



SOM Distilleries & Breweries Limited
(BSE: 507514, NSE: SDBL)

Earnings Presentation
H1 FY2024



Q2 FY2024 Earnings Conference Call



Conference Call Details: Tuesday, 18th October 2023 at 3:00 PM IST

Diamond Pass

[Link](#)

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Company Profile

A glass of beer with a thick head of foam, surrounded by fresh hops and barley on a wooden surface. The glass is filled with golden beer and has a thick, white head of foam. The beer is surrounded by fresh hops and barley on a wooden surface. The background is a blurred outdoor setting with warm, golden light.

SOM Distilleries: The only listed Beer and IMFL company in India



Business Overview



SOM Distilleries & Breweries Limited (SDBL) is based in Bhopal and is one of the leading alcoholic beverages manufacturers in India



The Company has three key millionaire brands (sales more than 1 mn cases per annum) – Hunter, Black Fort and Power Cool



SDBL is primarily engaged in production of beer and blending and bottling of IMFL



Company's overall capacity has grown to 30.2 mn cases after expansion, up from 23.9 mn cases before expansion



Offers a broad line of products at every price point to cater to varied preferences of the consumers. The product portfolio consists of various options across beer, rum, brandy, vodka and whisky



The company's major markets are the states of MP, Karnataka, Odisha, Delhi, UP and Jharkhand



SOM Distilleries: The only listed Beer and IMFL company in India



Hunter Refreshing
Strong Premium Beer



Black Fort Super
Strong Beer



Power Cool Beer



Woodpecker
Beer



Milestone Blue
Whisky



Pentagon Gold
Edition Whisky



Legend Premium
Whisky



Pentagon XO
Premium Rum



Black Fort XXX
Matured Rum



Legend Rare
Brandy



White Fox Triple
Distilled Vodka



RTD Vodka based Drinks



Investment Case



Only listed company in India having both Beer and IMFL, which complement each other and reduces the risk of seasonality while providing marketing efficiencies



The company has also tied up with Radico Khaitan Ltd for their IMFL & RTD Brands production at Karnataka plant



Received permission for supply of Beer and IMFL to Rajasthan. The company has also entered in Jharkhand



MOU signed with Indian Fashion FZE, UAE for export of Beer and IMFL for West and Central Africa



Expanded market presence in Delhi and Uttar Pradesh, it is also set to cater to markets of Kerala and Pondicherry, short – more market gain



Woodpecker Wheat Beer, India's first filtered wheat beer has created a niche for itself and is expected to gain further momentum



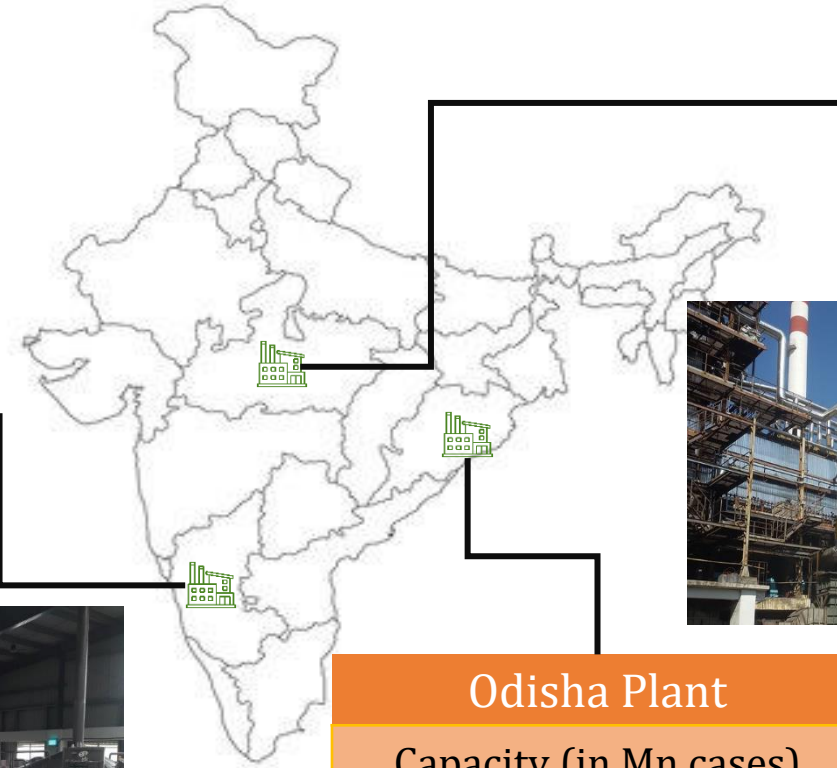
Strategic tie up with Carlsberg for the Odisha Plant, leading to better capacity utilization.



