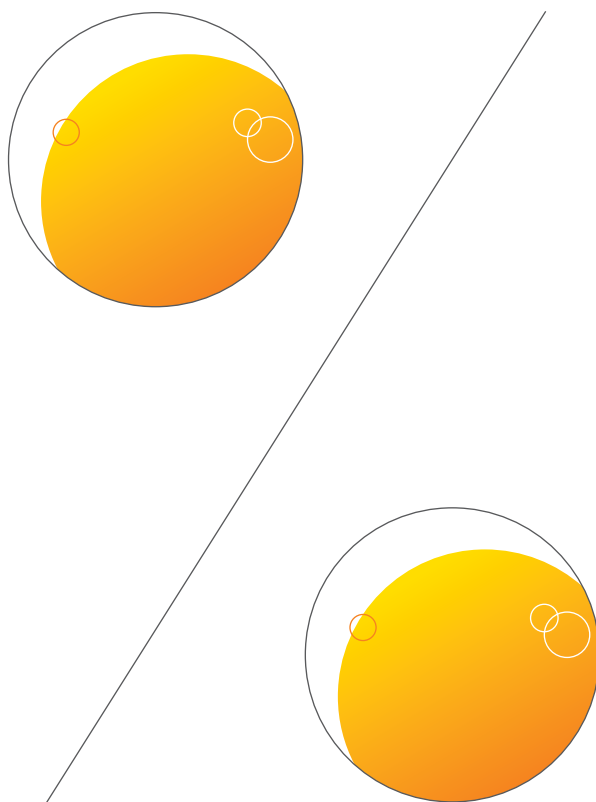


ASSOCIATED ALCOHOLS & BREWERIES LIMITED  
33RD ANNUAL REPORT 2021-22



# CONSOLIDATING OUR BUSINESS

SUSTAINING OUR ROBUST FOUNDATION

## Forward-looking statement

In this Annual Report 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.

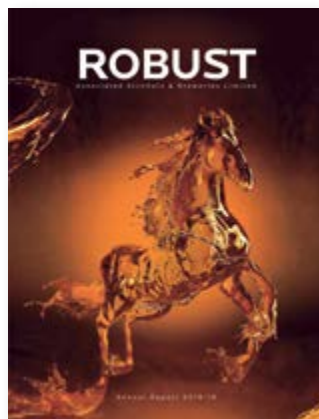
We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking 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.

2017-18



2018-19



2019-20



2020-21



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# CONSOLIDATING OUR BUSINESS

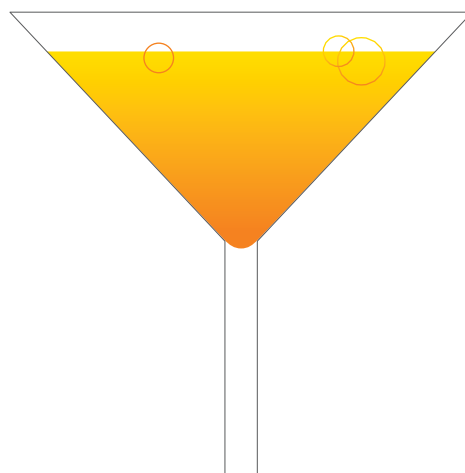
Associated Alcohols & Breweries Limited has transformed attractively in the last few years.

The Company expanded the capacity to manufacture extra neutral alcohol and branded liquor products

The Company deepened relationships with principals to manufacture and market their products within specified geographies.

The Company grew its own portfolio of liquor brands, strengthening its value-addition.

The Company is engaged in consolidating its business with the objective to secure its foundation.





## CORPORATE SNAPSHOT

Associated Alcohols & Breweries Limited is an attractive proxy of the growth coming out of India's liquor sector.

The Company is one of India's largest manufacturers of raw material ENA that is consumed in the production of liquor.

The Company is engaged in the marketing of liquor brands (proprietary and licensed).

The Company intends to extend to the manufacture of grain-led ethanol to capitalise on the GOI (Government of India) Ethanol Blending Policy.

