



**SOM Distilleries & Breweries Limited**  
(BSE: 507514, NSE: SDBL)

**Investor Presentation**  
March 2018



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.



## Industry Dynamics

About SOM Distilleries

Strategic Investment  
Rationale

Financial Highlights

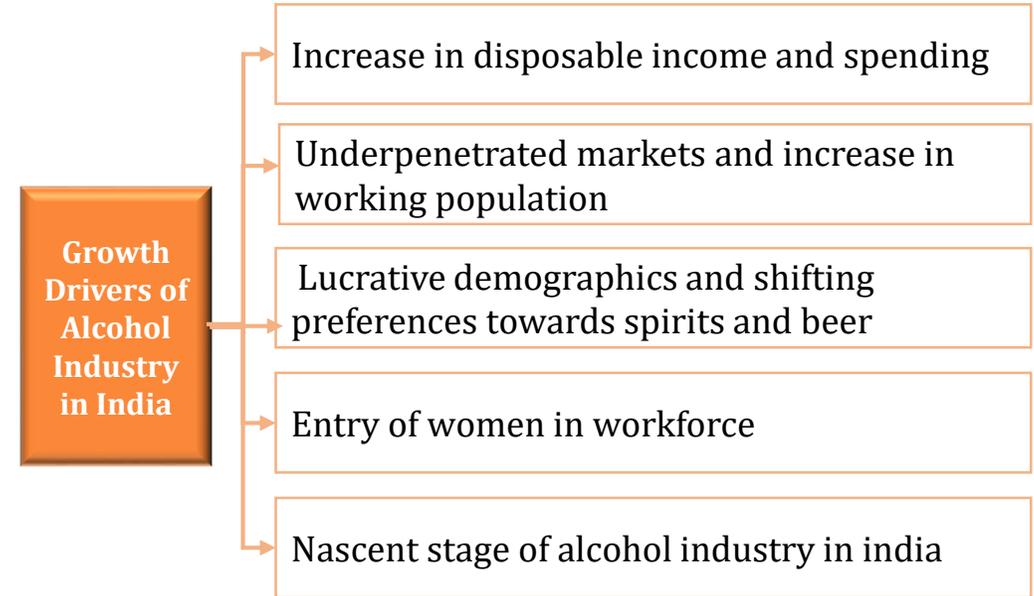
Management and Board

Awards and CSR

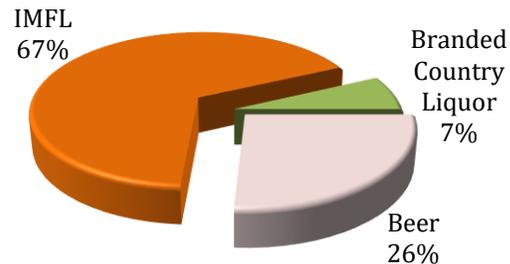


# Indian alcohol industry is uniquely positioned for growth

- India is the third largest alcoholic beverage market in the world in terms of volume
- Factors such as rising personal disposable incomes, 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



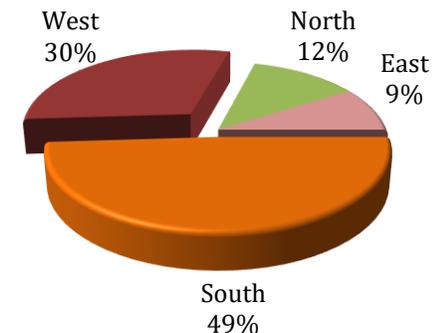
**Market share of liquor in India (value terms)**



\*BMI Research



**Regional Distribution of IMFL & Beer (value terms)**



# India has one of the lowest per capita beer consumption in the world

Beer Market in India (Values in Rs. Bn)



Beer Market in India (Volume in mn litres)



- Beer market in India is segmented into strong beer and mild beer on the basis of their alcohol content
- Strong beer, which has alcohol content more than 5%, dominates the Indian market
- The current per capita consumption of beer in India is one of the lowest in the world providing significant room for growth
- High capital intensity for the setup of breweries and therefore there are considerable barriers to entry

*Increasing consumer affluence is likely to encourage a growing number of consumers to trade up to SOM's premium category brands  
Beer is also gradually shedding its seasonality and becoming an all-year drink..*



# IMFL growth to be driven by premiumization

IMFL Market in India (Values in Rs. bn)