Revenue compound annual growth rate (CAGR) of 20% over (FY19-FY23)



Plant Location



Karnataka Plant	
Capacity (in Mn cases)	
Beer	IMFL
9.0	2.7

MP Plant	
Capacity (in Mn cases)	
Beer	IMFL
15.2	0.6

Odisha Plant	
Capacity (in Mn cases)	
Beer	IMFL
6.0	0.6



A glass of beer with a thick head of foam, surrounded by fresh hops and wheat stalks on a wooden surface. The background is a blurred outdoor setting with warm, golden light.

Q2 FY2024 Performance

Q2 FY2024 Financial Highlights



Key Highlights: Q2 FY2024 vs Q2 FY2023

Beer Volume
40.3 Lakh Cases
+40.5 %

IMFL Volume
2.5 Lakhs Cases
+43.7 %

Net Debt / EBITDA
1.9x



Total Income
Rs. 2,480 mn
+67.7 %

EBITDA
Rs. 275 mn
+47.8 %

PAT
Rs. 149 mn
+80.0 %



Management Commentary



In Q2 FY2024, SOM demonstrated promising performance, reflecting our commitment to strategic expansion and financial excellence. Our beer volume recorded a 40.5% y-o-y growth, while a 40.7% growth in IMFL. This has led to y-o-y growth of 67.7% in Total Income and a strong 80.0% growth in PAT.

We achieved significant milestones, securing permissions to supply our beer and IMFL brands in Rajasthan, a pivotal market for us. These achievements highlight our resilience in overcoming industry seasonality, often affected by monsoons and festivals.

Moreover, our successful initiation of beer dispatches in Chhattisgarh further underscores our strategic market expansion efforts. These accomplishments reaffirm our dedication to delivering exceptional results and driving sustainable growth in the industry.

Mr. JK Arora, Chairman (SOM Group of Companies)



Key developments for Q2 FY24



Received permissions for supply of beer brands to Rajasthan, one of the top five states in consumption nationwide

Approval granted for supply of Indian Made Foreign Liquor (IMFL) brands in Rajasthan, diversifying our product portfolio and enhancing market impact

Long-term bank loan ratings upgraded from BBB to BBB+ by ICRA, reflecting continued financial strength and strategic growth commitment

Placed orders for expansion of beer facility at Hassan plant, with suppliers from Germany and India, adding 60 lakh cases per annum

Obtained permissions for beer supply to Chhattisgarh and initiated initial dispatches, aiming for a significant market presence in the medium term



Performance Highlights



	Q2		Y-o-Y	H1		Y-o-Y
(Rs. Million)	FY2024	FY2023	Growth (%)	FY2024	FY2023	Growth (%)
Total Income	2,480	1,479	67.7%	6,346	4,039	57.1%
Gross Profit	881	608	44.9%	2,277	1,724	32.1%
<i>Margin (%)</i>	<i>35.5%</i>	<i>41.1%</i>		<i>35.9%</i>	<i>42.7%</i>	
EBITDA	275	186	47.8%	776	545	42.4%
<i>Margin (%)</i>	<i>11.1%</i>	<i>12.6%</i>		<i>12.2%</i>	<i>13.5%</i>	
Interest	26	40	(36.6)%	57	76	(24.2)%
Depreciation	56	43	30.9%	99	85	15.8%
Net Profit	149	82	80.0%	485	339	43.1%
<i>Margin (%)</i>	<i>6.0%</i>	<i>5.6%</i>		<i>7.6%</i>	<i>8.4%</i>	



A glass of beer with a thick head of foam, surrounded by fresh hops and wheat stalks on a wooden surface. The scene is set outdoors with a blurred background of trees and foliage. The text "H1 FY2024 Financial Highlights" is overlaid on the left side of the image.

H1 FY2024 Financial Highlights

H1 FY2024 Financial Highlights



Key Highlights: H1 FY2024 vs H1 FY2023

Beer Volume

106.2 Lakh Cases
+39.7 %

IMFL Volume

4.7 Lakhs Cases
+30.0 %

Total Volume

110.8 Lakhs Cases
+39.2 %



Total Income

Rs. 6,346 mn
+57.1 %

EBITDA

Rs. 776 mn
+42.4 %

PAT

Rs. 485 mn
+43.1 %



Performance Discussion



Operational efficiencies leading to better cost management

Volume and Sales

- Recorded beer volume of **40.3** lakh cases (**40.5%** y-o-y)
- Recorded IMFL volume of **2.5** lakh cases (**43.7%** y-o-y)
- Beer revenue of Rs. **2,205** million; over **64.4%** of Q2 FY23
- Our mainline brands; Hunter, Black Fort and Power Cool, registered volume growth of **24.1%**, **36.7%** and **39.2%**, respectively as compared to Q2 FY23

