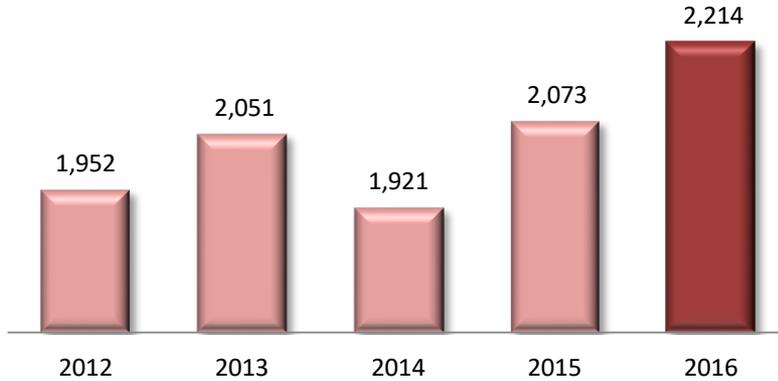




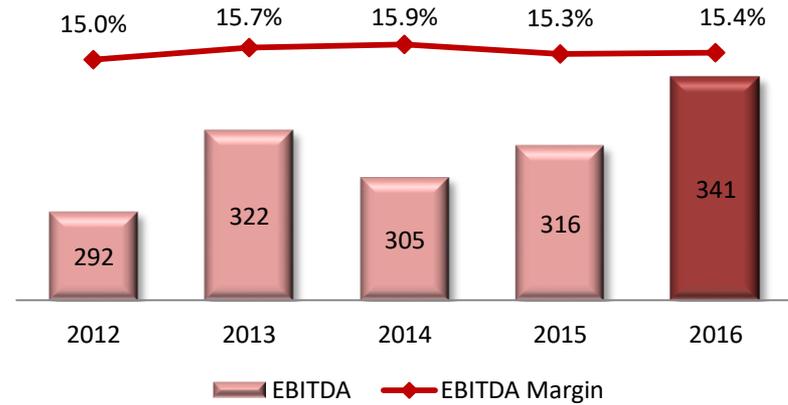
# Financial Highlights

## Performance Trend- Yearly

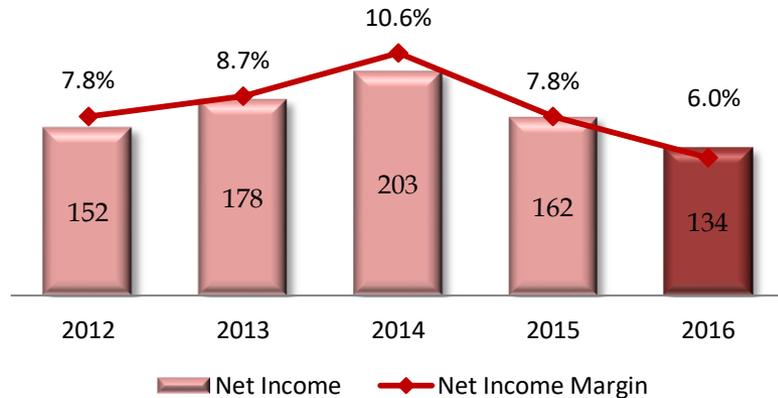
Total Income (Rs. Million)



EBITDA (Rs. Million) and Margin (%)



Net Income (Rs. Million) and Margin (%)



Revenue by Category (Quantity Sold)

Category	FY2012	FY2013	FY2014	FY2015	FY2016
Beer	87%	89%	88%	87%	87%
IMFL	13%	11%	12%	13%	13%