IMFL Market in India (Volume in mn litres)



- 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 over 95% of market share by volume in India
- In value terms the IMFL industry value is expected to increase at a CAGR of 8.5% over CY2017-2021
- Over the same period, IMFL volume is expected to grow at 4.7% indicating the premiumization trend



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# Who we are



## *The only listed Beer and IMFL company in India*

- SOM Distilleries & Breweries Limited (SDBL) is based in Bhopal and is one of the leading alcoholic beverage manufacturers in India
- Offers a broad line of products at various price points to cater to varied preferences of the consumers. The product portfolio consists of beer, whisky, rum, brandy and vodka
- With ~89% of the topline derived from beer, the Company has three key millionaire brands (with sales of more than 1 mn cases per annum): Hunter, Black Fort and Power Cool
- SDBL's Hunter and Woodpecker brands are supplied as draught beer to all major hotels in Madhya Pradesh and Chhattisgarh
- Expansion initiatives are underway in key growth markets which is expected to drive future growth



# Track record



## 1993-1994

- SOM was incorporated in 1993 and the company was listed on the BSE in 1994
- In 1994 launched Black Fort & Legend Brands along with establishing depots at Delhi & Chandigarh

## 1995-1996

- Commercial production started with 10,000 KL (Beer) & 5,400 KL (IMFL)
- Launched premium Strong Beer 'Hunter' & in 1998 started exporting beer in International Market
- Beer capacity expanded from 10,000 KL to 18,900 KL

## 1997-99

- Black Fort' Beer won bronze medal in international Food & Exhibition in London in 1999

## 2000-03

- Started Can Line for Beer
- Beer capacity increased from 18,900 KL to 23,800 KL which was followed by opening Uttarakhand depot

## 2004-07

- For the first time in India launched draught Beer in the state of MP
- Opened depots in Himachal Pradesh & Haryana
- Capacity expansion from 28,800 KL to 29,200KL in 2007

## 2010

- Installed capacity of Beer increased from 29,200 KL to 59,200 KL in 2010

## 2012

- Company launched new brand 'Power Cool' Beer

## 2013

- Launched a new premium segment Whisky brand 'Milestone 100' and Vodka brand 'White Fox'

## 2015

- Launch of Hunter Pint Beer; and refurbished the Hunter beer
- Launch of RTD product, White Fox Refresh

## 2016

- SOM to supply Rum and Beer to Canteen Stores Departments pan India

## 2017

- Setting up of a brewery in Karnataka through its subsidiary - Woodpecker Distilleries and Breweries Pvt Ltd



# Geographical presence



- Presence across India including Madhya Pradesh, Arunachal Pradesh, Chhattisgarh, Delhi, Gujarat, Kerala, Karnataka, Orissa, Pondicherry, and West Bengal
- Strong sales and distribution network with 60+ distributors across India

*Market leading strategic presence in central India  
Post expansion, new states to provide further traction*



# Recent major developments

## Approvals

- Beer brands have been approved by F.D.A for supplying beer to the USA (Nov 2017)
- 'WOODPECKER' Beer approved in the Canteen Store Department in March 2017
- Four of SOM brands approved by CSD for supply on a PAN India Basis in November 2016

## New Facilities

- Setting up of Brewery in Karnataka through the subsidiary company - Woodpecker Distilleries and Breweries Pvt Ltd

## Recent Launches

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

## Others

- Opening of the Mumbai office to give more impetus to the Southern and Western regions of the country
- Hunter Beer achieved a volume in excess of 2(Two) million cases in the FY2017



# Millionaire beer brands



- Launched in 1995 in the premium segment
- Alcohol content of 6% to 8% v/v
- New refurbished Hunter beer and pint bottle launched in FY2016
- Sales volume of ~21.2 lakh cases in FY2017
- Available in bottle, pint bottles and cans
- Export coverage to Far East, Middle east, South America and Japan



- Launched in 1994 in the mass segment
- Alcohol content of 6% to 8% v/v
- Sales volume of ~15.6 lakh cases in FY2017
- Available in bottle and cans



- Launched in 2011 in the premium segment
- Alcohol content of 6% to 8% v/v
- Sales volume of ~17.1 lakhs cases during FY2017
- Available in 325 and 650 ml of packaging

