

ASSOCIATED ALCOHOLS & BREWERIES LIMITED | 34th ANNUAL REPORT 2022-23

REINVENTING OUR BUSINESS

Unlocking Decades of Expertise: Expanding Horizons,
Elevating Experiences and Embracing Premiumisation



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 realised, 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.

2018-19



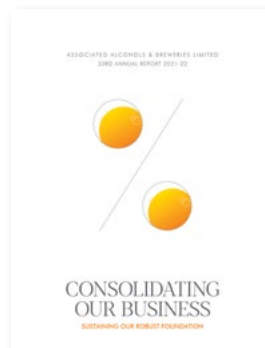
2019-20



2020-21



2021-22



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Expanding our geographic footprint for catalysing our growth

2

Embarked on a premiumisation journey to enhance profitability



3

Broad basing our resource base by diversifying into the ethanol segment

4

Creating a distinctive alco-beverage entity by uniting spirits and beer*

KEY MESSAGES OF THIS ANNUAL REPORT



5

Innovating for a sustainable tomorrow, targeting to be net zero for our carbon footprint by 2030

* Merger application is pending with the Stock Exchanges for approval.





PART #1

WHO WE ARE AND WHAT WE DO

CORPORATE SNAPSHOT

Associated Alcohols & Breweries Limited is an attractive proxy of the growth in India's liquor industry.

The Company is one of India's prominent producers of ENA, a critical resource for the production of premium liquor.

The Company is engaged in the promotion and distribution of varied range of liquor brands.

It achieved a remarkable sales milestone of one mn cases in Kerala in FY 2022-23.

The Company is at the cusp of spectacular growth.

It is diversifying to the manufacture grain-based ethanol to capitalise on a favourable government policy.

The Company is investing in state-of-the-art bottling facilities for premium liquor manufacture.

The Company is in the process of amalgamation to create a unique alco-beverage company to unlock rich multi-year growth potential.

VISION

To establish an unparalleled legacy as the vanguard of liquor manufacturing, distillation, and bottling in India, while solidifying our position as a preeminent force in the esteemed realm of manufacturing and marketing within the liquor industry.

MISSION

The Company is committed to wholeheartedly dedicating itself and utilising all available resources to attain exceptional global excellence in its current operational sectors, while actively pursuing avenues for sustained growth.

VALUES

Pursuit of excellence: We relentlessly pursue excellence in every aspect of our operations, setting the bar high for quality, innovation, and customer satisfaction.

Customer-centric approach: We put our customers at the heart of everything we do, striving to understand their needs and surpass their expectations, delivering exceptional experiences and building lasting relationships.

Integrity and transparency: We operate with the utmost integrity and transparency, fostering trust among

our stakeholders and upholding ethical business practices.

Continuous innovation: We embrace a culture of continuous innovation, constantly seeking new ways to improve our products, processes, and services to stay ahead in a dynamic and competitive market.

Environmental stewardship: We are committed to environmental sustainability, minimising our carbon footprint, promoting responsible sourcing, and adopting eco-friendly practices to contribute to a healthier planet.



45

Mn litres, ENA manufacturing capacity

32

Bottling lines

12.5

Mn cases, bottling capacity



Empowered and diverse team: We value and empower our diverse team, fostering an inclusive environment where every individual's unique perspectives and talents are recognised and celebrated.

Social responsibility: We take our social responsibility seriously, actively engaging in initiatives that support the communities we operate in, and making a positive impact through philanthropy and responsible business practices.

Collaborative partnerships: We foster collaborative partnerships with suppliers, distributors, and stakeholders, leveraging their expertise and insights to drive mutual success and create shared value.

Adaptability and agility: We embrace change and possess the agility to adapt swiftly to evolving market trends and consumer preferences, enabling us to stay ahead of the curve.

Employee growth and well-being: We prioritise the growth, well-being, and personal development of our employees, providing them with opportunities for continuous learning, a safe and supportive work environment, and a healthy work-life balance.

BACKGROUND

Associated Alcohols & Breweries Limited, established in 1989 by the late Shri Bhagwati Prasad Kedia, stands as a pioneering and flagship entity within the esteemed Associated Kedia Group. With an unwavering commitment to excellence, our core operations revolve around the manufacturing and

bottling of liquor, complemented by the production of premium offerings that embody our dedication to craftsmanship and exceptional quality.

PROMOTERS

Mr. Anand Kumar Kedia and
Mr. Prasann Kumar Kedia

PRESENCE

As a prominent player in the industry, the Company has established itself as one of the country's largest distillers, enjoying a strong presence across five States. With a significant focus on Madhya Pradesh and Kerala, these regions serve as the primary drivers of our revenue, reaffirming our position as a leading player in the market.