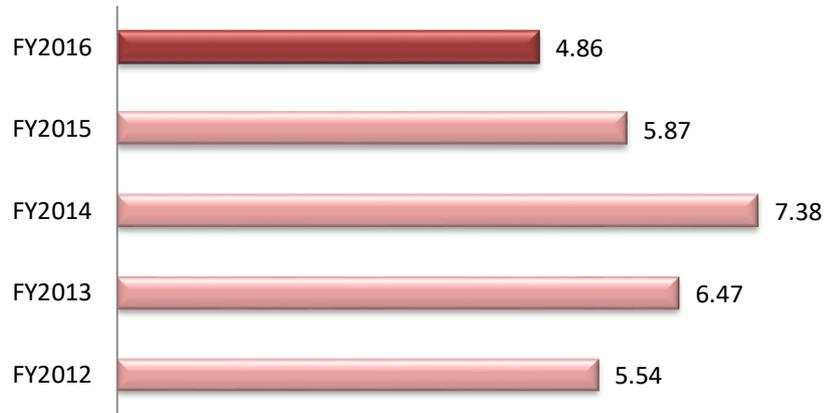




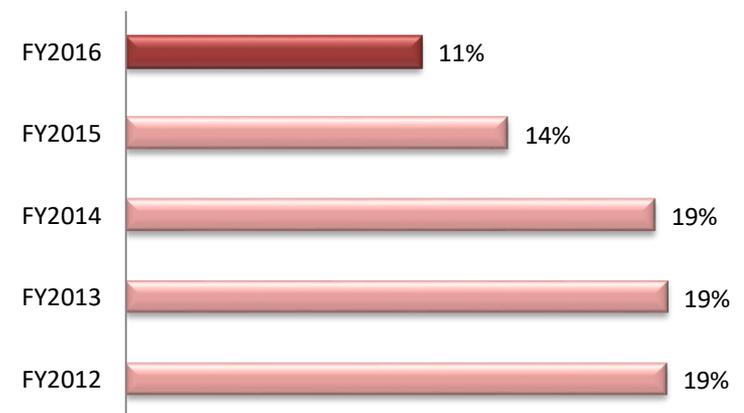
# Financial Highlights

## Key Ratios

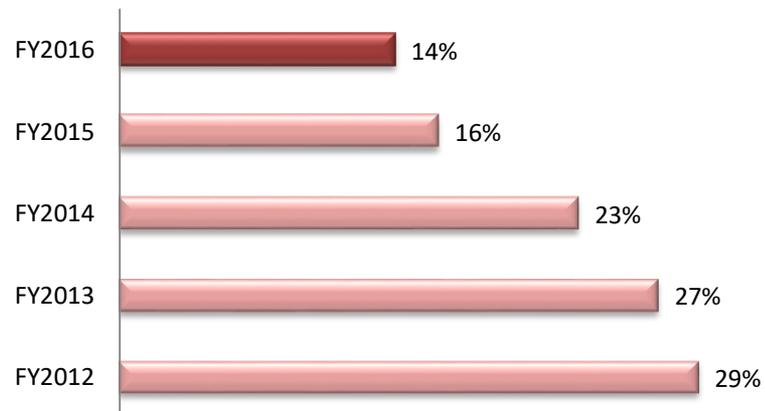
### Earning Per Share



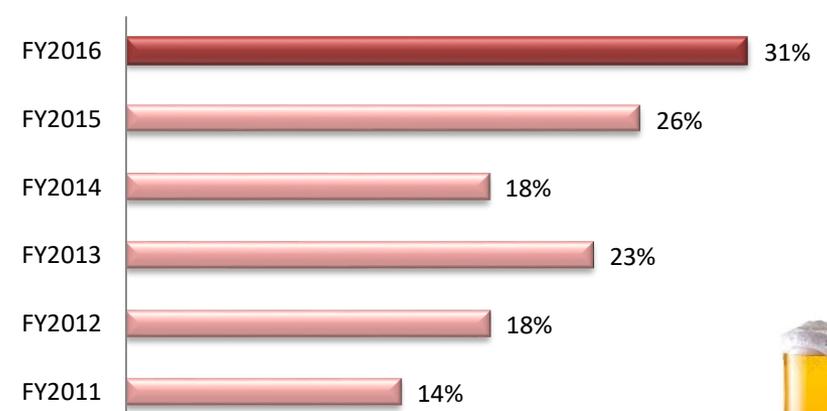
### Return On Equity



### Return on Capital Employed



### Dividend Payout





# Financial Highlights

## Standalone Financial Performance (Rs. Million)

(Rs. Million)	Q3		y-o-y	Q2	q-o-q	Nine Months Ended		y-o-y
	FY2017	FY2016	Growth (%)	FY2017	Growth (%)	FY2017	FY2016	Growth (%)
Total Income	442	416	6.2%	473	(6.5)%	1,789	1,630	9.8%
EBITDA	74	77	(3.0)%	82	(9.0)%	301	276	9.1%
Margin (%)	16.8%	18.4%		17.3%		16.8%	16.9%	
Interest	29	29	1.4%	31	(4.8)%	86	62	38.8%
Depreciation	10	10	(2.1)%	10	(0.4)%	29	29	(1.7)%
Profit Before Tax	36	38	(6.6)%	41	(14.1)%	186	185	0.8%
Margin (%)	8.1%	9.2%		8.8%		10.4%	11.3%	
Net Profit	17	26	(32.9)%	28	(37.8)%	116	124	(6.6)%
Margin (%)	3.9%	6.1%		5.8%		6.5%	7.6%	
Earnings Per Share (EPS)	0.62	0.93	(32.9)%	1.0	(37.8)%	4.20	4.50	(6.6)%

Notes:

1. Total Income includes Other Operating Income
2. EBITDA defined as earnings before depreciation, interest, exceptional items and taxes
3. All margins calculated as a percentage of Total Income (including Other Operating Income)



