



Som Distilleries and Breweries Ltd.

Q2 FY2013 Earnings Presentation

December 7, 2012



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

Q2 FY2013 Highlights



Financial Highlights: Q2 FY2013 vs. Q2 FY2012

- Net revenues increased by 14.0% to ₹374 million
- EBITDA increased by 23.7% to ₹58 million
- EBITDA margins improved by ~120 bps
- Profit after tax increased by 80.2% to ₹45 million
- As of September 30, 2012, Net cash was ₹111 million
- The Company has repaid its entire secured loans (excluding vehicle loan)

Management Commentary

“ Commenting on the results and performance, **Mr. Surjeet Lal, Chairman & Managing Director** said:

*We are pleased to announce satisfactory results for a quarter which is generally slow due to seasonality in the industry. Our focus on operational efficiencies resulted in a **120 bps EBITDA margin improvement**. Capacity expansion of **40,000 KL** is in line with our expectations and is anticipated to be completed by January 2013*

The Company has repaid all of the secured debt despite capital outlays on capacity expansion. Our low leverage position demonstrates financial flexibility and potential to expand business through organic and inorganic routes. We continue to focus on our strategic objectives of augmenting our geographical presence and simultaneously, enhancing capacity utilization levels

”

Q2 FY2013 Highlights



Consolidated Financial Highlights

(₹ million)	Q2		y-o-y	Half Year		y-o-y
	FY2013	FY2012	Growth (%)	FY2013	FY2012	Growth (%)
Net Sales	374	328	14.0%	1,132	1,001	13.1%
EBITDA	58	47	23.7%	175	151	16.2%
Margin (%)	15.6%	14.3%		15.5%	15.1%	
Profit Before Tax (PBT)	45	37	20.6%	152	128	18.7%
Margin (%)	12.0%	11.3%		13.4%	12.8%	
Profit After Tax (PAT)	45	25	80.2%	116	86	36.1%
Margin (%)	12.0%	7.6%		10.3%	8.5%	
Basic EPS (₹)	1.63	0.90	81.1%	4.23	3.11	36.2%

Commentary H1 FY2013 vs H1 FY2012

- Barley malt and sugar have experienced slight increase in prices although decline in prices of Hops have benefitted operating margins
- The Company was able to maintain the cost ENA (the key input for IMFL) at the same level, although prices of molasses, the main raw material for ENA have shown an increasing trend
- Upgradation of existing IMFL brands through better packaging, branding have resulted in Whisky and Vodka benefitting from better price realizations

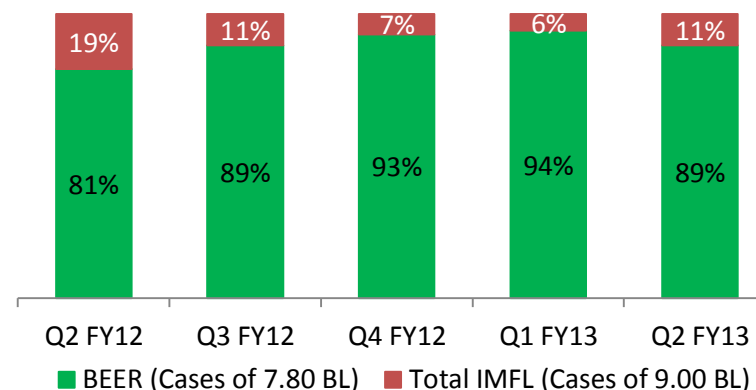
Q2 FY2013 Highlights



Revenue by Category (₹ in million)

Category	Q2 FY2012	Q3 FY2012	Q4 FY2012	Q1 FY2013	Q2 FY2013
Beer	270.6	388.3	515.8	724.4	330.2
Whisky	52.2	35.5	29.3	42.0	41.2
Gin	16.5	9.2	5.1	10.4	5.2
Rum	4.1	9.8	10.2	3.3	8.2
Vodka	0.1	0.4	0.4	0.6	0.1

Revenue by Category (Quantity Sold)



Brand Performance

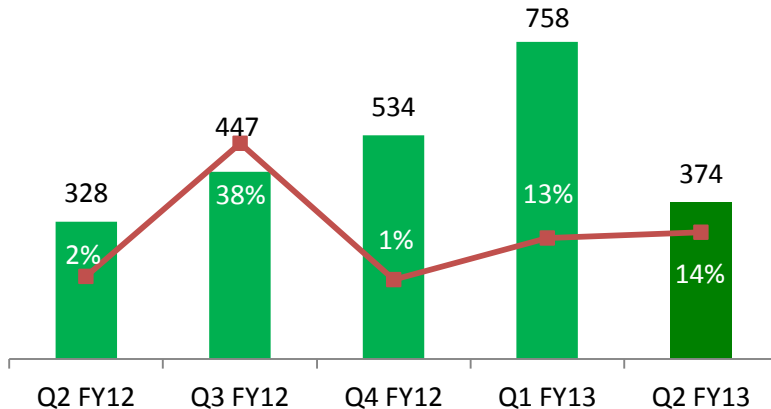
(lakh cases sold)	Q2		y-o-y	Half Year		y-o-y
	FY2013	FY2012	Growth (%)	FY2013	FY2012	Growth (%)
Hunter	3.1	2.4	27.6%	8.6	6.9	24.9%
Woodpecker*	1.4	2.0	(29.4)%	5.1	8.6	(40.9)%
Black Fort	4.2	1.8	139.4%	13.2	5.1	158.6%
Total Mainline Brands	8.7	6.2	40.4%	26.9	20.6	30.7%
Other Brands	0.1	0.1	(28.6)%	0.3	0.2	86.7%
Total	8.8	6.3	39.6%	27.15	20.71	31.1%