## OUR ETHOS

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### Vision

To be a pioneer in liquor manufacturing, distillation and bottling in India and to further strengthen the foothold in the liquor industry as one of the most reputed manufacturing and marketing Company

### Mission

Associated Alcohols & Breweries Limited undertakes to dedicate itself and all its resources to achieving global excellence in the present sectors of operations and seeking growth

### Values

- To cultivate the highest standards of professionalism, fairness and total customer satisfaction in all our transactions and dealings.
- To create a profound and everlasting impact on our customers through commitment and sincerity.
- To continue the ongoing journey towards honesty, sincerity and integrity with all our stakeholders.
- To spread our wings all across the country and play a dominant role in the liquor industry in India.

## Background

The Company was founded by the late Mr. Bhagwati Prasad Kedia in 1989. Associated Alcohols & Breweries Limited is the flagship company of the Associated Kedia Group, which is involved in liquor manufacture and bottling. The Company assumed the distillery operations of the promoter group and extended to the manufacture of premium liquor products.

## Promoters

The promoters of the Company possess more than three decades of experience. The promoters comprise Mr. Anand Kumar Kedia and Mr. Prasann Kumar Kedia.

## Market presence

The Company is one of the largest distillers in India with a geographic presence in five States. The Company's principal revenues are derived from Madhya Pradesh and Kerala.

## Products

The Company's product range comprises:

- Premium extra neutral alcohol / grain-based spirit
- Indian made Indian liquor (IMIL)
- Indian made foreign liquor (IMFL)
- Rectified spirit
- Contract manufacturing partner (for Diageo – USL)

## Clients

- Diageo / United Spirits Limited
- Government-regulated retail contractors/agencies (both IMFL and IMIL)
- Kerala State Beverages Corporation
- Chhattisgarh State Beverage Corporation

## Licensed brands/ franchised brands

- Bagpiper Deluxe Whisky
- Directors Special Whisky
- Flavoured White Mischief
- Director's Special Gold Whisky
- McDowell's No. 1 XXX Rum.

## Proprietary products

- Central Province Whisky
- Titanium Triple Distilled Vodka
- James McGill Whisky
- Jamaican Magic Rum
- Super Man Series
- Bombay Special Series

## Contracted manufacturing brands

- Black Dog Scotch Whisky
- VAT 69 Scotch Whisky
- Smirnoff Vodka
- Black & White Scotch Whisky

## Facilities

The Company's state-of-the-art manufacturing facility is located in Khodigram (Barwaha district, Khargone, Madhya Pradesh) and responsible for alcohol production, bottling and packaging liquor. The corporate office is located in Indore.

## Expansion

The Company possessed ENA manufacturing capacity of 45 mn litres per annum (MLPA) as on 31st March, 2022. The Phase II is expected to expand capacity to 75 MLPA will add-on ethanol production.

## Credit rating

CARE provided A-/ A2+ credit rating to the Company for bank borrowings.

45

(mn litres) ENA  
manufacturing capacity  
as on 31st March,  
2022

32

Bottling lines

12.5

(mn) bottling capacity as  
on 31st March, 2022



# MILESTONES

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1989

Incorporated as a public limited company



1990

Commenced the manufacturing and marketing of potable alcohols



1995

Modernizes and expanded the distillery



2017

Embarked on an ambitious expansion project from 31.4 MLPA to 45 MLPA

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# 2012

Revamped manufacturing facilities and processes as per prevailing requirements



# 2015

Created a completely integrated system including the implementation of SAP-ERP



# 2016

Issued bonus shares in the ratio of 1:1



# 2018

Completed the 45 MLPA ENA expansion (Phase I) project



# 2019

Operated the expanded ENA capacity for the first full year  
Listed on National Stock Exchange