Realization

- Beer realization for Q2 FY24 was Rs **547** per case compared to Rs. **467** in Q2 FY23; mainly influenced by the increased mix of SKUs and price hike
- IMFL realization for Q2 FY24 was Rs. **889** per case as compared to Rs. **712** in Q2 FY23

Cost

- The costs remained stable in the quarter due to a favorable mix of new and old bottles, although the price increase that occurred in the glass bottles has not yet normalized



Leverage Profile



(Rs. Million)	Sept 30 2023	Mar 31 2023
Secured Borrowings	750	1,330
Unsecured Borrowings	950	1,092
Gross Debt-Consolidated	1,700	2,422
Less: Cash & Cash Equivalents	160	126
Net Debt	1,540	2,296
Gross Debt / Equity (x)	0.3x	0.6x
Net Debt / EBITDA (x)	1.01x	2.2x

- Gross Debt reduced by Rs. 250 million, Overall consolidated debt decreased, showcasing an improved total debt position
- Net Debt has reduced from Rs. 2296 million in March 2023 to Rs. 1540 million in September 2023.
- Improved Net Debt / EBITDA ratio signifies enhanced debt servicing capabilities, demonstrating the company's ability to pay off debts from operating profits



Operational Highlights

A glass of beer with a thick head of foam, surrounded by fresh hops and barley, symbolizing the brewing process. The glass is filled with golden beer and has a thick, white head of foam. It is surrounded by fresh hops and barley, symbolizing the brewing process. The background is a blurred outdoor setting with warm, golden light.

Volume Summary



Lakh cases	Q2		Y-o-Y	H1		Y-o-Y
	FY2024	FY2023	Growth (%)	FY2024	FY2023	Growth (%)
Hunter	11.2	9.0	24.1	32.6	29.0	12.3
Black Fort	4.7	3.4	36.7	18.7	10.6	76.2
Power Cool	22.3	16.0	39.2	51.6	35.4	45.5
Total Beer	40.3	28.7	40.5	106.2	76.0	39.7
Total IMFL	2.5	1.7	43.7	4.7	3.6	30.0
Total Volume	42.8	30.4	40.7	110.8	79.6	39.2

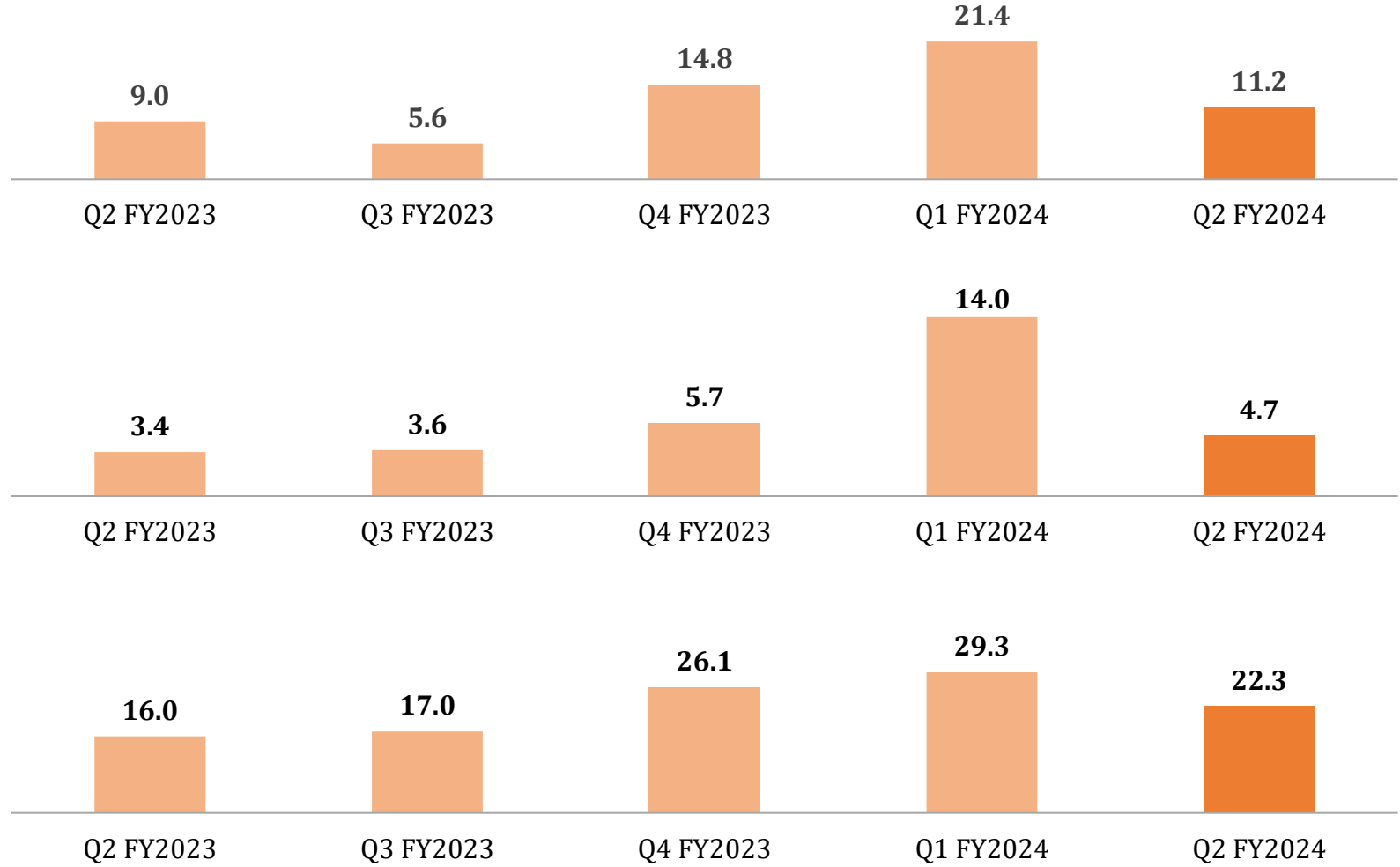
- Power Cool beer demonstrated strong expansion in Karnataka and Madhya Pradesh, reflecting its growing presence in the market , with volume increasing by around 39.2% compared to y-o-y basis
- Hunter has shown a sustained growth in Madhya Pradesh, Odisha , Delhi and UP
- Beer accounted for **95.8%** of total volumes and **92.7%** of the revenue during H1 FY2024
- Price realization for Beer during H1 FY24 was Rs. **555** and IMFL was Rs. **828**; blended realization at Rs. **573**