(Lakh cases sold)	FY2015	FY2016	FY2017	CAGR (%)
Hunter	15.0	16.8	21.2	18.9%
Black Fort	17.8	17.5	15.6	(6.4)%
Power	11.8	15.8	17.1	20.4%
<b>Total</b>	<b>44.6</b>	<b>50.1</b>	<b>53.9</b>	<b>9.9%</b>



# Synergy opportunities



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

## Beer Brands



## IMFL Brands



- Black Fort XXX Rum
- Gypsy Rum
- Sunny Rum
- Doctors Brandy
- Legend Premium Whisky
- 21st Century Pure Malted Whisky
- GS Genius Whisky
- Gypsy Whisky
- Sunny Malted Whisky
- Milestone 100 premium Whisky
- Super Master Whisky
- Blue Chip Vodka
- White Fox Vodka
- White Fox Refresh (RTD)

*Beer and IMFL portfolio complements each other and reduces the risk of seasonality  
The point of sales for both IMFL and Beer is the same; thereby leading to marketing efficiencies  
Generates growth opportunities for the combined portfolio*



Industry Dynamics

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# Compelling investment rationale

## Only listed Beer and IMFL company

- Only listed company in India having both Beer and IMFL
- IMFL and Beer portfolio complement each other and reduces the risk of seasonality while providing marketing efficiencies
- Portfolio mix to drive a superior a growth profile

## Strategic expansion initiatives and product innovations

- Drive superior topline growth through strengthening the brand portfolios via strategic initiatives such as focus on CSD, expansion markets- Karnataka, Kerala and Delhi
- Strategic partnerships with White Owl Distilleries and Jagatjit Industries
- New products introduced with seasonal themes to increase consumer traction and engagement – Hunter Pint Beer and different flavors of RTD drinks

## Consistent EBITDA margins and steady growth; Well capitalized balance sheet with low leverage

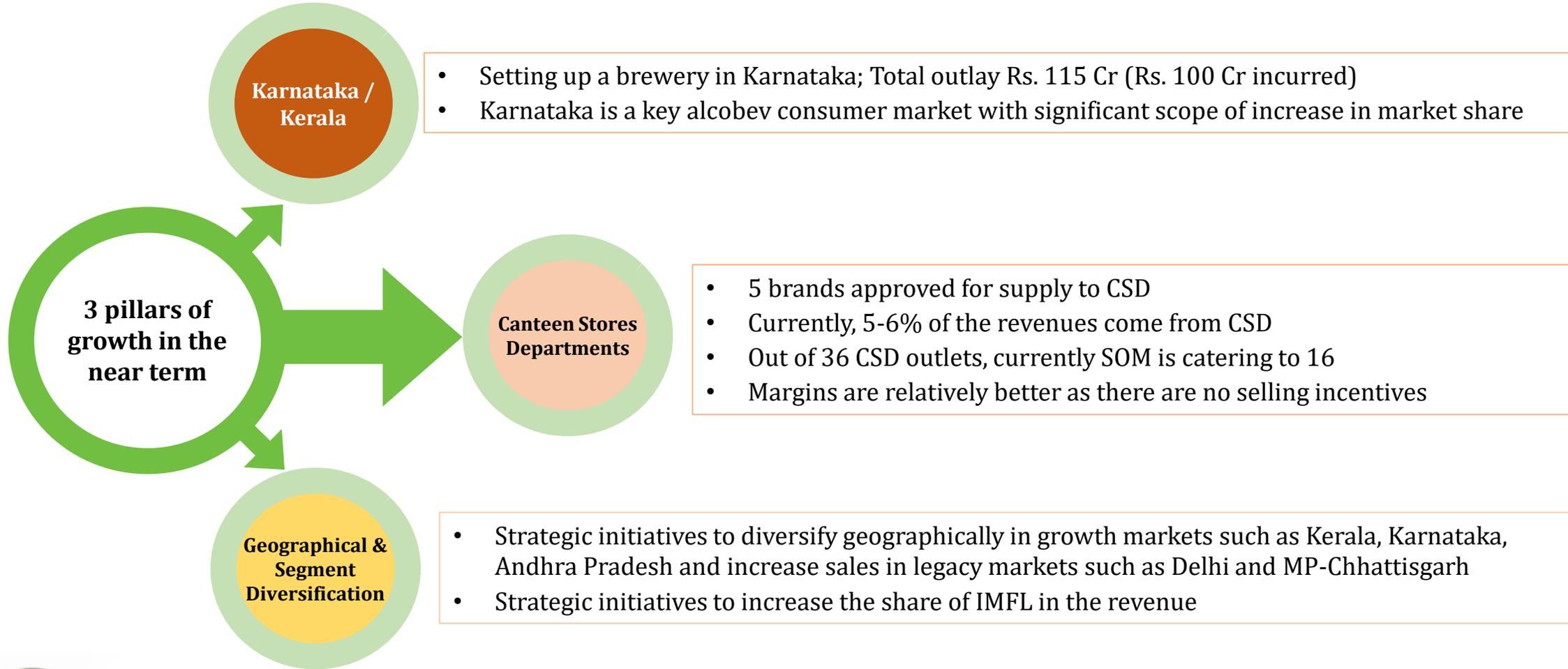
- Consistent EBITDA margins of over 15% over past years
- 3 millionaire beer brands; RTD and IMFL portfolio gaining brand loyalty
- Optimal use of resources and efficient capital allocation
- Well capitalized balance sheet and low leverage to enable opportunities in organic and inorganic expansion