# 2020

Exported ENA to one of the world's most respected vodka manufacturers in Europe



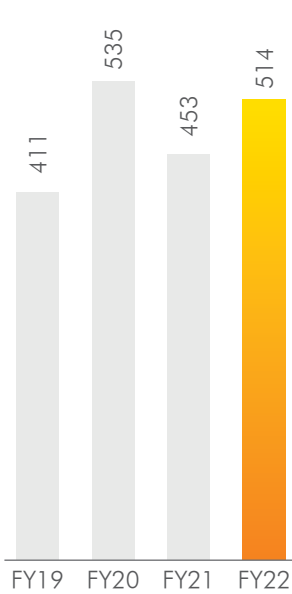
# 2021

Announced Project Expansion of Phase-II to 75 MLPA



# HOW WE GREW ATTRACTIVELY IN THE LAST FEW YEARS

## Revenues (₹ Crore)



### Definition

Growth in sales net of taxes and GST

### Why is this measured?

It is an index that showcases the Company's ability to maximise offtake and enhance revenues

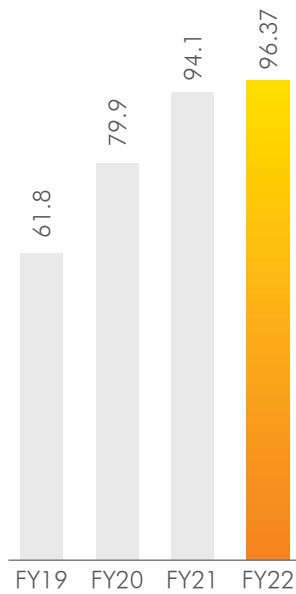
### What does it mean?

Aggregate sales increased 13% to ₹514 Crore in FY 2021-22

### Value impact

The Company performed better than the sectorial average

## EBITDA (₹ Crore)



### Definition

Earnings before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax)

### Why is this measured?

It is an index that showcases the Company's ability to generate a surplus following the expensing of operating costs.

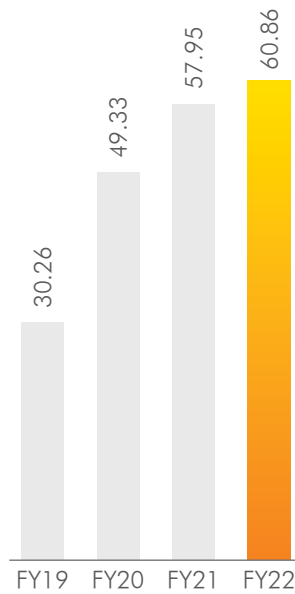
### What does it mean?

This helps create a robust growth engine and sustain profits.

### Value impact

The Company reported a 1% EBITDA decline due to a sharp increase in raw material costs

## Net profit (₹ Crore)



### Definition

Profit earned during the year after deducting all expenses and provisions

### Why is this measured?

This measure highlights the strength of the business model in enhancing shareholder value.

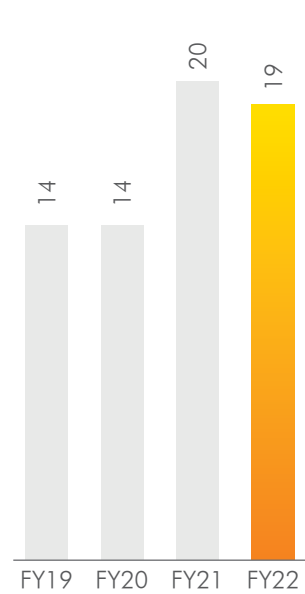
### What does it mean?

Ensures that adequate surplus is available for reinvestment.

### Value impact

The Company reported a nominal 5% increase in net profit in FY 2021-22 due to resource inflation.

## EBIDTA margin (%)



### Definition

EBIDTA margin is a profitability ratio used to measure a Company's pricing strategy and operating efficiency

### Why is this measured?

The EBIDTA margin provides a perspective of how much a Company earns (before accounting for interest and taxes) on each rupee of sales.

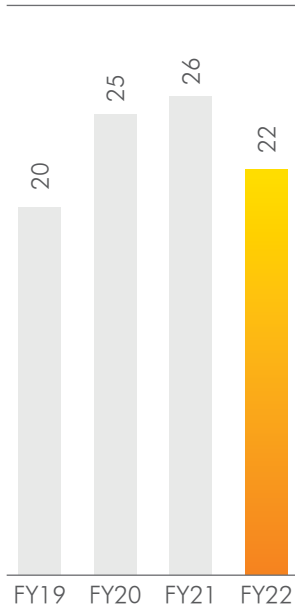
### What does it mean?