* Sales of Woodpecker is in line with the market trend for Light Beers

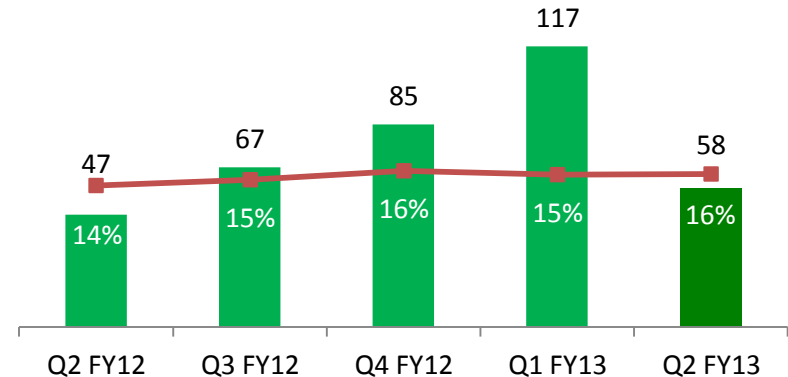
Financial Snapshot



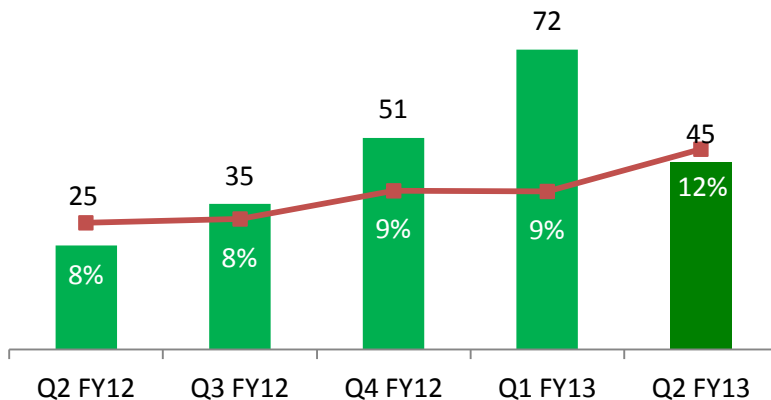
Revenue (₹ Million) and Growth (%)



EBITDA (₹ Million) and EBITDA Margin (%)



PAT (₹ Million) and PAT Margin (%)



Comments

- Q2 is a seasonally slow quarter
- Y-o-Y revenue growth was primarily driven by increase price realisations and better demand dynamics in domestic markets
- Y-o-Y EBITDA growth was driven by improved contribution from both the breweries and IMFL segments
- Y-o-Y PAT increase was on account of higher tax provision created in Q1 FY2013

Leverage Profile



Strong Balance Sheet

(₹ Million)	Q2 FY2013	Q4 FY2012
Secured Borrowings	5	7
Unsecured Borrowings	102	102
Total Debt	107	109
Less: Cash & Cash Equivalents	(218)	(85)
Net Debt / (Net Cash)	(111)	24
Net Worth	905	788

Commentary

- To cater to the increasing demand, capacity is being increased from 59,200 KL to 99,200 KL. This expansion is expected to be completed by January 2013. This will make the brewery one of the largest standalone breweries in India
- The capacity expansion for IMFL bottling is being increased from 5,400 KL to 16,200 KL. This is expected to be operational by end of FY2013
- Recently repaid its entire secured loans (excluding vehicle loan), despite a capital outlay on capacity expansion

Key Management



Senior 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 the Bharti Group 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
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 Alfardan Group, Yes Bank, Kotak Bank and Knights Insolvency
Ramesh Wanchoo <i>Chief Financial Officer</i>	<ul style="list-style-type: none">• Responsible for financial discipline and resource mobilization for the Som Group• With 34 years of experience, he has also worked with J&K Bank and Gwalior Polypipes• He holds CAIIB and MBA (Finance)