## Significant growth expected for industry

- Lower penetration of beer and favorable demographic profile to provide huge scope for industry growth



# Key growth drivers



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# Robust quarterly performance – Q3 and 9M FY2018



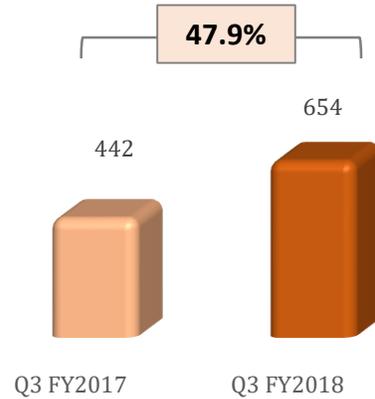
	Q3		y-o-y
(Rs. Million)	FY2018	FY2017	Growth (%)
<b>Total Income</b>	<b>654</b>	<b>442</b>	<b>47.9%</b>
<b>EBITDA</b>	<b>114</b>	<b>74</b>	<b>53.0%</b>
<i>Margin (%)</i>	<i>17.4%</i>	<i>16.8%</i>	
Interest	21	29	(27.5)%
Depreciation	12	10	24.2%
<b>Net Profit</b>	<b>38</b>	<b>17</b>	<b>123.9%</b>
<i>Margin (%)</i>	<i>5.9%</i>	<i>3.9%</i>	
Earnings Per Share	1.39	0.62	123.9%

	Nine Months Ended		y-o-y
	FY2018	FY2017	Growth (%)
	<b>2,498</b>	<b>1,789</b>	<b>39.6%</b>
	<b>423</b>	<b>301</b>	<b>40.7%</b>
	<i>16.9%</i>	<i>16.8%</i>	
	67	86	(22.1)%
	30	29	3.4%
	<b>189</b>	<b>116</b>	<b>63.6%</b>
	<i>7.6%</i>	<i>6.5%</i>	
	6.87	4.20	63.6%



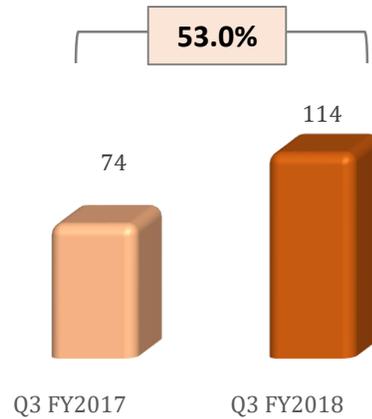
# Robust quarterly performance – Q3 FY2018 vs Q3 FY2017

## Total Income



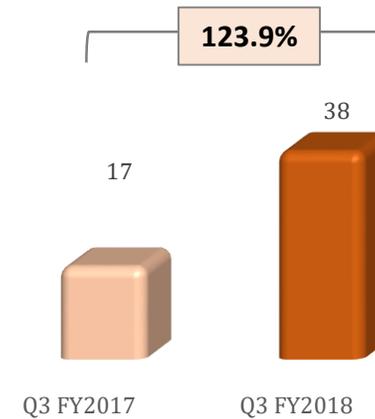
- Q3 FY2018 Total Income increased by 47.9% y-o-y
- Revenue from Beer increased by 73.9% y-o-y while Beer volumes increased by 44.8% y-o-y

