



SOM Distilleries & Breweries

Corporate Presentation

www.somindia.in

June 2015

Cautionary Statement

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 and 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 and Breweries undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances



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Business Overview



Company Highlights

Market Position

- 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

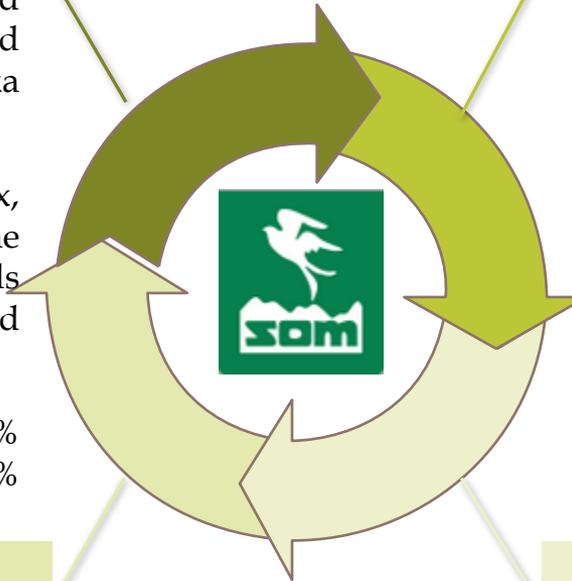
- The beer industry in India grew at a CAGR of ~13% over 2004-14 and is further expected to grow at ~8% CAGR over the medium term
- The size of the IMFL market in India is estimated to grow over 390 million cases in FY2017 from 340 million in FY2015

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

- Consistent EBITDA margins over five years
- Conservative leverage profile with Gross Debt/Equity ratio at 0.51x as on 31 March 2015
- Featured in Forbes Asia's 'Best Under A Billion list' sales in an initial set of 15,000 Companies



SOM At A Glance

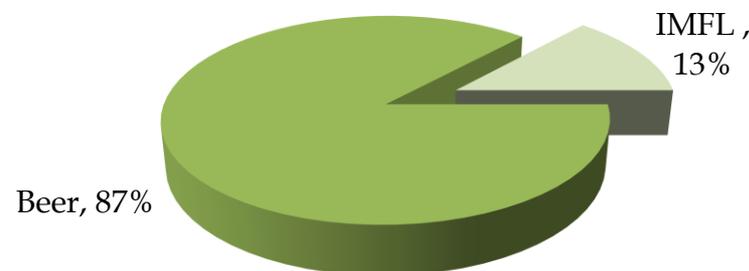
Company Snapshot

- **SOM Distilleries and Breweries (SOM)** was established in 1994. SOM is primarily engaged in brewing, fermentation, bottling, canning and blending of Beer and Indian Made Foreign Liquor (IMFL)
- SOM Distilleries is a flagship company of SOM Group of Companies. SOM Group is based out in Bhopal and is one of the leading liquor producers in India
- SOM has global footprint with a vast distribution network spread over 13 states in India. The Company is primarily focussed on achieving operational excellence through technological advancement coupled with strong manpower of over 600 employees
- Currently, 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 the major hotels in Madhya Pradesh and Chhattisgarh
- Recently launched a premium segment whisky 'Milestone 100' and 'White Fox' vodka

Category Wise Quantity Sold (In lakhs)

Category	FY2013	FY2014	FY2015
Beer	48.2	43.3	44.7
IMFL	6.0	6.2	6.8

Sales Split By Quantity* (in %)



*FY2015



Awards and Recognitions

Recent Achievements in FY 2015

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 86th by:



Ranked 86th 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 Brand Marketed



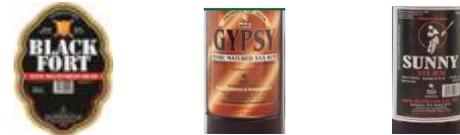
Beer

- 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



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

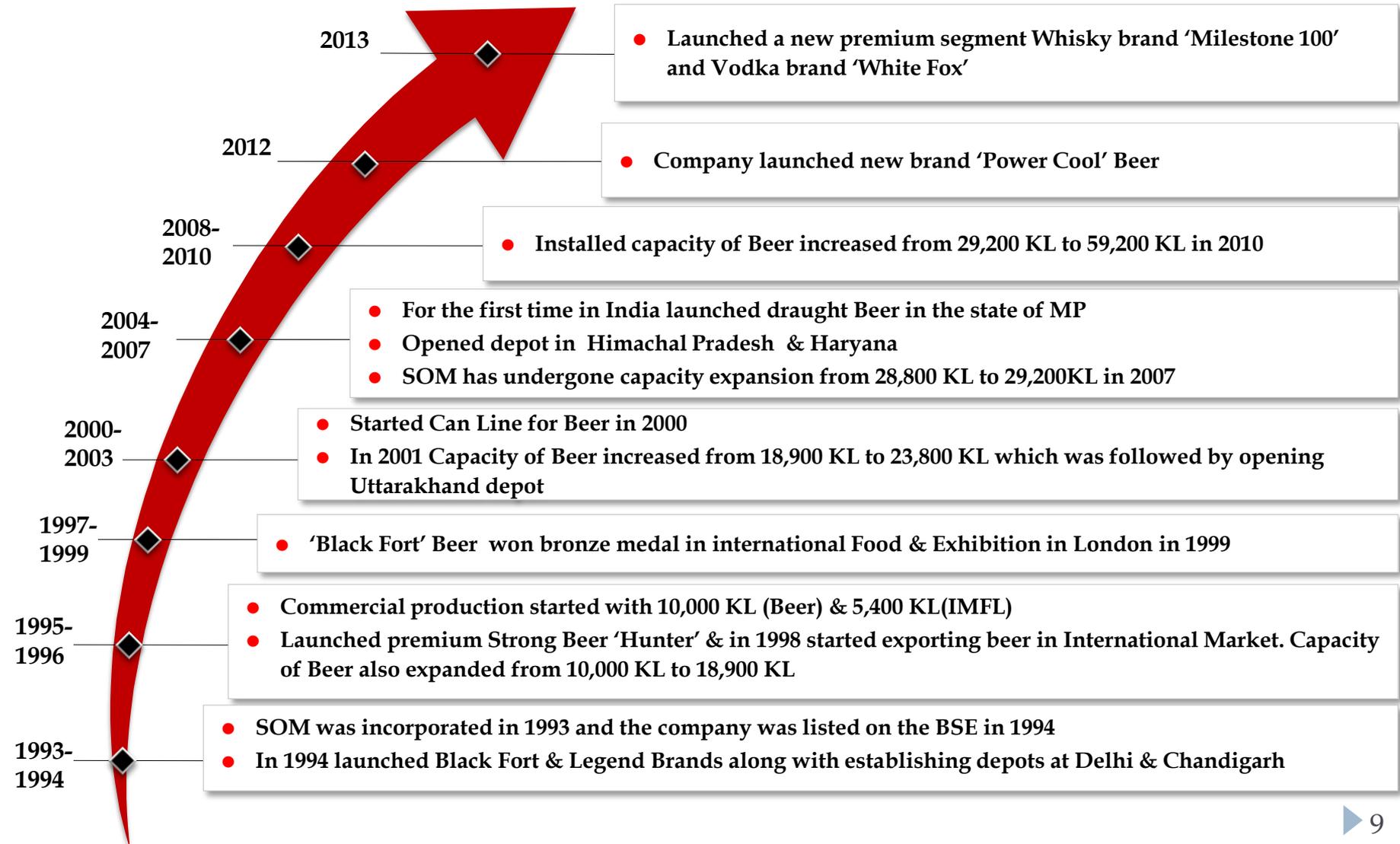


 Represents major brands



Evolution of SOM

History



Global Presence

Distribution Network Across The Globe



Legend:



Key export countries for IMFL



Key export countries for Beer

Export markets like Africa, Latin America, Asia and Middle East regions are witnessing growth

Africa is likely to be one of the key long-term growth drivers for the global beer category