VALUE CHAIN

The Company is present throughout the alcohol value chain of its product portfolio, which includes extra neutral alcohol (ENA), potable alcohol, grain spirit (extra fine, triple-distilled), rectified spirit and IMFL.

Located in close proximity to the vibrant city of Indore in Madhya Pradesh, the Company's manufacturing plant stands as a good example of technological advancement and innovation. This cutting-edge facility houses state-of-the-art machinery and infrastructure, empowering us to achieve superior manufacturing capabilities. Strategically positioned, our plant serves as a central hub for production, enabling us to efficiently meet market demands while upholding uncompromising standards of quality.

PRODUCTS PORTFOLIO

The Company expanded new products across the years. The Company makes the best spirits and guarantees clean fermentation. The Company serves Indian and international markets. The Company's product range comprises:

- Premium extra neutral alcohol
- Indian made Indian liquor (IMIL)
- Indian made foreign liquor (IMFL)
- Rectified spirit

COLLABORATIONS

- United Spirits Limited (Diageo)
- Inbrev Beverages Private Limited

PROPRIETARY BRAND

Central Province Whisky, Titanium Triple Distilled Vodka - Plain, Titanium Triple Distilled Vodka - Orange, James McGill Whisky, Jamaican Magic Matured Rum, Bombay Special Series, Mood Maker Whiskey and Lemount Brandy

CREDIT SCORE

CRISIL rated the Company at A/A1 for financial liabilities.

LISTING

The Company is listed on the National Stock Exchange and BSE Limited.

MILESTONES



1989

The Company was established as a public limited Company.

1990

Started the production and marketing of portable alcohols.

1995

The distillery modernised and expanded.

2012

Redesigned manufacturing plants and processes to meet current requirements.

2015

Developed a fully integrated system, including SAP-ERP implementation.

2016

Bonus shares were issued in a 1:1 ratio.

2017

Began an ambitious expansion project to increase ENA capacity from 31.4 MLPA to 45 MLPA.

2018

The 45 MLPA ENA expansion project was completed.

2019

The expanded ENA capacity was operational for the first full year. The Company was listed on the National Stock Exchange.

2020

ENA was exported to one of Europe's most prestigious vodka manufacturers.

2021

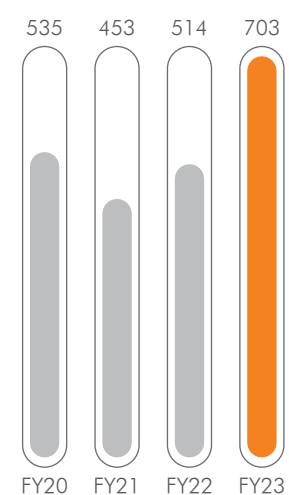
Ethonal Project announced

2022

Achieved 1 mn cases sale in Kerala.

From past triumphs to present challenges: Charting a course for resurgence and future success

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

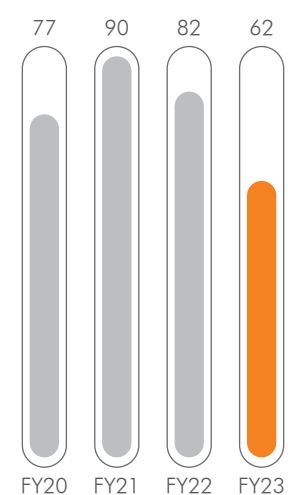
What does it mean?

Aggregate sales increased 36% to ₹703 Crore in FY 2022-23

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.

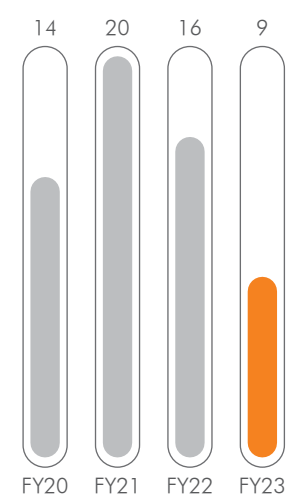
What does it mean?

This helps create a robust growth engine and sustain profits.

Value impact

The Company reported a 25% EBITDA decline due to a sharp rise in input costs

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

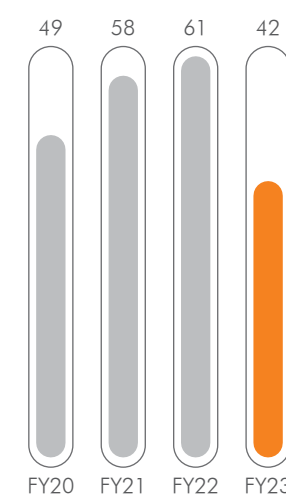
What does it mean?

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

Value impact

The Company reported a 700 bps decline in EBITDA margin in FY 2022-23 following an increase in input 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 30% decrease in net profit in FY 2022-23 due to an increase in input costs.