## EBITDA



- EBITDA increased by 53.0% y-o-y to Rs. 124 million
- EBITDA margins increased by 58 bps to 17.4%

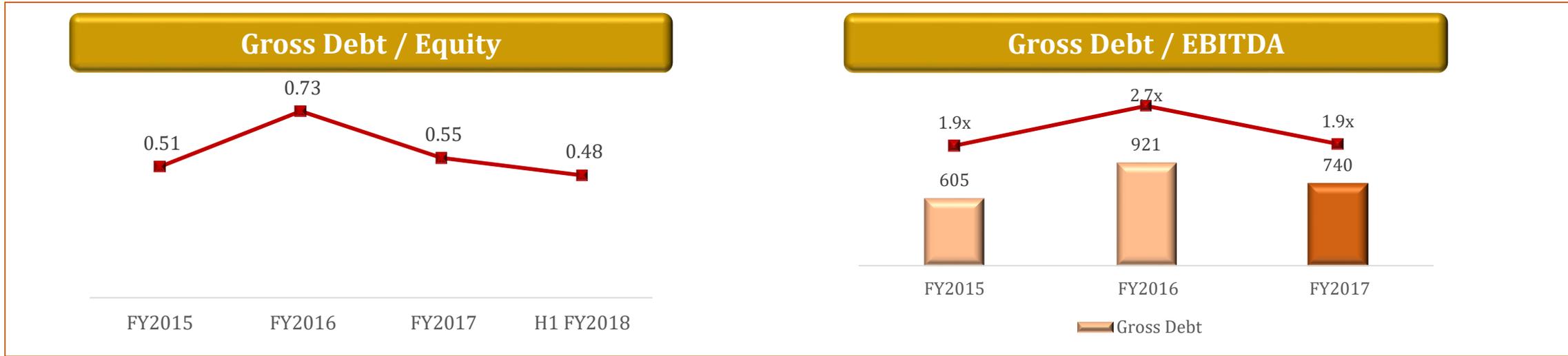
## Net Income



- Net Profit increased by 123.9% y-o-y to Rs. 38 million
- Margins increased to 5.9% vs 3.9% in Q3 FY2017
- Interest cost decreased by (27.5)% to Rs. 21 million



# Conservative balance sheet



## Transformational growth investments funded without risking Balance Sheet

(Rs. Million)	Dec 31 2017	Mar 31 2017	Mar 31 2016
Secured Borrowings	298	523	754
Unsecured Borrowings	175	217	167
<b>Gross Debt</b>	<b>473</b>	<b>740</b>	<b>921</b>
Less: Cash & Cash Equivalents	16	295	198
<b>Net Debt</b>	<b>457</b>	<b>445</b>	<b>723</b>



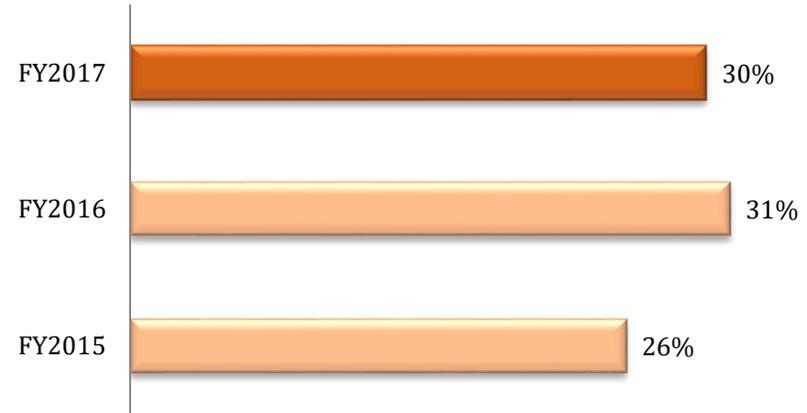
**SOM maintains a conservative leverage profile along with consistent growth in revenues & operating profit**