Manufacturing Facilities

Continued Investment in State of the Art Manufacturing Facilities



Beer Storage Tank



Bottling Hall



Beer Filling Machine



Beer Filter Machine



Management and Board

Experienced Management Team

Management	Description
JK Arora <i>Chairman, SOM Group</i>	<ul style="list-style-type: none"> • 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 <i>DMD, SOM Group</i>	<ul style="list-style-type: none"> • An exceptional technocrat and executioner with complete charge over commercials / purchase processes • Holds a BE and an MBA degree
Deepak Arora <i>CEO, SOM Group</i>	<ul style="list-style-type: none"> • 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 <i>CMD, SOM Distilleries & Breweries</i>	<ul style="list-style-type: none"> • A seasoned professional associated with the Company since its inception • Prior to SOM, he was associated with Lilasons Breweries and has successfully launched their premium brand "Khajuraho" • He is a graduate in Science, Food and Fermentation Technologist
Raju Vaziraney <i>President, SOM Group</i>	<ul style="list-style-type: none"> • Has been a stalwart in the alcoholic beverages space and is an accomplished professional • 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 <i>Director, Finance & Strategy</i>	<ul style="list-style-type: none"> • Responsible for finance, accounts and strategic initiatives of the SOM Group • Has over 15 years of experience in India, Middle East and Asia Pacific and associated with reputed firms like Alfordan Group, Yes Bank, Kotak Bank and Knights Insolvency
Ramesh Wanchoo <i>Group Chief Financial Officer</i>	<ul style="list-style-type: none"> • Responsible for financial discipline and resource mobilization for the SOM Group • With 30 years of experience, he has also worked with J&K Bank and Gwalior Polypipes • He holds CAIIB and MBA (Finance)

Experienced Operating Team

Management	Description
BK Goel, <i>Vice President, Commercial</i>	<ul style="list-style-type: none"> • 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



Management and Board

Board Of Directors



Audit Committee

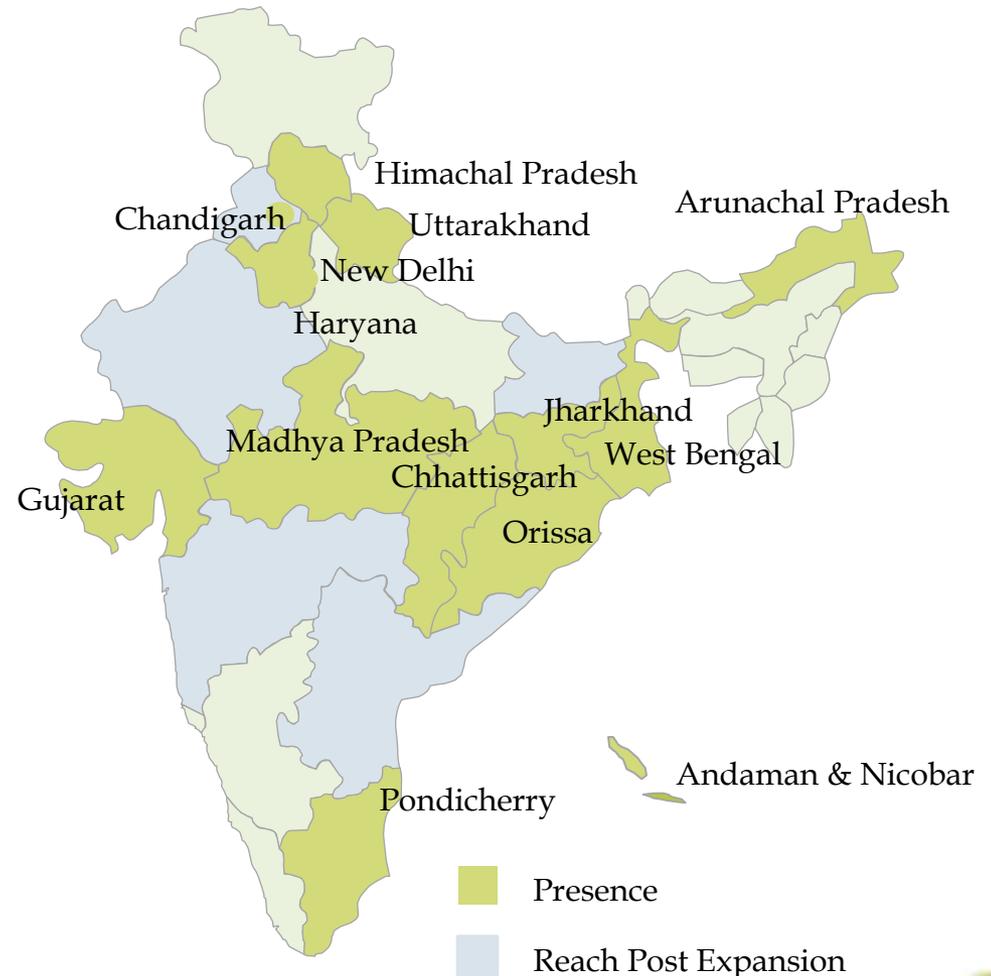
Name	Status	Independent
Shri D N Singh	Chairman	✓
Shri Surjeet Lal	Managing Director	×
Shri Shailendra Singh Sengar	Director	✓



