



ASSOCIATED ALCOHOLS & BREWERIES LTD.

ISIN CODE: INE073G01016

BSE: 507526

NSE: ASALCBR

CMP: 565.50



OVERVIEW

Sat, 23rd OCT' 21

- Associated Alcohols & Breweries Ltd is engaged in manufacturing of liquor.
- The Company's principal revenues are derived from the States of Madhya Pradesh and Kerala.
- Its product comprises of Premium extra neutral alcohol/ Triple distilled ENA, Indian made Indian liquor (IMIL), Indian made foreign liquor (IMFL), Contract manufacturing partner (for Diageo – USL).

KEY STRENGTH

- Has locational advantage.
- Ran three businesses in one company to encounter the sectorial challenges.
- The Company is one of the largest distillers in India.
- One of the largest grain-based ENA makers in India.
- Had no long-term debt on their books as on 31st March, 2021.
- Invested accruals generated in its business in the five years ending 2020-21 without debt or equity dilution.

ACHIEVEMENTS

- The world's number one vodka brand sought to source ENA for European market.
- Business touched an average utilization of 90% in only the second full year following its capacity expansion to 4.5 Crore litres a year.
- Scaled its Kerala business from scratch to 50,000 cases a month within two years, among the fastest growth rates reported by any company entering a new market in India.

BUINESS MODEL

- The manufacture of grain-based ENA that is consumed in the production of liquor.
- The production of liquor that is marketed through proprietary brands.
- The production of liquor that is marketed through franchised brands/contract manufacturing agreements.
- Licensed brands/franchised brands: Bagpiper Deluxe Whisky, Directors Special Whisky, Flavoured White Mischief, McDowell's No. 1 XXX Rum.
- Proprietary products: Titanium Triple Distilled Vodka, Jamaican Magic Rum etc.
- Contracted manufacturing brands: Black Dog Scotch Whisky, VAT 69 etc.

FUTURE OUTLOOK

- Engaged in growing installed capacity from 4.5 Cr. Ltr p.a to 7.5 Cr. Ltr p.a.
- Produce 4.5 Cr. Ltr of ENA in FY 2020-21, to grow 9 Cr. Ltr p.a in FY 2024-25 (Estimated).
- Franchise liquor business to grow 15 lakh cases throughput in FY 2024-25 and Proprietary liquor business to grow 30 Lakh cases throughput, FY 2024-25 (estimated).

FINANCIAL HIGHLIGHTS

- The aggregate sales declined 15% to Rs. 453 Crore in FY 2020-21
- The Company reported 16.84% EBITDA increase, growing at a CAGR of 22%, five years ending 2020-21
- The Company reported a 17.47% increase in net profit in FY 2020-21.
- The Company's interest cover strengthened by 2300 bps during the year.
- Debt-Equity ratio is 0.03 (18 bps decline), five years ending 2020-21.
- RoCE is 31% (400 bps increase), five years ending 2020-21.

Disclaimer: The analysis is only for illustration purposes only. Please consult your financial advisor, agent and broker before acting on any information. We may or may not have positions in the stock. We would not be responsible for the profit/loss resulting from this analysis.

Growth Rates % (Compound Annual)	1 Yr	3 Yr	5 Yr	10yr
Revenue	-16.6	10.4	8.7	17.0
Operating Income	16.9	22.0	22.5	39.1
Earnings/Share	17.5	32.0	32.3	37.2
Dividends	-	-	-	-
Book Value/Share	29.0	27.8	25.5	18.7
Stock Total Return	142.8	-	-	-
Market +/-	112.5	-	-	-

Valuation Ratio	Current	5Yr Avg	Ind	Mkt
Price/Earnings	17.0	-	68.4	15.2
Forward P/E	-	-	-	-
Price/Cash Flow	16.1	-	-	9.9
Price/Free Cash Flow	19.8	-	-	-
Dividend Yield %	0.2	-	0.1	2.8
Price/Book	4.3	-	12.1	2.1
Price/Sales	2.3	-	5.7	-

Profitability Ratio	Current	5Yr Avg	Ind.	Mkt.
Return on Equity	-	23.8	18.0	15.4
Return on Asset	-	15.1	8.2	5.6
Gross Margin	48.6	41.4	44.8	-
Operating Margin	18.1	13.0	13.0	-
Net Margin	13.8	8.8	8.3	21.4
Inventory Turns	-	5.3	2.7	-
Fixed Asset Turns	-	3.6	3.7	-

Financial Position (INR)	03-20 (Mil.)	03-21 (Mil.)
Cash	—	13
Inventories	574	577
Receivables	—	—
Current Assets	1,436	2,007
Fixed Assets	1,206	1,197
Intangibles	1	1
Total Assets	2,735	3,297
Payables	585	533
Short-Term Debt	42	76
Current Liabilities	642	680
Long-Term Debt	47	19
Total Liabilities	783	779
Total Equity	1,953	2,518

Source: Company filings & Analyst Research