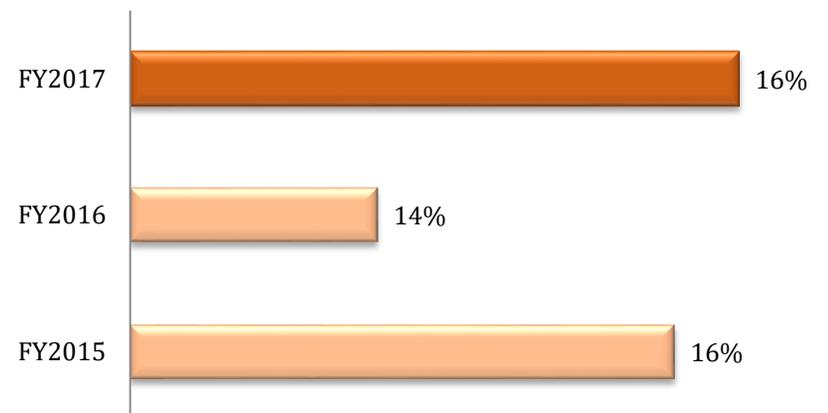
# Financial trends



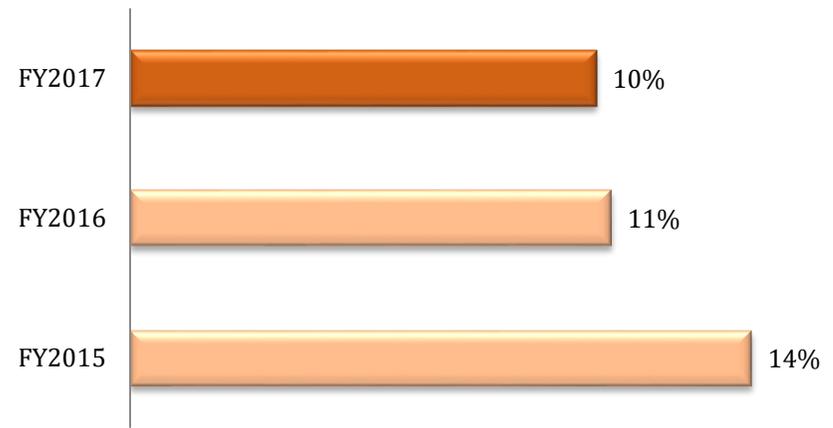
## Dividend Payout



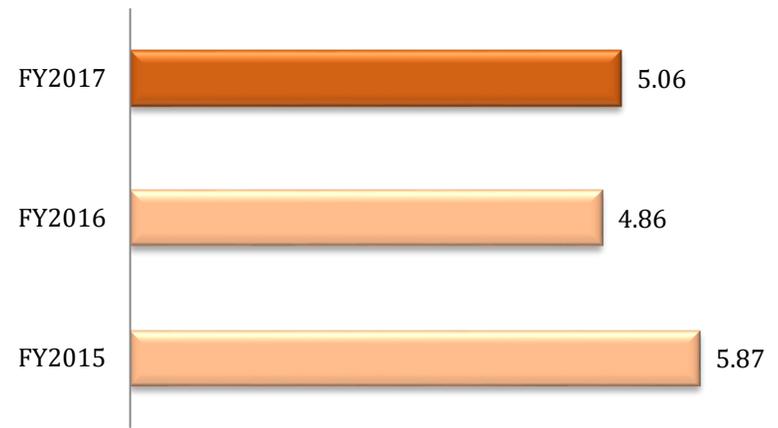
## Return on Capital Employed



## Return on Equity



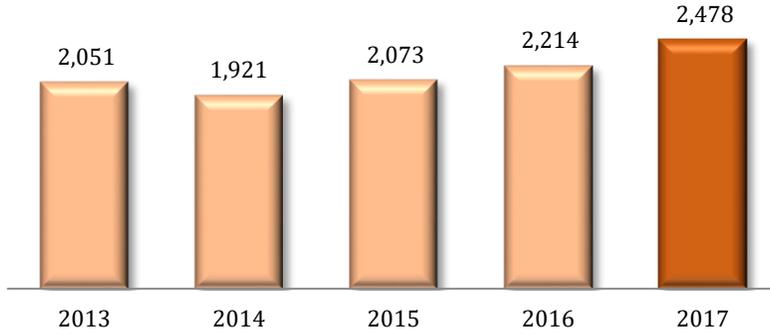
## Earnings Per Share (EPS)