Strategic Outlook

- To become one of India's top 3 breweries in next 5 years
- Identifying key regions for expansion either through organic or inorganic growth models
- 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





Industry Overview

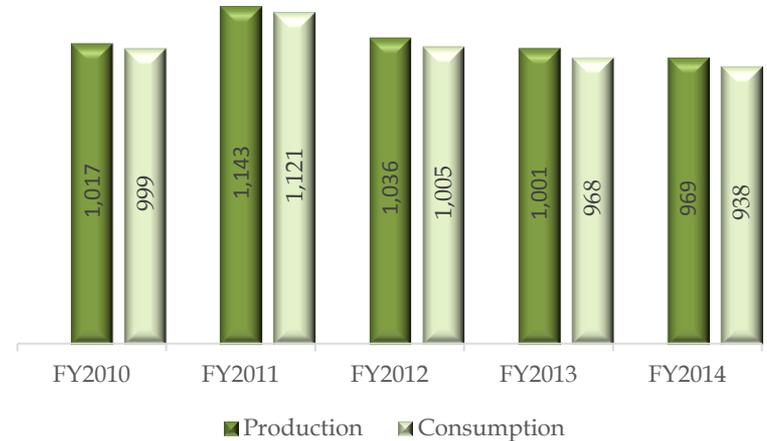


Indian Spirits Industry

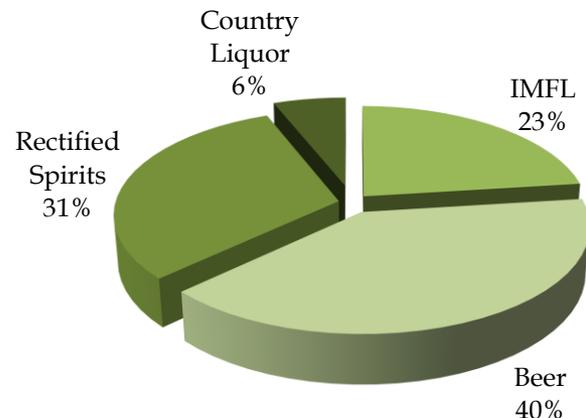
Indian Industry At a Glance

- India is the third largest alcoholic beverage market in the world estimated to be \$35 billion per annum.
- India's favourable demographic profile (growing young & working population), rising personal disposable income, changing lifestyle, increasing social acceptance has been stimulating the growth of alcoholic beverages industry in India.
- Beer is the fastest growing alcoholic beverage segment in India, both by volume and value.
- High entry barriers due to stringent regulations and investments required to set up distribution network has prevented the entry of smaller players.

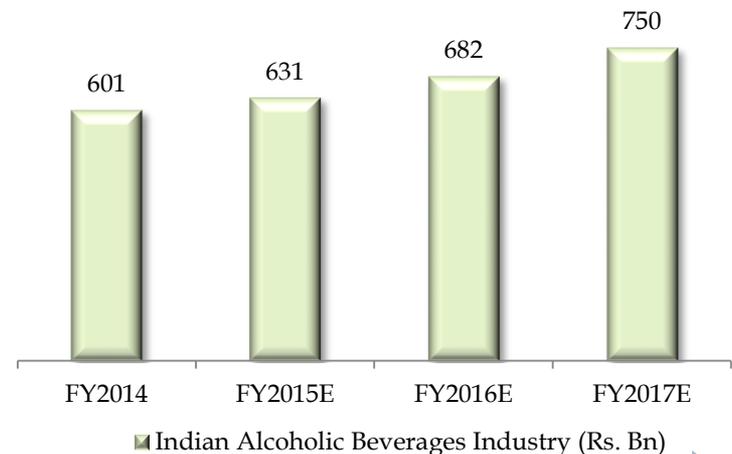
Beer Consumption & Production (mn litres)



Segment wise production breakup



Projected Market Size





Brand Profile



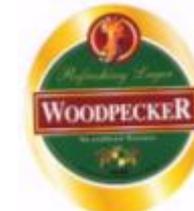
Strong Brand Portfolio

Key Brands

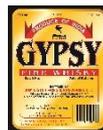
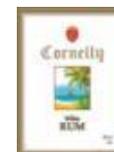
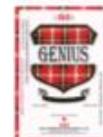
Major Brands