Millionaire Beer Brands – Volume Consolidation



Quantity Sold (in lakh cases)



Sustainability

A still life composition featuring a glass of beer, wheat stalks, and hops on a wooden surface. The glass is filled with golden beer and topped with a thick head of white foam. The wheat stalks are piled on the left, and the hops are scattered around the glass. The background is a blurred wooden structure.



Conservation of Energy

Reduce fossil fuel dependency by transitioning to renewables and regular checks on electrical equipment to minimize energy waste

Waste Reduction Initiatives

In FY23, **recycled 277 MT and re-used 31,463 MT of waste**. Committed to responsibly handling plastic waste, either recycling or reselling to approved recyclers, promoting environmental sustainability

Water Stewardship

Promotes responsible drinking, plans 100% water replenishment in stressed areas by 2024 and conserves water through initiatives, reducing wastewater

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CSR and Donations

In FY23, **donated Rs. 135.98 lacs**, committing 2% of net profit for societal education and welfare activities, including Asha Mohan Foundation through CSR

Well-being of employees

Conducted diverse awareness programs (health, safety, mental/physical well-being). Organized employee engagement, career development, ensuring zero cases of workplace issues

Customer Satisfaction

Implemented proactive customer complaint handling process to promptly address product-related concerns

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Corporate Governance

Corporate governance philosophy is guided by principles like independence, accountability, transparency, ethics, and integrity in relations with stakeholders

Experienced and Skilled Board of Directors

Balanced board with 2 Executives (including MD) and 4 Non-Executive Non-Independent Directors, offering valuable input on strategy and performance

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Awards & Accolades

A still life photograph featuring a glass of beer, wheat, and hops. The glass, filled with golden beer and topped with a thick head of white foam, is the central focus. It sits on a rustic wooden surface. To the left, a large bundle of golden wheat stalks is partially visible. In the foreground and scattered around the glass are several fresh, green hop cones and leaves. The background is softly blurred, showing more wheat and a warm, golden light, suggesting an outdoor setting like a field or a barn. The overall mood is one of natural, traditional craftsmanship.

Awards and Accolades



Brand Recognition



Silver Award Winner



Winner of Monde Selection Quality Award

Voted as:



ASIA'S MOST PROMISING BRANDS



Silver Award Winner



Winner of Monde Selection Quality Award

Best Product Debut & Best CSR Award by:





Winner of Monde Selection Quality Award

Awarded Fastest Growing Company by:



Selected in:



Ranked 86th by:



Awarded Innovative CEO & Excellence for Smart Innovation by:



Included in:



Winner of:






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(CIN: L74899DL1993PLC052787)

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