This demonstrates adequate buffer in the business expressed as a percentage, which, when multiplied by scale, enhances surpluses.

### Value impact

The Company reported a 100 bps decline in EBIDTA margin in FY 2021-22 following an increase in costs that could not be passed on to consumers.



**RoE (%)****Definition**

It is a financial ratio that measures a Company's profitability and the efficiency with which its capital is employed in the business

**Why is this measured?**

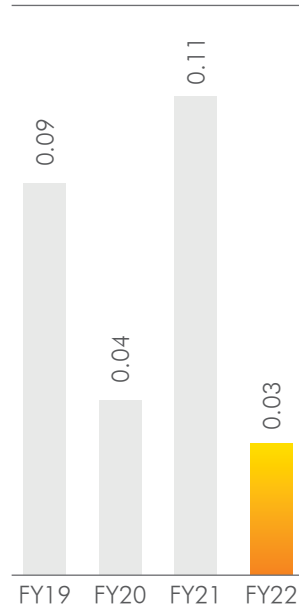
RoE is a useful metric for comparing profitability across companies based on the amount of capital they use – especially in capital-intensive sectors.

**What does it mean?**

Enhanced RoE can potentially drive valuations and perception.

**Value impact**

The Company reported a 400 bps decline in RoE during FY 2021-22.

**Gearing (x)****Definition**

This is derived through the ratio of debt to net worth (less revaluation reserves)

**Why is this measured?**

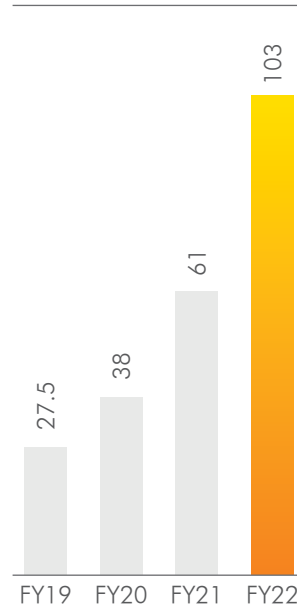
This is one of the defining measures of a Company's financial solvency.

**What does it mean?**

This measure enhances a perception of the borrowing room within the Company, the lower the gearing the better.

**Value impact**

The Company's gearing improved on account of debt repayment and increased net worth, making it virtually debt-free.

**Interest cover (x)****Definition**

This is derived through the division of EBIDTA by interest outflow

**Why is this measured?**

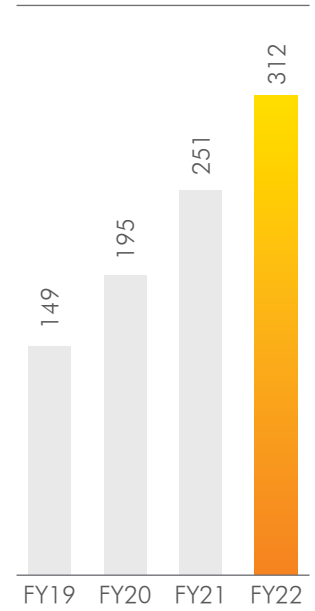
Interest cover indicates the Company's comfort in servicing interest – the higher the better.

**What does it mean?**

This indicates a company's ability to meet its interest obligations, an aspect of its solvency; it is arguably one of the most important factors in assuring sizeable returns to shareholders.

**Value impact**

The Company's interest cover increased on account of nominal interest outflow.

**Net worth (₹ Crore)****Definition**

This is derived through the accretion of shareholder-owned funds

**Why is this measured?**

Net worth indicates the financial soundness of the Company – the higher the better.

**What does it mean?**

This indicates the borrowing capacity of the Company and influences the gearing (which in turn influenced the cost at which the Company can mobilise debt).

**Value impact**

The Company's net worth strengthened 24% during the year.



OVERVIEW

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# LETTER TO SHAREHOLDERS