Beer



Spirits



Strong Brand Portfolio

Hunter Premium Beer

About The Product

- Launched in 1995 as premium class
- ~40 lakh cases of production volume per year
- Alcohol content of 6% to 8% v/v



Sales

- Sales volume of ~15.0 lakh cases in FY2015
- Available in bottle and cans



Other Details

- Export coverage to Far East, Middle east, South America and Japan
- 30.3% of contribution towards total revenue
- Revenue: 69.7 crore

Black Fort Beer

About The Product

- Launched in 1994 as larger class
- ~35 lakh cases of production volume per year
- Alcohol content of 6% to 8% v/v



Sales

- Sales volume of ~17.8 lakh cases in FY2015
- Available in bottle and cans



Other Details

- 33.6% of contribution towards total revenue
- Revenue: 62.9 crore



Strong Brand Portfolio

Power Super Strong Beer

About The Product

- Launched in 2011 as premium class
- ~35 lakh cases of production volume per year
- Alcohol content of 6% to 8% v/v



Sales

- Sales volume of ~11.8 lakhs cases during FY2015
- Available in 325 and 650 ml of packaging



Other Details

- 18.1% of contribution towards total revenue
- Revenue: 37.4 crore

Major Brands At A Glance

(Lakh cases sold)	FY2012	FY2013	FY2014	FY2015
Hunter	11.8	13.8	13.0	15.0
Black Fort	14.6	23.6	17.2	17.8
Power	15.1	10.8	13.0	11.8
Total	41.5	48.2	43.2	44.6





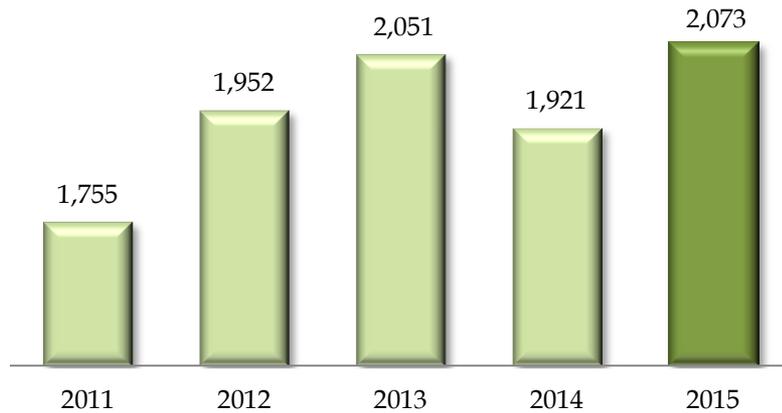
Financial Performance



Financial Highlights

Performance Trend- Yearly

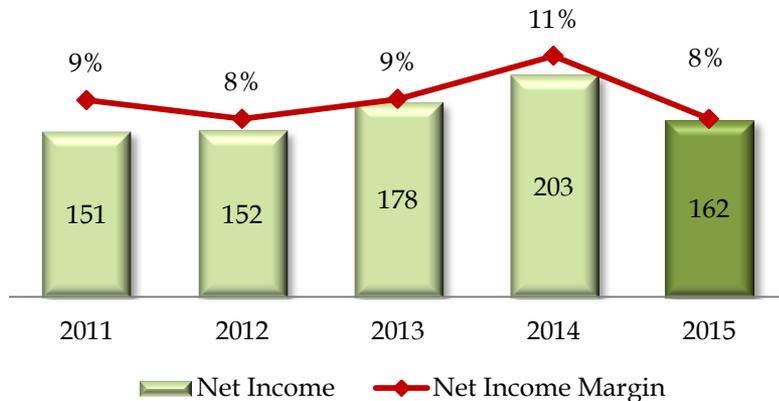
Total Income* (Rs. Million)



EBITDA (Rs. Million) and Margin (%)



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



Revenue by Category (Quantity Sold)

Category	FY2011	FY2012	FY2013	FY2014	FY2015
Beer	88%	87%	89%	88%	87%
IMFL	12%	13%	11%	12%	13%