Operating Team

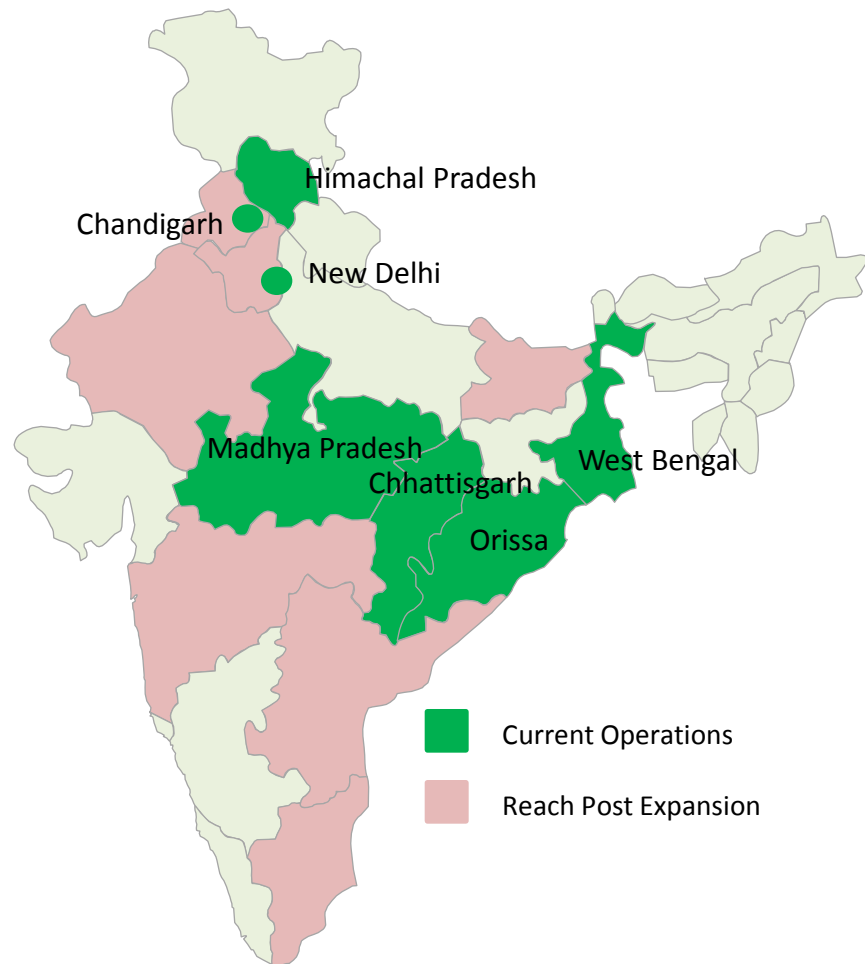
Management	Description
BK Goel, <i>Vice President, Commercial</i>	<ul style="list-style-type: none">• Has over 35 years of experience in IMFL and distillation operations• Prior work experiences include Radico Khaitan, Simbhaoli Sugars, Daurala Sugar Works• He is a B.Sc and Alcohol Technologist
GD Arora <i>Head, Production</i>	<ul style="list-style-type: none">• Associated with the SOM Group for more than 15 years• Has been successfully handling production and bottling of IMFL• He holds a B.Sc and has expertise in implementing excise regulations

Strategic Goals



- To become one of India's top 3 breweries in next 5 years
- Plans to nearly double the production capacity by FY2013
- Plans to increase bottling capacity for IMFL segment
- Identifying key regions for expansion either through organic or inorganic growth models
- Exports expected to increase further due to favorable demand from African countries
- 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



Company Snapshot



Som Distilleries and Breweries (Som) was established in 1994. The Company's plant are located on 20 acres of land at Rojrachak, 25 kilometers from Bhopal, Madhya Pradesh. Som is primarily engaged in brewing, fermentation, bottling, canning and blending of beer and Indian Made Foreign Liquor (IMFL)

Currently has an installed capacity of 59,200 KL of beer and 5,400 KL of IMFL. In past two years the Company's has tripled its capacity

The Company's Hunter and Woodpecker brands are supplied as draught beer to all the major hotels in Madhya Pradesh and Chhattisgarh

Market Position

- One of the leading liquor conglomerate in India
- Supplier of draught beer to the major hotels in MP and Chhattisgarh
- In MP, holds ~35% market share for beer and ~20% market share in IMFL

Operations

- Key areas of operation include MP, Chhattisgarh and North India
- Strong marketing and distribution network in Maharashtra, MP, Chhattisgarh, Delhi, UP and Bihar
- Tie-ups for distribution in Haryana, HP, Chandigarh, WB, AP, Pondicherry, Daman, Tamil Nadu, Jharkhand and Orissa

Industry Dynamics

- Indian alcohol market represents a \$14 bn market in FY2012
- Indian alcohol market is projected to grow at a CAGR of 10%, over next 5 years
- Emerging markets has potential for beer sales in the African market and spirits in countries including India and China

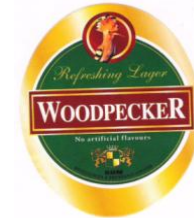
Financial Performance

- Revenue CAGR of ~34% over the past 3 years
- Highest EBITDA margins among its peer in FY2012
- Repaid majority of secured loans
- Constantly increasing export market, FY 2012 exports grew by 133%

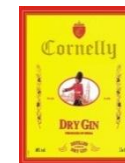
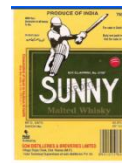
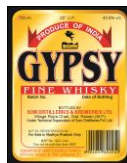
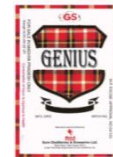
Key Brands



Beer



Spirits





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