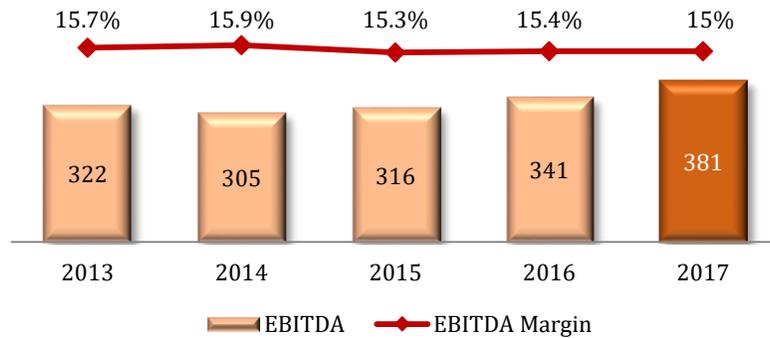
# Financial trends



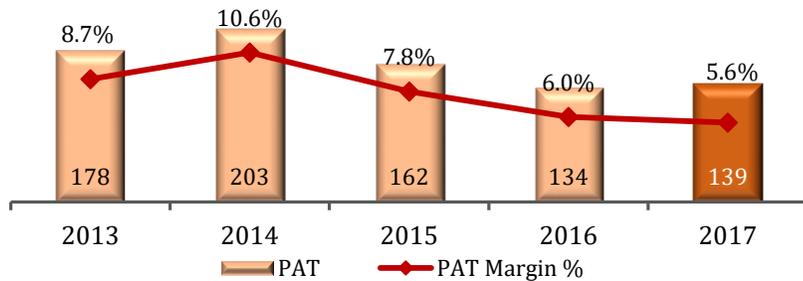
Total Income



EBITDA



Net Income



- **Steady topline growth in a challenging environment**
- **Consistent EBITDA growth**
- **Consistent EBITDA margins of over 15%**



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# Management and Board of Directors



## **JK Arora**

Managing Director , SOM Group

- Visionary and the torchbearer of the SOM Group
- His leadership qualities extend into planning and strategizing the future growth of the Group
- He is also the driving force behind sales, marketing and financial operations of the SOM Group

## **AK Arora**

DMD, SOM Group

- An exceptional technocrat overseeing the commercials /purchase processes of the Company
- Has extensive experience in execution of large and complex projects
- Holds a BE and an MBA degree

## **Deepak Arora**

CEO, SOM Group

- Responsible for managing and streamlining operations, planning and launching new products
- Leading initiatives in exploring new business opportunities by organic and inorganic growth
- Previously worked with Vodafone and SDBL

## **Surjeet Lal**

Director, SDBL

- Visionary and the torchbearer of the SOM Group
- His leadership qualities extend into planning and strategizing the future growth of the Group
- He is also the driving force behind sales, marketing and financial operations of the SOM Group

## **Nilojit Guha**

President, Sales & Marketing

- Has been an expert in the alcoholic beverages segment with an experience of over 25 years
- Previously was engaged as Director, Sales with SAB Miller India where he was responsible for All India Sales

## **Raju Vaziraney**

President, SOM Group

- Has been a stalwart in the alcoholic beverages space
- 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

## **Nakul Sethi**

Head, Finance & Strategy

- Responsible for finance, accounts and strategic initiatives of the SOM Group
- Has over 18 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

## **BK Goel,**

Vice President, Commercial

- Has over 35 years of experience in IMFL and distillation operations
- Prior work experiences include Radico Khaitan, Simbhaoli Sugars, Daurala Sugar Works
- He is a B.Sc and Alcohol Technologist



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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.



**SOMeshwara Dham Mandir**



**Asha Mohan Hospital**

## 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.



**Cancer Camp**

## 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 neighbouring areas.



**SOM Prathmik Vidyalaya**



**Hepatitis Camp**



# Awards and recognitions



Recognized as one of the fastest growing companies by INDSPIRIT 2014



Awarded 30 Most Innovative CEOs of 2014: Inc. Innovative 100 Awards



Received the Gold award for Milestone 100 whisky & Silver awards for White Fox vodka & Hunter beer in 2013



Awarded Certificate of excellence for Smart Innovation: Inc. Innovative 100 Awards



Received the Best Product debut award for Milestone 100 whisky



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



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





## SOM Distilleries & Breweries Limited

(BSE: 507514, NSE: SDBL)

### 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

**Churchgate Partners**

[som@churchgatepartners.com](mailto:som@churchgatepartners.com)

+91 22 6169 5988