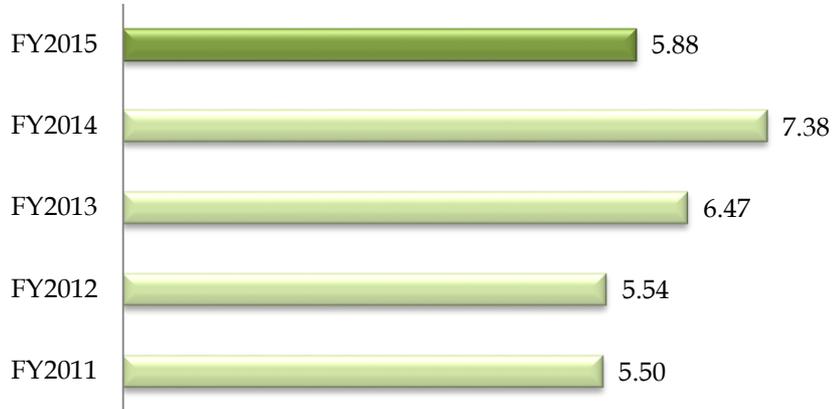
* Total Income includes Sales and Other Income



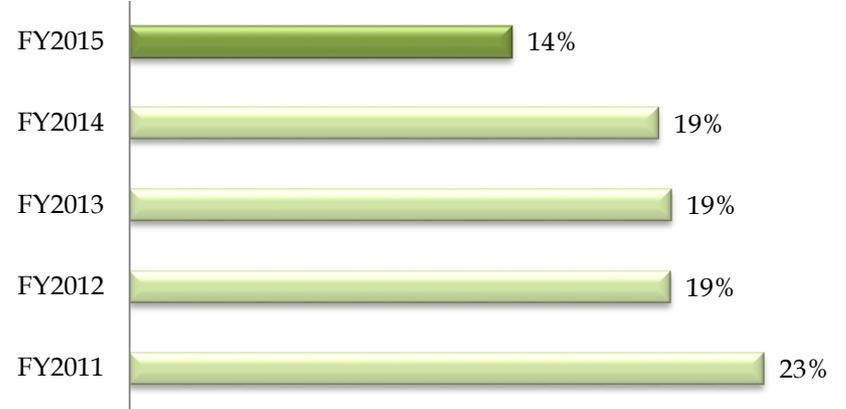
Financial Highlights

Key Ratios

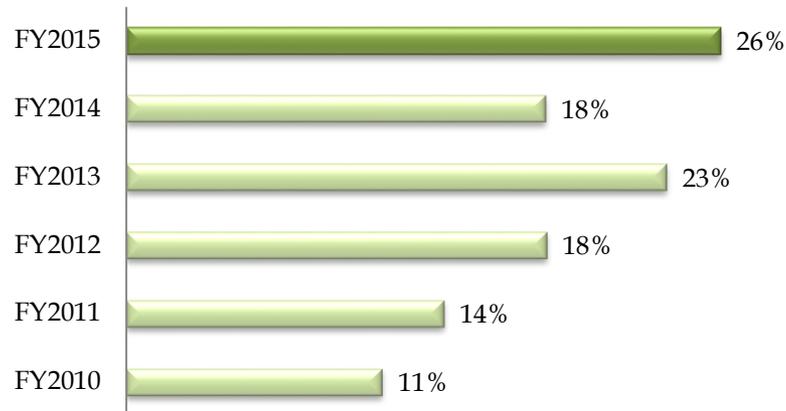
Earning Per Share



Return On Equity



Dividend Payout



Note: Dividend Payout = Dividend/Earnings Per Share



Q4 FY2015 Highlights

Financial Highlights

(Rs. millions)	Q4		y-o-y	Q3	q-o-q	Full Year Ended		y-o-y
	FY2015	FY2014	Growth (%)		Growth (%)	FY2015	FY2014	Growth (%)
Total Income	537	407	31.8%	394	36.3%	2,073	1,921	7.9%
EBITDA	81	72	11.7%	61	31.5%	317	305	4.2%
Margin %	15.0%	17.7%		15.6%		15.3%	15.9%	
Profit Before Tax (PBT)	70	57	22.4%	41	70.3%	255	255	0.01%
Margin %	13.1%	14.1%		10.5%		12.3%	13.3%	
Profit After Tax (PAT)	33	57	(42.3)%	33	(1.3)%	162	203	(20.3)%
Margin %	6.1%	14.0%		8.4%		7.8%	10.6%	
Basic EPS (Rs.)	1.21	2.06	(41.3)%	1.21	0.0%	5.88	7.38	(20.3)%