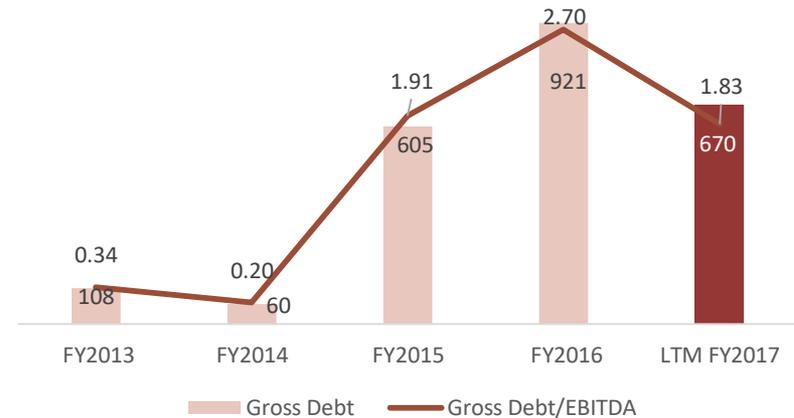


# Leverage Profile

Strong Balance Sheet with low leverage to support organic and inorganic growth

(Rs. Million)	31.12.2016	31.03.2016
Secured Borrowings	536	754
Unsecured Borrowings	134	167
<b>Gross Debt</b>	<b>670</b>	<b>921</b>
Less: Cash & Cash Equivalents	(134)	(198)
<b>Net Debt / (Net Cash)</b>	<b>536</b>	<b>723</b>

## Gross Debt and Gross Debt/ EBITDA (x)\*



## Gross Debt/ Equity (x)



- Net Debt/Equity improved from 0.57x as at March 31, 2016 to 0.51x at the end of Sep 2016
- SOM maintains a conservative leverage profile along with consistent growth in revenues & operating profit

\*FY2017 EBITDA is on an LTM basis



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# Corporate Social Responsibility



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# Corporate Social Responsibility

## Environment

- ✓ SOM has established environmental parameters to improve upon several key indicators by 2015.
- ✓ The Company has started **PARTNERGREEN program** which enlists employees as environmental champions and then supports them through an awards program.
- ✓ The Company is also running projects that help combat water poverty by improving access to clean drinking water and sanitation.

## Other Activities

- ✓ Asha Mohan Foundation Society conducts **Pulse Polio** programs every month for three consecutive days in which they provide free vaccines to infants in Sehatganj and about 12 other villages in the vicinity.
- ✓ With an aim to boost the morale of young SOM sponsors, Merit based Scholarship award in the form of financial support in a few reputed schools of Bhopal.

## Social Welfare

- ✓ In December 1995, **Asha Mohan Foundation** has established a school for providing free education to children in the surrounding rural areas.
- ✓ **SOMeshwara Dham Mandir** was built in the year 1994 along the Raisen Road, Madhya Pradesh.
- ✓ **Asha Mohan Hospital** is one of the charitable institutions established by SOM Group, which provides free health facilities to its factory workers and to the inhabitants of Sehatganj village and other neighboring areas.



SOMeshwara Dham Mandir



# Corporate Social Responsibility



Asha Mohan Hospital



Cancer Camp



Hepatitis Camp



SOM Prathmik Vidyalaya





# Key Takeaways

1

Efficient organizational management with rich industry experience

2

Diversified product mix in spirits with primary focus on Beers

3

Recent new launches include Hunter Pint Beer, Refurbished Hunter Beer and Ready to Drink Product – ‘White Fox Refresh’; Approved by Canteen Stores Departments to supply Beer and Rum on pan India basis

4

Consistently maintaining average EBITDA margins of ~15%

Recognized as one of the fastest growing companies by Inc. India 500 and INDSPIRIT 2014

5

Featured in Forbes Top 200 best under billion sales in an initial set of 15,000 Companies

6

Received the Monde Selection Quality Awards for Milestone 100 (Gold award), White Fox and Hunter (Silver awards). Spiritz 2014 Best Product debut award for Milestone 100

7

Global presence with plans to expand domestic and internationally

8





## Som Distilleries & Breweries Limited

(CIN: L74899DL1993PLC052787)

### Registered Office:

Zee Plaza, 1 - A  
Kamal Cinema  
Road  
Arjun Nagar  
Safdarjung Enclave  
New Delhi 110029

### Corporate Office:

SOM HOUSE  
23, Zone II  
Maharana Pratap  
Nagar,  
Bhopal 462011  
Ph.: +91 755 427  
8827



Nakul Sethi

**SOM Distilleries and Breweries**

[nksethi@somindia.in](mailto:nksethi@somindia.in)

+91 755 4271271



Saket Somani/ Ankul Adlakh

**Churchgate Partners**

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