Commentary Q4 FY2015 vs. Q4 FY2014

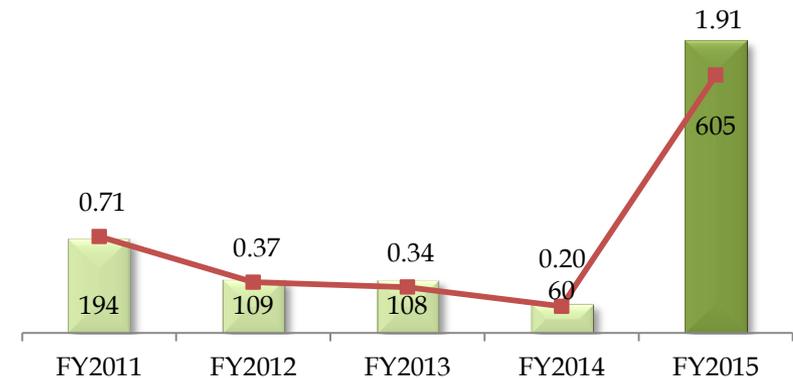
- Q4 FY2015 Total Income increased by 31.8%. Beer volumes increased by 47.3% and IMFL volumes increased by 86.3%. Average price realization improved by 14.3% for beer and 5.9% for IMFL segment
- EBITDA increased by 11.7% y-o-y. Improved price realizations and sales volumes in the Beer and IMFL segment supported EBITDA growth. Depreciation decreased by 80.3% y-o-y due to revision of the useful lives of fixed assets in accordance with the provisions of Schedule II to the Companies Act, 2013. Margins remained relatively consistent at 15%
- Net Profit for the quarter was Rs. 33 million, a decline of (42.3)% compared to Q4 FY2014. Finance cost increased from Rs. 1.3 million to Rs. 7.6 million due to increase in secured borrowings. Net Profit was also impacted due to lower tax incidence in Q4 FY2014 on account of availability of MAT credits last year

Leverage Profile

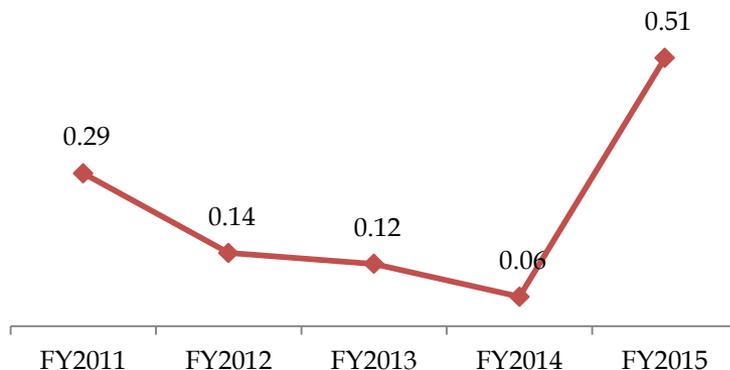
Strong Balance Sheet With Conservative Leverage Profile

(Rs. Million)	31.03.2015	31.03.2014
Secured Borrowings	526	12
Unsecured Borrowings	79	47
Gross Debt	605	60
Less: Cash & Cash Equivalents	(402)	(64)
Net Debt / (Net Cash)	203	(4)
Shareholder's Equity	1,183	1,073

Gross Debt and Gross Debt/EBITDA (x)



Gross Debt/ Equity (x)



- Increase in Gross Debt/Equity in FY2015. The proceeds of the secured borrowings to be utilized for the expansion of the business and working capital requirements
- Maintaining a conservative leverage profile along with consistent growth and low net debt position



Corporate Social Responsibility



Corporate Social Responsibility

Environment

- ✓ SOM has established environmental parameters to improve upon against several key indicators by 2015.
- ✓ The Company has started **PARTNERGREEN program** which enlists employees as environmental champions and then supports them through 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 up the morale of the youth SOM sponsors, Merit based Scholarship award which is in the shape of financial support in few reputed schools of Bhopal.

Social Welfare

- ✓ In December 1995, **Asha Mohan Foundation** has established a school for providing free education to the 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

Launched premium whisky brand 'Milestone 100' and 'White Fox vodka'

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

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